

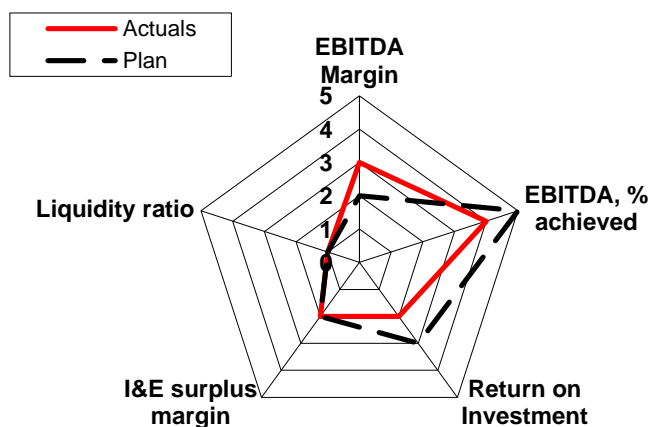
TRUST BOARD

Date of Meeting: 28/05/13	Agenda Item No: 8.1	Enclosure: 17
Intended Outcome:		
For noting	For information	For decision ✓
Title of Report: Finance Report April 2013 (Month 01)		
Aims: This report provides an update on the financial performance of the Trust.		
Executive Summary: <ul style="list-style-type: none"> The Trust has achieved a surplus of £49k after technical adjustments against a planned surplus of £79k at the end of April. In order to report a surplus, the Trust has phased in 11% (£2.2m) of the £20m of strategic support funding in line with the NHS Trust Development Authority (NTDA) plan. If profiled evenly only 8% (£1.7m) would have been phased in to date. The Trust has assumed £6.3m of PFI support in line with the planning guidance, which is consistent with 2012/13, with £6m being funded by the DoH and £0.3m being funded locally by Cumbria CCG. £525k has been phased in to M01 which is one twelfth of the annual amount. The Trust has agreed contract values with all commissioners, although none of which are currently signed. The Trust awaits the final contracts from all commissioners and expects these to be signed by the end of the month. The Trust is discussing the strategic support funding with the NTDA and imminently expects confirmation of the first £10m funding, based on a planned acquisition date of October 2013. Non-Elective activity was consistent with previous months and is above the plan in month. Inefficient non-elective patient flows are having an adverse impact on the level of elective activity the Trust can undertake, leading to a shortfall in Elective activity and income for the month. Pay costs are above plan by £164k due to nursing and agency costs being higher than previous months. The 1% pay award has been paid in April. Non pay is above plan by £295k plan due to CIP not being delivered and is £200k more than the average monthly expenditure last year. Cash management and the Trust's liquidity continue to be a key concern in 2013/14. The Better Payment Practice Code compliance will continue to underperform to the due the liquidity issues. 		
Recommendations: The Trust Board is asked to note and approve the Trust's financial performance for month 1, 2013/14.		
Prepared by: Eric Gardiner, Deputy Director of Finance	Presented by: Eric Gardiner, Deputy Director of Finance	

Statement of Comprehensive Income

	Annual				Current Month			
	Budget	Plan	Actual	Variance	Budget	Actual	Variance	
	£000	£000	£000	£000	£000	£000	£000	
NHS Clinical Income	193,120	15,698	16,228	531	15,698	16,228	531	
Other Clinical Income	1,657	138	149	11	138	149	11	
Training & Education	6,883	576	557	(19)	576	557	(19)	
Other Income	9,292	712	682	(30)	712	682	(30)	
Strategic & PFI Support	26,300	2,744	2,744	0	2,744	2,744	0	
Total Income	237,253	19,867	20,360	493	19,867	20,360	493	
Pay	(141,941)	(12,381)	(12,545)	(164)	(12,381)	(12,545)	(164)	
Non-Pay	(72,356)	(6,386)	(6,483)	(98)	(6,386)	(6,483)	(98)	
Reserves	(6,150)	295	0	(295)	295	0	(295)	
Total Operating Expenses	(220,448)	(18,472)	(19,028)	(556)	(18,472)	(19,028)	(556)	
EBITDA	16,805	1,396	1,332	(64)	1,396	1,332	(64)	
Capital Charges / Impairments	(9,267)	(772)	(764)	8	(772)	(764)	8	
Interest	(6,343)	(529)	(524)	5	(529)	(524)	5	
Adjustment for Donated Assets	58	5	5	0	5	5	0	
Income less Expenditure	1,253	100	49	(51)	100	49	(51)	
IFRIC 12 / Dual Accounting	(253)	(21)	0	21	(21)	0	21	
TRUST SURPLUS / (DEFICIT)	1,000	79	49	(30)	79	49	(30)	

