

Trust Board Meeting: Wednesday 14 May 2014
TB2014.55

Title	Financial Performance for 2013/14
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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 draft financial position for the financial year 2013/14. The financial position is subject to audit and therefore the final published figures for the year may differ from those presented in this report.

The key points to note are:

1. The Trust achieved its target surplus for the year and thereby met its formal financial duty to break even. (Page 3)
2. The Trust met its financial duty not to exceed its external financing limit for the year. (Page 17)
3. The Trust met its duty not to exceed its capital resource limit for the year. (Page 19)
4. The Trust therefore met its key financial duties for the year.

Contents

The report contains information on the following:

- The Trust’s Statement of Comprehensive Income [income & expenditure (I&E)] position for the financial year 2013/14 (Pages 4 to 13), including:
 - Statements on the Trust’s overall I&E position Pages 4 to 6
 - Details about its income and expenditure position Pages 7 to 12
 - Details about non-operational income & expenditure Page 13
- The Statement of Financial Position at 31 March 2014 Pages 14 to 16
- The Statement of Cashflow Page 17
- The Trust performance against Monitor’s former financial risk ratings Page 18
- The position of the capital programme Page 19

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	690,507	690,507	720,136	29,629
PP, Overseas & RTA Income	13,578	13,578	10,270	(3,308)
Other Income	131,947	131,947	137,940	5,993
Total Income	836,032	836,032	868,346	32,314
Operating Expenditure				
Pay	(465,196)	(465,196)	(481,380)	(16,184)
Non-Pay	(296,974)	(296,974)	(313,699)	(16,725)
Total Expenditure	(762,170)	(762,170)	(795,079)	(32,909)
EBITDA	73,862	73,862	73,267	(595)
Non-Operating Expenditure	(65,492)	(65,492)	(55,835)	9,657
Retained Surplus/(Deficit)	8,370	8,370	17,432	9,062
Technical Adjustments	2,501	2,501	(6,537)	(9,038)
Break Even Surplus	10,871	10,871	10,895	24

- The figures shown in the table on the left reflect the way in which financial performance is reported in the Trust's Statutory Statements.
- The Trust's financial position was £24,000 better than plan against its break even duty for the end of the year.
- Commissioning income was £29.6m, or 4.3%, above plan. Details of performance by type of activity are shown on Pages 7 & 8 of this report.
- Private patient, overseas & RTA income was £3.3m below plan – see Page 9.
- "Other" income was £6.0m better than plan. This includes research & development (R&D) income where funds that had previously been deferred were released because expenditure was ahead of plan at the end of the year – see Page 5 for further details.
- Pay costs were £16.2m, or 3.5%, overspent at the end of the year. This was driven by the continuing high use of bank & agency staff, and additional payments made to staff to work weekend sessions as required to meet waiting list and activity imperatives. Further information can be found on Pages 10 and 11.
- Non-pay expenditure was £16.7m, or 5.6%, above plan. The amount by which the cost of "pass through" drugs and devices exceeded plan was £6.4m. (These costs were directly reimbursed and were covered by an equivalent increase in commissioning income. See page 6 below.) Expenditure on drugs and clinical supplies, excluding "pass through" items, was overspent by £8.2m; this overspend may be linked to the Trust's activity over-performance. Further details can be found on Page 12.
- The Trust's overall EBITDA (earnings before interest, tax, dividend and amortisation) was 8.4% of Trust turnover.
- Non-operating expenditure was £9.66m better than plan, largely due to the reversal of impairments previously charged to the I&E account. This accounting entry is removed as a "technical adjustment" when measuring the Trust's break even duty. Further information about non-operating items and technical adjustments can be found on Page 13.
- The Trust's underlying financial performance on its operations, excluding R&D and "pass through" drugs and devices, is set out on Pages 5 and 6.

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

Research & Development	Annual	Year to Date		
	Plan	Plan	Actual	Variance
	£000	£000	£000	£000
Income				
Commissioning Income				
PP & Overseas Income				
Other Income	44,649	44,649	45,822	1,173
Total Income	44,649	44,649	45,822	1,173
Expenditure				
Pay	(34,688)	(34,688)	(34,348)	340
Non-Pay	(9,961)	(9,961)	(11,474)	(1,513)
Total Expenditure	(44,649)	(44,649)	(45,822)	(1,173)
EBITDA	0	0	0	0

- Expenditure on R&D was £1.2m more than plan at 31 March 2014 with pay being £0.3m below plan and non-pay £1.5m more than plan. R&D income which had been deferred in earlier accounting periods was therefore released at year-end to take this into account, resulting in a favourable variance of £1.2m against plan on “other” income.

