

TRUST BOARD

Title:	Finance Performance at Month 10 - 2017/18
Action:	FOR DISCUSSION
Meeting:	14 March 2018

Purpose:

This paper reports the financial performance to Month 10 2017/18 and highlights key messages to bring to the Board's attention.

- The Trust delivered an in month operating surplus of £227k for Month 9 and £247k for Month 10.
- The cumulative position to Month 10 is a £1,541k surplus.
- The cash balance at 31 January 2018 was £6.7m.
- The Use of Resources (UOR) Metric continues to be level 1 for the reporting period.
- The Trust's Cost Improvement Plan (CIP) delivered cumulative savings of £1.863m against a plan of £2.272m in Month 10.

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

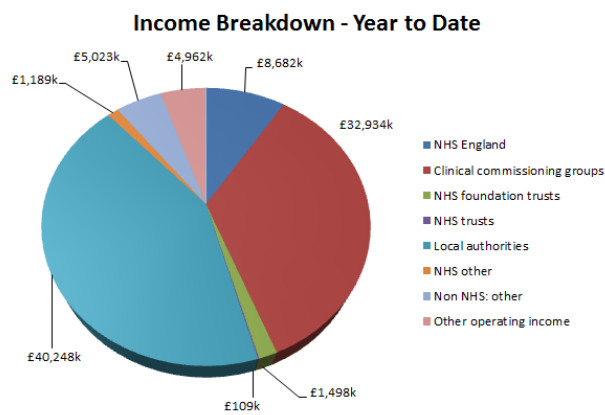
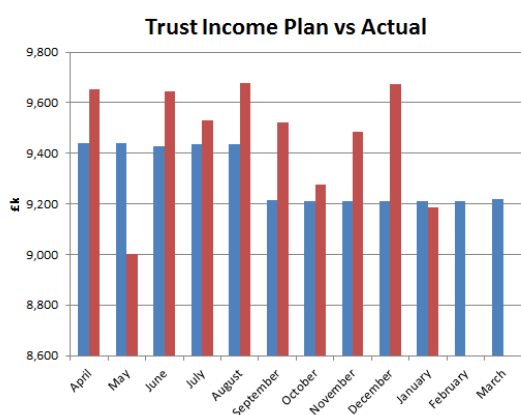
1. Executive Summary

1.1 Key Messages for the Trust's financial performance for Month 10:

- The Trust delivered an in month operating surplus of £227k for Month 9 and £247k for Month 10, against a planned surplus of £222k and £245k respectively.
- The cumulative position to Month 10 is a £1,541k surplus, against a year to date plan of £1,519k.
- The cash balance at 31 January 2018 was £6.7m.
- The Use of Resources (UOR) Metrics score for Month 9 and Month 10 was 1.
- The Trust's Cost Improvement Plan (CIP) delivered savings of £1.863m cumulative in Month 10 against a plan of £2.272m.

2. Trust Wide Financial Performance for Month 10 2017/18

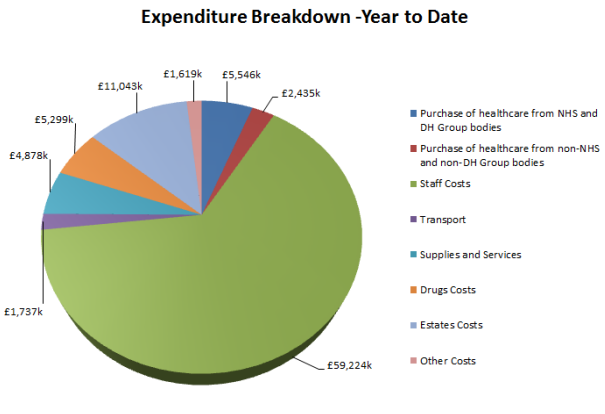
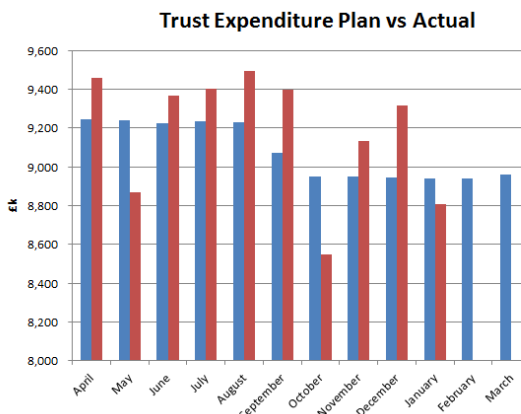
2.1 Income



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.

