

Trust Board Meeting: Wednesday 10 July 2013

TB2013.82

Title	Financial Performance to 31 May 2013
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Status	A paper for report.
History	Regular report

Committee Lead(s)	Mr Mark Mansfield, Director of Finance and Procurement			
Key purpose	Strategy	Assurance	Policy	Performance

Summary

This report informs the Board of the Trust's financial position for the period 1 April 2013 to 31 May 2013.

1. The financial position was on plan at the end of the month. (Page 3)
2. Information about commissioning income is based only on one month's data and therefore some caution should be taken when assessing the Trust's overall financial position. (Page 6)
3. The Trust will need to retain a tight control over its expenditure since, in contrast to recent years, income is unlikely to exceed materially planned levels. (Page 8) It will therefore be particularly important for the Trust to generate reductions in spending through its savings plans, and to find alternative projects if existing schemes start to slip. (Page 9)

Recommendation

The Board is asked to note this report.

The report contains information on the following:

- The Trust's Statement of Comprehensive Income (Pages 3 to 9), including:
 - Statements on the Trust's overall I&E position (Pages 3 & 4)
 - Details of non-operational income & expenditure (Page 5)
 - Details of commissioning income earned (Pages 6 & 7)
 - Details of its pay & non-pay expenditure (Page 8)
 - Year-to-date performance against the savings target (Page 9)
- The Statement of Financial Position at 31 May 2013 (Pages 10 to 12), including:
 - An analysis of Accounts Receivable at 31 May (Page 11)
 - An analysis of Accounts Payable at 31 May (Page 12)
- The Statement of Cashflows (Page 13)
- The Trust's performance measured against Monitor's financial risk ratings (Pages 14 to 18)
- The amount spent against the capital programme for the year (Page 19)

Statement of Comprehensive Income (Income & Expenditure Account) – excluding Research

	Annual	Year to Date		
	Plan	Plan	Actual	Variance
	£000	£000	£000	£000
Operating Income				
Commissioning Income	690,380	114,801	115,775	974
PP, Overseas & RTA Income	13,699	2,256	1,650	(606)
Other Income	93,831	15,501	15,848	347
Total Income	797,910	132,558	133,273	715
Operating Expenditure				
Pay	(435,406)	(72,301)	(72,910)	(609)
Non-Pay	(288,642)	(49,718)	(49,828)	(110)
Total Expenditure	(724,048)	(122,019)	(122,738)	(719)
EBITDA	73,862	10,539	10,535	(4)
Non-Operating Expenditure	(65,492)	(10,933)	(10,914)	19
Retained Surplus/(Deficit)	8,370	(394)	(379)	15
Technical Adjustments	2,501	416	464	48
Break Even Surplus	10,871	22	85	63

- The Trust's financial position was on plan against its break even surplus for the first two months of the financial year. The table on the left shows the position excluding the impact of research income and expenditure.
- Commissioning income was £1.0m better than plan. However caution should be exercised when considering this position since it is based on data for one month only. Details of activity performance by individual commissioner are shown on Page 7.
- £0.7m of the over-performance on commissioning income was on “pass through” drugs and devices and is offset by higher than planned non-pay expenditure. Further information about activity performance can be found on Page 6.
- In 2012/13 the Trust reported an under-achievement against plan for income from private patients, overseas patients and road traffic accidents (RTAs). This trend has continued in the early months of the new financial year but the shortfall of £0.6m has been partly offset by better than plan “other” income, particularly in the support services.
- The Month 2 position provides an early indication of the emerging trends for the year. A comprehensive Quarter 1 review process is being carried out with divisions to establish firm projections for the year based on data at 30 June 2013. This will include the agreement of detailed trajectories to complement the existing divisional workforce plans for the year.

Statement of Comprehensive Income (Income & Expenditure Account) – including Research

	Annual	Year to Date		
	Plan	Plan	Actual	Variance
	£000	£000	£000	£000
Operating Income				
Commissioning Income	690,380	114,801	115,775	974
PP, Overseas & RTA Income	13,699	2,256	1,650	(606)
Other Income	136,901	22,685	22,311	(374)
Total Income	840,980	139,742	139,736	(6)
Operating Expenditure				
Pay	(469,679)	(78,013)	(77,397)	616
Non-Pay	(297,439)	(51,190)	(51,804)	(614)
Total Expenditure	(767,118)	(129,203)	(129,201)	2
EBITDA	73,862	10,539	10,535	(4)
Non-Operating Expenditure	(65,492)	(10,933)	(10,914)	19
Retained Surplus/(Deficit)	8,370	(394)	(379)	15

- This Statement of Comprehensive Income includes the effect of research (R&D) activities on the Trust's financial position. This treatment reflects the way in which financial performance is reported in the Trust's Statutory Statements. The financial position shown on Page 3 sets out the underlying operational performance in healthcare activities.
- At the end of May expenditure on R&D was £0.7m less than plan with pay being £1.2m below plan and non-pay £0.5m more than anticipated. R&D income for this amount was therefore adjusted to take this into account, resulting in an adverse variance of £0.7m against plan on "other" income.
- Certain funders assume the Trust will spend R&D funding in the year it is received and therefore there is a risk that any significant underspend reported at the end of the year might be returned.
- EBITDA (earnings before interest, tax, dividend and amortisation) was 7.5% of Trust turnover, including R&D income. Under the Monitor financial risk rating regime this would score "3" – see Pages 14 and 16.

