

Trust Board Meeting: Wednesday 11 September 2013

TB2013.103

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

1. The financial position at the end of the first four months of the financial year was £123,000 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 four 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 Page 13
 - The Statement of Financial Position at 31 July Pages 14 to 16
 - The Statement of Cashflow and cashflow forecast Pages 17 to 19
 - The Trust performance against Monitor's financial risk ratings Page 20
 - The position of the capital programme Page 21
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The Board is asked to note this report.

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

I&E (including R&D)	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
Operating Income				
Commissioning Income	690,380	231,650	239,069	7,419
PP, Overseas & RTA Income	13,705	4,528	3,621	(907)
Other Income	131,947	43,841	43,093	(748)
Total Income	836,032	280,019	285,783	5,764
Operating Expenditure				
Pay	(465,196)	(156,992)	(159,955)	(2,963)
Non-Pay	(296,974)	(98,787)	(101,778)	(2,991)
Total Expenditure	(762,170)	(255,779)	(261,733)	(5,954)
EBITDA	73,862	24,240	24,050	(190)
Non-Operating Expenditure	(65,492)	(21,863)	(21,181)	682
Retained Surplus/(Deficit)	8,370	2,377	2,869	492
Technical Adjustments	2,501	832	463	(369)
Break Even Surplus	10,871	3,209	3,332	123

- The Trust's financial position was on plan after the first four months of the financial 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 £7.4m above plan (June = £4.4m). Details of performance by type of activity are shown on Page 6.
- Private patient, overseas & RTA income was £0.9m below plan (June = £0.9m) and "other" income £0.7m behind plan (June = £0.9m) – see also Pages 7 and 8.
- Pay costs after the first four months of the year were £3.0m overspent. This is being driven 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 £3.0m, or 3.0%, above plan. The amount by which the cost "pass through" drugs and devices exceeds plan is £2.1m, with the overspend on other activity-related non-pay expenditure currently 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 8.4% of Trust turnover (June = 7.7%). 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	43,687	14,562	12,468	(2,094)
Total Income	43,687	14,562	12,468	(2,094)
Expenditure				
Pay	(34,757)	(11,586)	(9,851)	1,735
Non-Pay	(8,930)	(2,976)	(2,617)	359
Total Expenditure	(43,687)	(14,562)	(12,468)	2,094
EBITDA	0	0	0	0

- At the end of July expenditure on R&D was £2.1m less than plan with pay being £1.7m below plan and non-pay £0.4m less than anticipated. R&D income for this amount was therefore adjusted to take this into account, resulting in an adverse variance against plan on “other” income.
- 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 could be “clawed back”.

I&E (excluding R&D)	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
Operating Income				
Commissioning Income	690,380	231,650	239,069	7,419
PP, Overseas & RTA Income	13,705	4,528	3,621	(907)
Other Income	88,260	29,279	30,625	1,346
Total Income	792,345	265,457	273,315	7,858
Operating Expenditure				
Pay	(430,439)	(145,406)	(150,104)	(4,698)
Non-Pay	(288,044)	(95,811)	(99,161)	(3,350)
Total Expenditure	(718,483)	(241,217)	(249,265)	(8,048)
EBITDA	73,862	24,240	24,050	(190)
Non-Operating Expenditure	(65,492)	(21,863)	(21,181)	682
Retained Surplus/(Deficit)	8,370	2,377	2,869	492
Technical Adjustments	2,501	832	463	(369)
Break Even Surplus	10,871	3,209	3,332	123

- This Statement of Comprehensive Income on the left excludes the effect of research (R&D) activities on the Trust’s financial position. It sets out the underlying operational performance in healthcare activities.

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)	18,838	20,389	1,551	8.2%
Devices (Pass Through)	5,087	5,637	550	10.8%
"Pass Through" Totals	23,925	26,026	2,101	8.8%

- Year-to-date income and expenditure on “pass through” drugs and devices was £2.1m, or 8.8% higher than plan.

I&E (excl. "Pass Through")	Year to Date		
	Plan £000	Actual £000	Variance £000
Operating Income			
Commissioning Income	207,725	213,043	5,318
PP, Overseas & RTA Income	4,528	3,621	(907)
Other Income	29,279	30,625	1,346
Total Income	241,532	247,289	5,757
Operating Expenditure			
Pay	(145,406)	(150,104)	(4,698)
Non-Pay	(71,886)	(73,135)	(1,249)
Total Expenditure	(217,292)	(223,239)	(5,947)
EBITDA	24,240	24,050	(190)
Non-Operating Expenditure	(21,863)	(21,181)	682
Retained Surplus/(Deficit)	2,377	2,869	492
Technical Adjustments	832	463	(369)
Break Even Surplus	3,209	3,332	123

- If both R&D and the difference between plan and actual expenditure for “pass through” items are disregarded then:
 - Commissioning income is £5.3m above plan; and
 - Non-pay expenditure is £1.25m overspent against plan. This is mainly activity-driven – see Page 11.
- The Trust’s EBITDA (earnings before interest, taxation, dividend and amortisation) remains £0.2m less than plan.