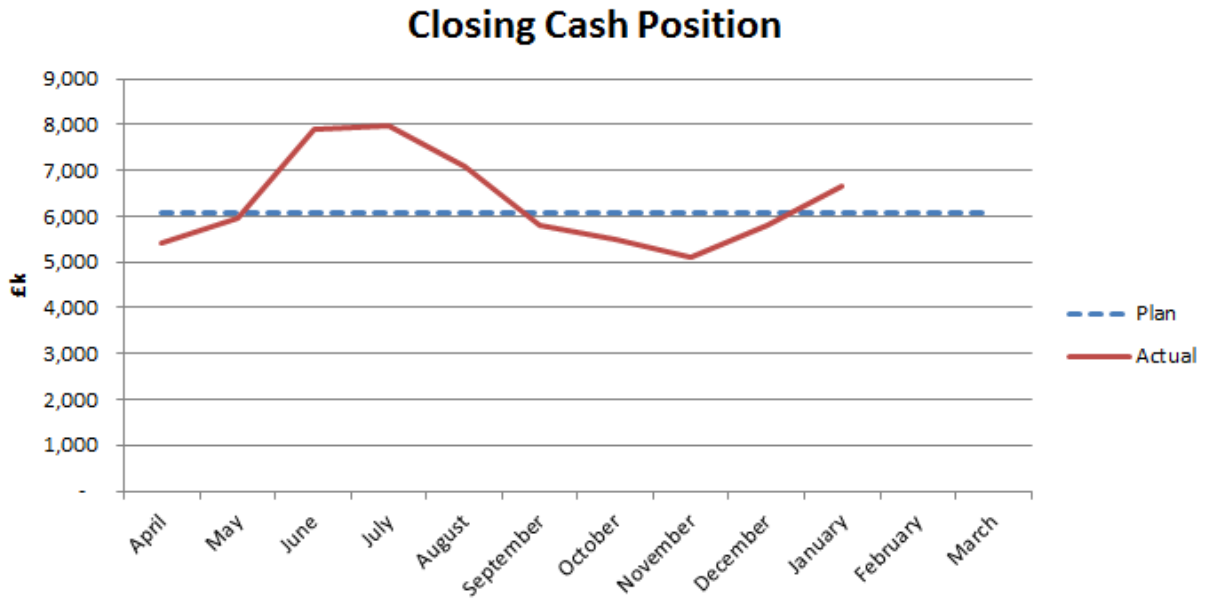
The income relating to the Sustainability and Transformation Fund (STF) allocation and for CQUIN performance are expected to be received as per the plan.