Financial Risk Rating



- The Trust is reporting surplus at the end of April of £49k against a plan of £79k.
- Commissioning income was £0.5m above plan in month.
- Budgeted income includes £6.3 of PFI support and £20m of strategic support.
- Strategic Support has been phased into the budget in line with the plan. This is an increase of £552k over an even profiling of the funding and reflects the profiling of CIP.
- The PFI support is phased in equal twelfths and is £525k in M01.
- Compared to the original budget, income budgets have increased by £0.6m due to CIP changing category.
- The CIP figures reflect that £5m has been delivered against a target of £16.8m.
- The reserves budget in month allows the total Trust budget in month to match the profile of the plan.
- Pay expenditure was £12.5m, £0.1m less than in March. Agency expenditure was £0.9m and Nursing spend increased by £0.2m from March.
- Non Pay spend was £6.5m, £0.2m more than the average for 12/13.
- £1m of non-pay budget has moved to the pay budget due to the Medical Physics staff having been part of a TUPE transfer to the Trust.
- The Trust's liquidity remains at 1 and the EBITDA % achieved remains at 4 with the overall Financial Risk Rating (FRR) remaining at 2.

Month 01 April 2013

Statement of Financial Position

	Opening Balance 01-Apr-13 £000	Closing Balance 30-Apr-13 £000	Movement in Current Period £000
NON-CURRENT ASSETS:			
Property, Plant and Equipment	124,931	126,761	1,830
Intangible Assets	553	567	14
Trade and Other Receivables	3,274	3,456	182
TOTAL NON-CURRENT ASSETS	128,758	130,784	2,026
CURRENT ASSETS:			
Inventories	3,839	3,785	(54)
Trade and Other Receivables	5,607	14,985	9,378
Cash and cash equivalents	2,320	5,187	2,867
TOTAL CURRENT ASSETS	11,766	23,957	12,191
TOTAL ASSETS	140,524	154,741	14,217
CURRENT LIABILITIES:			
NHS Trade Payables	(1,025)	(4,599)	(3,574)
Non-NHS Trade Revenue Payables	(5,920)	(8,938)	(3,018)
Non-NHS Trade Capital Payables	(3,681)	(2,475)	1,206
Other Liabilities	(11,213)	(17,767)	(6,554)
DH Working Capital Loan Principal Repayments	(856)	(856)	0
Borrowings	(1,681)	(1,615)	66
Provisions for Liabilities and Charges	(1,897)	(1,833)	64
TOTAL CURRENT LIABILITIES	(26,273)	(38,083)	(11,810)
NET CURRENT ASSETS/(LIABILITIES)	(14,507)	(14,126)	381
TOTAL ASSETS LESS CURRENT LIABILITIES	114,251	116,658	2,407
NON-CURRENT LIABILITIES			
Borrowings	(51,135)	(50,969)	166
DH Working Capital Loan Principal Repayments	(6,850)	(6,850)	0
Provisions for Liabilities and Charges	(3,287)	(3,316)	(29)
TOTAL NON-CURRENT LIABILITIES	(61,272)	(61,135)	137
TOTAL ASSETS EMPLOYED	52,979	55,522	2,543
FINANCED BY TAXPAYERS EQUITY:			
Public Dividend Capital	(68,198)	70,698	2,500
Retained Earnings	(20,832)	(20,788)	44
Revaluation Reserve	(5,613)	5,613	(0)
TOTAL TAXPAYERS EQUITY	(94,643)	55,522	2,543
Cash in OPG accounts	2,316	5,183	2,867