Analysis of Activity and Activity-Related Income

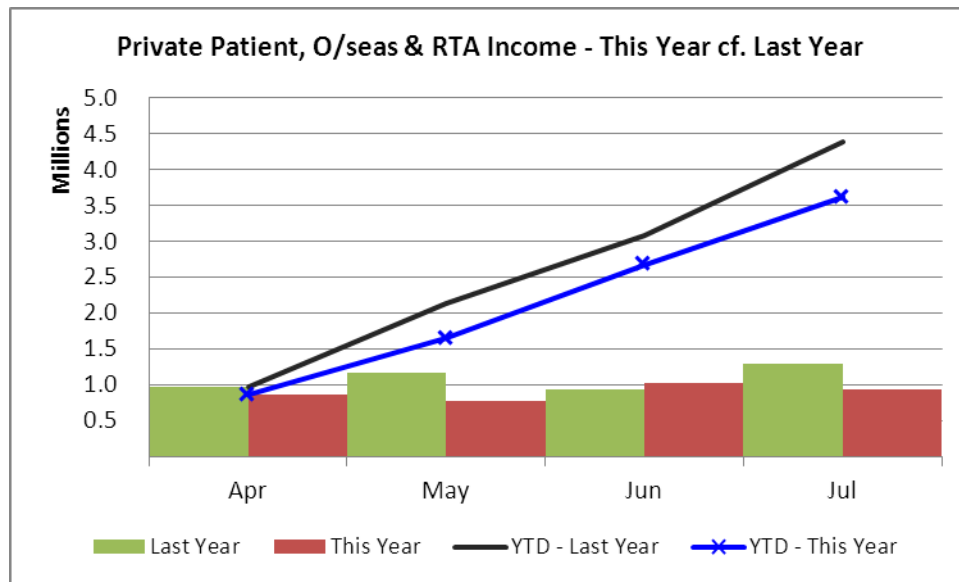
Activity	Activity - Year-to-Date				Income - Year-to-Date			
	YTD Plan	YTD Actual	YTD Diff.	YTD Diff. %	Plan £000	Actual £000	Diff. £000	Diff. %
Elective (incl. day cases)	32,056	33,939	1,883	5.9%	50,256	51,878	1,622	3.2%
Non-Elective	25,453	25,257	(196)	(0.8%)	54,946	55,136	190	0.3%
Out-Patients	294,244	315,962	21,718	7.4%	47,288	50,811	3,523	7.5%
Chemotherapy	8,727	8,747	20	0.2%	7,384	7,100	(284)	(3.8%)
Critical Care	16,183	15,977	(206)	(1.3%)	18,313	18,332	19	0.1%
Excess Beds	15,838	13,625	(2,213)	(14.0%)	4,039	3,498	(541)	(13.4%)
Drugs & Devices (Pass Through)					23,925	26,026	2,101	8.8%
Other Activity					29,395	29,154	(241)	(0.8%)
Total before Adjustments					235,546	241,935	6,389	2.7%
Adjustment for Thresholds					(3,896)	(2,866)	1,030	
Commissioning Income					231,650	239,069	7,419	3.2%

- The Trust's activity position for the first four months of the year was projected from three months data. There is therefore an element of estimation within the figures.

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				
3,647	Private Patients	11,070	3,650	2,677	(973)
	Overseas Patients	227	76	4	(72)
749	RTA Income	2,350	783	940	157
132	Other non-NHS Patient Activity	58	19		(19)
4,528	Total - PP, Overseas, RTA	13,705	4,528	3,621	(907)

- Income from private and overseas patients, and road traffic accidents (RTAs), is £0.9m behind plan and £0.78m, or 17.6%, lower than for the first four months of 2012/13. This is an area of concern. The clinical divisions and the corporate administrative functions are working together to review the derivation of this underperformance.
- In July itself this category of income was on plan but lower than in July 2012 when the receipt of RTA monies was higher. RTA income is received by the Trust in an unpredictable manner depending upon when costs are successfully reclaimed.



Other Income

Last Year		Year to Date		
YTD Actual	Other Income (incl. R&D)	Plan	Actual	Variance
£000		£000	£000	£000
	Other Income			
15,005	Training & Education	15,197	15,860	663
12,575	Research	16,484	14,688	(1,796)
1,045	Income Generation	1,135	1,113	(22)
1,347	Rental Revenues	2,437	1,874	(563)
39	Patient Transport	101	73	(28)
7,496	Services to Other Bodies	7,473	7,939	466
224	Donations	105	498	393
2,867	Other Income & Charges	909	1,048	139
40,598	Total - Other Income	43,841	43,093	(748)

- “Other” income is £0.75m behind plan if funding for R&D projects is included, but is £2.5m, or 6.1%, higher than for the first four months of 2012/13.
- The Trust has received a £0.465m donation from the Kadoorie Foundation as a contribution towards a capital development.

Last Year		Year to Date		
YTD Actual	Other Income (excl. R&D)	Plan	Actual	Variance
£000		£000	£000	£000
	Other Income			
14,977	Training & Education	15,180	15,843	663
3,155	Research	1,960	2,271	311
1,045	Income Generation	1,135	1,113	(22)
1,347	Rental Revenues	2,437	1,874	(563)
39	Patient Transport	101	73	(28)
7,496	Services to Other Bodies	7,467	7,933	466
224	Donations	105	498	393
2,832	Other Income & Charges	894	1,020	126
31,115	Total - Other Income	29,279	30,625	1,346

- “Other” income is £1.3m above plan if funding for R&D projects is excluded, although £0.5m less than the position after the first four months of 2012/13.

Pay Expenditure – Analysis by Staff Group

Oxford University Hospitals	Staff Type	Year-to-Date Average WTE			Year to Date		
		Plan	Actual	Variance	Plan	Actual	Variance
		Ave. WTE	Ave. WTE	Ave. WTE	£000	£000	£000
Consultants & Medics	Staff	1,543.78	1,474.92	68.86	52,379	52,528	(149)
	Agency		22.63	(22.63)		1,045	(1,045)
Consultants & Medics	Total	1,543.78	1,497.55	46.23	52,379	53,573	(1,194)
Nurses & Midwives	Staff	3,475.04	2,925.54	549.50	45,177	41,564	3,613
	Bank		145.67	(145.67)		1,850	(1,850)
	Agency		156.40	(156.40)	(68)	3,247	(3,315)
Nurses & Midwives	Total	3,475.04	3,227.61	247.43	45,109	46,661	(1,552)
Nurse Support	Staff	1,056.72	907.55	149.17	7,573	6,780	793
	Bank		63.60	(63.60)		676	(676)
	Agency		6.08	(6.08)		85	(85)
Nurse Support	Total	1,056.72	977.23	79.49	7,573	7,541	32
Scientific, Tech., Therapeutic	Staff	1,372.18	1,281.37	90.81	20,806	19,692	1,114
	Bank		0.09	(0.09)		3	(3)
	Agency	(0.15)	46.36	(46.51)		1,477	(1,477)
Scientific, Tech., Therapeutic	Total	1,372.03	1,327.82	44.21	20,806	21,172	(366)
ST&T Support	Staff	417.99	391.03	26.96	3,239	3,018	221
	Bank	(0.01)		(0.01)			
	Agency					5	(5)
ST&T Support	Total	417.98	391.03	26.95	3,239	3,023	216
Managers, Admin, Other Staff	Staff	2,272.28	2,053.94	218.34	24,552	23,442	1,110
	Bank		0.09	(0.09)		16	(16)
	Agency		32.85	(32.85)	4	1,107	(1,103)
Managers, Admin, Other Staff	Total	2,272.28	2,086.88	185.40	24,556	24,565	(9)
Pay Related	Staff	(2.00)	1.30	(3.30)	3,330	3,420	(90)
Pay Related	Total	(2.00)	1.30	(3.30)	3,330	3,420	(90)
Oxford University Hospitals	Staff	10,135.99	9,035.65	1,100.34	157,056	150,444	6,612
	Bank	(0.01)	209.45	(209.46)		2,545	(2,545)
	Agency	(0.15)	264.32	(264.47)	(64)	6,966	(7,030)
Oxford University Hospitals	Total	10,135.83	9,509.42	626.41	156,992	159,955	(2,963)