Non-EBITDA Income & Expenditure

The year-to-date position, and full year plan and forecast, figures for the Trust's non-EBITDA items of income & expenditure are as below:

	Annual Plan £000	Year to Date		
		Plan £000	Actual £000	Variance £000
Income				
Donated Asset Additions	260	44		(44)
Impact on EBITDA	260	44		(44)
Non-Operating Items				
Depreciation	(36,171)	(6,028)	(6,158)	(130)
Investment Revenue	298	44	38	(6)
Other Gains & Losses	(200)	(33)		33
Finance Costs	(21,235)	(3,552)	(3,430)	122
PDC Dividend Payable	(8,184)	(1,364)	(1,364)	
Sub-Total: Non-Op. Exps.	(65,492)	(10,933)	(10,914)	19
Impact on Retained Surplus	(65,232)	(10,889)	(10,914)	(25)
<i>Technical Adjustments</i>				
Donated Asset Additions	(260)	(44)		44
Donated Asset Depreciation	2,761	460	464	4
Sub-Total: Technical	2,501	416	464	48
Impact on Break Even Duty	(62,731)	(10,473)	(10,450)	23

- Included within "other income" are donated asset receipts. Under a change to NHS accounting rules introduced in 2011/12, when an asset is donated to the Trust then an amount equivalent to its fixed asset value is credited to income in full in the year of receipt. For NHS Trusts this credit is then discounted when assessing a Trust's performance against its duty to break even. No such receipts were recorded in the first two months of 2013/14.
- The change in accounting rules in 2011/12 also means that depreciation on donated assets is not included in the Trust's performance against its break even duty and hence this depreciation charge is removed as a "technical adjustment".
- Depreciation for the year is a little higher than originally planned. As part of the requirements to comply with International Financial Reporting Standards (IFRS) the Trust asks the District Valuer (DV) to value its estate at the end of each financial year. However the estimate for the depreciation in the following year has to be calculated before the DV's figures are known. Following the valuation made at 31 March 2013 depreciation in 2013/14 is currently higher than was anticipated when this year's financial plans were formed. To-date this is being offset because the interest the Trust pays as finance costs is less than plan.
- The "technical adjustments" also remove any transaction on the Statement of Comprehensive Income arising from the impairment of the Trust's assets and the impact on the Trust's financial position that results from its PFI buildings being classified as "on balance sheet" following the adoption of IFRS by the NHS. In its plans for 2013/14 both these accounting adjustments are nil and hence do not appear in the table on the left.

Analysis of Activity and Activity-Related Income

Activity	Activity				Income			
	YTD Plan	YTD Actual	YTD Diff.	YTD Diff. %	Plan £000	Actual £000	Diff. £000	Diff. %
Elective (incl. day cases)	14,086	14,442	356	2.5%	23,643	23,127	(516)	(2.2%)
Non-Elective	11,606	11,970	364	3.1%	25,360	26,543	1,183	4.7%
Out-Patients	144,071	149,244	5,173	3.6%	19,812	20,448	636	3.2%
Critical Care	8,092	7,776	(316)	(3.9%)	9,158	9,841	683	7.5%
Chemotherapy	4,312	4,122	(190)	(4.4%)	3,648	3,271	(377)	(10.3%)
Excess Beds	6,595	6,547	(48)	(0.7%)	1,766	1,688	(78)	(4.4%)
Drugs & Devices (Pass Through)	8,954	9,646	692	7.7%	11,895	12,666	771	6.5%
Other Activity	793,004	812,999	19,995	2.5%	18,974	17,343	(1,631)	(8.6%)
Income before CQUINS & Penalties					114,256	114,927	671	0.6%
CQUINS, Penalties etc.					545	848	303	
Commissioning Income					114,801	115,775	974	0.8%

- It should be noted that both activity and income figures are based on projections derived from data for just one month.
- Early indications for May actual activity suggest that non-elective work fell in the month and that the Trust carried out more activity for specialised services than planned.