- Inventory levels reduced by £54k in April with the movement mainly in Pharmacy.
- Current receivables increased by £9,378k. Prepayments are high at the end of April particularly due to May and June's HMC charges on the quarterly block invoice. The VAT due to be recovered from the HMC invoice is also included within receivables. The accrual of strategic and PFI support makes up most of the balance of the increase.
- The Trust's cash position was higher than planned at the end of April due to the timing of the last weekly payment run in April and income from the NHS Commissioning Board being received earlier than expected. Equal Value cash continues to be ring-fenced and is contributing to the high cash balance.
- Current liabilities increased by £11,810k in April. This was mainly due to income received in advance of the SLA and the last payment run of April not clearing until May (£2,116k). There was also a general increase in invoices due for payment.
- The Trust continues to manage its cash position very carefully and the level of payables is likely to increase unless the Trust's income levels increase or its expenditure reduces.

Month 01 April 2013

Clinical Activity and Income Analysis

	Activity				Value			
	Annual plan	Year to date			Annual plan £000	Year to date		
		Plan	Actual	Variance		Plan £000	Actual £000	Var £000
Day Cases	27,365	2,254	2,304	50	19,355	1,594	1,594	1
Electives	7,352	605	535	(70)	17,767	1,463	1,220	(243)
Non-Electives	33,962	2,791	2,912	121	59,766	4,912	4,986	73
Excess Bed Days	12,099	995	1,230	235	2,762	227	273	46
Outpatients	309,648	25,500	27,121	1,621	34,555	2,846	3,056	210
A&E	76,673	6,302	6,369	67	7,541	620	632	12
Appliances					2,272	189	206	17
Critical Care	4,374	360	374	14	5,184	426	438	12
Community Midwives	47,483	3,903	3,903	(0)	2,446	201	201	0
Direct Access	3,060,220	252,018	256,024	4,006	8,334	686	697	11
Other	51,521	4,235	4,146	(90)	10,436	804	1,128	324
PbR Excl Drugs					13,234	1,090	1,239	149
SCBU	3,965	326	416	90	1,936	159	202	43
CQUIN					4,244	354	354	0
CIP					3,288	126		(126)
TOTAL					193,120	15,698	16,228	531

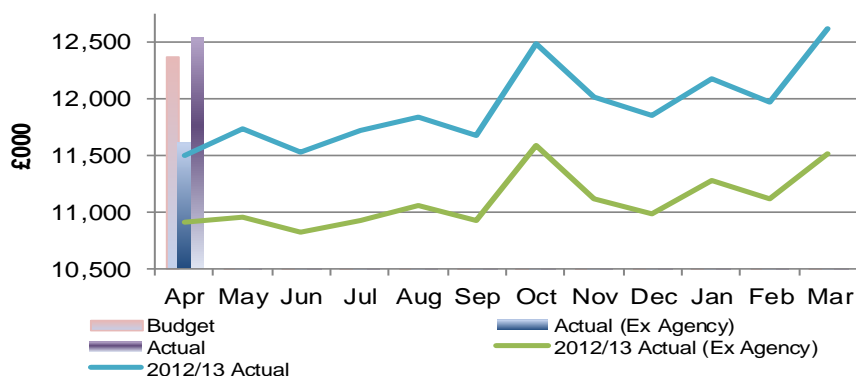
- NHS Clinical Income is ahead of plan by £0.5m as at the end of April.
- Elective activity is 70 spells below plan and this has resulted in an income under performance of £243k. The under performance mainly relates to Trauma & Orthopaedics and General Surgery although it should be noted that the monthly activity is not yet fully coded.
- Inefficient patient flows within emergency care is having an impact on the beds available for elective patients.
- Day case activity is above plan but actual income is at planned levels. Trauma & Orthopaedics is 35 spells below planned activity and £56k below planned income levels.
- Non-Elective activity is above plan resulting in an income over performance of over £70k.
- Outpatients are above plan by 1,621 attendances, leading to an increase in income. The income over performance of £210k is driven by increasing levels of outpatient procedures and unbundled Radiology activity of £50k.
- Accident and Emergency activity and income levels are slightly above planned levels in April.
- The plan for the reduction in the ratio of Outpatient new to follow ups sits in the 'Other' category and is driving most of the over performance. This will be moved to Outpatients in M02.
- Other areas where income levels are ahead of plan include SCBU and PbR excluded drugs. The income budget for PbR excluded drugs is not increased each month to match income as there will be no change in the contracted values.

