

Trust Board Meeting: Wednesday 13 November 2013
TB2013.126

Title	Financial Performance to 30 September 2013
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Status	For Information
History	This is a regular report.

Board 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 30 September 2013.

1. The financial position at the end of the first half of the year was £226,000 better than plan. (Page 3)
 2. It is forecast that the Trust will generate its planned surplus for the year.
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The report contains information on the following:

- The Trust's Statement of Comprehensive Income [income & expenditure (I&E)] position after the first six months of the year (Pages 3 to 24), including:
 - Statements on the Trust's overall I&E position Pages 3 to 5
 - Details about its operating income and expenditure position Pages 6 to 11
 - Details about non-operational income & expenditure Page 12
 - Details about performance against the savings programme Pages 13 & 14
 - The Statement of Financial Position at 30 September Pages 15 to 17
 - The Statement of Cashflow and cashflow forecast Pages 18 to 20
 - The Trust performance against Monitor's financial risk ratings Page 21
 - The position of the capital programme Page 22
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Recommendation

The Trust Board is asked to note this report.

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

I&E (including R&D)	Annual	Year to Date		
	Plan	Plan	Actual	Variance
	£000	£000	£000	£000
Operating Income				
Commissioning Income	690,507	345,599	359,033	13,434
PP, Overseas & RTA Income	13,578	6,792	5,204	(1,588)
Other Income	131,947	65,861	63,524	(2,337)
Total Income	836,032	418,252	427,761	9,509
Operating Expenditure				
Pay	(465,196)	(235,039)	(239,915)	(4,876)
Non-Pay	(296,974)	(147,925)	(153,571)	(5,646)
Total Expenditure	(762,170)	(382,964)	(393,486)	(10,522)
EBITDA	73,862	35,288	34,275	(1,013)
Non-Operating Expenditure	(65,492)	(32,782)	(31,688)	1,094
Retained Surplus/(Deficit)	8,370	2,506	2,587	81
Technical Adjustments	2,501	1,248	1,393	145
Break Even Surplus	10,871	3,754	3,980	226

- The Trust's financial position was on plan after the six months of the year. The figures shown in the table on the left reflect the way in which financial performance is reported in the Trust's Statutory Statements.
- Commissioning income was £13.4m above plan (August = £11.3m). Details of performance by type of activity are shown on Page 6.
- Private patient, overseas & Road Traffic Accident (RTA) income was £1.6m below plan (August = £1.4m) and "other" income £2.3m behind plan (August = £1.9m) – see also Pages 7 and 8.
- Pay costs after the first six months of the year were £4.9m overspent (August = £4.5m). This was caused by the continued use of bank & agency staff, and additional payments made to medical staff in particular to work the weekend sessions required to meet waiting list and activity targets. Further information can be found on Pages 9 and 10.
- Non-pay expenditure was £5.6m, or 3.8%, above plan (August = £4.45m). The amount by which the cost "pass through" drugs and devices exceeds plan was £2.5m, with the overspend on other activity-related non-pay expenditure being partly offset by the non-pay underspend on research (R&D) – see also Pages 5 and 11.
- The Trust's overall EBITDA (earnings before interest, tax, dividend and amortisation) was 8.0% of Trust turnover (August = 7.8%). The annual plan is for the Trust's EBITDA to be 8.8% of turnover for the full year.

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

Research & Development	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
Income				
Commissioning Income				
PP, Overseas & RTA Income				
Other Income	43,873	21,936	19,388	(2,548)
Total Income	43,873	21,936	19,388	(2,548)
Expenditure				
Pay	(34,835)	(17,417)	(15,558)	1,859
Non-Pay	(9,038)	(4,519)	(3,830)	689
Total Expenditure	(43,873)	(21,936)	(19,388)	2,548
EBITDA	0	0	0	0

- At the end of July expenditure on R&D was £2.5m less than plan with pay being £1.8m below plan and non-pay £0.7m less than anticipated. Research and Development (R&D) income for this amount was therefore adjusted to take this into account, resulting in an adverse variance against plan on “other” income.
- R&D income is formally “ring-fenced” and is accounted for separately in the Trust’s Management accounts.

I&E (excluding R&D)	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
Operating Income				
Commissioning Income	690,507	345,599	359,033	13,434
PP, Overseas & RTA Income	13,578	6,792	5,204	(1,588)
Other Income	88,074	43,925	44,136	211
Total Income	792,159	396,316	408,373	12,057
Operating Expenditure				
Pay	(430,361)	(217,622)	(224,357)	(6,735)
Non-Pay	(287,936)	(143,406)	(149,741)	(6,335)
Total Expenditure	(718,297)	(361,028)	(374,098)	(13,070)
EBITDA	73,862	35,288	34,275	(1,013)
Non-Operating Expenditure	(65,492)	(32,782)	(31,688)	1,094
Retained Surplus/(Deficit)	8,370	2,506	2,587	81
Technical Adjustments	2,501	1,248	1,393	145
Break Even Surplus	10,871	3,754	3,980	226

- The Statement of Comprehensive Income on the left excludes the effect of R&D activities on the Trust’s financial position. It sets out the underlying operational performance in healthcare activities.
- With respect to the financial performance of its healthcare activities, the Trust’s “other income” remains on plan (as in August), pay is overspent by £6.7m (August = £6.3m) and non-pay by £6.3m (August = £5.0m).

Statement of Comprehensive Income (Income & Expenditure Account) – excluding “Pass Through” Expenditure

Activity	Pass Through Income - Year-to-Date			
	Plan £000	Actual £000	Diff. £000	Diff. %
Drugs (Pass Through)	28,105	29,235	1,130	4.0%
Devices (Pass Through)	7,610	8,939	1,329	17.5%
"Pass Through" Totals	35,715	38,174	2,459	6.9%

- Year-to-date income and expenditure on “pass through” drugs and devices was £2.5m, or 6.9% higher than plan.

I&E (excl. "Pass Through")	Year to Date		
	Plan £000	Actual £000	Variance £000
Operating Income			
Commissioning Income	309,884	320,859	10,975
PP, Overseas & RTA Income	6,792	5,204	(1,588)
Other Income	43,925	44,136	211
Total Income	360,601	370,199	9,598
Operating Expenditure			
Pay	(217,622)	(224,357)	(6,735)
Non-Pay	(107,691)	(111,567)	(3,876)
Total Expenditure	(325,313)	(335,924)	(10,611)
EBITDA	35,288	34,275	(1,013)
Non-Operating Expenditure	(32,782)	(31,688)	1,094
Retained Surplus/(Deficit)	2,506	2,587	81
Technical Adjustments	1,248	1,393	145
Break Even Surplus	3,754	3,980	226

- If both R&D and the difference between plan and actual expenditure for “pass through” items are excluded then:
 - Commissioning income is £11.0m above plan (August = £8.7m); and
 - Non-pay expenditure is £3.9m overspent against plan (August = £2.4m). This is mainly activity-driven – see Page 11.