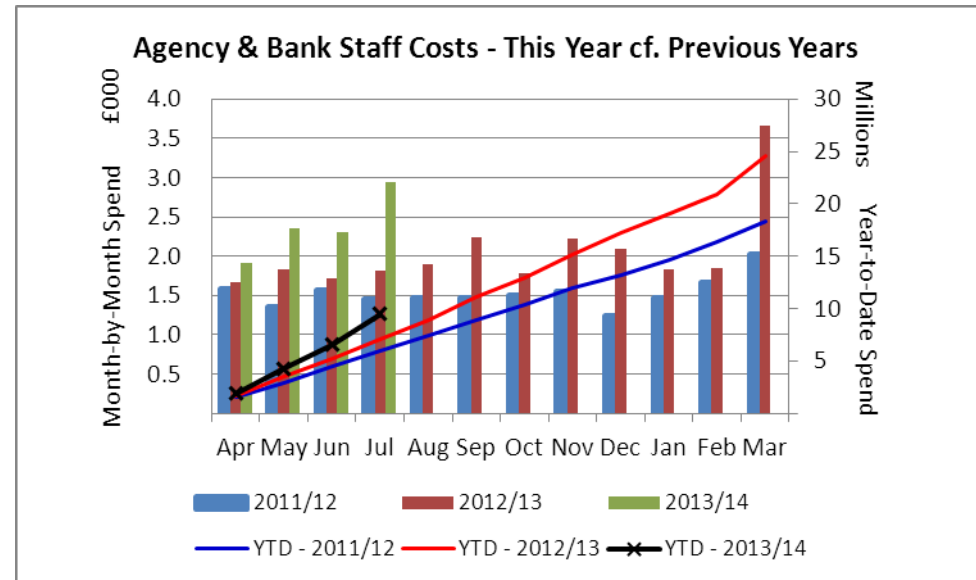
- The table on the left shows the year-to-date spend against plan, and the average whole time equivalent (WTE) for the first four months of the year compared to the average planned WTE for the same period.
- The overspend on pay is occurring against the budgets for consultant and other medical staff (£1.2m) and nurses & midwives (£1.55m) with the use of bank & agency staff being more than any savings generated from vacancies within established posts.
- The Trust has spent £2.2m on medical staff sessional payments, and £0.24m on overtime at enhanced rates, to support the activity over-performance.
- The high activity levels also mean that expenditure on bank and agency staff continues to rise – see Page 10.

Bank & Agency Spend

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

	Apr	May	Jun	Jul	YTD
	£000	£000	£000	£000	£000
Bank					
Nurses (excl. Midwives)	340	500	504	506	1,850
Clinical Support - Nursing	232	151	146	147	676
Allied Health Professionals	2	1			3
Admin. & Estates	5	4	2	5	16
Total - Bank Staff	579	656	652	658	2,545
Agency					
Consultants	4	34	39	71	148
Medical and Dental	174	178	216	330	898
Nurses (excl. Midwives)	729	765	728	1,025	3,247
Clinical Support - Nursing	28	14	12	32	86
Allied Health Professionals	166	178	225	265	834
Healthcare Scientists	160	66	(8)	130	348
Other Scientific, Tech., Therapeutic	23	94	122	56	295
Clinical Support - ST&T	5				5
Clinical Support - Other	12	20	19	5	56
Managers		4	10	7	21
Admin. & Estates	31	342	293	364	1,030
Total - Agency Staff	1,332	1,695	1,656	2,285	6,968
Total Bank & Agency	1,911	2,351	2,308	2,943	9,513

- The Trust has spent £9.5m on pay bank and agency staff costs in the four months of the year.
- The Trust spent £2.5m more on bank and agency staff in the first four months of 2013/14 compared to the same period for 2012/13 – £0.5m more on bank staff and £2.0m more on agency staff.
- As a percentage of total pay costs, spend on bank & agency staff has risen from 4.9% after the first four months of 2012/13 to 5.9% in 2013/14.
- The overall position for each staff group is shown on Page 9.



Non-Pay Expenditure

Last Year		Year to Date		
YTD Actual	OUH (excluding R&D)	Plan	Actual	Variance
£000		£000	£000	£000
	Non-Pay			
24,731	Drugs & Blood Products	8,147	7,308	839
	Drugs - Pass Through	18,838	20,389	(1,551)
30,483	Clinical Supplies & Services	23,220	25,167	(1,947)
	Devices - Pass Through	5,087	5,637	(550)
6,471	General Supplies	1,631	1,569	62
3,063	Office Expenses	3,417	3,382	35
854	Staff Related Expenditure	793	867	(74)
327	Training, Education & Research	514	273	241
3,439	PFI Expenditure	10,128	10,970	(842)
10,136	Premises & Transport	8,761	8,688	73
4,759	Insurance	7,127	7,128	(1)
1,217	Services Received (NHS)	1,243	1,606	(363)
933	Services Received (non-NHS)	995	1,445	(450)
(42)	Internal Recharges	228	(144)	372
8,941	Other Non-Pay Expenditure	5,682	4,876	806
95,312	Total Non-Pay	95,811	99,161	(3,350)

- Non-pay expenditure to date is £3.35m overspent (if R&D activity is excluded). Of this, £2.1m is the overspend on “pass through” drugs and devices – £1.55m on pass through drugs and £0.55m on devices.
- £1.1m of the remainder of the overspend is on other drugs and clinical supplies, and is 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.
- The overspend on PFI expenditure relates to a one-off settlement relating to domestic services provided under the Churchill contract.