2.2 Expenditure



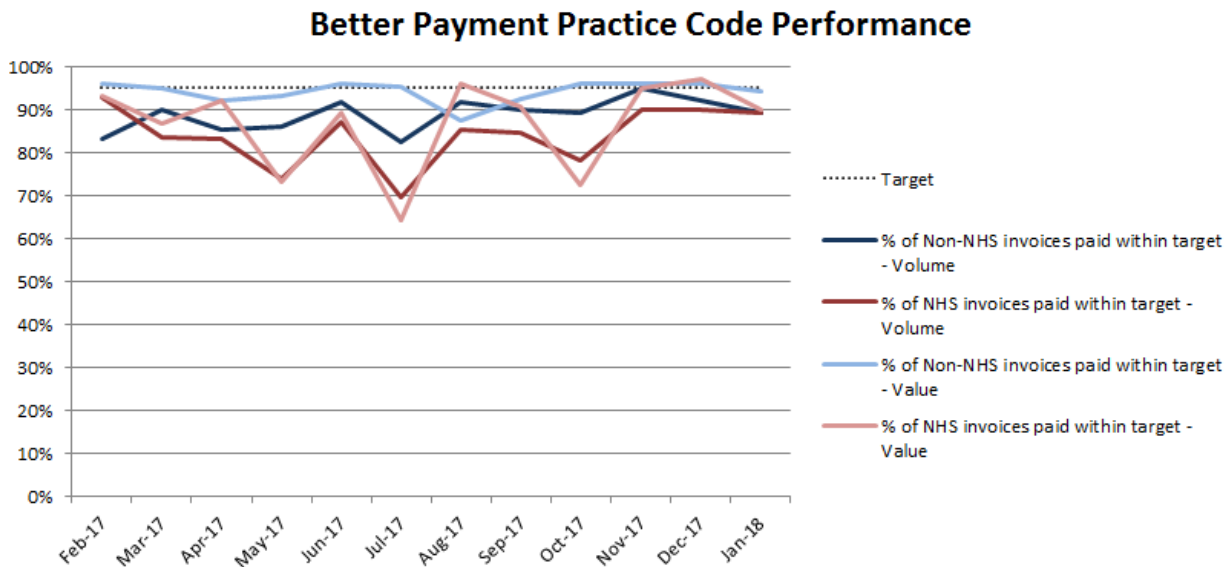
Trust expenditure is currently higher than plan due to new HIV drugs costs in Bedfordshire iCaSH, and trust wide premises and IT services. Premises costs are higher than plan due to an increase in minor works activity, and IT costs are higher than expected due to the purchase of software and licence fees.

2.3 Cash Balance



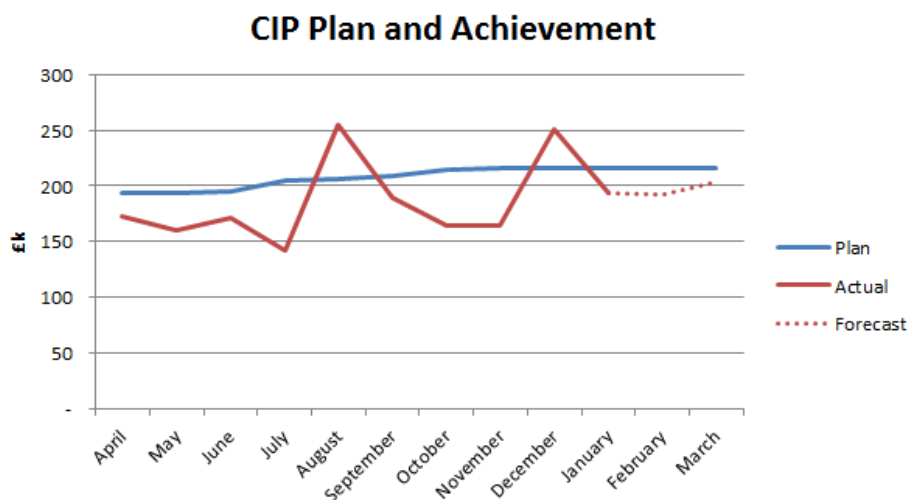
The cash balance of £6.7m at Month 10 represents an overall increase of £1.6m from the Month 8 cash balance. The movement over the period was due to a reduction in trade receivables from Cambridgeshire County Council.

2.4 Better Payment Practice Code



The average in month prompt payments results across the four categories was 94% in Month 9 and 91% in Month 10. In Month 10, the Trust achieved over 89% in all categories. The overall Trust average across the four categories for the last 12 months has remained at 88%. For Non-NHS invoices, resolution of invoices from two key suppliers has resulted in a decline in performance in month. The achievement against NHS invoices has declined slightly due to a small number of invoices narrowly missing the target 30 days. 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 year to date of £1.863m against the target of £2.272m. The full year target for the Trust is £2.1m and it has planned schemes totalling £2.495m which will deliver £2.211m for 2017/18. A small number of estates and income schemes will not deliver the original expected savings.

