

TRUST BOARD

TB(17)xx

Title:	Finance Performance at Month 12 - 2017/18
Action:	FOR DISCUSSION
Meeting:	9 May 2018

Purpose:

This paper reports the financial performance to Month 12 2017/18 and highlights key messages to bring to the Board's attention.

- The final surplus for the financial year ended March 2018 was £3,189k.
- The cash balance at 31 March 2018 was £8.7m.
- 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 £0.317m in month 12 and £2.374m for the financial year, against planned schemes totalling £2,495k.

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

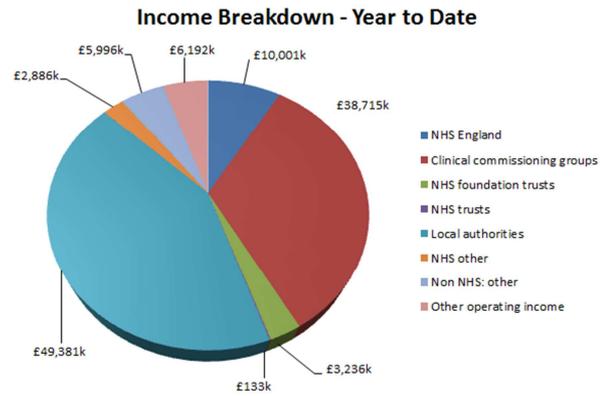
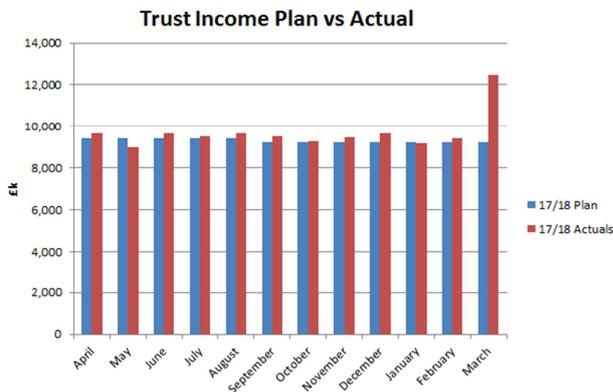
1. Executive Summary

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

- The Trust delivered a Month 12 operating surplus of £1,116k against a planned surplus of £236k.
- The overall final surplus for the financial year ended March 2018 was £3,189k (£2016/17 £2,098k), of which £938k was delivered through operational activities and £2,252k from System Transformation Funding (STF).
- The cash balance at 31 March 2018 was £8.7m.
- 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 £0.317m in month 12 and £2.374m for the financial year.

2. Trust Wide Financial Performance for Month 12 2017/18

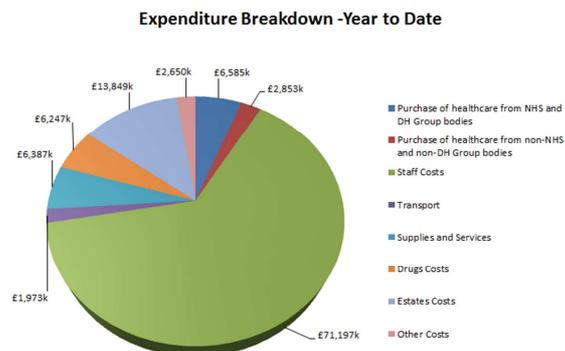
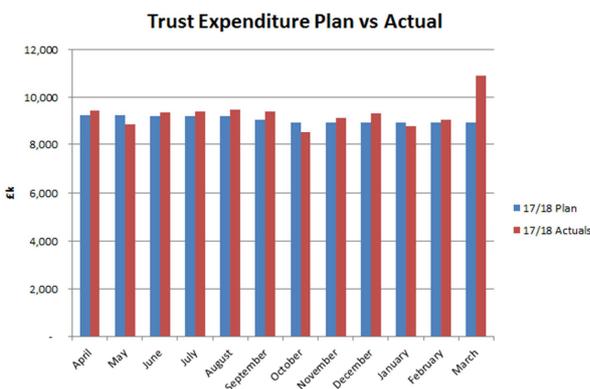
2.1 Income



Additional income was received above plan for HIV drugs in Bedfordshire iCaSH service and Flu and Immunisation service. Both of these additional income streams are offset by corresponding additional expenditure.