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	88	465	377
Impact on EBITDA	260	88	465	377
Non-Operating Items				
Depreciation	(36,171)	(12,057)	(12,058)	(1)
Investment Revenue	298	89	74	(15)
Other Gains & Losses	(200)	(66)	394	460
Finance Costs	(21,235)	(7,101)	(6,863)	238
PDC Dividend Payable	(8,184)	(2,728)	(2,728)	
Sub-Total: Non-Op. Exps.	(65,492)	(21,863)	(21,181)	682
Impact on Retained Surplus	(65,232)	(21,775)	(20,716)	1,059
<i>Technical Adjustments</i>				
Donated Asset Additions	(260)	(88)	(465)	(377)
Donated Asset Depreciation	2,761	920	928	8
Sub-Total: Technical	2,501	832	463	(369)
Impact on Break Even Duty	(62,731)	(20,943)	(20,253)	690

- The Trust has now disposed of the residential flats it owned in Girdlestone Road and 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 under "other gains".

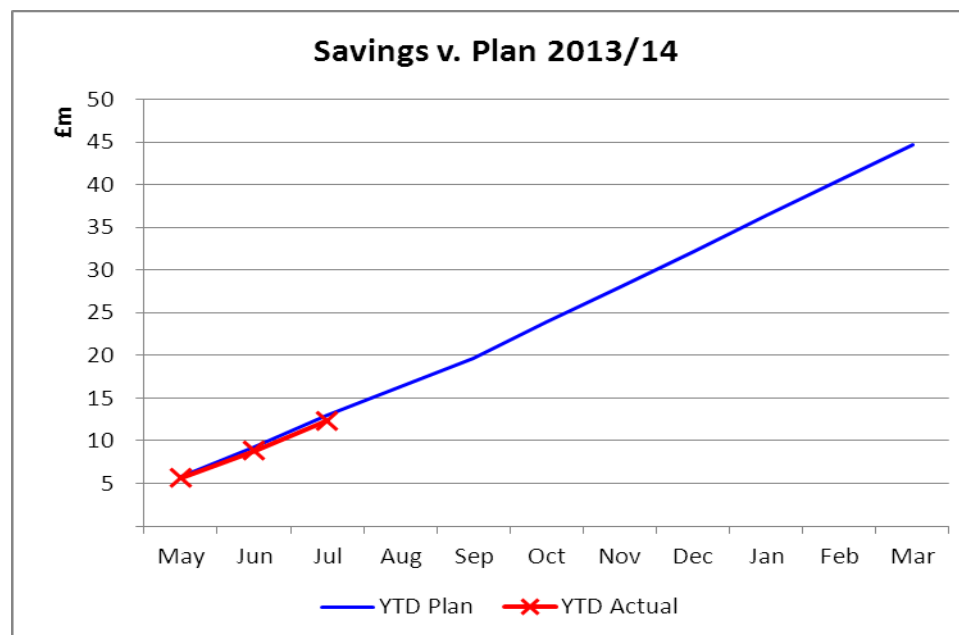
Technical Adjustments

- Depreciation on donated assets is not included in the Trust's performance against its break even duty and hence is removed as a "technical adjustment".
- 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" from being "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	7,397	7,397	
Workforce Initiatives	7,789	411	142	(269)
Procurement	4,279	990	990	
Medicines Management	1,535	512	522	10
Ward Closures	1,200	327		(327)
Theatre Efficiency	1,979	660	400	(260)
Outpatients Efficiency	500		70	70
Waiting List Initiatives	1,000	332	333	1
Trading Contribution (R&D etc)	5,700	1,900	1,900	
Miscellaneous Initiatives (2013/14)	1,118	476	611	135
Total	44,730	13,005	12,365	(640)
Analysis of Savings by Type				
Pay	21,528	5,248	4,498	(750)
Non-Pay	18,770	6,475	6,864	389
Income	4,432	1,282	1,003	(279)
Total	44,730	13,005	12,365	(640)
Recurrent & Non-Recurrent Savings				
Recurrent	43,810	12,361	11,544	(817)
Non-Recurrent	920	644	821	177
Total	44,730	13,005	12,365	(640)

- The Trust has delivered £12.4m in savings in the first four months of the year (Month 3 = £8.85m). This represents 95.1% of the year-to-date plan.