2.6 Capital Spend

	17/18 Annual Estates Plan	17/18 Cost	17/18 Commitment
All Sites	£131k	-	-
Bedford	£200k	-	£200k
Brookfield HC	£10k	-	-
Brookfield Hosp	£1,335k	£1,134k	£1,370k
Doddington	£30k	-	-
Hinchingbrooke	£75k	£72k	£72k
Luton	£55k	-	-
Norfolk	£101k	£59k	£59k
North Cambs	£50k	£42k	£183k
Oak Tree	£20k	-	-
Peterborough	£350k	£14k	£327k
POW	£65k	£47k	£77k
Suffolk	£10k	£13k	£13k
IT Equipment	-	£97k	-
Medical Equipme	-	£24k	-
Grand Total (ne	£2,432k	£1,502k	£2,301k

The capital project at Brookfields Hospital in Cambridge to create the Peacock Centre is nearing completion, and projects have begun at Rivergate MSK service in Peterborough, the North Cambs Hospital in Wisbech and The Princess of Wales Hospital in Ely.

3. Finance Scorecard

Finance Dashboard - Month 10	Section in Report	Plan 31/01/18	Actual 31/01/18	Variance 31/01/18	Trend Variance From Month 9
Operating income from patient care activities	2.1	£89,535k	£89,683k	£148k	↓
Other operating income	2.1	£4,523k	£4,962k	£439k	↑
Employee expenses	2.2	(£59,310k)	(£59,168k)	£142k	↑
Operating expenses excluding employee expenses	2.2	(£31,721k)	(£32,614k)	(£893k)	↑
Trust Surplus/(Deficit)		£1,519k	£1,541k	£22k	↑
Closing Cash Balance	2.3	£6,077k	£6,669k	£592k	↑
Cost Improvement Plan (CIP)	2.5	£2,272k	£1,863k	(£409k)	↓
Capital Programme	2.6	£2,142k	£1,753k	(£389k)	↓
Use of Resources Metric	4.3	1	1	-	-
Agency Spend	4.5	£2,757k	£2,017k	£740k	↓
Bank Spend	4.6	£220k	£887k	(£497k)	↓
Sustainability & Transformation Funding (STF)		£821k	£821k	£0k	-

4. Summary of Financial Performance

4.1 Net Income & Expenditure

Division Level	Nov-17					
	Income £'000	Pay £'000	Non-Pay £'000	Net Total £'000	Net Budget £'000	Variance £'000
Ambulatory Care Services	1,404	(14,240)	(9,101)	(21,937)	(22,647)	710
Childrens & Younger Peoples Services	2,156	(25,542)	(4,159)	(27,546)	(28,208)	662
Luton Community Unit	323	(14,333)	(2,288)	(16,299)	(16,253)	(46)
Other Services						
- Contract Income & Reserves	81,892	(53)	(7,032)	74,807	75,515	(708)
- Corporate Services	4,723	(4,942)	(6,489)	(6,708)	(6,313)	(395)
- Health Centres	4,148	(114)	(4,811)	(777)	(575)	(202)
CCS Total @ 31 January 2018	94,646	(59,224)	(33,880)	1,541	1,520	22

Ambulatory Care Services

- In month 9 the division was £105k underspent and in month 10 delivered a £79k underspend, giving a cumulative underspend of £710k.
- Dental Service had a £54k underspend in month 9 and a £8k overspend in month 10, giving a cumulative underspend of £191k. The net current position is due to establishment savings and additional MOS income.
- The MSK Service had a £10k underspend in month 9 and a £81k underspend in month 10 to give a cumulative underspend of £258k. The underspend is due to Non Pay savings and additional income.
- The iCash Sexual Health Service had achieved its budget position in month 9 and a £66k underspend in month 10, giving a cumulative underspend of £310k. The underspend is due to establishment savings in Cambridgeshire, establishment and Non Pay savings in Bedfordshire and additional income in Norfolk.
- Other areas in the division had immaterial variances in month.