Analysis of Activity and Activity-Related Income

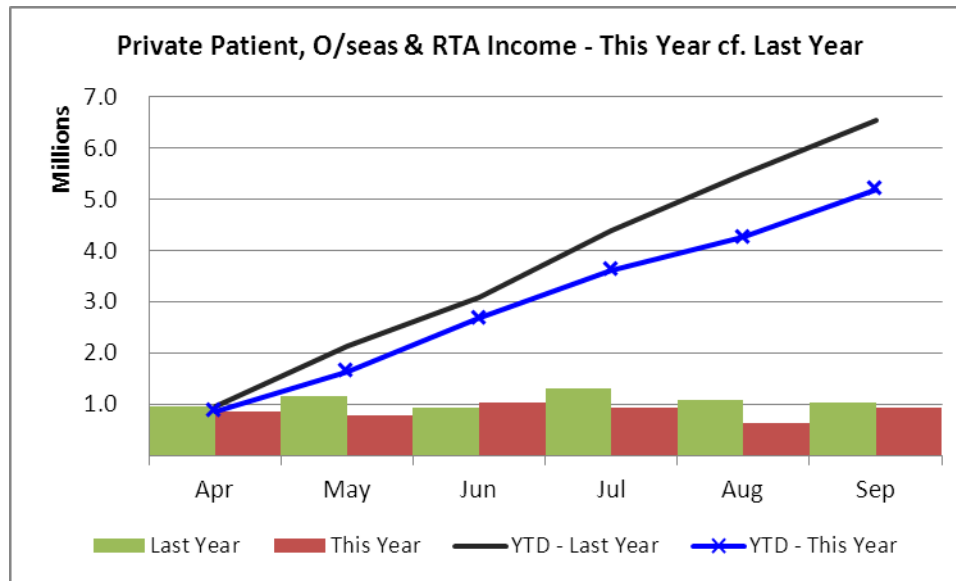
Activity	Activity - Year-to-Date				Income - Year-to-Date			
	YTD Plan	YTD Actual	YTD Diff.	YTD Diff. %	Plan £000	Actual £000	Diff. £000	Diff. %
Elective (incl. day cases)	47,682	51,130	3,448	7.2%	75,044	78,283	3,239	4.3%
Non-Elective	37,971	38,638	667	1.8%	81,970	83,875	1,905	2.3%
Out-Patients	438,716	465,442	26,726	6.1%	69,044	73,571	4,527	6.6%
Chemotherapy	13,039	13,379	340	2.6%	11,033	12,390	1,357	12.3%
Critical Care	24,141	23,539	(602)	(2.5%)	27,319	27,619	300	1.1%
Excess Beds	23,628	20,627	(3,001)	(12.7%)	6,025	5,301	(724)	(12.0%)
Drugs & Devices (Pass Through)					35,715	38,174	2,459	6.9%
Other Activity					45,293	44,373	(920)	(2.0%)
Total before Adjustments					351,443	363,586	12,143	3.5%
Adjustment for Thresholds					(5,844)	(4,553)	1,291	
Commissioning Income					345,599	359,033	13,434	3.9%

- The Trust's activity position for the first half of the year was projected from five months data. There is therefore an element of estimation within the figures.
- Day case activity is above plan in Neurosciences (£0.74m) and Surgery & Oncology (£0.46m). Elective activity is above plan in Cardiac (£1.41m) and Neurosciences (£1.3m).
- Non-elective activity is above plan in Emergency Medicine (£1.21m) and Surgery & Oncology (£1.17m).
- Out-patient activity is above plan in all Divisions except Emergency Medicine.

Private Patient, Overseas and Road Traffic Accident (RTA) Income

Last Year		Annual	Year to Date		
YTD Actual	Analysis - PP, Overseas, RTA	Plan	Plan	Actual	Variance
£000		£000	£000	£000	£000
	PP, Overseas & RTA Income				
5,445	Private Patients	10,943	5,475	3,836	(1,639)
	Overseas Patients	227	113	4	(109)
1,101	RTA Income	2,350	1,175	1,364	189
220	Other non-NHS Patient Activity	58	29		(29)
6,766	Total - PP, Overseas, RTA	13,578	6,792	5,204	(1,588)

- Income from private and overseas patients, and road traffic accidents (RTAs), is £1.6m behind plan and £1.56m, or 24.1%, lower than for the first half of 2012/13. This is an area of concern.
- The principal area of shortfall is in private patients where the 2013/14 plan and the actual position from 2012/13 exceed the current activity. This area of activity is now being managed by clinical divisions. The shortfall is caused by reductions in the levels of private patient demand across the Trust.



Other Income

Last Year		Year to Date		
YTD Actual	Other Income (excl. R&D)	Plan	Actual	Variance
£000		£000	£000	£000
	Other Income			
22,091	Training & Education	22,774	22,917	143
4,020	Research	4,056	3,545	(511)
1,559	Income Generation	1,725	1,738	13
1,964	Rental Revenues	2,091	2,196	105
151	Patient Transport	151	137	(14)
10,378	Services to Other Bodies	11,388	10,986	(402)
1,636	Donations	158	39	(119)
4,105	Other Income & Charges	1,582	2,578	996
45,904	Total - Other Income	43,925	44,136	211

- “Other” income is £0.2m ahead of plan if funding for R&D projects is included, but is £1.8m, or 3.85%, lower than for the first six months of 2012/13.
- An element of the contribution from research to healthcare activities for the second quarter of the year had still to be made at the end of September.

Pay Expenditure – Analysis by Staff Group

OUH (excluding R&D)	Staff Type	Year-to-Date Average WTE			Year to Date		
		Plan Ave. WTE	Actual Ave. WTE	Variance Ave. WTE	Plan £000	Actual £000	Variance £000
Consultants & Medics	Staff	1,518.38	1,465.60	52.78	74,318	76,211	(1,893)
	Agency		19.28	(19.28)		1,786	(1,786)
Consultants & Medics	Total	1,518.38	1,484.88	33.50	74,318	77,997	(3,679)
Nurses & Midwives	Staff	3,391.99	2,852.08	539.91	62,981	57,441	5,540
	Bank		153.76	(153.76)		2,972	(2,972)
	Agency		161.20	(161.20)	(102)	5,107	(5,209)
Nurses & Midwives	Total	3,391.99	3,167.04	224.95	62,879	65,520	(2,641)
Nurse Support	Staff	1,055.88	921.82	134.06	11,366	10,312	1,054
	Bank		67.13	(67.13)		997	(997)
	Agency		6.69	(6.69)		126	(126)
Nurse Support	Total	1,055.88	995.64	60.24	11,366	11,435	(69)
Scientific, Tech., Therapeutic	Staff	1,340.10	1,247.12	92.98	27,786	27,008	778
	Bank		0.10	(0.10)		4	(4)
	Agency	(0.30)	46.69	(46.99)	(5)	2,037	(2,042)
Scientific, Tech., Therapeutic	Total	1,339.80	1,293.91	45.89	27,781	29,049	(1,268)
ST&T Support	Staff	416.91	392.39	24.52	4,651	4,535	116
	Agency					5	(5)
ST&T Support	Total	416.91	392.39	24.52	4,651	4,540	111
Managers, Admin, Other Staff	Staff	2,134.02	1,916.88	217.14	32,545	30,026	2,519
	Bank		0.18	(0.18)		34	(34)
	Agency		36.16	(36.16)	4	1,538	(1,534)
Managers, Admin, Other Staff	Total	2,134.02	1,953.22	180.80	32,549	31,598	951
Pay Related	Staff	(1.34)	1.36	(2.70)	4,078	4,217	(139)
Pay Related	Total	(1.34)	1.36	(2.70)	4,078	4,217	(139)
Total Pay (excl. R&D)	Staff	9,855.94	8,797.25	1,058.69	217,725	209,750	7,975
	Bank		221.17	(221.17)		4,007	(4,007)
	Agency	(0.30)	270.02	(270.32)	(103)	10,599	(10,702)
Total Pay (excl. R&D)	Total	9,855.64	9,288.44	567.20	217,622	224,356	(6,734)