Analysis of Income by Commissioner

	Annual		YTD	YTD	YTD	
	Plan		Plan	Actual	Variance	Var.
Commissioner	£000		£000	£000	£000	%
Wessex Specialised Services	323,567		53,931	53,216	(715)	(1.3%)
Oxfordshire CCG	263,370		46,320	48,062	1,742	3.8%
Other Non-Specialised	70,552		12,041	11,501	(540)	(4.5%)
Thames Valley LAT	10,618		1,764	1,624	(140)	(7.9%)
Local Authorities	5,993		992	1,043	51	5.1%
Cancer Development Fund	4,811		802	461	(341)	(42.5%)
Non-England	4,043		677	448	(229)	(33.8%)
Other Commissioners	1,464		243	268	25	10.3%
Additional Planned Activity	15,961		(1,969)	(848)	1,121	(56.9%)
Total	700,379		114,801	115,775	974	0.8%

- Income from commissioners was £1.0m above plan.
- The information is based on data for just one month, projected to month 2. Following the changes in commissioning that came into effect on 1 April the Trust has assigned its activity to the new commissioners as accurately as possible, but this may be subject to challenge from individual organisations when they examine the detailed information.
- The underlying under-performance against Wessex Specialist Services in cardiac critical care work (£0.4m), elective orthopaedic work (£0.3m) and chemotherapy (£0.5m) is being obscured by the overspend on “pass through” drugs. The Trust’s performance against this contract is expected to have improved when the actual activity data for May becomes available. However activity performance against this commissioner is volatile and may be seasonal. Close scrutiny of the divisional performance against plan will be critical in 2013/14.

Analysis of Expenditure

Analysis of Expenditure	Annual	Year to Date		
	Plan	Plan	Actual	Variance
	£000	£000	£000	£000
Pay				
Medical Staff	150,843	25,081	25,421	(340)
Nurses, Midwives, Health Visitors	131,072	21,778	19,265	2,513
Healthcare Assts & Other Support	34,591	5,753	5,158	595
Scientific, Therapeutic & Technical	55,884	9,270	9,035	235
Other Staff	62,341	10,305	9,682	623
Bank Staff			1,233	(1,233)
Agency Staff			3,019	(3,019)
Recharges & Other Salary Adjs.	675	114	97	17
Total Pay	435,406	72,301	72,910	(609)
Analysis of Expenditure	Annual	Year to Date		
	Plan	Plan	Actual	Variance
	£000	£000	£000	£000
Non-Pay				
Drugs & Blood Products	23,571	4,048	3,737	311
Clinical Supplies & Services	71,612	11,949	12,117	(168)
Drugs & Devices - Pass Through	72,154	11,893	12,601	(708)
General & Office Supplies	15,214	2,530	2,624	(94)
Staff Related Expenditure	4,378	729	511	218
PFI & Premises Expenditure	58,005	9,679	8,907	772
Insurance	17,835	3,564	3,549	15
Services Received & Recharges	6,982	1,172	1,221	(49)
Other Non-Pay Expenditure	18,891	4,154	4,561	(407)
Total Non-Pay	288,642	49,718	49,828	(110)

- The expenditure position against budget at Month 2 shows some volatility and this will be subject to detailed analysis in divisional reviews.
- It is critical that the organisation manages its expenditure budgets in an effective manner, particularly in the light of the approach to developing plans for commissioning income adopted through the business planning process.
- The Quarter 1 review process described on page 3 above will focus intensively on the emerging expenditure trends at divisional level and across the organisation. A comprehensive review will take place of divisional workforce plans with a particular focus on use of temporary staff.

Analysis of the Savings Programme

	Plan £000	YTD Plan £000	YTD Act. £000	Diff. £000	Forecast £000	Fcst v Plan £000
Divisional General Efficiency	19,630	3,500	3,255	(245)	19,654	24
Workforce Initiatives	7,789	32	62	30	7,254	(535)
Procurement	4,279	220	220		4,279	
Medicines Management	1,535	256	140	(116)	1,535	
Ward Closures	1,200	109	109		1,200	
Theatre Efficiency	1,979	330	200	(130)	1,979	
Outpatients Efficiency	500		70	70	500	
Waiting List Initiatives	1,000	166	250	84	1,000	
Trading Contribution	5,700	950	950		5,700	
Miscellaneous Initiatives (2013/14)	1,118	272	386	114	493	(625)
Total	44,730	5,835	5,642	(193)	43,594	(1,136)

Analysis of Savings by Type

Pay	21,528	2,301	2,121	(180)	20,634	(894)
Non-Pay	18,770	2,981	3,263	282	18,478	(292)
Income	4,432	553	258	(295)	4,482	50
Total	44,730	5,835	5,642	(193)	43,594	(1,136)