Children's & Younger Peoples Services

- The Children's & Younger Peoples Services had an underspend of £54k in month 9 and a £96k underspend in month 10, giving a cumulative underspend of £662k.
- In month 9, Healthy Child Programme (HCP) Cambridgeshire underspent by £67k due to establishment savings, Acute Services overspent by £62k due to establishment pressures, Specialist Services had an underspend of £5k due to establishment savings, HCP Team in Norfolk underspent by £58k due to establishment savings. The Flu and Immunisation Service had an overspend of £14k due to temporary staffing costs. In month 10 this trend continued for HCP Cambridgeshire with an underspend of £78k, Children's Acute services with an overspend of £57k, Specialist Services had a underspend of £30k and Norfolk HCP had an underspend of £43k. The Flu and Immunisation Service returned to an underspend of £1k.

Luton Community Unit (including Luton Children's Services)

- In month 9 the division had an underspend of £14k and in month 10 the underspend was £36k, reducing the cumulative overspend to £46k.
- The Luton Community Unit (excluding Children's Services) had a month 9 underspend of £55k and a month 10 underspend of £55k, giving a cumulative underspend of £328k. This was primarily due to establishment savings in District Nursing.
- The Luton Children's Services had an overspend of £41k in month 9 and an overspend of £19k in month 10, giving a cumulative overspend of £373k.

- The cumulative overspend position in Children's Services is primarily due to agency spend in Medical Staffing and Continuing Care.

Other Services

- Other Services had a month 10 overspend of £210k and a cumulative overspend of £1,305k. This was mainly due to an increase in estates and IT costs.

4.2 CIP Dashboard

OVERALL STATUS AS AT:

M10 - 22nd February 2018

TARGET (£'000)

2,100

PLAN

FYE (£'000s) PYE (£'000s)
 17/18 PLAN: 2,578 2,495
 VARIANCE FROM TARGET: 478 395

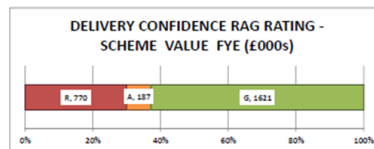
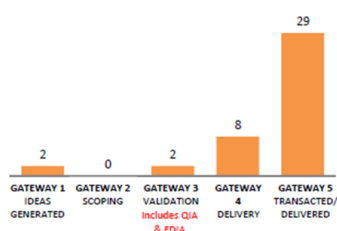
DELIVERED (YTD)

PLANNED SAVINGS YTD (£000): SAVINGS DELIVERED YTD (£000):
 2,064 1,864
 VARIANCE FROM TARGET: -200

SCHEMES

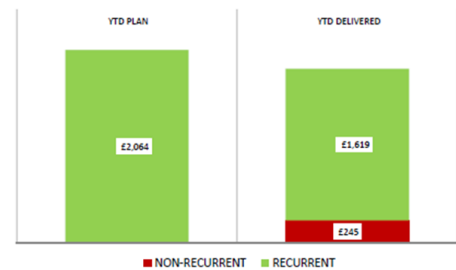
TOTAL NO. OF SCHEMES = 41

NO. OF SCHEMES BY GATEWAY

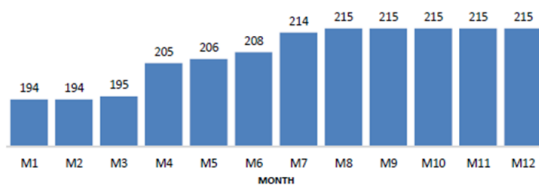


RED = Successful delivery of the savings appears to be in doubt or unachievable
AMBER = Delivery appears feasible however constant attention needed/Delivery of planned savings is affected - either the total sum or the phasing.
GREEN = Successful delivery of the savings within the planned timeframe appears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