Month 01 April 2013

Pay Expenditure

Pay Analysis	Current Month				YTD			
	Budget £000	Actual £000	Var £000	Var %	Budget £000	Actual £000	Var £000	Var %
Consultants	(1,909)	(1,899)	10	-0.5%	(1,909)	(1,899)	10	-0.5%
Other Medical Staff	(1,208)	(1,158)	49	-4.1%	(1,208)	(1,158)	49	-4.1%
Nursing	(4,028)	(4,166)	(138)	3.4%	(4,028)	(4,166)	(138)	3.4%
Scientific & Technical	(1,493)	(1,476)	17	-1.1%	(1,493)	(1,476)	17	-1.1%
Admin & Management	(1,703)	(1,700)	4	-0.2%	(1,703)	(1,700)	4	-0.2%
Other	(1,192)	(1,216)	(24)	2.0%	(1,192)	(1,216)	(24)	2.0%
Agency	(787)	(930)	(143)	18.2%	(787)	(930)	(143)	18.2%
Pay CIP	(62)	0	62	-100.0%	(62)	0	62	-100.0%
TOTAL	(12,381)	(12,545)	(164)	1.3%	(12,381)	(12,545)	(164)	1.3%

Pay Costs



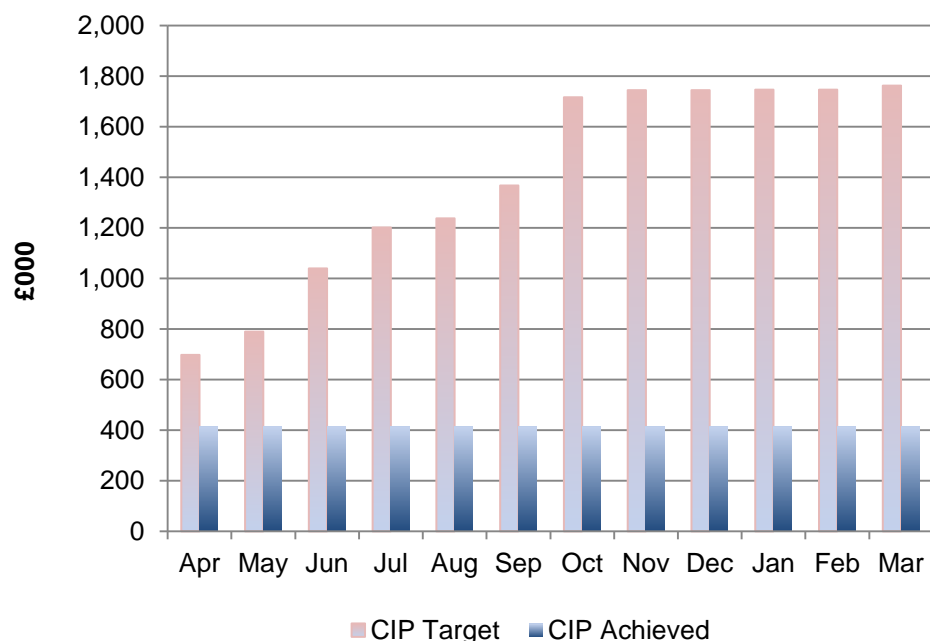
Non Pay Expenditure

Non Pay Analysis	Current Month				YTD			
	Budget £000	Actual £000	Var £000	Var %	Budget £000	Actual £000	Var £000	Var %
Drugs	(1,877)	(1,915)	(38)	-2.0%	(1,877)	(1,915)	(38)	-2.0%
Clinical Supplies	(1,687)	(1,683)	3	0.2%	(1,687)	(1,683)	3	0.2%
General Supplies	(182)	(176)	6	3.3%	(182)	(176)	6	3.3%
Premises and Plant	(858)	(800)	58	6.7%	(858)	(800)	58	6.7%
PFI	(862)	(875)	(14)	-1.6%	(862)	(875)	(14)	-1.6%
Establishment & Other	(1,019)	(1,034)	(15)	-1.5%	(1,019)	(1,034)	(15)	-1.5%
Reserves	295	0	(295)	100.0%	295	0	(295)	100.0%
Non Pay CIP	97	(0)	(97)	100.0%	97	0	(97)	100.0%
Total	(6,092)	(6,483)	(392)	-6.4%	(6,092)	(6,483)	(392)	-6.4%

- Pay expenditure in April was £12.5m, a decrease of £0.1m compared to March.
- The national pay award for all staff of 1% was paid in April.
- Significant pay cost pressures remain in the Trust, with agency costs remaining high at £930k in the month, a decrease of £168k in the month. However, excluding March, April is the highest amount seen in the last 12 months.
- Nursing costs have increased £138k since March with the majority of the increase being in the Emergency Care and Medicine Business Unit. £40k will relate to the pay award received in April and the rest relates to an increase in 61 WTE worked in April.
- The Trust have identified that the nursing budget is adequate but that the pressure is due to rostering which is not currently done as efficiently as it could be.
- WTEs worked have increased in the month to 3,279 from 3,191 in March.
- The steady increase in WTE worked which can be seen on the graph is driven by the increase in Nursing and Healthcare Assistant WTE with the level of WTE worked in other staff groups remaining at a consistent rate over the last 12 months.