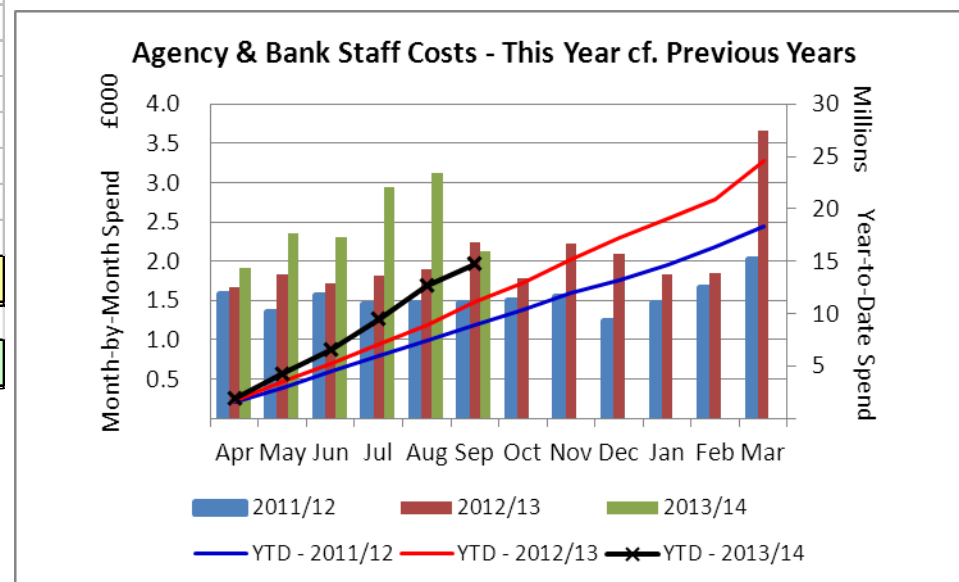
- The table on the left shows the year-to-date spend against plan, and the average whole time equivalent (WTE) for the first half of the year compared to the average planned WTE for the same period.
- The overspend on pay is occurring against the budgets for consultant and other medical staff (£3.7m) and nurses & midwives (£2.6m) with the use of bank & agency staff being more than any savings generated from vacancies within established posts.
- The high activity levels also mean that expenditure on bank and agency staff continues to be higher than in previous years – see Page 10. As a result the Trust has paid an estimated £4.5m in premium rates to date.

Bank & Agency Spend

An analysis of bank and agency staff costs by staff group for the first half of the year is shown below:

	Apr	May	Jun	Jul	Aug	Sep	YTD
	£000	£000	£000	£000	£000	£000	£000
Bank							
Nurses (excl. Midwives)	340	500	504	506	593	529	2,972
Clinical Support - Nursing	232	151	146	147	177	144	997
Allied Health Professionals	2	1					3
Admin. & Estates	5	4	2	5	13	5	34
Total - Bank Staff	579	656	652	658	783	678	4,006
Agency							
Consultants	4	34	39	71	341	29	518
Medical and Dental	174	178	216	330	182	189	1,269
Nurses (excl. Midwives)	729	765	728	1,025	1,044	816	5,107
Clinical Support - Nursing	28	14	12	32	21	20	127
Allied Health Professionals	166	178	225	265	180	179	1,193
Healthcare Scientists	160	66	(8)	130	70	57	475
Other Scientific, Tech., Therapeutic	23	94	122	56	121	66	482
Clinical Support - ST&T	5						5
Clinical Support - Other	12	20	19	5	21	(41)	36
Managers		4	10	7	8	37	66
Admin. & Estates	31	342	293	364	361	95	1,486
Total - Agency Staff	1,332	1,695	1,656	2,285	2,349	1,447	10,764
Total Bank & Agency	1,911	2,351	2,308	2,943	3,132	2,125	14,770

- The Trust has spent £14.8m on pay bank and agency staff costs in the six months of the year.
- The Trust spent £3.6m more on bank and agency staff in the first half of 2013/14 compared to the same period for 2012/13 – £0.8m more on bank staff and £2.8m more on agency staff.
- Spend on bank & agency staff has been 6.16% of total pay costs to date.
- The overall position for each staff group is shown on Page 9.



Non-Pay Expenditure

Last Year		Year to Date		
YTD Actual	Non-Pay Expenditure (excl. R&D)	Plan	Actual	Variance
£000		£000	£000	£000
	Non-Pay			
37,808	Drugs & Blood Products	12,467	12,761	(294)
3	Drugs - Pass Through	28,066	29,289	(1,223)
42,962	Clinical Supplies & Services	34,859	36,834	(1,975)
	Devices - Pass Through	7,610	8,940	(1,330)
9,701	General Supplies	2,446	2,380	66
4,680	Office Expenses	5,496	6,284	(788)
1,207	Staff Related Expenditure	1,190	1,410	(220)
493	Training, Education & Research	894	493	401
20,044	PFI Expenditure	31,490	31,696	(206)
(14,788)	PFI Interest & Creditor Adjustments	(15,266)	(15,266)	
14,916	Premises & Transport	13,112	13,047	65
9,560	Insurance	10,691	10,682	9
2,010	Services Received (NHS)	2,038	2,373	(335)
2,275	Services Received (non-NHS)	1,823	2,563	(740)
(393)	Internal Recharges	340		340
9,026	Other Non-Pay Expenditure	6,149	6,456	(307)
139,504	Total Non-Pay	143,405	149,942	(6,537)

- Non-pay expenditure to date is £6.5m overspent (if R&D activity is excluded). Of this, £2.55m is the overspend on “pass through” drugs and devices – £1.22m on pass through drugs and £1.33m on devices.
- £2.3m of the remainder of the overspend is on other drugs and clinical supplies, and is largely activity-related.
- Part of the overspend on “services received” is also activity-related – for example, the Trust has used third parties to help provide activity to meet its requirement to manage waiting lists.
- Office expenses is high as the Trust incurred payments on a number of software licences in the month.