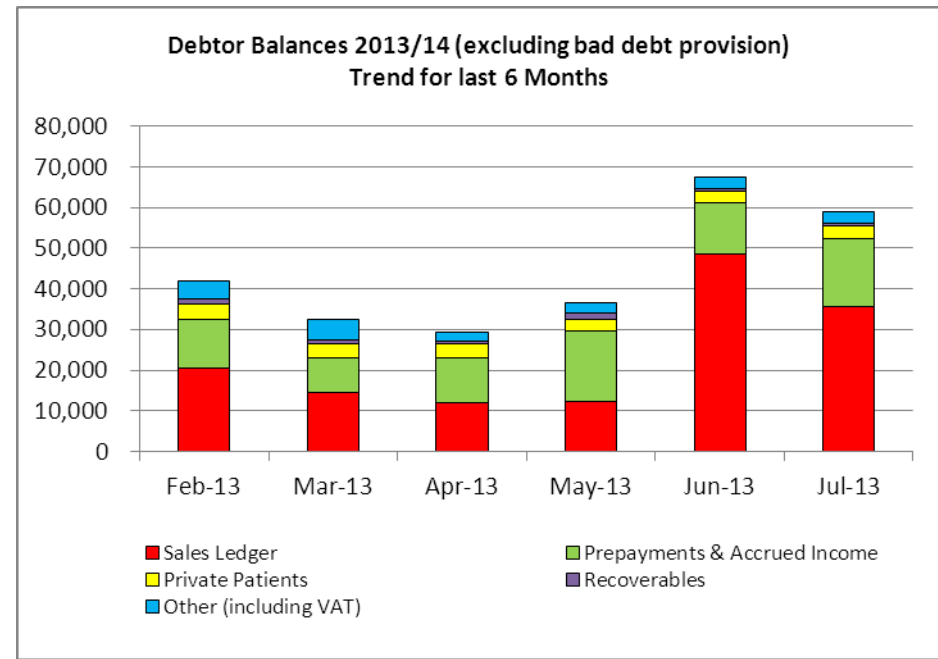
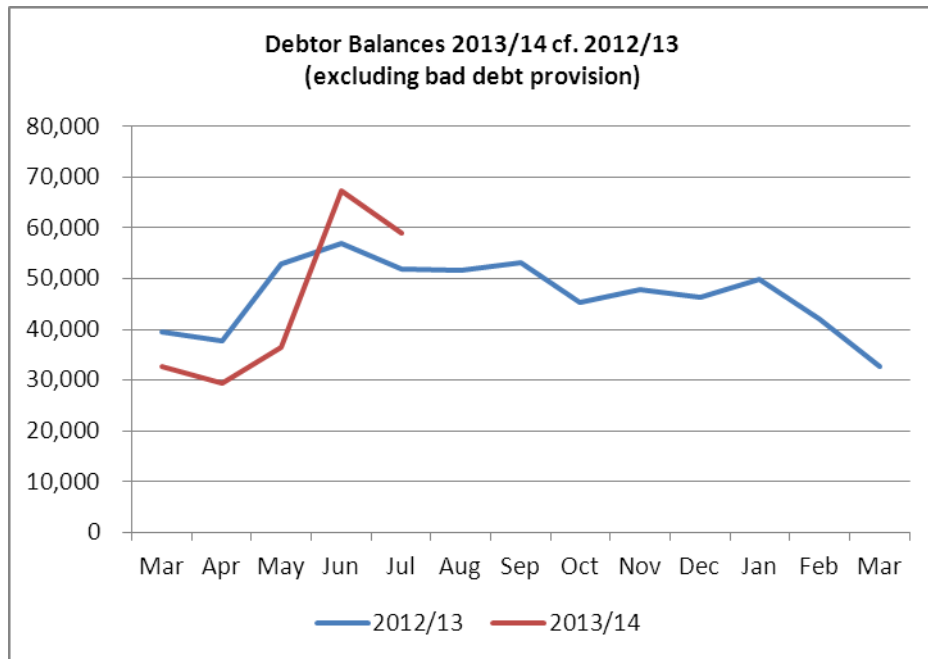


Statement of Financial Position (Balance Sheet)

	Opening Balance	Closing Balance	Movement	Mvmt. In Month
	01-Apr-13	31-Jul-13		
NON-CURRENT ASSETS				
Property, Plant & Equipment	681,746	670,393	(11,353)	(2,450)
Intangible Assets	7,745	8,339	594	18
Trade & Other Receivables	3,774	4,226	452	(38)
NON-CURRENT ASSETS	693,265	682,958	(10,307)	(2,470)
CURRENT ASSETS				
Inventories	11,353	11,919	566	177
Trade & Other Receivables	27,054	53,327	26,273	(8,265)
Cash & Cash Equivalents	65,657	74,602	8,945	21,129
CURRENT ASSETS	104,064	139,848	35,784	13,041
CURRENT LIABILITIES				
Trade & Other Payables	(109,203)	(135,554)	(26,351)	(9,104)
Borrowings	(11,458)	(12,261)	(803)	(224)
Current Provisions	(2,902)	(2,719)	183	35
CURRENT LIABILITIES	(123,563)	(150,534)	(26,971)	(9,293)
NET CURRENT ASSETS/(LIABILITIES)	(19,499)	(10,686)	8,813	3,748
NON-CURRENT LIABILITIES				
Borrowings	(289,162)	(285,074)	4,088	1,022
Trade & Other Payables	(11,616)	(11,340)	276	69
Non-Current Provisions	(1,602)	(1,603)	(1)	
NON-CURRENT LIABILITIES	(302,380)	(298,017)	4,363	1,091
TOTAL ASSETS EMPLOYED	371,386	374,255	2,869	2,369
FINANCED BY TAXPAYERS EQUITY				
Public Dividend Capital	207,673	207,673		
Retained Earnings	14,610	17,479	2,869	2,369
Revaluation Reserve	147,360	147,360		
Other Reserve	1,743	1,743		
TOTAL TAXPAYERS EQUITY	371,386	374,255	2,869	2,369

- 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 was also reduced by £2.1m following the disposal of the Girdlestone flats.
- The increase in cash, and decrease in Trade & Other Receivables, that occurred in July was because the monthly payment from Oxfordshire CCG of £21.9m for June was not received until 1 July. Therefore cash was unexpectedly low, and accounts receivable higher than forecast, at 30 June. The temporary increase in receivables, and fall in cash, at the end of June has been reversed in July.
- The increase in current payables is the result of a higher level of accruals and deferred income being recognised in the accounts. Accruals & deferred income relating to research increased by £6.7m in July because research funding is received quarterly in advance and is then expensed over the following three months. Funding of £1.5m for the Academic Health Sciences Network (AHSN) was also deferred in the month.
- The fall in borrowings 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.