- Non pay spend in April was £6.5m. This is £200k more than the average spend in 2012/13.
- The most significant increase in costs relates to Drugs (£207k) and in particular Drugs excluded from PbR. These Drugs are funded by the commissioners at full cost.
- Drugs excluded from PbR expenditure budgets are matched to the cost every month as an equal value of income is received. The variance on drugs therefore relates to non PbR drugs
- Spend on appliances and implants were £84k higher than in previous months despite Trauma & Orthopaedic activity being behind plan.

Month 01 April 2013

CIP by Month



- The CIP target for 2013/14 is £16.8m with £698k being profiled into M01.
- At M01 £415k has been achieved in month with £5m being actioned across the financial year.
- £6.2m of the CIP plan relates to Commissioner Income. At M01 £4.5m has been actioned across the financial year relating to:
 - Outpatient New to Follow up Ratios
 - Chemotherapy Procurement
 - Cancer MDTs
 - Critical Care

The Trust will review the remainder of the income CIPs in M02 now that it has the final contract from Cumbria CCG.

- Emergency Care & Medicine, Corporate and Estates Business Units were the main Business Units behind plan on CIP.
- In Emergency Care & Medicine this was due to slippage on the following CIPs:
 - Best Practice Stroke Income £19k
 - Non pay cost reduction £13k
 - Shortfall on Outpatient New to Follow up £11k
 - Other coding improvements
- In Estates the slippage is due to the SLA with the Partnership for WCH not yet being agreed, £33k.
- In corporate services slippage is due to the collaborative procurement initiative not yet delivering any savings, £67k. When these savings happen they will be recognised within the Business Unit in which the savings are made.

CIP by Business Unit

Business Unit	In Month			Full Year		
	Plan £000	Actual £000	Var £000	Plan £000	Actual £000	Var £000
Emergency Care & Medicine	201	118	(83)	3,709	1,440	(2,269)
Emergency & Elective Surgery	213	202	(12)	5,584	2,416	(3,168)
Clinical Support	87	85	(1)	1,420	1,015	(405)
Paediatrics	23	9	(14)	289	111	(178)
Corporate	74		(74)	2,124		(2,124)
Estates	41		(41)	589		(589)
Full Year Effect 12/13	55		(55)	701		(701)
Unidentified	3		(3)	2,385		(2,385)
Total	698	415	(283)	16,800	4,982	(11,818)

