

## TRUST BOARD

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Title:	<b>Finance Performance at Month 12 - 2018/19</b>
Action:	<b>FOR DISCUSSION</b>
Meeting:	<b>8 May 2019</b>

### Purpose:

This paper reports the financial performance to Month 12 - 2018/19 and highlights key messages to bring to the Board's attention.

- The Trust delivered an in month operating surplus of £178k for Month 11 and £1,902k for Month 12.
- The cumulative position to Month 12 is a £3,855k surplus.
- The cash balance at 31 March 2019 was £11.54m.
- The Use of Resources (UOR) Metric continues to be level 1 for the reporting period.
- The Trust's Cost Improvement Plan (CIP) delivered savings of £0.559m over months 11 and 12, giving a total achievement of £2.790m for the financial year against planned schemes of £2.803m.
- Board Risks impacted by the information included in this report are 2257 – risk to maintaining financial sustainability and 2610 - performance against savings the 2018/19 target.

### Recommendation:

The Trust Board is asked to discuss and note the information contained within the report and to accept the findings included in the finance report.

	Name	Title
Author:	Paul Spencer	Head of Statutory Accounting
Executive sponsor:	Mark Robbins	Director of Finance and Resources



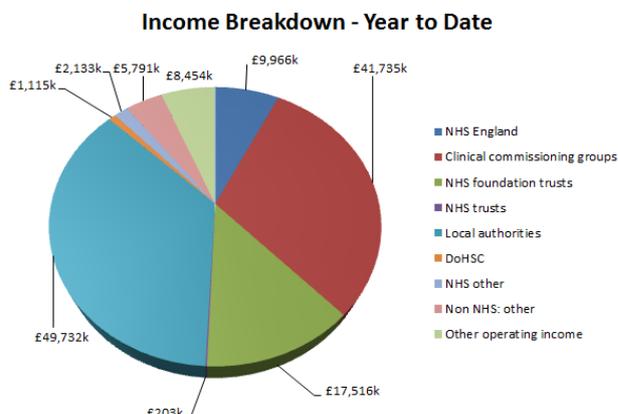
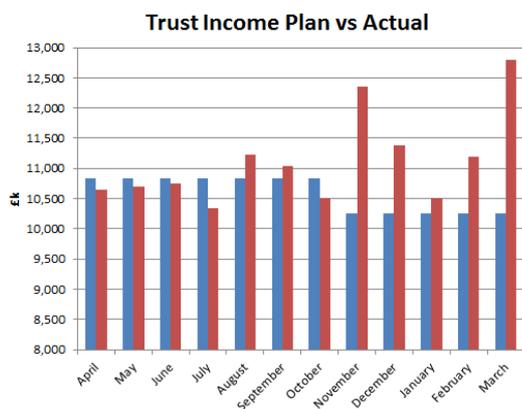
# 1. Executive Summary

