

Integrated Performance Report

Finance report Month 04 (period ending 31st July 2010).

Introduction

This section of the integrated performance report summarises the financial position of the Trust to the end of July 2010. The report focuses on the statement of comprehensive income, statement of position and cashflow reports. A detailed pack of financial information is presented to the Private section of the Board for review. This ensures the whole Trust Board remains informed of financial performance and the actions being taken to ensure agreed plans are delivered.

Statement of comprehensive income

The reported in month deficit is £0.1m adverse versus plan. The planned result was a £1.3m deficit. Year to date the Trust is reporting a deficit of £7.5m, £0.6m adverse to plan. SUS data indicates higher than budgeted levels of activity. The cost impact of this is reflected in the results, however it is not considered appropriate at this point to make an adjustment to income

The following table summarises the income and expenditure position.

Income & expenditure by category - 2010/11
As at month 04 (July 2010)

	2010-11	2010-11			In Month			2010-11		
	Revised plan	Month 02	Month 03	Month 04	Plan in month	Actual in month	Variance in month	Plan to date	Actual to date	Variance to date
Total income	218,629	17,358	18,861	18,601	18,677	18,601	(76)	72,461	72,073	(388)
Total Pay	146,985	13,156	13,115	13,016	12,972	13,016	(45)	52,136	52,193	(58)
Total non-pay	72,401	6,132	5,842	6,194	6,212	6,194	18	24,109	24,323	(214)
Total Expenditure	219,385	19,288	18,957	19,210	19,184	19,210	(27)	76,244	76,516	(272)
EBITDA	(757)	(1,930)	(96)	(609)	(506)	(609)	(103)	(3,783)	(4,443)	(660)
Total financing costs	9,828	763	763	803	779	803	(25)	3,143	3,094	48
Net Surplus/ (deficit)	(10,584)	(2,693)	(858)	(1,412)	(1,285)	(1,412)	(127)	(6,926)	(7,536)	(611)

EBITDA - Earnings Before Interest Dividends & Amortisation

* The Reported Annual Plan Excludes any Provisions for Redundancies

The table clearly illustrates there are pressures within income, pay and non-pay. The main points to note are;

- SLA income has been reported in line with plan given the Trust's current work on resolving data quality issues following the implementation of PRP in late April. Non PbR drugs and devices billable income is £0.5m below plan with a corresponding £0.3m favourable expenditure position within reserves.
- Pay was in line with plan in month and year to date however there are a number of emerging issues: Medical pay expenditure has increased steadily with adverse movements within anaesthetics, obstetrics and gynaecology and medicine. Long term sickness has driven up locum cover costs, the need for additional cover and additional lists have put pressure on additional session payments. Nursing pay expenditure has accelerated quicker than planned due to increasing ward establishments in line with AUKUH benchmark establishments. Attrition within midwifery continues to drive additional demand on agency costs. Admin and clerical vacancies are the remaining key

driver which keeps the overall pay position in line with plan. This pay group delivers a £1.0m year to date underspend versus plan which currently offsets the pay pressures noted above.

- Non pay was in line with plan in month and £0.2m adverse versus plan year to date. Planned turnaround expenditure on IT of £0.3m during July as noted above.

Slippage against planned savings are also acting to drive the variance from plan at the end of July. However, the majority of the slippage against planned savings is expected to be recovered within the current year.

Detailed plans are being developed to ensure that the current adverse position is recovered across the remainder of the year. This work is being led by the Chief Finance Officer and the Chief Restructuring Officer. Actions are focusing on;

- Maximising income recovery for work undertaken for the PCT by tackling residual data quality issues.
- Ensuring activity that our commissioners do not require is not undertaken, and adjusting capacity accordingly.
- Reviewing controls on pay costs to ensure they are effective, notable areas of focus will include nursing and medical staff which are currently in excess of plan.
- Ensuring planned savings are delivered, and where they cannot be identifying replacement actions of an equivalent value.

A detailed forecast has been developed which indicates that the Trust can still deliver against its financial plan in year. This has been reported to Part 2 of the Trust Board.

Statement of position (balance sheet)

The following summarises the Statement of Position for the Trust to the end of July 2010.