Non-EBITDA Income & Expenditure

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

Non-EBITDA Items	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
Income				
Donated Asset Additions	260	132		(132)
Impact on EBITDA	260	132		(132)
Non-Operating Items				
Depreciation	(36,171)	(18,084)	(18,050)	34
Investment Revenue	298	140	113	(27)
Other Gains & Losses	(200)	(100)	394	494
Finance Costs	(21,235)	(10,646)	(10,292)	354
PDC Dividend Payable	(8,184)	(4,092)	(3,853)	239
Sub-Total: Non-Op. Exps.	(65,492)	(32,782)	(31,688)	1,094
Impact on Retained Surplus	(65,232)	(32,650)	(31,688)	962
<i>Technical Adjustments</i>				
Donated Asset Additions	(260)	(132)		132
Donated Asset Depreciation	2,761	1,380	1,393	13
Sub-Total: Technical	2,501	1,248	1,393	145
Impact on Break Even Duty	(62,731)	(31,402)	(30,295)	1,107

Non-Operating Items – refers to items of income or expenditure that are not regarded as being directly associated with the day-to-day running costs of the Trust and are included in a summary line in the Statement of Comprehensive Income on Pages 3 to 5 of this report.

- “Other Gains & Losses” is above plan following the disposal of the residential flats in Girdlestone Road where the net amount received from the sale was higher than the book value of the asset. There was therefore a gain on disposal of £394,000 which has been credited to the Statement of Comprehensive Income.

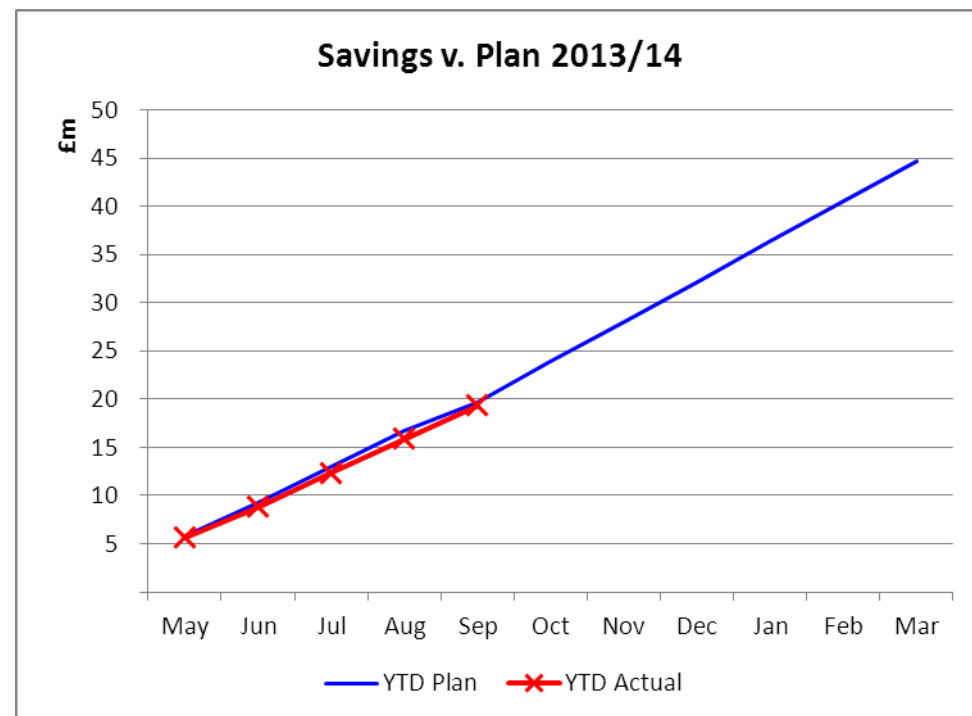
Technical Adjustments – refers to items of income or expenditure that are included within the Trust's income & expenditure in the Statement of Comprehensive Income on Pages 3 to 5 of this report but are not considered under NHS accounting rules when the Trust's financial duty to break even is measured.

- Donated asset accounting adjustments for additions and depreciation are not included in the Trust's performance against its break even duty and hence are removed as “technical adjustments”.
- Technical adjustments are also made for accounting entries relating to any impairment in the value of the Trust's assets, or any reversal of impairments made in previous years. Any adjustments for impairments will only be known once the DV values the assets in March 2014.
- The other “technical adjustment” compares the impact on the Trust's financial position resulting from its PFI buildings being classified as “on balance sheet” rather than “off balance sheet” following the adoption of IFRS by the NHS. If the effect of this change is to worsen the position of the Statement of Comprehensive Income then the financial impact is removed as a technical adjustment. Currently the financial impact of the change in 2013/14 is having a positive effect on the retained surplus, and therefore no technical adjustment is required under NHS accounting rules.

Analysis of the Savings Programme

	Plan £000	YTD Plan £000	YTD Act. £000	Diff. £000
Divisional General Efficiency	19,630	11,072	11,272	200
Workforce Initiatives	7,789	1,059	382	(677)
Procurement	4,279	1,764	1,764	
Medicines Management	1,535	768	854	86
Ward Closures	1,200	545		(545)
Theatre Efficiency	1,979	990	600	(390)
Outpatients Efficiency	500	71	70	(1)
Waiting List Initiatives	1,000	498	500	2
Trading Contribution (R&D etc)	5,700	2,850	2,850	
Miscellaneous Initiatives (2013/14)	1,118	701	1,069	368
Total	44,730	20,318	19,361	(957)
Analysis of Savings by Type				
Pay	21,528	8,322	7,323	(999)
Non-Pay	18,770	9,934	10,514	580
Income	4,432	2,062	1,524	(538)
Total	44,730	20,318	19,361	(957)
Recurrent & Non-Recurrent Savings				
Recurrent	43,810	19,490	18,758	(732)
Non-Recurrent	920	828	603	(225)
Total	44,730	20,318	19,361	(957)

- The Trust has delivered £19.4m in savings in the first half of the year (Month 5 = £15.9m). This represents 95.3% of the year-to-date plan.
- All but £0.6m of the savings to date have been made recurrently.