## 1.1 Key Messages for the Trust's financial performance for Month 12:

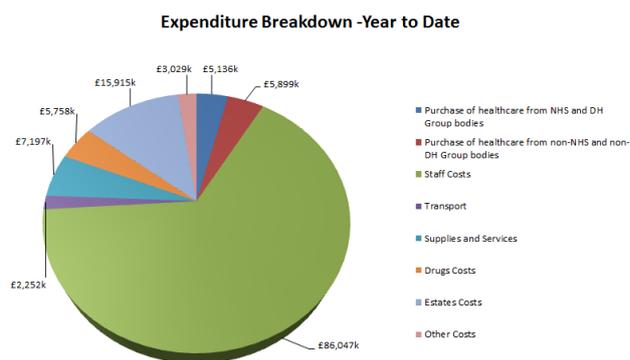
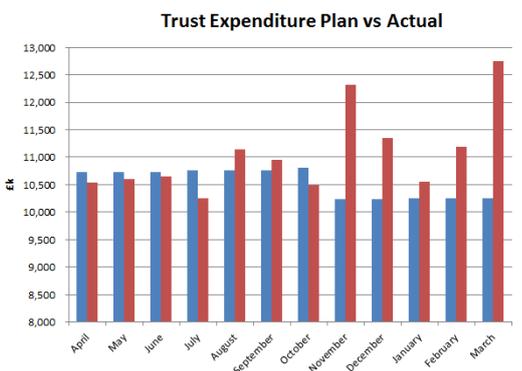
- The Trust delivered an in month operating surplus of £178k for Month 11 and £1,902k for Month 12, against a planned surplus of £177k and £177k respectively.
- The cumulative position in Month 12 is a £3,855k surplus, against a year to date plan of £2,117k. The increase in surplus is due to the Trust receiving an additional £1,728k in Provider Support Funding (PSF) as a result of achieving its main financial targets.
- The cash balance at 31 March 2019 was £11.54m.
- The Use of Resources (UOR) Metric continues to be level 1 for the reporting period.
- The Trust's Cost Improvement Plan (CIP) delivered savings of £0.559m over months 11 and 12, giving a total achievement of £2.790m for the financial year against planned schemes of £2.803m. CIP performance is a Board Risk number 2610.

## 2. Trust Wide Financial Performance for Month 12 2018/19

### 2.1 Income



### 2.2 Expenditure



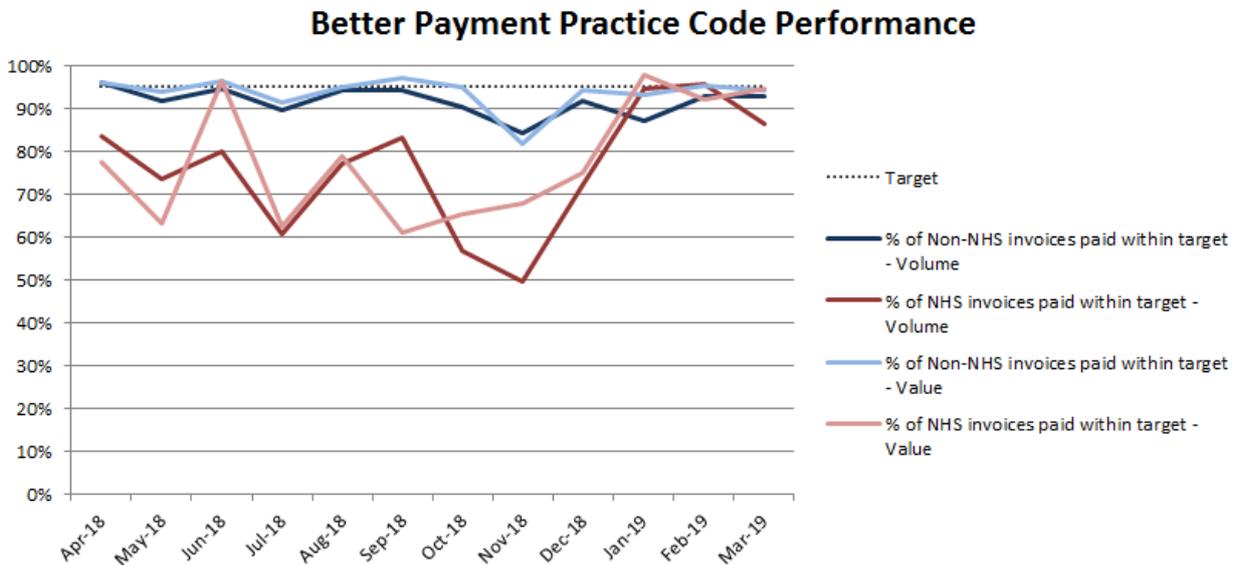
The Trust's income and expenditure continues to be above plan due to the delayed transfer of children's acute services to North West Anglia NHS FT, which was expected to take place at the start of November. The service transferred on 1<sup>st</sup> April 2019. The Trust received indicative Provider Sustainability Fund (PSF) income for 2018/19 of £1.728m. This additional income could not be anticipated and the Trust wasn't notified until 18<sup>th</sup> April 2019.