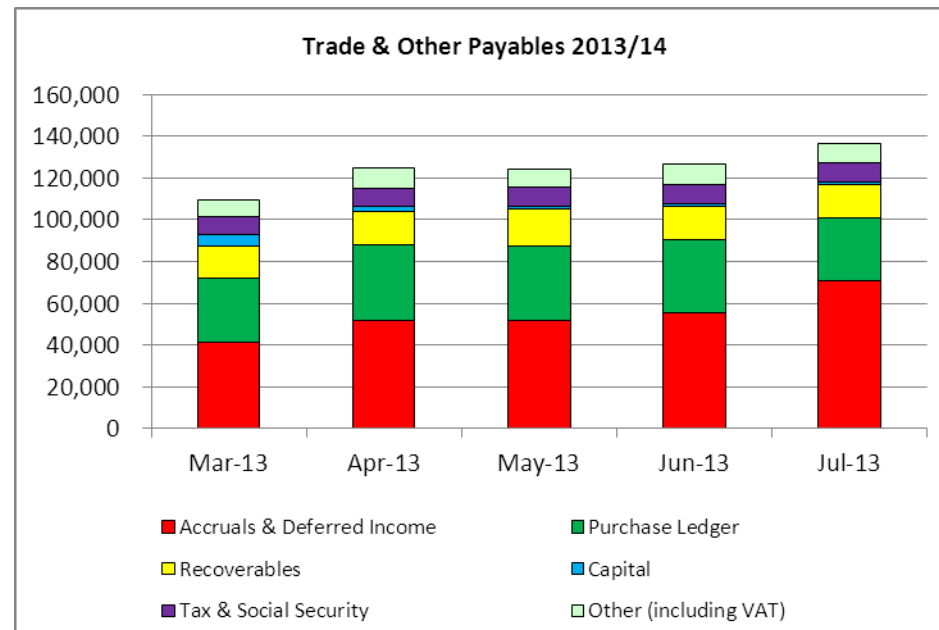
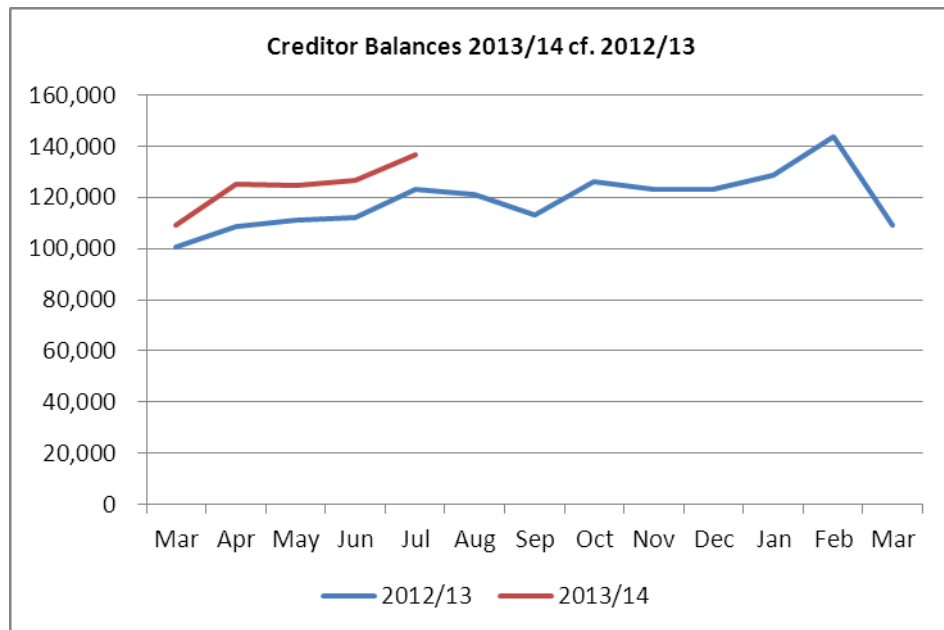
Analysis of Accounts Receivable (Debtors)



- Payment from Oxfordshire CCG for the invoice relating to June was received on 1 July. Therefore the figure for accounts receivable was higher than planned at the end of June and fell back upon receipt of payment in July. (See page 14).

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13
Sales Ledger	20,470	14,441	12,093	12,312	48,577	35,728
Prepayments & Accrued Income	12,092	8,594	10,862	17,172	12,616	16,655
Private Patients	3,535	3,360	3,428	3,131	2,854	3,105
Recoverables	1,278	874	749	1,561	736	702
Other (including VAT)	4,668	5,311	2,332	2,334	2,638	2,743
	42,044	32,581	29,464	36,510	67,421	58,934

Analysis of Accounts Payable (Creditors)



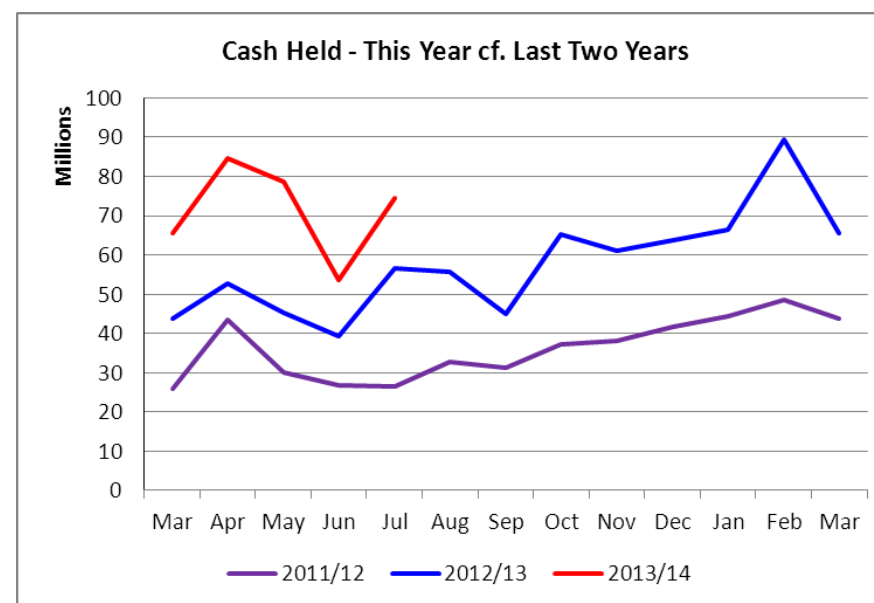
- The increase in current payables is the result of a higher level of accruals and deferred income being recognised in the accounts. Accruals & deferred income relating to research increased by £6.7m in July because research funding is received quarterly in advance and is then expensed over the following three months. Funding of £1.5m for the Academic Health Sciences Network (AHSN) was also deferred in the month.