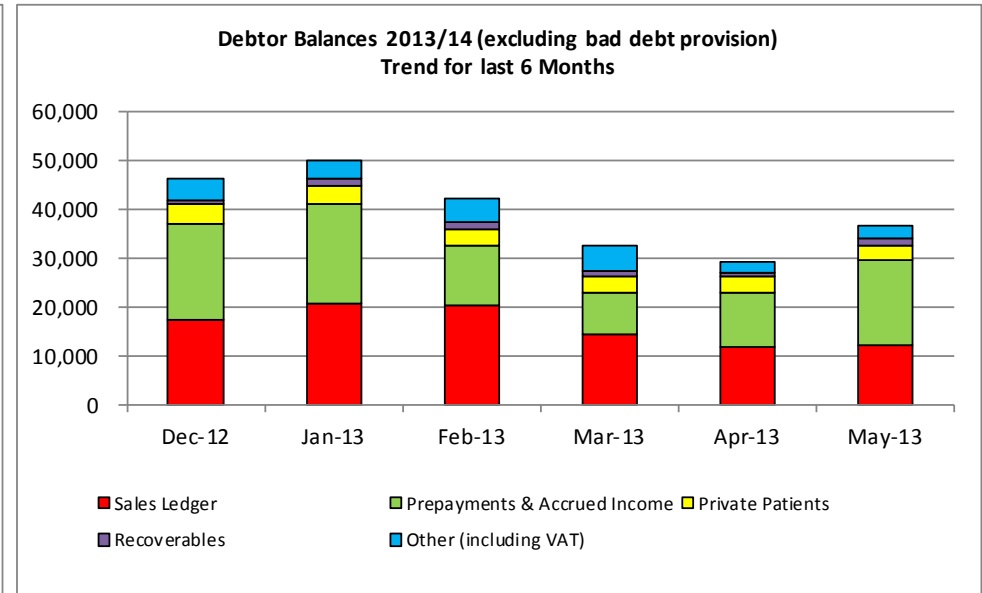
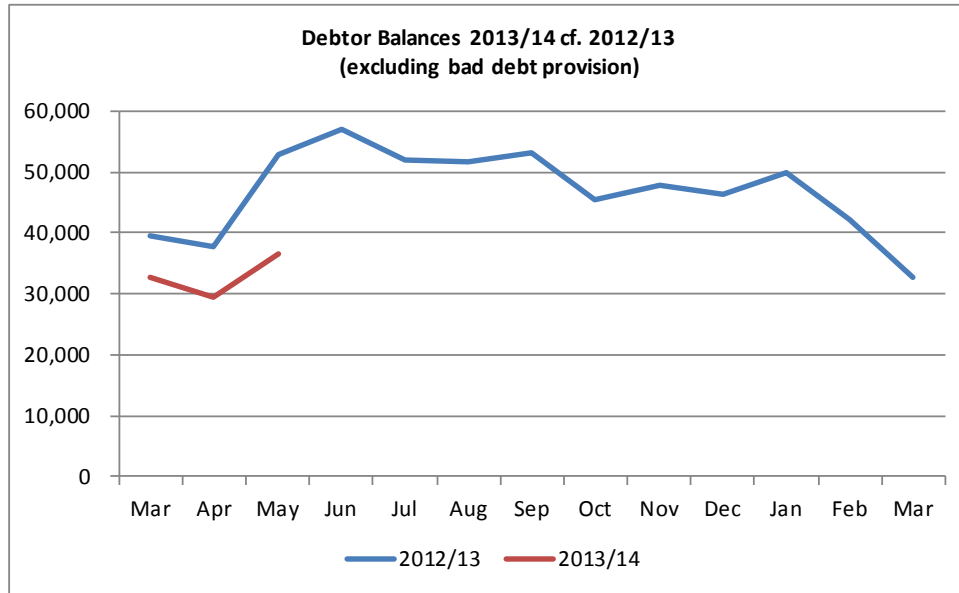
- The Trust has delivered £5.6m in savings in the first two months of the year. This represents 96.7% of the year-to-date plan.
- There is a gap of £1.136m between forecast and plan. The Trust's Cost Improvement Programme (CIP) Steering Group is working on schemes to close this gap. This will be considered as part of the Quarter 1 review described on pages 3 and 8 above.
- A particular focus of the CIP process is the delivery of effective initiatives in the area of workforce expenditure. These initiatives will support the extant divisional workforce plans for the forthcoming financial years, and will also seek to address the challenges surrounding the current levels of agency staff usage.

Statement of Financial Position (Balance Sheet)

	Opening Balance	Closing Balance	Movement	Mvmt. In Month
	01-Apr-13	31-May-13		
NON-CURRENT ASSETS				
Property, Plant & Equipment	681,746	676,186	(5,560)	(2,043)
Intangible Assets	7,745	8,602	857	(243)
Trade & Other Receivables	3,774	4,127	353	235
NON-CURRENT ASSETS	693,265	688,915	(4,350)	(2,051)
CURRENT ASSETS				
Inventories	11,353	11,632	279	(235)
Trade & Other Receivables	27,054	30,885	3,831	6,892
Cash & Cash Equivalents	65,657	78,752	13,095	(5,920)
CURRENT ASSETS	104,064	121,269	17,205	737
CURRENT LIABILITIES				
Trade & Other Payables	(109,205)	(124,359)	(15,154)	649
Borrowings	(11,458)	(11,826)	(368)	(149)
Current Provisions	(2,902)	(2,795)	107	
CURRENT LIABILITIES	(123,565)	(138,980)	(15,415)	500
NET CURRENT ASSETS/(LIABILITIES)	(19,501)	(17,711)	1,790	1,237
NON-CURRENT LIABILITIES				
Borrowings	(289,162)	(287,118)	2,044	1,022
Trade & Other Payables	(11,616)	(11,478)	138	69
Non-Current Provisions	(1,602)	(1,603)	(1)	
NON-CURRENT LIABILITIES	(302,380)	(300,199)	2,181	1,091
TOTAL ASSETS EMPLOYED	371,384	371,005	(379)	277
FINANCED BY TAXPAYERS EQUITY				
Public Dividend Capital	207,673	207,673		
Retained Earnings	14,608	14,229	(379)	277
Revaluation Reserve	147,360	147,360		
Other Reserve	1,743	1,743		
TOTAL TAXPAYERS EQUITY	371,384	371,005	(379)	277