The Trust received a bonus Strategic Transformation Fund distribution of £1,180k at the year end to improve the surplus position.

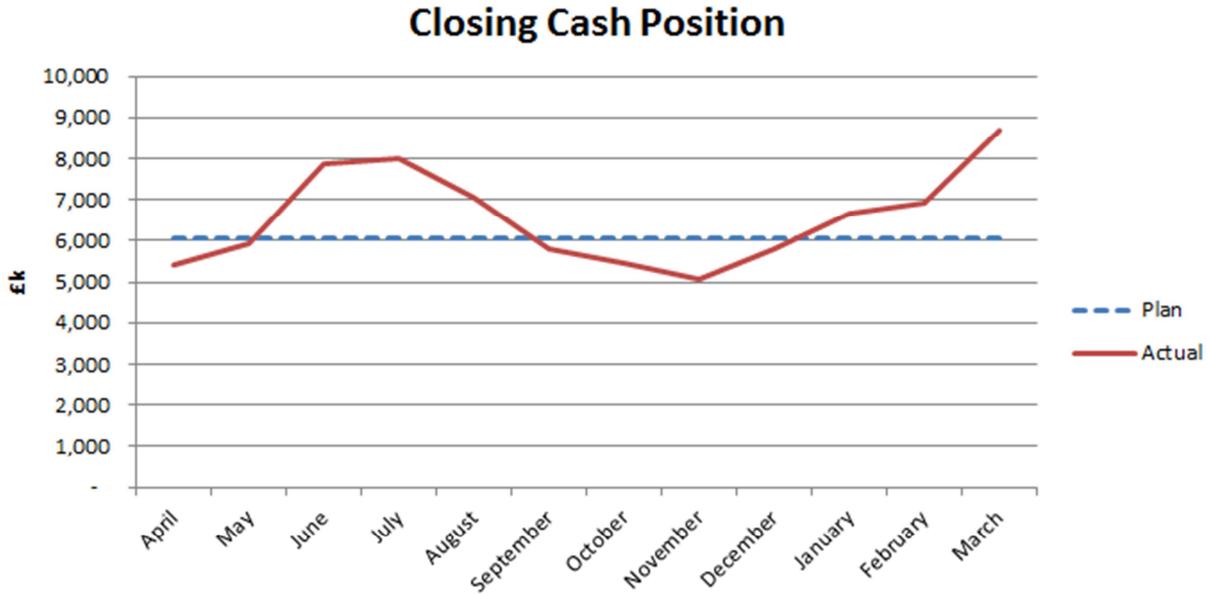
2.2 Expenditure



Trust expenditure is currently higher than plan due to new HIV drugs costs in Bedfordshire iCaSH, and trust wide premises and IT services. Premises costs are higher than plan due to backdated

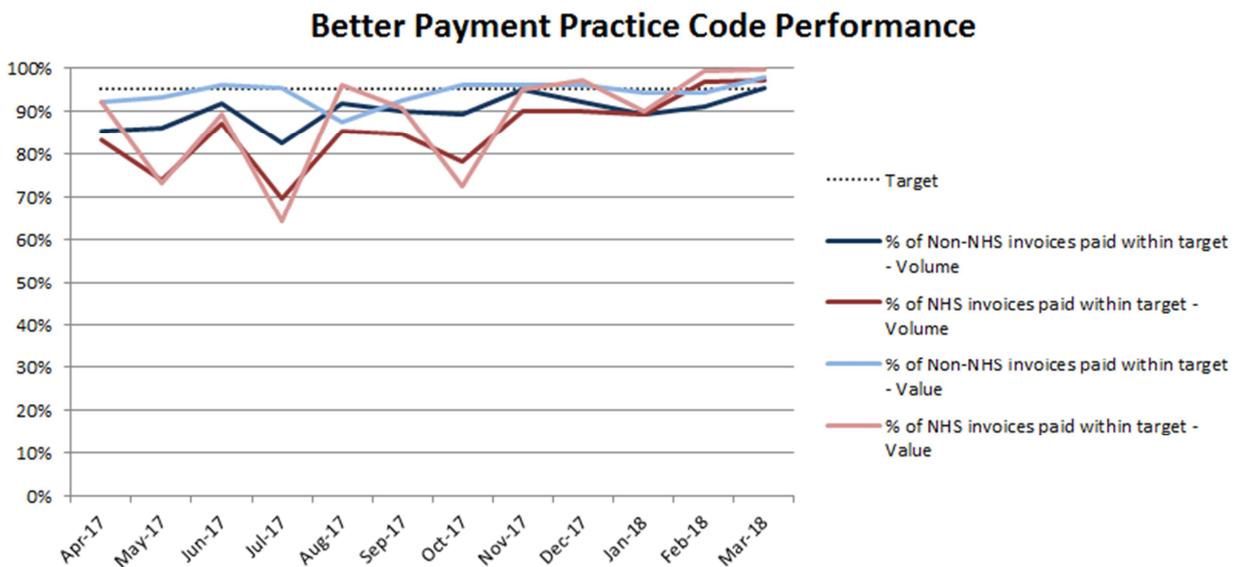
rent and rates reviews and IT costs are higher than expected due to the purchase of software and licence fees.