	Mar-13	Apr-13	May-13	Jun-13	Jul-13
Accruals & Deferred Income	41,552	51,500	51,969	55,616	70,582
Purchase Ledger	30,583	36,327	35,702	34,566	30,162
Recoverables	15,437	15,929	17,269	16,020	16,178
Capital	5,199	2,386	1,633	1,532	1,489
Tax & Social Security	8,901	9,091	8,914	8,968	8,771
Other (including VAT)	7,532	9,776	8,872	9,750	9,374
	109,204	125,008	124,359	126,452	136,556

Statement of Cashflows

	April 2013	May 2013	June 2013	July 2013	Year-to- Date
	£000	£000	£000	£000	£000
Cash Flows from Operating Activities					
Operating Surplus/(Deficit)	1,830	2,548	2,863	4,749	11,990
Depreciation & Amortisation	3,063	3,095	2,973	2,927	12,058
Interest Paid	(1,660)	(1,660)	(1,660)	(1,660)	(6,641)
(Increase) in Inventories	(514)	235	(110)	(177)	(566)
(Increase) in Trade & Other Receivables	2,150	(7,160)	(30,877)	8,269	(27,619)
Increase in Trade & Other Payables	18,493	(3,046)	3,909	8,376	27,732
Increase in Provisions	(105)		(41)	(35)	(181)
Cash Flow from Operating Activities	23,257	(5,989)	(22,944)	22,449	16,772
Cash Flows from Investing Activities					
Interest Received	21	17	20	16	74
(Payments) for Fixed Assets	(3,460)	926	(4,031)	(538)	(7,103)
Receipts from Disposal of Fixed Assets			2,487		2,487
Cash Flow from Investing Activities	(3,439)	943	(1,524)	(522)	(4,542)
Cash Flows from Financing Activities					
Capital Element of Finance Leases & PFI	(803)	(874)	(811)	(798)	(3,286)
Cash Flow from Financing Activities	(803)	(874)	(811)	(798)	(3,286)
Net Increase/(Decrease) in Cash	19,015	(5,920)	(25,280)	21,129	8,945
Cash - Beginning of the Period	65,657	84,672	78,752	53,473	65,657
Cash - End of the Period	84,672	78,752	53,473	74,602	74,602

- Cash increased by £21.1m in July. This was largely because the monthly payment from Oxfordshire CCG of £21.9m for June was not received until 1 July. (See pages 14 and 15.)
- The Trust held enough cash to cover 37 working days of planned operating expenditure at 31 July, and £18.1m more than at the end of July 2012.



Cashflow Forecast

2012/13		2013/14	2013/14	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	M4 YTD	M05	M06	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	Forecast	Forecast	
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Cash Flows from Operating Activities																
27,491	Operating Surplus/(Deficit)	11,990	1,438	3,518	5,596	3,968	883	4,677	1,667	3,494	37,231	7,322	10,152	9,426	9,491	36,391	
36,758	Depreciation & Amortisation	12,058	3,043	3,043	3,043	3,043	3,043	3,043	3,043	3,043	36,402	9,222	9,222	9,222	9,222	36,888	
4,568	Impairments & Reversals																
(20,697)	Interest Paid	(6,640)	(1,748)	(1,905)	(1,739)	(1,737)	(1,735)	(1,732)	(1,730)	(1,907)	(20,873)	(5,069)	(5,331)	(5,062)	(5,311)	(20,773)	
(9,374)	Dividend Paid			(3,445)						(4,092)	(7,537)		(3,741)		(3,741)	(7,482)	
(923)	Receipt of Donated Assets		(22)	(22)	(22)	(22)	(22)	(22)	(22)	(22)	(176)	(68)	(68)	(68)	(68)	(272)	
1,408	(Increase) in Inventories	(566)	107	107	107	107	107	107	107	108	291						
10,331	(Increase) in Trade & Other Receivables	(27,618)	3,532	2,502	8,616	1,011	5,441	1,680	4,471	5,426	5,061	(7,095)	887	4,223	4,533	2,548	
18,858	Increase in Trade & Other Payables	27,730	(4,570)	(7,046)	10,266	(4,673)	(2,504)	2,392	10,752	(35,800)	(3,453)	4,098	3,589	5,071	(14,380)	(1,622)	
(5,336)	Increase in Provisions	(181)	(34)	478	(484)	660	(426)	424	(926)	39	(450)	160	(260)	(421)	(862)	(1,383)	
63,084	Cash Flow from Operating Activities	16,773	1,746	(2,770)	25,383	2,357	4,787	10,569	17,362	(29,711)	46,496	8,570	14,450	22,391	(1,116)	44,295	
	Cash Flows from Investing Activities																
179	Interest Received	74	25	23	25	27	27	27	29	27	284	74	81	86	88	329	
(26,239)	(Payments) for Fixed Assets	(7,103)	(696)	(1,112)	(1,054)	(1,054)	(1,072)	(3,063)	(4,059)	(4,021)	(23,234)	(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	(4,542)	(671)	(1,089)	(1,029)	(1,027)	(1,045)	(3,036)	(4,030)	(3,994)	(20,463)	(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									20,000	20,000						
(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	(3,286)	(1,085)	(1,085)	(1,085)	(1,085)	(1,085)	(1,085)	(1,085)	(1,085)	(11,966)	(3,236)	(4,938)	(3,236)	(4,939)	(16,349)	
(15,251)	Cash Flow from Financing Activities	(3,286)	(1,085)	(3,587)	(1,085)	(1,085)	(1,085)	(1,085)	(1,085)	18,213	4,830	(3,236)	(4,938)	(3,236)	(4,939)	(16,349)	
21,773	Net Increase/(Decrease) in Cash	8,945	(10)	(7,446)	23,269	245	2,657	6,448	12,247	(15,492)	30,863	523	4,758	13,051	(16,154)	2,178	
43,884	Cash - Beginning of the Period	65,657	74,602	74,592	67,146	90,415	90,660	93,317	99,765	112,012	65,657	96,520	97,043	101,801	114,852	96,520	
65,657	Cash - End of the Period	74,602	74,592	67,146	90,415	90,660	93,317	99,765	112,012	96,520	96,520	97,043	101,801	114,852	98,698	98,698	