### 2.3 Cash Balance



The cash balance of £11.54m at Month 12 represents an overall increase of £1.3m from the Month 11 cash balance. During the reporting period, Cambs County Council and Luton CCG paid a significant amount to reduce their outstanding receivable balance.

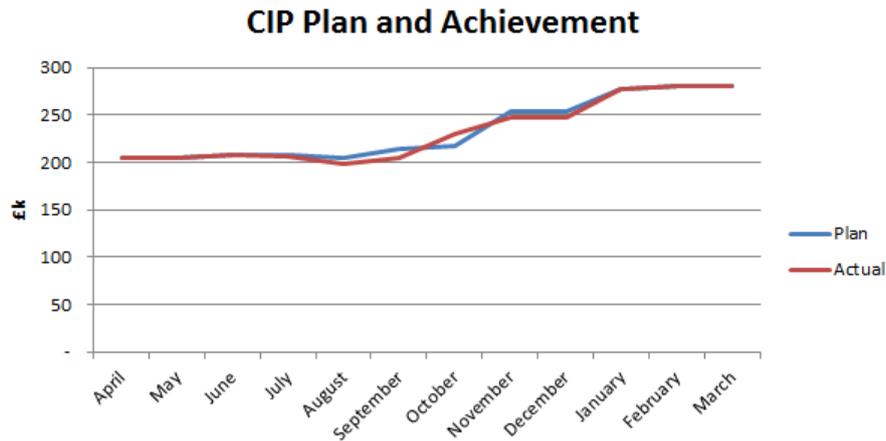
### 2.4 Better Payment Practice Code



The average in month prompt payments results across the four categories was 94% in Month 11 and 92% in Month 12. In Month 12, the Trust achieved more than 93% in three of the four categories.

The overall Trust average across the four categories for the last 12 months has increase to 87% from 85%. The Finance team will continue to work closely with the teams and services to ensure all invoices are processed promptly.

## 2.5 Cost Improvement (CIP)



The Trust's 2018/19 Cost Improvement Plans (CIP's) have delivered cumulative savings in the financial year of £2.790m against a target of £2.803m. The full year effect of the schemes identified in 2018/19 is £3.189m.

## 2.6 Capital Spend

	<b>18/19 Annual Plan</b>	<b>18/19 Cost</b>
All Sites	£270k	£289k
Bedford	£229k	£223k
Bid Success	£50k	-
Brookfield HC	£50k	-
Brookfield Hosp	£270k	£49k
Doddington	£100k	-
Hinchingbrooke	£50k	-
Luton	£25k	-
Midgate DAC	£10k	-
North Cams	£1,439k	£1,675k
Oak Tree	£185k	-
Peterborough	£356k	£398k
POW	£50k	£52k
Ramsey Rd Clinic	£50k	-
Dental Xray Equipment	£125k	£109k
Equipment Replacement	£167k	£143k
IT Infrastructure	£42k	£536k
WiFi Rollout	-	£105k
Pharmacy System	-	£10k
<b>Grand Total (net)</b>	<b>£3,467k</b>	<b>£3,589k</b>

### 3. Finance Scorecard

Finance Dashboard - Month 12	Section in	Plan	Actual	Variance
	Report	31/03/19	31/03/19	31/03/19
Operating income from patient care activities	2.1	£121,848k	£128,191k	£6,343k
Other operating income	2.1	£6,752k	£8,454k	£1,702k
Employee expenses	2.2	£82,943k	£85,995k	(£3,052k)
Operating expenses excluding employee expenses	2.2	£41,829k	£45,121k	(£3,292k)
Trust Surplus/(Deficit)		£2,117k	£3,855k	£1,738k
Closing Cash Balance	2.3	£6,000k	£11,543k	£5,543k
Cost Improvement Plan (CIP)	2.5	£2,803k	£2,790k	(£13k)
Capital Programme	2.6	£4,160k	£4,211k	(£51k)
Use of Resources Metric	4.3	1	1	-
Agency Spend	4.5	£2,563k	£2,360k	£203k
Bank Spend	4.6	£1,084k	£1,240k	£156k
Provider sustainability fund (PSF)		£1,508k	£3,236k	£1,728k