Month 01 April 2013

CIP by Theme

CIP Theme	Month 1			Full Year		
	Plan £000	Actual £000	Var £000	Plan £000	Actual £000	Var £000
Business Unit Efficiency	69	18	(51)	3,881	240	(3,641)
Clinical Best Practice	67	11	(56)	1,554	100	(1,454)
Contractual Issues	396	370	(26)	4,903	4,443	(460)
Corporate	108	16	(92)	2,031	199	(1,832)
Staffing - Service Best Fit				850		(850)
Pre-Acquisition				496		(496)
Full Year Effect 12/13	55		(55)	701		(701)
Unidentified	3		(3)	2,385		(2,385)
Total	698	415	(283)	16,800	4,982	(11,818)

CIP by Cost Category

CIP by Cost Category	Month 1			Full Year		
	Plan £000	Actual £000	Var £000	Plan £000	Actual £000	Var £000
Income	514	387	(127)	8,131	4,643	(3,488)
Pay	3	28	25	2,578	339	(5,325)
Non Pay	123		(123)	3,005		(3,005)
Full Year Effect 12/13	55		(55)	701		(701)
Unidentified	3		(3)	2,385		(2,385)
Total	698	415	(283)	16,800	4,982	(11,818)

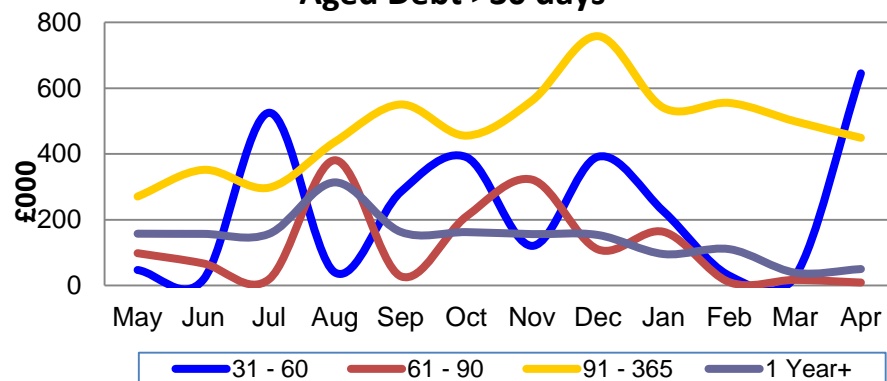
- Business unit efficiency theme has delivered £18k of CIP relating to £10k reduction in agency locum spend £140k for the year and £8k increased income due a new SLA being agreed in place, £100k for the year.
- Slippage within the business unit efficiency theme of £51k relates to the agency staff CIP being £9.5k behind plan and a number of small schemes which are not yet delivering CIP.
- The contractual issues theme relates to mainly to additional income negotiated through the Trusts main patient related SLAs. The shortfall on this relates to outpatient new to follow up where the reduction negotiated was £3.2m against a plan of £3.5m. The Trust needs to continue to reduce the number of follow up appointments it carries out and replace these with new appointments to ensure that patients can access services in a timely way.
- In the corporate theme there is £66k in month slippage on the collaborative procurement scheme and £33k slippage on the estates SLA.
- The Trust no longer has to pay for sick pay enhancements due to a change in the Agenda for Change contract. This has led to an additional CIP in month of £10k in month.
- The Income CIP is made up as mentioned above of a shortfall against outpatient new to follow up attendances of £30k in month, shortfall in Best Practice Tariff being achieved of £61k and other coding improvements. A further SLA is to be agreed within the Clinical Support Business Unit for services provided to the Partnership Trust. £8k in month £100k for the year.
- The shortfall on pay relates to agency staff costs CIPs being higher than planned and non pay CIP shortfall relates to the collaborative procurement scheme and the estates SLA scheme as well as a number of smaller items.