Forecast for the Savings Programme

Forecast Savings	Recurrent Savings			Non-Recurrent Savings			Total Savings 2013/14		
	Plan £000	Forecast £000	Fct v Plan £000	Plan £000	Forecast £000	Fct v Plan £000	Plan £000	Forecast £000	Fct v Plan £000
Divisional General Efficiency	19,389	18,767	(622)	241	1,163	922	19,630	19,930	300
Workforce Initiatives	7,789	5,879	(1,910)				7,789	5,879	(1,910)
Procurement	4,279	4,279					4,279	4,279	
Medicines Management	1,535	1,854	319				1,535	1,854	319
Ward Closures	1,200		(1,200)				1,200		(1,200)
Theatre Efficiency	1,979	1,200	(779)				1,979	1,200	(779)
Outpatients Efficiency	500	140	(360)				500	140	(360)
Waiting List Initiatives	1,000	1,000					1,000	1,000	
Trading Contribution (R&D etc)	5,700	5,700					5,700	5,700	
Miscellaneous Initiatives (2013/14)	439	1,920	1,481	679	386	(293)	1,118	2,306	1,188
The Estate									
Overseas PP (b/w d from 2014/15)									
Workforce (b/f from 2014/15)		750	750					750	750
Total	43,810	41,489	(2,321)	920	1,549	629	44,730	43,038	(1,692)
Analysis of Savings by Type									
Pay	21,157	18,390	(2,767)	371		(371)	21,528	18,390	(3,138)
Non-Pay	18,221	19,201	980	549	1,549	1,000	18,770	20,750	1,980
Income	4,432	3,898	(534)				4,432	3,898	(534)
Total	43,810	41,489	(2,321)	920	1,549	629	44,730	43,038	(1,692)

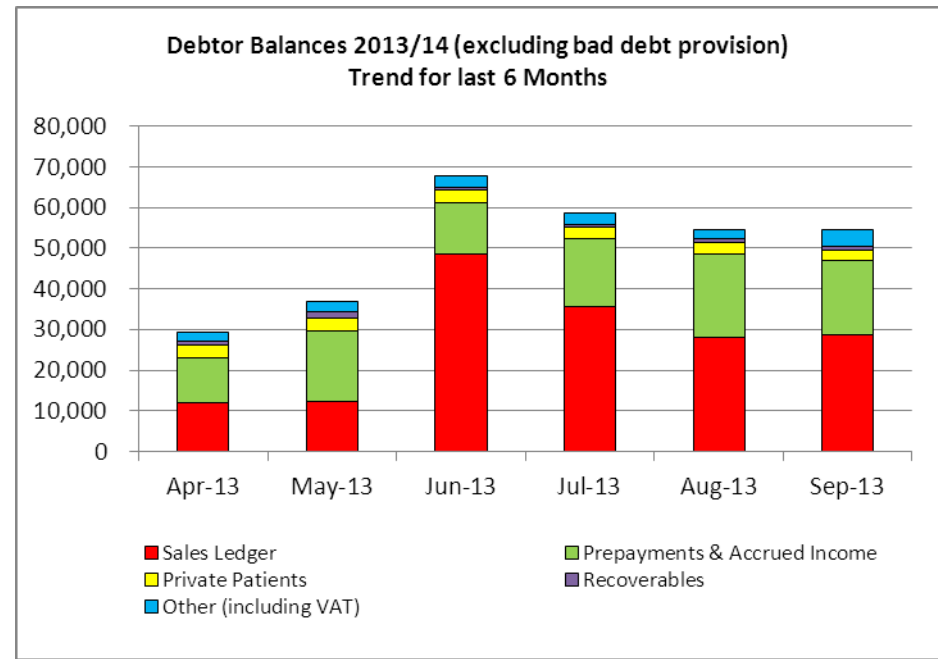
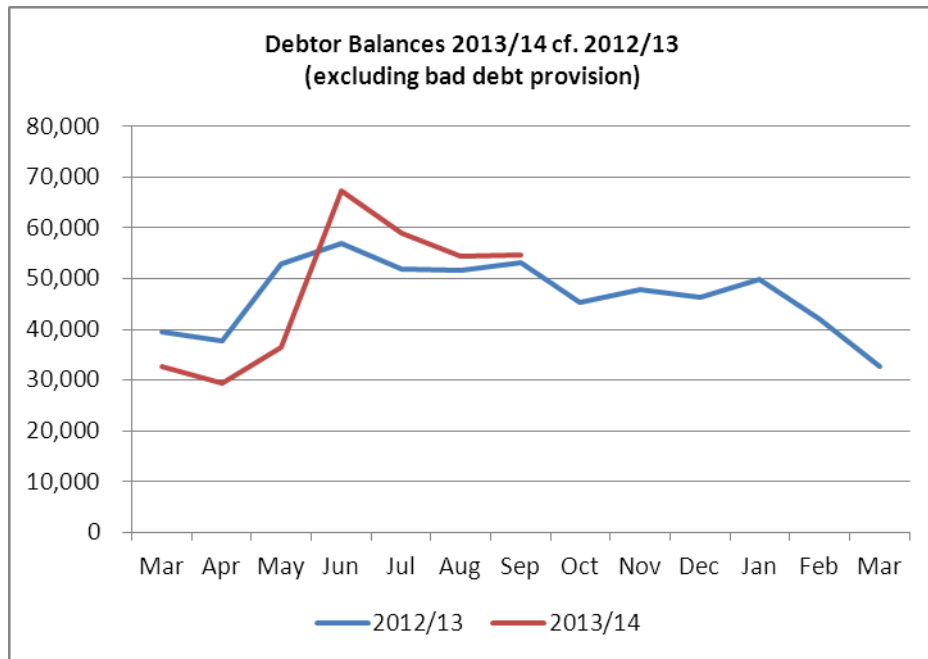
- The Trust forecasts it will deliver £43.0m in savings in 2013/14, with the high levels of activity making the delivery of savings through ward closures not currently considered to be possible and with some slippage on the workforce initiatives.
- £41.5m of the savings expected are considered to be recurrent.

Statement of Financial Position (Balance Sheet)

	Opening Balance	Closing Balance	Movement	Mvmt. In Month
	01-Apr-13	30-Sep-13		
NON-CURRENT ASSETS				
Property, Plant & Equipment	681,746	667,126	(14,620)	(1,397)
Intangible Assets	7,745	7,915	170	(265)
Trade & Other Receivables	3,774	4,456	682	169
NON-CURRENT ASSETS	693,265	679,497	(13,768)	(1,493)
CURRENT ASSETS				
Inventories	11,353	12,531	1,178	385
Trade & Other Receivables	27,054	49,762	22,708	1,016
Cash & Cash Equivalents	65,657	74,005	8,348	(1,340)
CURRENT ASSETS	104,064	136,298	32,234	61
CURRENT LIABILITIES				
Trade & Other Payables	(109,204)	(131,780)	(22,576)	605
Borrowings	(11,458)	(12,247)	(789)	224
Current Provisions	(2,902)	(2,705)	197	(41)
CURRENT LIABILITIES	(123,564)	(146,732)	(23,168)	788
NET CURRENT ASSETS/(LIABILITIES)	(19,500)	(10,434)	9,066	849
NON-CURRENT LIABILITIES				
Borrowings	(289,162)	(282,327)	6,835	1,724
Trade & Other Payables	(11,616)	(11,202)	414	69
Non-Current Provisions	(1,602)	(1,562)	40	41
NON-CURRENT LIABILITIES	(302,380)	(295,091)	7,289	1,834
TOTAL ASSETS EMPLOYED	371,385	373,972	2,587	1,190
FINANCED BY TAXPAYERS EQUITY				
Public Dividend Capital	207,673	207,673		
Retained Earnings	14,609	17,196	2,587	1,190
Revaluation Reserve	147,360	147,360		
Other Reserve	1,743	1,743		
TOTAL TAXPAYERS EQUITY	371,385	373,972	2,587	1,190