- The value for Non-Current Assets has reduced because depreciation on the existing asset base has exceeded new capital additions to date.
- Current receivables rose by £6.9m in the month. To some extent this is a seasonal trend as NHS Commissioners establish review mechanisms in the new financial year.
- Further information about Trade & Other Payables is on Page 12
- Part of the non-current borrowings has been re-classified as being a current liability (i.e. payable within one year) in the month. This happens each month, reflecting the change in liabilities on the PFI contracts between the amount owed in the next 12 months and the balance due after that.
- The fall in borrowings (current and non-current) reflects the regular repayments on the capital element of the contracts with the Trust's PFI providers. These repayments are made through the monthly PFI unitary payments.

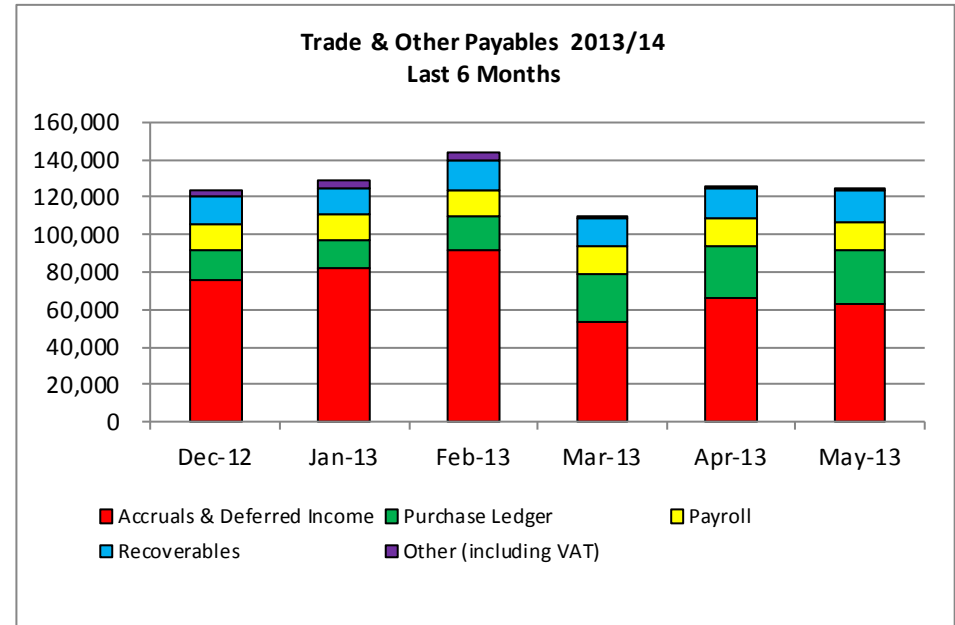
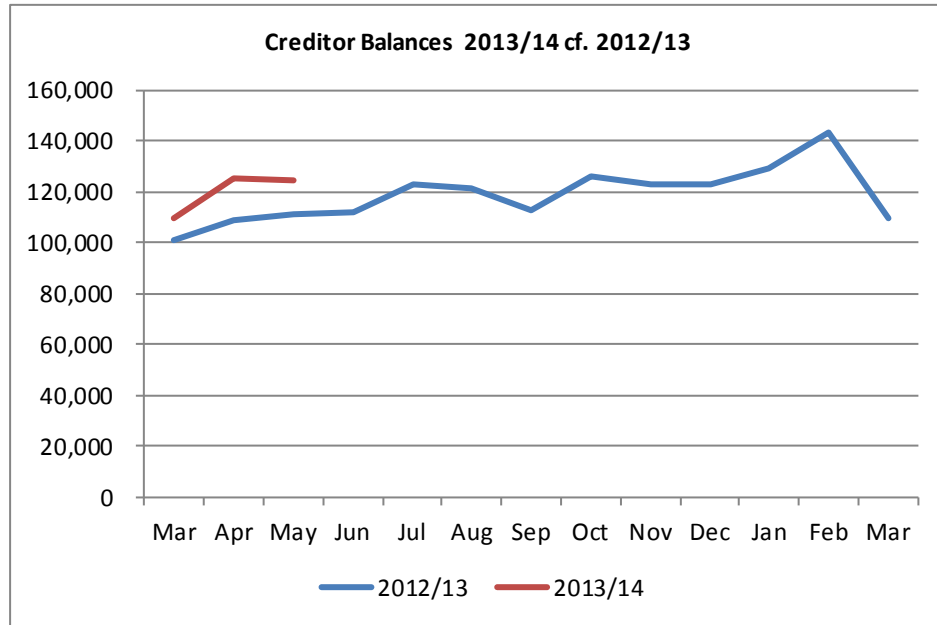
Analysis of Accounts Receivable (Debtors)



- Current receivables increased in May in line with the trend seen in previous years. This is mainly the result of NHS commissioning income being accrued in line with activity levels before commissioners have had an opportunity to examine activity data.
- Current receivables are £16.4m lower than at the same time in 2012. This may be because the Trust reached early agreement with its main commissioners on the 2012/13 year-end position.