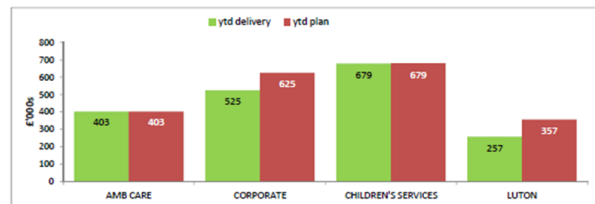
PLAN VS ACTUAL



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

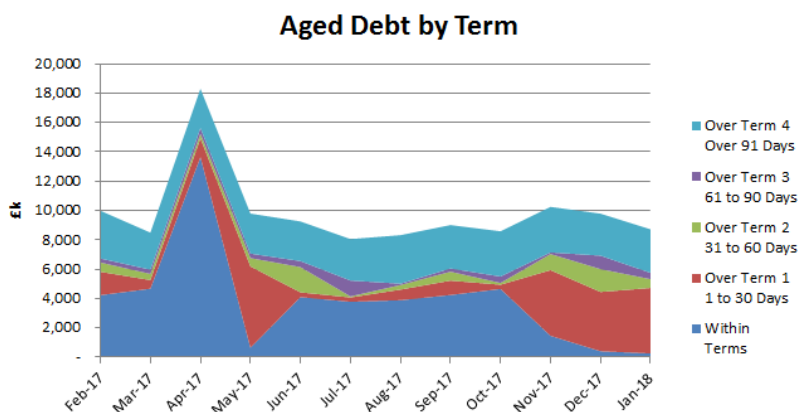
The table below illustrates the Trust's current score (please note the rating is 1 - 4, with 1 being the highest rating). The Trust is currently achieving a 1 rating in all metrics.

(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

	January 2018 £'000	November 2017 £'000
Non-Current Assets		
Property, plant and equipment	50,220	50,480
Intangible assets	201	217
Total non-current assets	50,421	50,697
Current assets		
Inventories	41	41
Trade and other receivables	12,963	13,775
Cash and cash equivalents	6,669	5,088
Total current assets	19,673	18,904
Total assets	70,094	69,601
Current liabilities		
Trade and other payables	(12,719)	(12,700)
Provisions	(443)	(443)
Total current liabilities	(13,162)	(13,143)
Net current assets	6,511	5,761
Total assets less current liabilities	56,932	56,458
Non-current liabilities		
Trade and other payables	(1,045)	(1,045)
Provisions	(1,559)	(1,559)
Total non-current liabilities	(2,604)	(2,604)
Total assets employed	54,328	53,854
Financed by taxpayers' equity:		
Public dividend capital	2,107	2,107
Retained earnings	36,592	36,118
Revaluation Reserve	17,282	17,282
Merger Reserve	(1,653)	(1,653)
Total Taxpayers' Equity	54,328	53,854

Trade and other receivables have decreased over the reporting period by £0.8m, which is reflected in the improved cash position at the end of the period. Trade and other payables have remained consistent over the reporting period, which supports the consistently strong prompt payment figures.



Total trade receivables decreased by £0.4m in December to £9.8m and then again by £1.1m in January to £8.7m. The breakdown in January is £3.1m (36%) from NHS organisations; £5.0m (57%) from Local Authorities; and £0.6m (7%) from other parties.

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

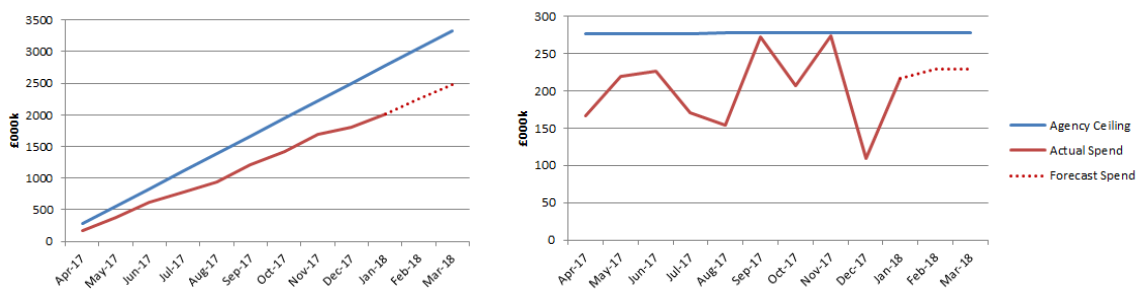
Norfolk County Council	£1.9m
Cambridgeshire County Council	£1.8m
Cambs and Peterborough FT	£0.7m
Luton Borough Council	£0.5m

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 10), Norfolk County Council, Cambridgeshire County Council and Cambs and Peterborough FT have subsequently paid £1.8m, £1.0m and £0.5m reducing their outstanding balance.