	Balance as at 31st Mar 2010	Balance			July 2010			Plan for 31st Mar 2010
		May	June	July	Plan	Actual	Variance	
Assets Non Current								
Tangible assets	110,165	109,370	108,904	106,132	109,405	106,132	3,273	108,481
Intangible assets	397	363	347	2,559	330	2,559	-2,229	198
Other assets	1,304	1,304	1,555	1,426	678	1,426	-748	678
Fixed Assets	111,866	111,037	110,806	110,117	110,413	110,117	296	109,357
Assets Current								
Inventory	4,747	4,499	4,409	4,411	4,747	4,411	336	4,747
NHS Debtors	8,291	8,722	10,470	10,230	9,940	10,230	-290	10,294
Trade Debtors	496	608	427	432	1,233	432	801	1,233
Other Debtors	646	579	592	508	730	508	222	719
Accrued income	904	934	668	855	959	855	104	910
Prepayments	491	906	1,795	1,383	2,092	1,383	709	492
Cash	9,037	11,375	9,228	7,476	5,040	7,476	-2,436	5,354
Current Assets	24,612	27,623	27,589	25,295	24,741	25,295	-554	23,749
Liabilities Current								
Loans - due within 1 yr	1,142	1,142	1,142	1,142	1,142	1,142	0	1,000
Dividend and interest payable	2,059	2,428	2,682	2,938	2,943	2,938	5	219
Trade Creditors including NHS	24,193	19,663	19,453	18,237	15,314	18,237	-2,923	15,784
Non-NHS Capital creditors	895	863	866	309	936	309	627	704
Obligations under finance lease	71	72	72	72	72	72	0	71
Other credits inc Tax & Social Security	6,755	6,229	7,077	6,916	6,803	6,916	-113	6,341
Accruals	1,587	4,207	4,354	4,262	1,944	4,262	-2,318	1,290
Deferred income	267	986	592	815	1,219	815	404	784
Current Liabilities	36,969	35,590	36,238	34,691	30,373	34,691	-4,318	26,193
Net current assets	-12,357	-7,967	-8,649	-9,396	-5,632	-9,396	3,764	-2,444
Deferred Government Grant	626	626	626	626	352	626	-274	351
Creditors - amounts falling >1 yr	6,096	15,029	15,032	15,036	18,620	15,036	3,584	34,816
Provisions for liabilities and charges	1,702	1,631	1,592	1,583	544	1,583	-1,039	544
Total Assets Employed	91,085	85,784	84,907	83,476	85,265	83,476	1,789	71,202
Tax payers equity								
Public Dividend Capital (PDC)	94,703	94,703	94,703	94,703	94,703	94,703	0	94,703
Revaluation Reserve	22,180	22,180	22,180	22,180	23,225	22,180	1,045	23,225
Donation Reserve	9,535	9,498	9,479	9,460	9,416	9,460	-44	9,193
Income & Expenditure Reserve	-35,333	-40,597	-41,455	-42,867	-42,079	-42,867	788	-55,919
Total Tax Payers Equity	91,085	85,784	84,907	83,476	85,265	83,476	1,789	71,202

The main points to note are;

- Fixed assets are lower than plan due to the slow start to the capital programme. This has been a reflection of the need to agree funding and develop a comprehensive plan. The plan is now in place and capital expenditure is expected to move forward quickly over the coming months.
- Cash balances remain ahead of plan primarily as a consequence of reducing other current asset balances (stocks, prepayments and debtors), and increased creditors.
- NHS Debtors remains higher than plan as a consequence of a range of outstanding issues with NHS Berkshire East. Actions have been agreed with the PCT to address these issues and resolve outstanding issues.
- Creditors are ahead of plan due to higher than planned accruals for provisions and continued delayed payments to suppliers.
- Creditors over 1 year. The Trust's plan, as submitted to Monitor in May 2010 anticipated that funding support in the form of loans would be available and drawn in July. As agreement has yet to be reached on the funding package

no loans have been drawn in the year to date. Agreement on this issue is expected soon.

Cashflow

The following table summarises the cashflow position of the Trust for the period ending 31st July 2010.

	Annual Plan	Run rate			Year to date		
		May	Jun	Jul	Plan	actual	Variance
Opening cash balance	9,104	14,109	11,375	9,228	9,104	9,037	-67
Outflow from operations	-11,072	-1,944	-112	-613	-3,804	-4,490	-686
Decrease in working capital	-11,370	-468	-1,992	-589	-11,510	-4,913	6,597
Net outflow from operations	-13,338	11,697	9,271	8,026	-6,210	-366	5,844
Net outflow from investing	-5,177	-326	-47	-552	-1,425	-833	592
Net inflow from financing							
Monies received	30,000	4	4	2	13,000	9,014	-3,986
Monies repaid	-4,205	0	0	0	-333	-339	-6
Net	25,795	4	4	2	12,667	8,675	-3,992
Closing cash balance	7,280	11,375	9,228	7,476	5,032	7,476	2,444

As indicated in the balance sheet section cash remains ahead of plan, this results from a favourable movement on working capital being partly offset by planned loans not being drawn at this time. However, the underlying forecast remains weak due to the continued trading deficit and lack of agreement on external funding support. Work continues with the Department of Health to finalise the funding requirement and methodology. Conclusion to this issue is expected in September.

The Trust Board continues to hold fortnightly meetings to review the financial position to ensure that the appropriate actions are being taken to maintain the safe operation of the Trust. The last meeting was the 17th August, the meeting confirmed that the Trust continued to be a viable going concern

Finance – conclusion

The Trust is reporting a variance from plan of £0.6m within the statement of comprehensive income. Actions are in place to remedy this variance.

While cash balances remain ahead of plan, action is required to ensure external funding is secured. Work is ongoing with the DH to conclude this; this is expected to be finalised in September.

The Trust Board maintains regular scrutiny of the financial performance of the Trust. A detailed finance report is reviewed by the full Trust Board in its private meeting each month.