	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Sales Ledger	17,447	20,901	20,470	14,441	12,093	12,312
Prepayments & Accrued Income	19,456	20,200	12,092	8,594	10,862	17,172
Private Patients	4,209	3,796	3,535	3,360	3,428	3,131
Recoverables	857	1,250	1,278	874	749	1,561
Other (including VAT)	4,277	3,800	4,668	5,311	2,332	2,334
	46,245	49,947	42,044	32,581	29,464	36,510

Analysis of Accounts Payable (Creditors)

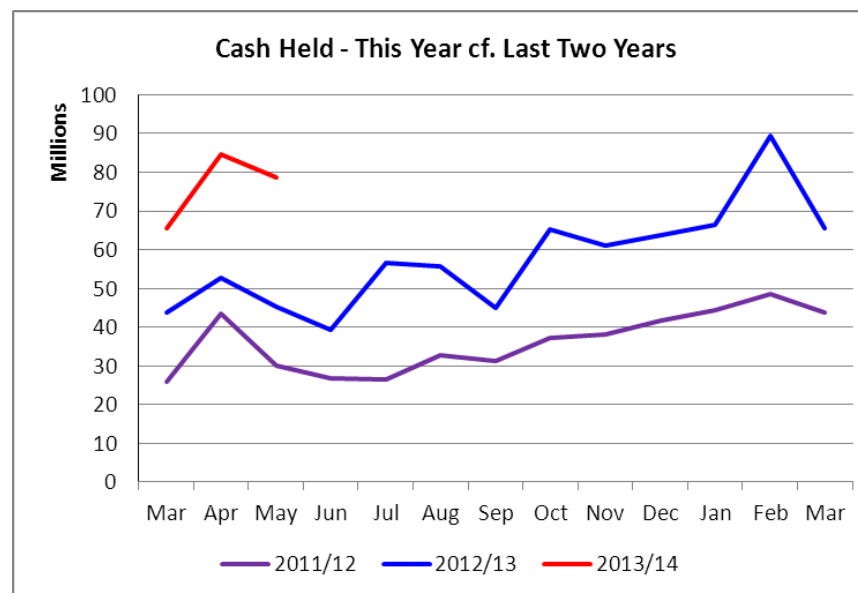


	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Accruals & Deferred Income	75,497	82,006	91,386	53,311	66,523	63,270
Purchase Ledger	16,711	14,608	17,950	25,764	27,342	28,163
Payroll	13,775	14,031	14,231	14,341	14,881	14,725
Recoverables	14,389	14,464	15,545	15,437	15,929	17,269
Other (including VAT)	2,836	3,654	4,502	351	333	933
	123,209	128,763	143,614	109,204	125,008	124,359

Statement of Cashflows

	April 2013	May 13	Year-to- Date
	£000	£000	£000
Cash Flows from Operating Activities			
Operating Surplus/(Deficit)	1,830	2,548	4,378
Depreciation & Amortisation	3,063	3,095	6,158
Interest Paid	(1,660)	(1,660)	(3,320)
(Increase) in Inventories	(514)	235	(279)
(Increase) in Trade & Other Receivables	2,150	(7,160)	(5,010)
Increase in Trade & Other Payables	18,493	(559)	17,934
Increase in Provisions	(105)		(105)
Cash Flow from Operating Activities	23,257	(3,502)	19,755
Cash Flows from Investing Activities			
Interest Received	21	17	38
(Payments) for Fixed Assets	(3,460)	(1,561)	(5,021)
Cash Flow from Investing Activities	(3,439)	(1,544)	(4,983)
Cash Flows from Financing Activities			
Capital Element of Finance Leases & PFI	(803)	(874)	(1,677)
Cash Flow from Financing Activities	(803)	(874)	(1,677)
Net Increase/(Decrease) in Cash	19,015	(5,920)	13,095
Cash - Beginning of the Period	65,657	84,672	65,657
Cash - End of the Period	84,672	78,752	78,752

- The Trust held enough cash to cover over 37 working days of planned operating expenditure at 31 May 2013.