- The value for Non-Current Assets has reduced because depreciation on the existing asset base has exceeded new capital additions to date.
- Property, plant & equipment has also reduced by £2.1m since the start of the year following the disposal of the Girdlestone flats.
- Cash fell because the Trust made its half-yearly payments for PDC dividend and the capital element on its loans to the Department of Health (see also Pages 18 & 19).
- The fall in borrowings reflects the regular repayments on the capital element of the contracts with the Trust's PFI providers. These repayments are transacted through the monthly PFI unitary payments.

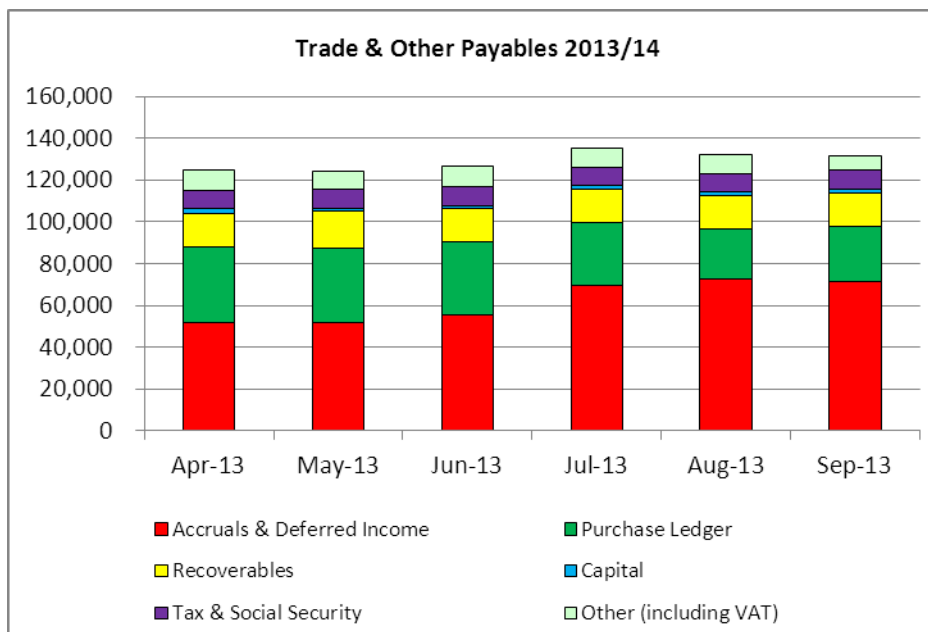
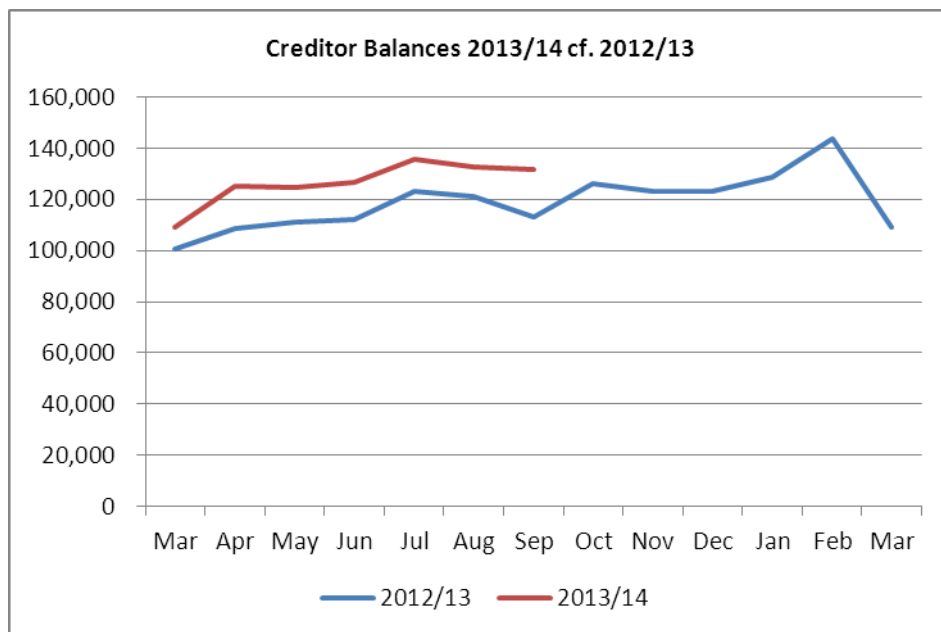
Analysis of Accounts Receivable (Debtors)



- Receivables remain high as commissioners continue to process payments for activity over-performance:
 - Oxfordshire CCG paid £1.1m on 1 October and were due to pay a further £2.5m on 15 October relating to the over-performance from the first four months of 2013/14;
 - Wessex had settled the level of over-performance for the first four months of the year but there was £3.3m outstanding from Month 5.
- The amount due from private patients has fallen by £0.8m since the start of the year.

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Sales Ledger	12,093	12,312	48,577	35,728	28,209	28,839
Prepayments & Accrued Income	10,862	17,172	12,616	16,655	20,192	18,052
Private Patients	3,428	3,131	2,854	3,105	2,733	2,632
Recoverables	749	1,561	736	702	716	708
Other (including VAT)	2,332	2,334	2,638	2,743	2,468	4,358
	29,464	36,510	67,421	58,934	54,318	54,589

Analysis of Accounts Payable (Creditors)