- It is forecast that the Trust's cash holdings will increase by £21.9m in the remainder of the year, partly because it is assumed that the Trust will need to draw down a loan of £20m in order to underpin its liquidity position when it becomes a Foundation Trust. This is in line with the Long Term Financial Model. It is also assumed that movement to the Trust's net current assets will create an improvement of £1.9m.
- It is forecast that the Trust's cash balance will be £96.5m at 31 March 2014. This minimum represents operating expenditure for 46 days.

Cashflow Forecast – Assumptions

The main assumptions that lie behind the cashflow forecast are:

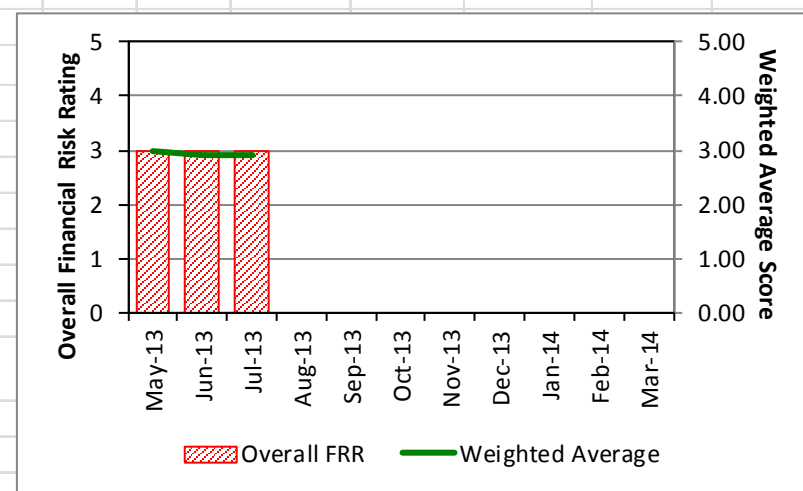
1. Operating activities
 - (i) The operating surplus will be achieved according to forecast;
 - (ii) Depreciation, impairments, donated assets have been forecast from year-to-date and expected capital changes such as the completion of agreed capital projects;
 - (iii) Inventories – it is expected that 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, private patient debts will fall when improved debt collection processes are introduced;
 - (v) It is assumed there will be some acceleration of trade payables to mirror increased debt recovery and improve 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					July 2013		June 2013	
			5	4	3	2	1	Metric	Score	Metric	Score
Achievement of Plan	EBITDA % achieved	10%	100%	85%	70%	50%	<50%	97.7%	4	97.3%	4
Underlying Performance	EBITDA margin	25%	11%	9%	5%	1%	<1%	8.3%	3	7.7%	3
Financial Efficiency	Net return after Financing	20%	3%	2%	(0.5%)	(5%)	<(5%)	1.1%	3	0.1%	3
	I & E Surplus Margin	20%	3%	2%	1%	(2%)	<(2%)	0.9%	2	0.1%	2
Liquidity	Liquid ratio (days)	25%	60	25	15	10	<10	19	3	17	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 July – the same score as in June. 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	Annual			Mth 4	Mth 4	Mth 4
	Plan	Forecast	Variance	YTD Plan	YTD Spend	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Maintenance - medical and surgical equipment 13/14	2,600	2,000	(600)	312	68	(244)
Maintenance - IT/EPR 13/14-15/16	1,560	2,000	440	187	539	352
Maintenance - general estates 13/14 and 14/15	1,040	1,000	(40)	125		(125)
Maintenance - ward relocations	1,040	2,900	1,860	125		(125)
Maintenance - laboratories block 4	1,865	2,143	278	225		(225)
Maintenance - laboratory IT system replacement	1,040		(1,040)	125		(125)
Maintenance - other schemes below £1m	1,976	3,435	1,459	237	789	552
Radiotherapy	4,240	1,000	(3,240)			
IMRT - rapid arc installation and upgrade	2,585	2,129	(456)	310	1,120	810
Other schemes below £1m	4,346	3,684	(662)	2,748	726	(2,022)
PFI lifecycle and Managed Equipment Service (IFRS - IFRIC12)	1,197	1,197		398		(398)
Equipment leasing (IFRS non-IFRIC12)	500	500				
Donations	260	260		32		(32)
Clinical Genetics Mayfair ward		950	950		28	28
Cardiac Eco		600	600		107	107
Endoscopy 6 day working (scopes)		500	500			
Conversion of MHA		300	300			
Pre operative assessment		300	300			
Daycase Unit Churchill remodel or 23 hour unit		1,000	1,000			
Home Dialysis modification		15	15			
Renal Inpatient CH		20	20			
Anaesthetic room link to vascular IR room		500	500			
Total Capital Programme Spend	24,249	26,433	2,184	4,824	3,377	(1,447)

Capital Resource Limit 2012/13	Forecast	Forecast	Mth	Mth 4	Mth 4	Mth 4
	Outturn	Outturn	Variance	YTD Plan	YTD Spend	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Total Capital Programme Spend	24,249	26,433	(2,184)	4,824	3,377	1,447
Asset Disposals	(200)	(2,300)	2,100	(66)	(2,094)	2,028
Donations	(260)	(344)	84	(88)		(88)
Capital Resource Limit 2013/14	23,789	23,789		4,670	1,283	3,387

- The Trust has charged £3.4m against its capital programme in the four months of the year.
- The largest area of spend has been the IMRT rapid arc installation.
- The Trust plans to spend the programme in full.

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

August 2013