Financial Risk Rating

Financial Criteria	Risk Rating	Weight	Scores					May 2013	
			5	4	3	2	1	Metric	Score
Achievement of Plan	EBITDA % achieved	10%	100%	85%	70%	50%	<50%	100.4%	5
Underlying Performance	EBITDA margin	25%	11%	9%	5%	1%	<1%	7.5%	3
Financial Efficiency	Net return after Financing	20%	3%	2%	(0.5%)	(5%)	<(5%)	(0.3%)	3
	I & E Surplus Margin	20%	3%	2%	1%	(2%)	<(2%)	(0.3%)	2
Liquidity	Liquid ratio (days)	25%	60	25	15	10	<10	15	3
Weighted Average									3.00
Overall Rating (see rules below)									3
Monitor - Rules Used to Adjust the Financial Risk Rating									
Situation		Maximum Rating							
Plan not submitted on time		3							
Plan not submitted complete and correct		3							
PDC dividend not paid in full		2							
One financial criterion scored at '1'		2							
One financial criterion scored at '2'		3							
Two financial criteria scored at '2'		2							
Two financial criteria at '1'		1							
Unplanned breach of Prudential Borrowing Code (PBC)		2							
Previous year's annual rating worse		No more than 2 points better than previous year							
Less than 1 year as an NHS Foundation Trust		4							
Deficit forecast in year 2 or 3		3							
Deficit forecast in both years 2 and 3		2							

- The Trust's weighted average score was 3.00 in May.

Calculation of the Trust's Financial Risk Rating (FRR)

Monitor uses four criteria to assess the financial risks under which Trusts are operating:

- (i) **Achievement of Plan** – this criterion looks at how the Trust's year-to-date income & expenditure operating performance compares with the plans it set itself at the start of the year.
- (ii) **Underlying Performance** – this assesses the operating surplus the Trust makes (EBITDA) as a percentage of turnover.
- (iii) **Financial efficiency** – this evaluates the Trust's retained surplus as a percentage of turnover and assesses (i) as a return on its assets and (ii) as a percentage of turnover.
- (iv) **Liquidity** – this assesses whether the Trust has access to enough cash to support its day-to-day operations.

For each financial criterion a Trust's performance is rated between 1 (high risk) and 5 (low risk) and compared to a grid of standard values. Once the score against each criterion has been found, it is then weighted to produce an overall aggregate score. Monitor's current list of values and scores can be found on Page 14.

In order to produce the Trust's final overall FRR score, a set of over-riding rules are then applied by Monitor. These rules are also set out on Page 14.

The scores for the Trust's FRR for May have been calculated as follows:

Achievement of Plan

The Trust's year-to-date EBITDA is compared with its planned EBITDA (excluding donated asset additions).

For May, the Trust's EBITDA of £10,535k compares to a planned figure of £10,495k if planned donated asset additions are excluded – i.e. it is 100.4% of plan.

Against Monitor's ratings this scores **5**.

Financial Criteria	Risk Rating	Scores					May 2013	
		5	4	3	2	1	Metric	Score
Achievement of Plan	EBITDA % achieved	100%	85%	70%	50%	<50%	100.4%	5

	Year to Date		
	Plan	Actual	Diff.
	£000	£000	£000
Operating Income	139,742	139,736	(6)
Operating Expenditure	(129,203)	(129,201)	2
EBITDA	10,539	10,535	(4)
Less: Don. Asset Addn.	(44)	0	44
Revised EBITDA	10,495	10,535	40

Underlying Performance

The Trust's year-to-date EBITDA is compared with its turnover.

For May, the Trust's EBITDA of £10,535k is 7.5% of its turnover of £139,736k.

Against Monitor's ratings this scores **3**.

Financial Criteria	Risk Rating	Scores					May 2013	
		5	4	3	2	1	Metric	Score
Underlying Performance	EBITDA margin	11%	9%	5%	1%	<1%	7.5%	3

	Year to Date		
	Plan	Actual	Diff.
	£000	£000	£000
Operating Income	139,742	139,736	(6)
Operating Expenditure	(129,203)	(129,201)	2
EBITDA	10,539	10,535	(4)
Less: Don. Asset Addn.	(44)	0	44
Revised EBITDA	10,495	10,535	40

Financial Efficiency (1)

The Trust's retained surplus is assessed as a return on its assets after adjusting for financing arrangements.

At the end of May the Trust's retained surplus was deficit of £379k. (If the Trust had had to charge any impairments or losses on asset disposals against its income & expenditure position then the retained surplus would be adjusted for these.)

The Statement of Financial Position (or Balance Sheet) is used to calculate the denominator for this rating. The starting point is the average of the total assets employed for (i) the beginning of the year, and (ii) at the end of the current period. Because these reduce the value of total assets employed any borrowings for loans, leases or PFI agreements are then added back.

The projected retained earnings figure is then compared to the adjusted figure for net assets employed – i.e. for May the return is -0.3% (= [-2,274 x 100] / 670,977).

Against Monitor's ratings this scores **3**.

Financial Criteria	Risk Rating	Scores					May 2013	
		5	4	3	2	1	Metric	Score
Financial Efficiency (1)	Net return after Financing	3%	2%	-1%	-5%	< (5%)	-0.3%	3

	Year to Date		
	Plan	Actual	Diff.
	£000	£000	£000
Operating Income	139,742	139,736	(6)
Operating Expenditure	(129,203)	(129,201)	2
EBITDA	10,539	10,535	(4)
Non-Operating Exps.	(10,932)	(10,914)	18
Retained Surplus	(393)	(379)	14
Projected for 12 Months		(2,274)	
Statement of Fin. Position			
	Opening Balance	End Balance	Average
	1-Apr-13	31-May-13	
Total Assets Employed	371,384	371,005	371,195
Add back:			
Borrowings (Current)	11,458	11,826	11,642
Borrowings (Non-Current)	289,162	287,118	288,140
Assets	672,004	669,949	670,977

Financial Efficiency (2)

The Trust's retained surplus is assessed as a percentage of turnover.