2.3 Cash Balance



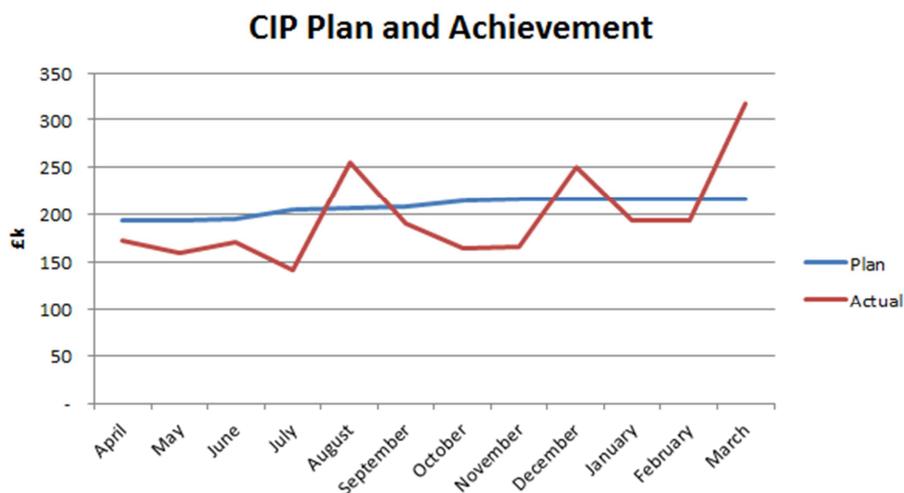
The cash balance of £8.7m at Month 12 represents an overall increase of £2.0m from the Month 10 cash balance. The movement over the period was due to a reduction in trade receivables from Norfolk County Council and a payment from Health Education England.

2.4 Better Payment Practice Code



The average in month prompt payments results across the four categories was 95% in Month 11 and 97% in Month 12. In Month 12, the Trust achieved the payment target in all four categories. The overall Trust average across the four categories for the last 12 months has increased to 89%. 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 Cost Improvement Plans (CIP's) have delivered cumulative savings in the financial year of £2.374m against the target of £2.495m. A small number of estates and income schemes have not delivered the identified savings.

2.6 Capital Spend

	17/18 Annual Estates Plan	17/18 Cost	18/19 Commitment
All Sites	£131k	-	-
Bedford	£200k	-	£205k
Brookfield HC	£10k	-	-
Brookfield Hosp	£1,335k	£1,464k	-
Doddington	£30k	-	-
Hinchingbrooke	£75k	£74k	-
Luton	£55k	-	-
Norfolk	£101k	£103k	-
North Cambs	£50k	£51k	-
Oak Tree	£20k	-	-
Peterborough	£350k	£14k	£326k
POW	£65k	£89k	-
Suffolk	£10k	-	-
IT Equipment	-	£97k	-
Medical Equipment	-	£115k	-
Grand Total (net)	£2,432k	£2,007k	£531k

The capital projects at Brookfields Hospital in Cambridge to create the Peacock Centre and redesign the car park are now complete. Projects have also begun at Rivergate in Peterborough, the North Cambs Hospital in Wisbech and The Princess of Wales Hospital in Ely. The Trust underspent on its capital plan due to implementation delays at Rivergate and Dunstable Health Centre, with works commencing in early 2018/19.