### 4. Summary of Financial Performance

#### 4.1 Net Income & Expenditure

Division Level	Mar-19					
	Income £'000	Pay £'000	Non-Pay £'000	Net Total £'000	Net Budget £'000	Variance £'000
Ambulatory Care Services	1,695	(17,605)	(10,582)	(26,492)	(26,834)	341
Bedfordshire Community Unit	1,119	(11,893)	(2,406)	(13,180)	(14,082)	902
Childrens & Younger Peoples Services	2,827	(32,067)	(4,410)	(33,650)	(34,294)	644
Luton Community Unit	1,659	(17,315)	(3,603)	(19,259)	(19,697)	438
Other Services						
- Contract Income & Reserves	117,252	(137)	(11,376)	105,739	106,176	(438)
- Corporate Services	6,732	(6,859)	(8,070)	(8,196)	(8,558)	362
- Health Centres	5,359	(171)	(6,293)	(1,106)	(595)	(511)
<b>CCS Total @ 31 March 2019</b>	<b>136,643</b>	<b>(86,047)</b>	<b>(46,742)</b>	<b>3,855</b>	<b>2,117</b>	<b>1,738</b>

Ambulatory Care Services delivered a full year underspend of £341k. The main reason for the underspend was due to establishment savings in Adult Services, MSK and iCaSH.

Bedfordshire Community Unit delivered a full year underspend of £902k. The main reason for the underspend was that pay costs were lower than plan, due to vacancies and establishment control.

Children's & Younger Peoples Services delivered a full year underspend of £644k. The underspend position has been achieved through vacancies and establishment control in the Healthy Child Programme (HCP) services in Cambridgeshire and Norfolk and additional income in Specialist Children's Services. Acute Children's services in Cambridgeshire and Flu and Immunisation service has establishment pressures which reduced the underspend.

Luton Community Unit (including Luton Children's Services) delivered a full year underspend of £438k. The underspend position has been mainly achieved through vacancies and establishment control in Cancer and Palliative Care, Long Term Conditions and Healthy Child Programme.

## 4.2 CIP Dashboard

### COST IMPROVEMENT PLAN 2018/2019 SUMMARY

OVERALL STATUS AT : **Month 12 - March 19**

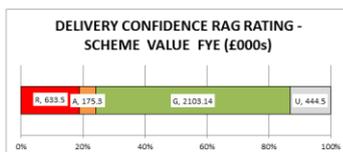
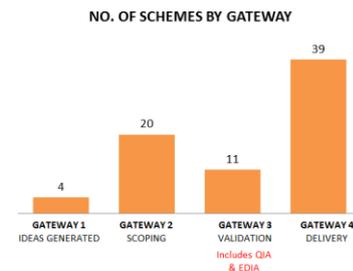
TARGET (£'000)	PLAN AND FORECAST	PLAN FYE (£'000s)	FORECAST FYE (£'000s)	PLAN PYE (£'000s)	FORECAST PYE (£'000s)
<b>3303*</b>	18/19 IDENTIFIED SCHEMES :	2,912	2,942	2,358	2,327
	18/19 UNIDENTIFIED SCHEMES	445	247	445	39
	NON RECURRENT SAVINGS	0	0	0	424
	TOTAL PLAN	3,356	3,189	2,803	2,790

\*Includes £303k c/fwd schemes

DELIVERED (YTD)	
PLANNED SAVINGS YTD (£000):	SAVINGS DELIVERED YTD (£000):
<b>2,803</b>	<b>2,798</b>
VARIANCE FROM TARGET (£'000): -5	
VARIANCE FROM TARGET (%): 0%	