For May, the Trust's retained deficit of £379k is -0.3% of its turnover of £139,736k.

Against Monitor's ratings this scores **2**.

Financial Criteria	Risk Rating	Scores					May 2013	
		5	4	3	2	1	Metric	Score
Financial Efficiency (1)	I & E Surplus Margin	3%	2%	1%	-2%	< (2%)	-0.3%	2

	Year to Date		
	Plan	Actual	Diff.
	£000	£000	£000
Operating Income	139,742	139,736	(6)
Operating Expenditure	(129,203)	(129,201)	2
EBITDA	10,539	10,535	(4)
Non-Operating Exps.	(10,932)	(10,914)	18
Retained Surplus	(393)	(379)	14

Financial Efficiency (3)

To assess whether Monitor's over-riding rules apply, the overall score for "financial efficiency" is the average of the two separately calculated scores.

In May the two separate scores for financial efficiency for the Trust were "3" and "2". This gives an average of 2.5. For the purpose of assessing the Trust's financial performance against Monitor's over-riding rules, this means the score for financial efficiency is rounded up to **3**.

Liquidity

The Trust's access to readily liquid resources is compared against its daily operating expenditure commitments.

The Trust's year-to-date operating expenditure at 31 May was £129,201 and therefore projected expenditure is £775,206k. One day's operating expenditure is therefore £2,153k (= 775,206 / 360 [Monitor assumes a 360-day working year]).

From the Statement of Financial Position, the Trust's current assets at the end of May were £121,269k but inventories are not regarded as being a liquid asset and therefore need to be excluded. Current liabilities at 31 May 2013 were £138,980k.

If the Trust were to become a Foundation Trust, it is believed it would have access to a working capital facility of £62.644m. With this the Trust's net liquid assets would be £33,301k.

Based on these figures it means that the Trust held 15 days' worth of operating expenditure as liquid assets at the end of May (= 33,301 / 2,153).

Against Monitor's ratings this scores **3**.

Financial Criteria	Risk Rating	Scores					May 2013	
		5	4	3	2	1	Metric	Score
Liquidity	Liquid ratio (days)	60	25	15	10	<10	15	3

	Year to Date		
	Plan £000	Actual £000	Diff. £000
Operating Income	139,742	139,736	(6)
Operating Expenditure	(129,203)	(129,201)	2
EBITDA	10,539	10,535	(4)
12 Months' Expenditure		775,206	
One Day's Expenditure		2,153	

		Financial Position
		31-May-13
Current Assets		121,269
Less: Inventories		(11,632)
Current Liabilities		(138,980)
Working Capital Facility		62,644
Net Liquid Assets		33,301

Capital Programme

OUH Capital Programme 2013/14	Annual Plan £000s	Mth 2 YTD Plan £000s	Mth 2 YTD Spend £000s	Mth 2 Variance £000s
Maintenance - medical and surgical equipment	2,600	156		156
Maintenance - IT/EPR	1,560	93		93
Maintenance - general estates	1,040	63		63
Maintenance - ward relocations	1,040	63		63
Maintenance - laboratories block 4	1,865	113		113
Maintenance - laboratory IT system replacement	1,040	63		63
Maintenance - other schemes below £1m	1,976	119		119
Radiotherapy	4,240			
IMRT - rapid arc installation and upgrade	2,585	154	403	(249)
Other schemes below £1m	4,346	1,374	1,016	358
Total Capital Programme Spend	22,292	2,198	1,419	779

Capital Resource Limit 2012/13	Forecast Outturn £000s	Mth 2 YTD Plan £000s	Mth 2 YTD Spend £000s	Mth 2 Variance £000s
Total Capital Programme Spend	22,292	2,198	1,419	779
Donations - Medical Equipment	260	16		16
PFI lifecycle and Equipment Leasing (IFRIC 12)	1,697	199		199
Asset Disposals	(200)	(33)		(33)
Donations	(260)	(44)		(44)
Capital Resource Limit 2013/14	23,789	2,336	1,419	917

- The Trust had charged £1.4m against its capital programme at the end of May. It is assumed in the plan for the year that the greater proportion of the programme would be spent in the second half of the year.
- The only scheme that is running ahead of plan is on the rapid arc installation and up-grade for the IMRT.
- The Trust's year-to-date position against its capital resource limit is shown in the second table (below). This includes expenditure made by the Trust on finance leases but excludes capital items funded via donations from third parties.

Conclusion and Recommendation

The Board is asked to note the content of this report.

Mr Mark Mansfield, Director of Finance and Procurement
Mr Kevin Davis, Senior Business Partner

June 2013