3. Finance Scorecard

Finance Dashboard - Month 12	Section in	Plan	Actual	Variance	Trend Variance
	Report	31/03/18	31/03/18	31/03/18	From Month 11
Operating income from patient care activities	2.1	£107,224k	£110,348k	£3,124k	↑
Other operating income	2.1	£5,516k	£6,192k	£676k	↑
Employee expenses	2.2	(£71,023k)	(£71,140k)	(£117k)	↓
Operating expenses excluding employee expenses	2.2	(£37,908k)	(£40,602k)	(£2,694k)	↓
Trust Surplus/(Deficit)		£1,999k	£3,189k	£1,190k	↑
Closing Cash Balance	2.3	£6,077k	£8,698k	£2,621k	↑
Cost Improvement Plan (CIP)	2.5	£2,880k	£2,374k	(£506k)	↑
Capital Programme	2.6	£3,000k	£2,006k	£994k	↓
Use of Resources Metric	4.3	1	1	-	-
Agency Spend	4.5	£3,311k	£2,301k	£1,010k	↑
Bank Spend	4.6	£266k	£1,096k	£830k	↑
Sustainability & Transformation Funding (STF)		£1,072k	£2,252k	£1,180k	↑

4. Summary of Financial Performance

4.1 Net Income & Expenditure

Division Level	Mar-18					
	Income £'000	Pay £'000	Non-Pay £'000	Net Total £'000	Net Budget £'000	Variance £'000
Ambulatory Care Services	1,760	(17,149)	(10,741)	(26,131)	(27,010)	880
Childrens & Younger Peoples Services	2,760	(30,615)	(4,826)	(32,681)	(33,994)	1,313
Luton Community Unit	509	(17,083)	(2,817)	(19,391)	(19,504)	113
Other Services						
- Contract Income & Reserves	99,181	(221)	(9,207)	89,754	90,727	(973)
- Corporate Services	7,207	(5,928)	(8,805)	(7,526)	(7,573)	47
- Health Centres	5,123	(145)	(5,815)	(837)	(647)	(190)
CCS Total @ 31 March 2018	116,541	(71,141)	(42,212)	3,189	1,999	1,190

Ambulatory Care Services

- Full year performance for the division was an underspend of £880k.
- The Dental Service had a full year underspend of £250k. This was achieved due to establishment savings and additional MOS income.
- The MSK Service had a full year underspend of £305k. The underspend was due to Non Pay savings and additional income.
- The Sexual Health Service had a year end underspend of £308k. The underspend was achieved due to establishment savings in Cambs, establishment and Non Pay savings in Bedford and additional income in Norfolk.
- Other areas in the division had immaterial variances at year end.

Children's & Younger Peoples Services

- The Childrens & Younger Peoples Services had a full year underspend of £1,313k.

- For the year, Healthy Child Programme (HCP) Cambs underspent by £693k due to establishment savings, Acute Services overspent by £492k due to establishment pressures, Specialist Services had an underspend of £237k due to establishment savings, HCP Norfolk underspent by £797k due to establishment savings and Flu and Immunisation Service had an underspend of £78k due to establishment and Non Pay savings.

Luton Community Unit (including Luton Children's Services)

- Full year performance of the division was an underspend of £113k.
- The Luton Community Unit (excluding Childrens Services) had a full year underspend of £437k. This was primarily due to establishment savings in District Nursing and Long Term Conditions.
- The Luton Childrens Services had a full year overspend of £324k.
- The position achieved in Childrens Services was primarily due to agency spend in Medical Staffing and Continuing Care.

Other Services

- Other Services had a full year overspend of £1,116k. This was due to estates and IT costs.