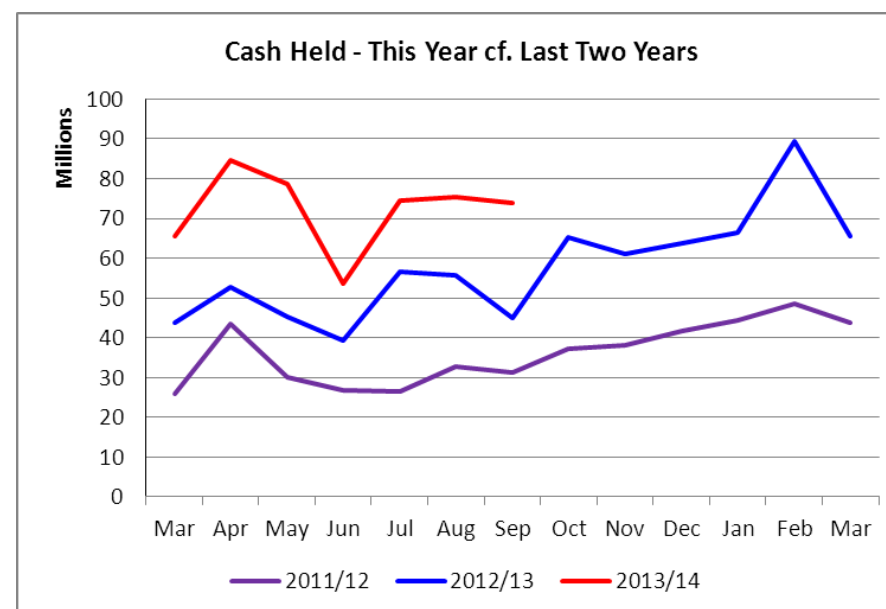
- The amount owed to other NHS bodies increased by £1.5m in the month. This was offset by the reduction in creditors of £2.4m as a consequence of making the half-yearly payment of the PDC dividend.
- Research funding is received quarterly in advance and is then expensed over the following three to four months. As a consequence the amount deferred for R&D fell by £1.3m in September.
- Most of the funding of £1.5m for the Academic Health Sciences Network (AHSN) was also deferred in the month.
- To date the Trust has paid 88% of its creditor invoices within 30 days or within the terms of supplier contracts.

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Accruals & Deferred Income	51,500	51,969	55,616	69,582	72,782	71,436
Purchase Ledger	36,327	35,702	34,566	30,162	23,619	26,496
Recoverables	15,929	17,269	16,020	16,178	16,391	16,113
Capital	2,386	1,633	1,532	1,489	1,391	1,691
Tax & Social Security	9,091	8,914	8,968	8,771	8,717	8,936
Other (including VAT)	9,776	8,872	9,750	9,374	9,485	7,108
	125,008	124,359	126,452	135,556	132,385	131,780

Statement of Cashflows

	Q1 2013/14	July 2013	Aug 2013	Sept 2013	Year-to- Date
	£000	£000	£000	£000	£000
Cash Flows from Operating Activities					
Operating Surplus/(Deficit)	7,241	4,749	706	3,527	16,223
Depreciation & Amortisation	9,131	2,927	2,995	2,997	18,050
Interest Paid	(4,980)	(1,660)	(1,660)	(1,788)	(10,088)
Dividend Paid				(3,095)	(3,095)
(Increase) in Inventories	(389)	(177)	(227)	(385)	(1,178)
(Increase) in Trade & Other Receivables	(35,887)	8,269	4,487	(1,217)	(24,348)
Increase in Trade & Other Payables	19,354	8,376	(3,645)	1,585	25,670
Increase in Provisions	(146)	(35)	(55)		(236)
Cash Flow from Operating Activities	(5,676)	22,449	2,601	1,624	20,998
Cash Flows from Investing Activities					
Interest Received	58	16	20	19	113
(Payments) for Fixed Assets	(6,565)	(538)	(1,066)	(1,034)	(9,203)
Receipts from Disposal of Fixed Assets	2,487				2,487
Cash Flow from Investing Activities	(4,020)	(522)	(1,046)	(1,015)	(6,603)
Cash Flows from Financing Activities					
Capital Loans - Repayment of Principal				(702)	(702)
Capital Element of Finance Leases & PFI	(2,488)	(798)	(812)	(1,247)	(5,345)
Cash Flow from Financing Activities	(2,488)	(798)	(812)	(1,949)	(6,047)
Net Increase/(Decrease) in Cash	(12,184)	21,129	743	(1,340)	8,348
Cash - Beginning of the Period	65,657	53,473	74,602	75,345	65,657
Cash - End of the Period	53,473	74,602	75,345	74,005	74,005

- Cash reduced by £1.3m in September. This followed payment of the half-yearly sums due to the Department of Health for the PDC dividend and capital repayment on the Trust's loans.
- The Trust held enough cash to cover 35 working days of planned operating expenditure at 30 September.



Cashflow Forecast

2012/13		2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2014/15	2014/15	2014/15	2014/15	2014/15
Full Year	FORECAST STATEMENT OF CASH FLOWS	M6 YTD	M07	M08	M09	M10	M11	M12	Full Year	Q1	Q2	Q3	Q4	Full Year	
Actual		Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Cash Flows from Operating Activities														
27,491	Operating Surplus/(Deficit)	16,223	4,705	3,818	2,138	4,204	2,565	3,561	37,214	7,322	10,152	9,426	9,491	36,391	
36,758	Depreciation & Amortisation	18,050	3,133	3,133	3,133	3,133	3,133	3,133	36,848	9,222	9,222	9,222	9,222	36,888	
4,568	Impairments & Reversals														
(20,697)	Interest Paid	(10,088)	(1,801)	(1,799)	(1,797)	(1,794)	(1,792)	(1,977)	(21,048)	(5,069)	(5,331)	(5,062)	(5,311)	(20,773)	
(9,374)	Dividend Paid	(3,095)						(4,240)	(7,335)		(3,741)		(3,741)	(7,482)	
(923)	Receipt of Donated Assets		(43)	(43)	(43)	(43)	(43)	(45)	(260)	(68)	(68)	(68)	(68)	(272)	
1,408	(Increase) in Inventories	(1,178)	279	279	279	279	279	283	500						
10,331	(Increase) in Trade & Other Receivables	(24,348)	9,674	1,195	8,503	5,101	6,965	(14,035)	(6,945)	(7,095)	887	4,223	4,533	2,548	
18,858	Increase in Trade & Other Payables	25,670	2,895	(4,438)	(7,855)	(1,113)	(3,081)	(8,365)	3,713	4,098	3,589	5,071	(14,380)	(1,622)	
(5,336)	Increase in Provisions	(236)	94	(129)	83	(83)	181	(7)	(97)	160	(260)	(421)	(862)	(1,383)	
63,084	Cash Flow from Operating Activities	20,998	18,936	2,016	4,441	9,684	8,207	(21,692)	42,590	8,570	14,450	22,391	(1,116)	44,295	
	Cash Flows from Investing Activities														
179	Interest Received	113	29	31	31	31	33	30	298	74	81	86	88	329	
(26,239)	(Payments) for Fixed Assets	(9,203)	(769)	(769)	(782)	(2,234)	(2,960)	(4,554)	(21,271)	(4,885)	(4,835)	(6,190)	(10,187)	(26,097)	
	Receipts from Disposal of Fixed Assets	2,487							2,487						
(26,060)	Cash Flow from Investing Activities	(6,603)	(740)	(738)	(751)	(2,203)	(2,927)	(4,524)	(18,486)	(4,811)	(4,754)	(6,104)	(10,099)	(25,768)	
	Cash Flows from Financing Activities														
800	Public Dividend Capital Received/(Repaid)							(1,800)	(1,800)						
	Draw down of Loans														
(1,404)	Capital Loans - Repayment of Principal	(702)						(702)	(1,404)						
(3,326)	Working Capital Loans - Principal Repayment														
(11,321)	Capital Element of Finance Leases & PFI	(5,345)	(1,033)	(1,033)	(1,033)	(1,033)	(1,033)	(1,703)	(12,213)	(3,236)	(4,938)	(3,236)	(4,939)	(16,349)	
(15,251)	Cash Flow from Financing Activities	(6,047)	(1,033)	(1,033)	(1,033)	(1,033)	(1,033)	(4,205)	(15,417)	(3,236)	(4,938)	(3,236)	(4,939)	(16,349)	
21,773	Net Increase/(Decrease) in Cash	8,348	17,163	245	2,657	6,448	4,247	(30,421)	8,687	523	4,758	13,051	(16,154)	2,178	
43,884	Cash - Beginning of the Period	65,657	74,005	91,168	91,413	94,070	100,518	104,765	65,657	74,344	74,867	79,625	92,676	74,344	
65,657	Cash - End of the Period	74,005	91,168	91,413	94,070	100,518	104,765	74,344	74,344	74,867	79,625	92,676	76,522	76,522	