#### SCHEMES

TOTAL NO. OF SCHEMES = **74**

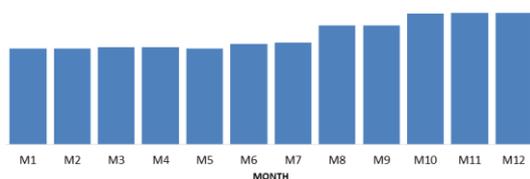


**RED** = Successful delivery of the savings appears to be in doubt or unachievable  
**AMBER** = Delivery appears feasible however constant attention needed/Delivery of planned savings is affected - either the total sum or the phasing.  
**GREEN** = Successful delivery of the savings within the planned timeframe appears highly likely  
**GREY** = Unidentified schemes, part of target

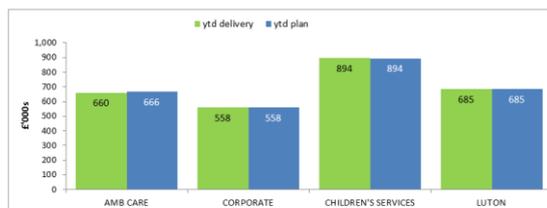
#### PLAN VS ACTUAL



#### PLANNED SAVINGS PROFILE (£'000)



#### SERVICE AREA



## 4.3 Use of Resources (UOR)

The Single Oversight Framework (SOF) sets out the NHS Improvement's approach to overseeing NHS providers. The SOF assesses the financial performance of providers via the "Use of Resources Metrics (UOR)" comprising the following five metrics:

- Liquidity Ratio
- Capital Servicing Capacity
- I&E Margin
- I&E Distance from Plan
- Agency

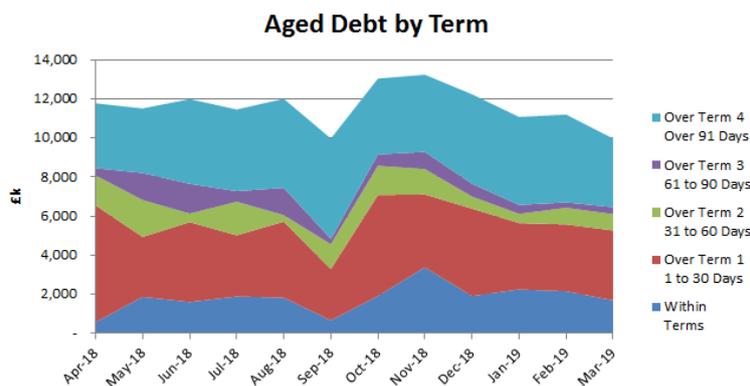
The table below illustrates the Trust's current score (please note the rating is 1 - 4, with 1 being the highest rating). The Trust is currently achieving a 1 rating in all metrics.

<b>(1) Liquidity Ratio</b>	<b>1</b>
<b>(2) Capital Servicing Capacity</b>	<b>1</b>
<b>(3) I&amp;E Margin</b>	<b>1</b>
<b>(4) I&amp;E Margin Distance from Plan</b>	<b>1</b>
<b>(5) Agency</b>	<b>1</b>
<b>Use Of Resources Rating</b>	<b>1</b>

#### 4.4 Statement of Financial Position

	March 2019 £'000	January 2019 £'000
<b>Non-Current Assets</b>		
Property, plant and equipment	52,982	52,703
Intangible assets	117	107
<b>Total non-current assets</b>	<b>53,099</b>	<b>52,810</b>
<b>Current assets</b>		
Inventories	41	41
Trade and other receivables	14,781	16,264
Cash and cash equivalents	11,546	11,451
<b>Total current assets</b>	<b>26,368</b>	<b>27,756</b>
<b>Total assets</b>	<b>79,467</b>	<b>80,566</b>
<b>Current liabilities</b>		
Trade and other payables	(15,207)	(18,374)
Provisions	(418)	(443)
<b>Total current liabilities</b>	<b>(15,625)</b>	<b>(18,817)</b>
<b>Net current assets</b>	<b>10,743</b>	<b>8,939</b>
<b>Total assets less current liabilities</b>	<b>63,842</b>	<b>61,749</b>
<b>Non-current liabilities</b>		
Trade and other payables	(1,045)	(1,045)
Provisions	(1,340)	(1,484)
<b>Total non-current liabilities</b>	<b>(2,385)</b>	<b>(2,529)</b>
<b>Total assets employed</b>	<b>61,457</b>	<b>59,220</b>
<b>Financed by taxpayers' equity:</b>		
Public dividend capital	2,245	2,107
Retained earnings	42,094	39,995
Revaluation Reserve	18,771	18,771
Merger Reserve	(1,653)	(1,653)
<b>Total Taxpayers' Equity</b>	<b>61,457</b>	<b>59,220</b>