4.2 CIP Dashboard

OVERALL STATUS AS AT :

M12 - 19th April 2018

TARGET (£'000)

2,100

PLAN

FYE (£'000s)

PYE (£'000s)

17/18 PLAN:

2,578

2,495

VARIANCE FROM TARGET: **478**

395

DELIVERED (YTD)

PLANNED SAVINGS YTD (£000):

2,495

SAVINGS DELIVERED YTD (£000):

2,374

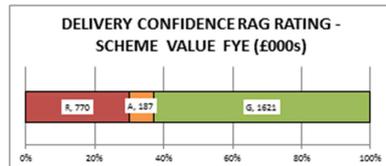
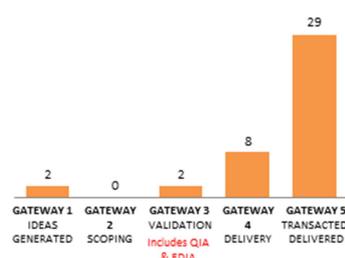
VARIANCE FROM TARGET: **-121**

SCHEMES

TOTAL NO. OF SCHEMES =

42

NO. OF SCHEMES BY GATEWAY



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

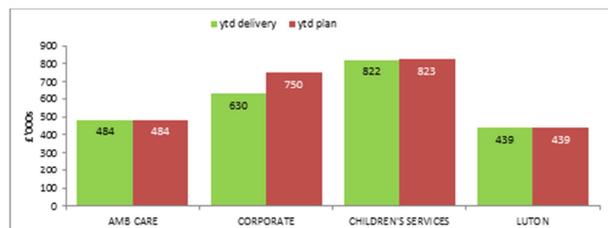
PLAN VS ACTUAL



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

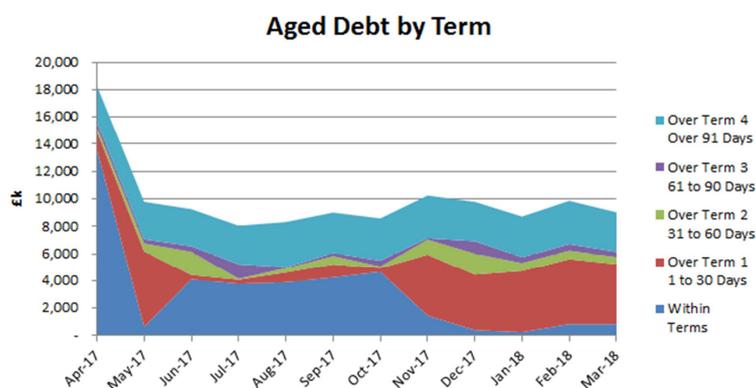
The table below illustrates the Trust's current score (please note the rating is 1 - 4, with 1 being the highest rating). The Trust is currently achieving a 1 rating in all metrics.

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

4.4 Statement of Financial Position

	March 2018 £'000	January 2018 £'000
Non-Current Assets		
Property, plant and equipment	51,506	50,220
Intangible assets	185	201
Total non-current assets	51,691	50,421
Current assets		
Inventories	41	41
Trade and other receivables	12,767	12,963
Cash and cash equivalents	8,698	6,669
Total current assets	21,506	19,673
Total assets	73,197	70,094
Current liabilities		
Trade and other payables	(12,435)	(12,719)
Provisions	(449)	(443)
Total current liabilities	(12,884)	(13,162)
Net current assets	8,622	6,511
Total assets less current liabilities	60,313	56,932
Non-current liabilities		
Trade and other payables	(1,045)	(1,045)
Provisions	(1,803)	(1,559)
Total non-current liabilities	(2,848)	(2,604)
Total assets employed	57,465	54,328
Financed by taxpayers' equity:		
Public dividend capital	2,107	2,107
Retained earnings	38,240	36,592
Revaluation Reserve	18,771	17,282
Merger Reserve	(1,653)	(1,653)
Total Taxpayers' Equity	57,465	54,328

Trade and other receivables have decreased over the reporting period by £0.3m. Trade and other payables have remained consistent over the reporting period, which supports the consistently strong prompt payment figures. The Trust engaged valuers to review the current net book value of its freehold premises. Following review, the value of the properties increase by £1.5m, which is reflected in the increase in property, plant and equipment and in the revaluation reserve.