Month 01 April 2013

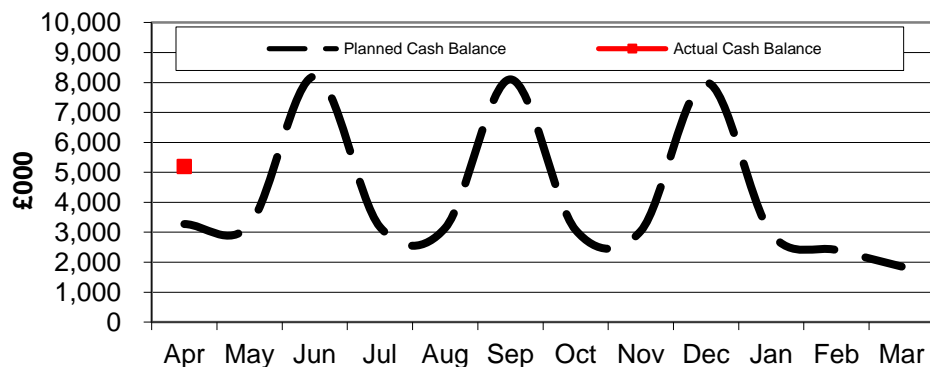
Better Payment Practice Code

BPPC: Target 95%	Non NHS		NHS	
	Apr-13	YTD	Apr-13	YTD
Number of Invoices				
Total Invoices paid in the year	4,558	4,558	96	96
Total Invoices paid within target	746	746	44	44
% of bills paid within target (number)	16.4%	16.4%	45.8%	45.8%
Value of Invoices £000s				
Total bills paid in the year	13,653	13,653	1,363	1,363
Total bills paid within target	10,033	10,033	1,226	1,226
% of bills paid within target (value)	73.5%	73.5%	89.9%	89.9%

Aged Debt >30 days



Cash Flow



- The Trust continues to underperform against the Better Payment Practice Code (BPPC). Performance in April was particularly poor for the number of invoices paid although better than the Trust's recent average for value of invoices.
- The Trust is unlikely to achieve all four BPPC targets in 2013/14.
- The Trust drew down Public Dividend Capital (PDC) of £2.5m in April as part of the WCH Redevelopment scheme. Debtors in April were £2,082k which is a reduction of £392k from March.
- Debtors in April were £2,082k which is a reduction of £392k from March.
- Debt older than 30 days increased by £570k in April due mainly to amounts owed by Cumbria Partnership and the Department of Health.
- The Trust's cash position at the end of April was £5.2m. This was higher than planned and is due to the cash for the last payment run in April not clearing until May and to £1.5m of cash being received from the NHS Commissioning Board on 29 April. This had not been expected until later in the first quarter.
- The cash balances throughout 2013/14 include the cash received for the Equal Value back to back debtor in March. The Trust does not expect to spend all of this cash in 2013/14.

Month 01 April 2013

Capital

	Original Budget £000	Apr-13 £000
Medical Equipment		
Haemosys Reporting System		25
Radiotherapy Upgrade		2
Medstrom 50 beds		40
Medical Equipment	5,350	
Sub total Medical Equipment	5,350	67
Major Schemes		
PFI Lifecycle Additions	2,727	0
WCH Redevelopment	43,011	2,287
Sub total Major Schemes	45,738	2,287
IM&T		
IM&T Schemes		28
Sub total IM&T	0	28
Minor Schemes		
Carbon Reduction		8
PCI Corridor		0
Minor Schemes	500	
Sub total Other Schemes	500	8
Contingency	170	
Totals	51,758	2,390
Funded By:		
Capital Resource Limit	51,528	
Estimate from Charitable Funds	230	

- The Trust's capital plans for 2013/14 have yet to be finalised although the budgets allocated against the main category headings are not expected to materially change.
- Included in the forecast budgets is an estimated £230k contribution from Charitable Funds.
- The budget allocated to the WCH Redevelopment is made up of an estimated £43,011k from the DoH and £2,650k from the Trust.
- Medical Equipment expenditure will include schemes to replace the Endoscopy decontamination units at the Cumberland Infirmary and to introduce digital Mammography across the Trust.
- PFI Lifecycle expenditure is an estimate and remains difficult to predict. Quarterly updates will be provided when information is received from HMC.