Trade and other receivables have decreased over the reporting period by £1.5m. Trade and other payables have decreased by £3.2m and capital spend has increased non-current asset over the period.



Total trade receivables increased by £0.1m in February to £11.2m and then decreased again by £1.2m in March to £10.0m. The breakdown in March is £4.5m (45%) from NHS organisations; £4.3m (43%) from Local Authorities; and £1.2m (12%) from other parties.

Of the receivables over terms, the main organisations contributing to the balances are:-

Norfolk County Council	£1.8m
Cambridgeshire County Council	£1.4m
North West Anglia NHS FT	£0.7m
Cambridgeshire and Pboro CCG	£0.5m

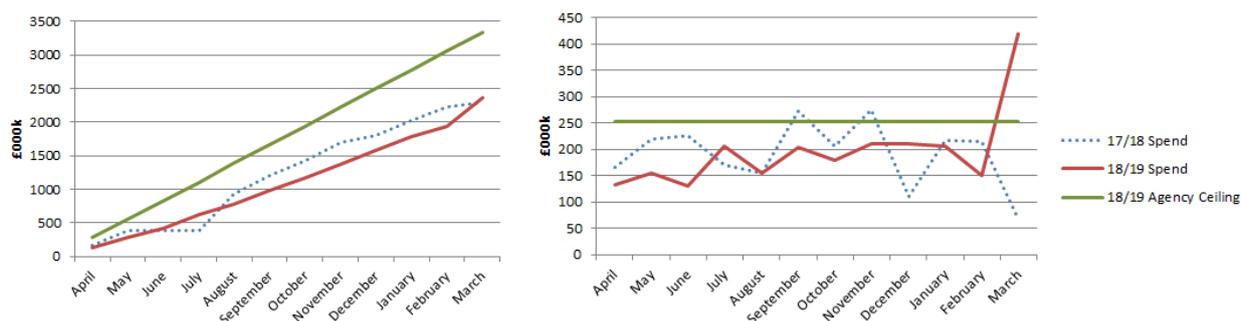
For the debt over 90 days old, as this is predominantly due from NHS and Local Authority bodies, it is not deemed necessary to raise a Provision against these balances as the risk of non-recovery is low. After this reporting period (Month 12), Norfolk County Council has subsequently paid £1.8m to reduce their outstanding balance.

#### 4.5 Agency Ceiling

The Trust's agency spend ceiling for 2018/19 totals £3,040k, which was a reduction from 2017/18's ceiling of £3,332k. The Trust's agency ceiling will reduce further in 2019/20 to £2,240k.

The Trust's cumulative agency spend to Month 12 is £2,360k which compares to £2,301k at Month 12 in 2017/18. Plans are in place to reduce the agency spend below the 2019/20 ceiling.

The tables below illustrate the monthly cumulative and actual performance of total agency spend.



#### 4.6 Use of Bank Staff

To assist the Trust to remain within the agency spend ceiling, the services have the availability of bank staff to fill short term staffing pressures. Bank spend has been steadily increasing and remains higher than 2017/18, with cumulative spend to Month 12 totalling £1,240k which compares to £1,096k at Month 12 in 2017/18.

The table below illustrates the Trust's monthly and cumulative bank spend.