I&E (excluding R&D)	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
Operating Income				
Commissioning Income	690,507	690,507	720,136	29,629
PP, Overseas & RTA Income	13,578	13,578	10,270	(3,308)
Other Income	87,298	87,298	92,118	4,820
Total Income	791,383	791,383	822,524	31,141
Operating Expenditure				
Pay	(430,508)	(430,508)	(447,032)	(16,524)
Non-Pay	(287,013)	(287,013)	(302,225)	(15,212)
Total Expenditure	(717,521)	(717,521)	(749,257)	(31,736)
EBITDA	73,862	73,862	73,267	(595)
Non-Operating Expenditure	(65,492)	(65,492)	(55,835)	9,657
Retained Surplus/(Deficit)	8,370	8,370	17,432	9,062
Technical Adjustments	2,501	2,501	(6,537)	(9,038)
Break Even Surplus	10,871	10,871	10,895	24

- This table excludes the effect of research (R&D) activities on the Trust's financial position. It therefore sets out the underlying operational performance in healthcare activities for 2013/14.

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)	56,443	60,047	3,604	6.4%
Devices (Pass Through)	15,220	18,050	2,830	18.6%
"Pass Through" Totals	71,663	78,097	6,434	9.0%

- Income and expenditure on “pass through” drugs and devices was £6.4m or 9.0% higher than plan at the end of the year.

I&E (excl. "Pass Through")	Year to Date		
	Plan	Actual	Variance
	£000	£000	£000
Operating Income			
Commissioning Income	618,844	642,039	23,195
PP, Overseas & RTA Income	13,578	10,270	(3,308)
Other Income	87,298	92,118	4,820
Total Income	719,720	744,427	24,707
Operating Expenditure			
Pay	(430,508)	(447,032)	(16,524)
Non-Pay	(215,350)	(224,128)	(8,778)
Total Expenditure	(645,858)	(671,160)	(25,302)
EBITDA	73,862	73,267	(595)
Non-Operating Expenditure	(65,492)	(55,835)	9,657
Retained Surplus/(Deficit)	8,370	17,432	9,062
Technical Adjustments	2,501	(6,537)	(9,038)
Break Even Surplus	10,871	10,895	24

- If both R&D and the difference between plan and actual expenditure for "pass through" items are disregarded then:
 - Commissioning income for non-pass through activities was £23.2m above plan; and
 - Non-pay expenditure is £8.8m overspent against plan. A proportion of this was activity-driven – see Page 12.
- The Trust's EBITDA (earnings before interest, taxation, dividend and amortisation) remains £0.6m less than plan. This is offset by the £9.7m underspend against non-operating items, the largest of which was the reversal of impairments. This accounting adjustment is removed from measurement of the Trust's performance against its break even duty as a "technical adjustment" (see Page 13).