Total trade receivables increased by £1.1m in February to £9.9m and then decreased by £0.9m in March to £9.0m. The breakdown in March is £3.5m (39%) from NHS organisations; £4.6m (51%) from Local Authorities; and £0.9m (10%) from other parties.

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

Norfolk County Council

£2.1m

Cambridgeshire County Council £1.7m
 Cambridge University Hospitals FT £0.5m

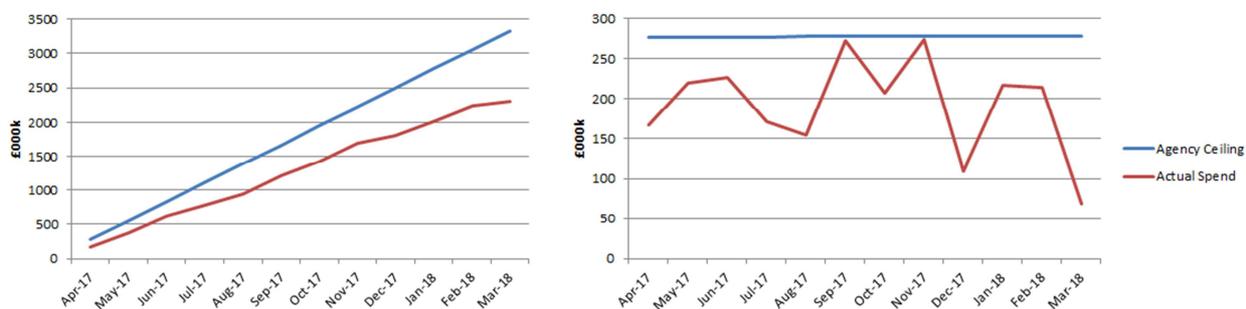
For the debt over 90 days old, as this is predominantly due from NHS and Local Authority bodies it is not deemed necessary to raise a Provision against these balances as the risk of non-recovery is low. After this reporting period (Month 12), Norfolk County Council and Cambridge University Hospitals FT have subsequently paid £2.0m and £0.1m reducing their outstanding balance.

4.5 Agency Ceiling

The Trust's agency spend ceiling for 2017/18 totals £3,332k, and the actual spend for the financial year is £2,301k.

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

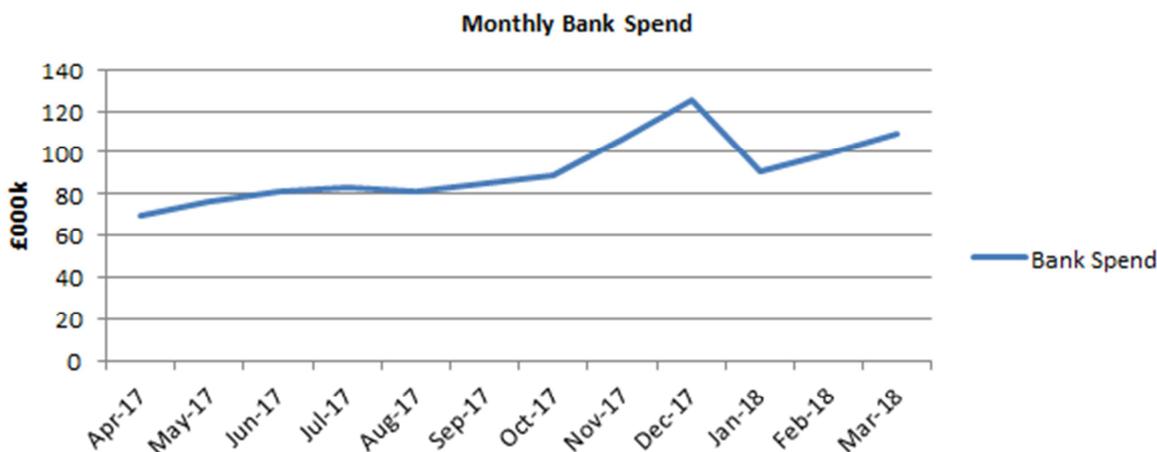
The Trust agency ceiling for 2018/19 will reduce to £3,040k and spend is expected to remain below this.



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 throughout the year, with cumulative spend to Month 12 totalling £1,096k.