Cashflow Forecast – Assumptions

The main assumptions that lie behind the cashflow forecast are:

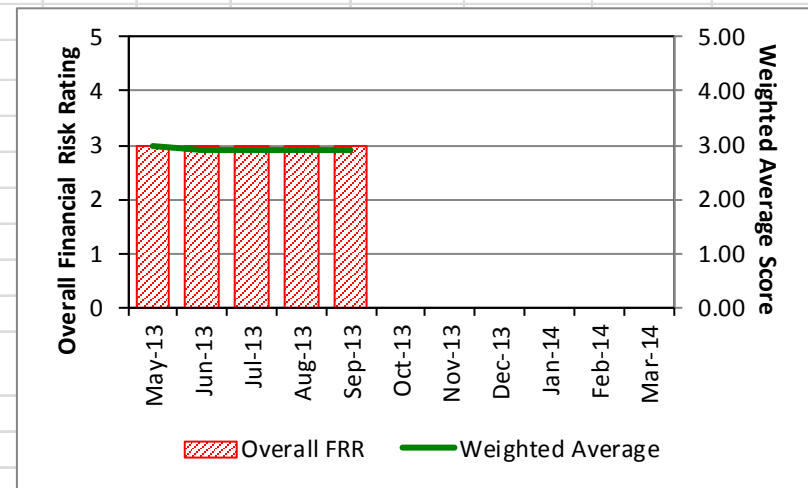
1. Operating activities
 - (i) The operating surplus will be achieved according to forecast;
 - (ii) Depreciation, impairments, donated assets have been forecast from year-to-date and expected capital changes such as the completion of agreed capital projects;
 - (iii) Inventories – it is expected that there will be some further stock movements following a review of the Trust's inventory policy;
 - (iv) It is assumed that there will be a reduction in the amounts owed to the Trust and, in particular, that NHS commissioners will settle sums due from them resulting from contract over-performance by the Trust;
 - (v) It is assumed there will be some acceleration of trade payables to mirror increased debt recovery and improved prompt payment performance.
2. Investing activities
 - (i) It is assumed that capital payments will be made in accordance with the Trust's capital programme.
3. Financing activities
 - (i) It is assumed that loan principal repayments will be made in accordance with Department of Health agreements;
 - (ii) It is assumed that the capital element of finance payments are those as set out within the Trust's PFI lease agreements.

Financial Risk Rating

Financial Criteria	Risk Rating	Weight	Scores					September 2013		August 2013	
			5	4	3	2	1	Metric	Score	Metric	Score
Achievement of Plan	EBITDA % achieved	10%	100%	85%	70%	50%	<50%	97.5%	4	97.0%	4
Underlying Performance	EBITDA margin	25%	11%	9%	5%	1%	<1%	8.0%	3	7.8%	3
Financial Efficiency	Net return after Financing	20%	3%	2%	(0.5%)	(5%)	< (5%)	0.7%	3	0.4%	3
	I & E Surplus Margin	20%	3%	2%	1%	(2%)	< (2%)	0.5%	2	0.3%	2
Liquidity	Liquid ratio (days)	25%	60	25	15	10	<10	18	3	18	3
Weighted Average									2.90	2.90	
Overall Rating (see rules below)									3	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 remained at 2.9 in September. Performance against all metrics improved slightly in the month but not enough to alter the Trust's score.

Capital Programme

OUH Capital Programme 2013/14	Mth 6	Mth 6	Mth 6	Annual		
	YTD Plan	YTD Spend	Variance	Plan	Forecast	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Maintenance - medical and surgical equipment 13/14	520	603	83	2,600	2,000	(600)
Maintenance - IT/EPR 13/14-15/16	312	900	588	1,560	4,770	3,210
Maintenance - general estates 13/14 and 14/15	208	171	(37)	1,040	1,000	(40)
Maintenance - ward relocations	208	3	(205)	1,040	717	(323)
Maintenance - laboratories block 4	374		(374)	1,865		(1,865)
Maintenance - laboratory IT system replacement	208		(208)	1,040		(1,040)
Maintenance - other schemes below £1m	395	1,910	1,515	1,976	2,030	54
Radiotherapy		4	4	4,240	405	(3,835)
IMRT - rapid arc installation and upgrade	517	1,671	1,154	2,585	2,129	(456)
Other schemes below £1m	4,134	157	(3,977)	4,346	4,888	542
PFI lifecycle and Managed Equipment Service (IFRS - IFRIC12)	597		(597)	1,197	1,197	
Equipment leasing (IFRS non-IFRIC12)				500	500	
Donations	53		(53)	260	260	
Clinical Genetics Mayfair ward					193	193
Cardiac Eco					1,100	1,100
Conversion of MHA		45	45		300	300
Pre operative assessment					300	300
Daycase Unit Churchill remodel or 23 hour unit					300	300
Home Dialysis modification		2	2		15	15
Renal Inpatient CH					25	25
Anaesthetic room link to vascular IR room					500	500
PET/CT Scanner					2,970	2,970
Delivery Suite Theatre AHU					500	500
Total Capital Programme Spend	7,526	5,466	(2,060)	24,249	26,349	2,100
Capital Resource Limit 2013/14				Forecast	Forecast	Variance
	YTD Plan	YTD Spend	Variance	Outturn	Outturn	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Total Capital Programme Spend	7,526	5,466	2,060	24,249	26,349	(2,100)
Asset Disposals	(100)	(2,094)	1,994	(200)	(2,300)	2,100
Donations	(132)		(132)	(260)	(260)	
Capital Resource Limit 2013/14	7,294	3,372	3,922	23,789	23,789	

- The Trust has charged £5.5m against its capital programme in the first half of the year.
- The largest area of spend on a single project has been the IMRT rapid arc installation.
- The Trust plans to spend the programme in full by 31 March.

Recommendation

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

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

October 2013