4.5 Agency Ceiling

The Trust's agency spend ceiling for 2017/18 totals £3,332k, and the cumulative spend against this target of £2,776k to Month 10 was £2.018k.

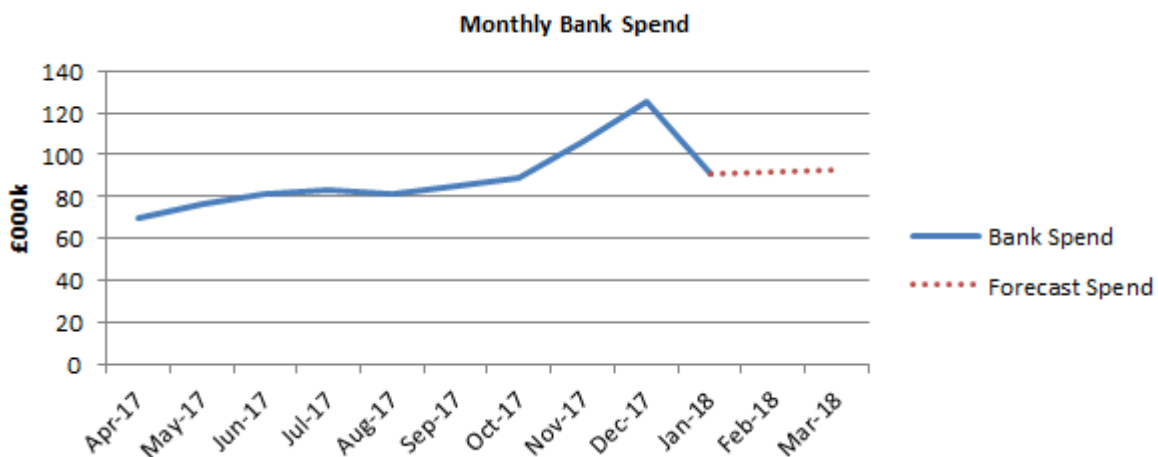
The tables below illustrate the monthly cumulative planned and actual performance of total agency spend. The forecast spend has been included to illustrate the expected position of the Trust at the end of the financial year, with the forecast expected to remain below the Trusts cumulative agency ceiling for the year to.



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 10 totalling £888k.

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



5. Strategic Financial Risks

Risk 2257 – There is a risk that the Trust becomes financially unsustainable through a combination of events such as:

- Failure to secure contract extensions
- Failure to secure new business opportunities
- Loss of business through procurement
- Decommissioning of services
- Unable to mitigate amber and red rated risk schemes
- The impact of the Public Health grant cuts without a corresponding change in contracted activity levels

The forward business planner for the next 6 months, including retention of contracts and potential new opportunities, has been discussed at an Executive level, with resources being identified to support these activities. The recently awarded contract for the provision of services in Bedfordshire, as a subcontract with East London Foundation Trust will total in excess of £17.5m, and will increase the Trust's income to £129m in 18/19.

Risk 2610 - There is a risk that the Trust doesn't fully identify plans to recurrently deliver the £3m savings target for 2018/19, and the result could be that this could contribute to the Trust being financially unsustainable in the future.

The review of savings opportunities continues, including the need to identify additional schemes in Luton Service. This has impacted the plan to achieve 100% identified schemes by March 2018, and therefore to mitigate this, the Trust will identify non-recurrent opportunities to off-set the shortfall while recurrent schemes are identified.