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



5. Statutory Breakeven Duty

In April 2018, NHSI published a guidance document explaining the breakeven duty for NHS trusts. This document updates guidance previously issued by the Department of Health and Social Care (DHSC), last published in 2013. It updates terminology and context, but there are no changes of substance to the operation of the breakeven duty. The document has been issued for the 2017/18 financial year and if it is not amended in subsequent years, the reader should substitute any references to 2017/18 in this document with the current reporting year as appropriate.

This document is issued by NHS Improvement as referenced in the DHSC Group Accounting Manual. NHS trusts should have regard to this guidance, issued under powers of the NHS Trust Development Authority under direction from the Secretary of State.

5.1 What is the Statutory Breakeven Duty?

Each NHS trust board is responsible for planning and controlling the activities, costs and income of the NHS trust to ensure that it remains financially viable at all times. The board is accountable for financial control and for ensuring that the NHS trust meets its statutory duty to break even.

Paragraph 2(1) of Schedule 5 to the National Health Service Act 2006 states:

"Each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to [the] revenue account."

This is known as the breakeven duty.

5.2 Reporting of the Statutory Breakeven Duty

Reporting the breakeven duty is only necessary as part of the year-end accounts. The disclosure will cover each year back to 2009/10. A narrative explanation must be given for each year where the breakeven cumulative net surplus or deficit for the breakeven period exceeds 0.5% of operating income of the reporting year. The explanation should make clear why the surplus/deficit has arisen and the plans (actions and timescales) to restore the NHS trust's breakeven position.

5.3 The Trust's Breakeven Duty Application

The Trust currently reports its Breakeven Duty in the year-end accounts, the reported performance is detailed below:

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	(Unaudited) 2017-18
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Turnover	102,793	158,331	161,921	157,589	160,501	110,365	116,570	116,540
Retained surplus/(deficit) for the year	513	681	1,632	777	766	576	2,098	3,189
Adjustment for:								
Adjustments for impairments	531	-	-	-	-	-	-	-
Other agreed adjustments	- 531	-	-	-	-	-	-	-
Break-even in-year position	<u>513</u>	<u>681</u>	<u>1,632</u>	<u>777</u>	<u>766</u>	<u>576</u>	<u>2,098</u>	<u>3,189</u>
Break-even cumulative position	<u>513</u>	<u>1,194</u>	<u>2,826</u>	<u>3,603</u>	<u>4,369</u>	<u>4,945</u>	<u>7,043</u>	<u>10,232</u>
Break-even in-year position as a percentage of turnover	0.50%	0.43%	1.01%	0.49%	0.48%	0.52%	1.80%	2.74%
Break-even cumulative position as a percentage of turnover	0.50%	0.75%	1.75%	2.29%	2.72%	4.48%	6.04%	8.78%

**Due to the Trust being established in 1st April 2010, it is unable to provide a disclosure for 2009/10*

A narrative explanation of the surplus position is provided in the Financial Assessment section of the annual report.

6. Bi-annual update on implementing actions relating to Lord Carter report on productivity

- 6.1 The Sector Development Team at NHS Improvement have begun to work more widely with all Community and Mental Health NHS Providers, which started with a workshop in March where providers were asked to bring their examples of good practice that enabled efficiency improvement, which could then be used to potentially influence the national work stream.
- 6.2 The focus areas of good practice included:
- Key components of an efficient service and organisation
 - Is this successfully enabled by technology
 - What task standardisation and care programmes do you have in place to support efficient use of clinical resources and improve quality
 - Management of access to services – improved referrals from primary care, use of Single Points of Access (SPA)
 - Implications of new care models for efficient delivery of community services, including changes to skill mix and core competencies
 - Use of e-rostering and scheduling
 - Integration with social care and other community services.
- 6.3 The Trust has active programmes of work covering some of these areas, including development of web access for clients using its MSK and sexual health services, Just One Number in Norfolk and review to roll out in Luton and Bedfordshire, review and implementation of e-rostering and scheduling solutions, and collaboration with CPFT in the delivery of children's services in Cambridgeshire and Peterborough.
- 6.4 The Trust is also in direct contact with the Sector Development Team at NHSI to understand emergent focus and influence where possible the programmes of work which could benefit the Trust more directly.