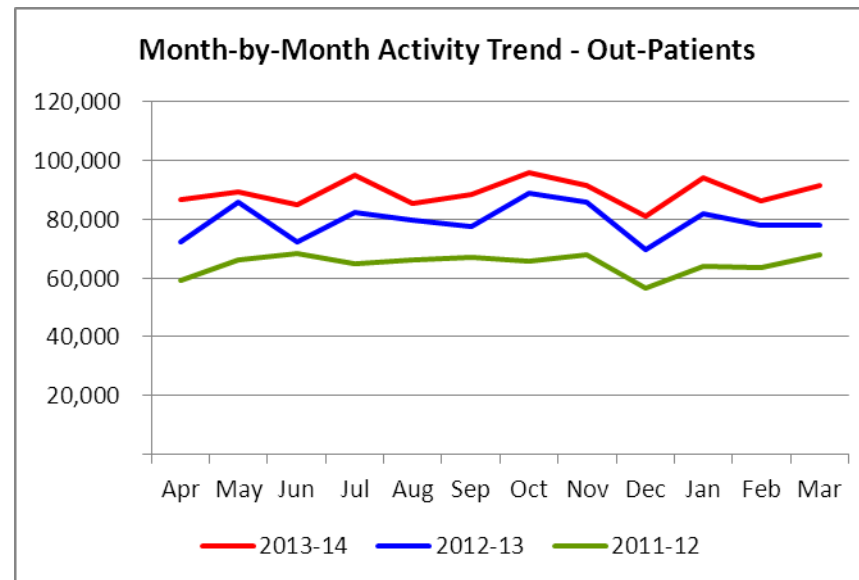
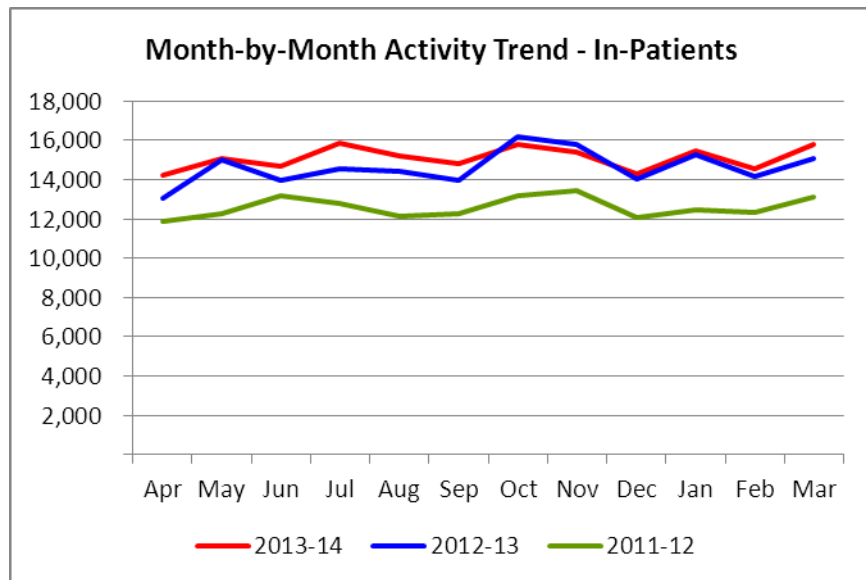
Analysis of Activity and Activity-Related Income

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)	95,332	102,602	7,270	7.6%	150,069	157,254	7,185	4.8%
Non-Elective	75,733	79,950	4,217	5.6%	163,489	167,641	4,152	2.5%
Out-Patients	875,109	945,709	70,600	8.1%	134,721	145,434	10,713	8.0%
Chemotherapy	26,078	29,766	3,688	14.1%	22,066	26,344	4,278	19.4%
Critical Care	48,150	49,290	1,140	2.4%	54,488	56,684	2,196	4.0%
Excess Beds	47,125	47,774	649	1.4%	12,017	12,372	355	3.0%
Drugs & Devices (Pass Through)					71,663	78,097	6,434	9.0%
Other Activity					93,681	88,813	(4,868)	(5.2%)
Total before Adjustments					702,194	732,639	30,445	4.3%
Adjustment for Thresholds					(11,687)	(12,503)	(816)	
Commissioning Income					690,507	720,136	29,629	4.3%

- The Trust ended the year ahead of forecast in most areas of activity.
- The cost of “pass through” drugs and devices was £6.4m, or 9.0%, higher than anticipated.
- The adjustment for thresholds figure reflects the 70% discount provided to commissioners in respect of non-elective activity above 2008/09 baseline levels and is in line with the national standard contract.
- The Trust’s activity position for the end of the year is calculated from eleven months of data. Any differences between the estimates used in the Month 12 figures, and the amounts due from commissioners to the Trust resulting from actual levels of activity carried out at the year-end will be calculated in April. If the differences are material, final figures will be agreed with commissioners before the Trust receives settlement.

Analysis of Activity Trends

The month-by-month pattern of clinical activity for in-patient and out-patient activity in the year is shown below and compared to the last two financial years:



Year	Q1	Q2	Q3	Q4	Full Year
2013-14	44,014	45,940	45,495	45,860	181,309
2012-13	42,064	43,024	46,040	44,513	175,641
2011-12	37,280	37,136	38,737	37,945	151,098

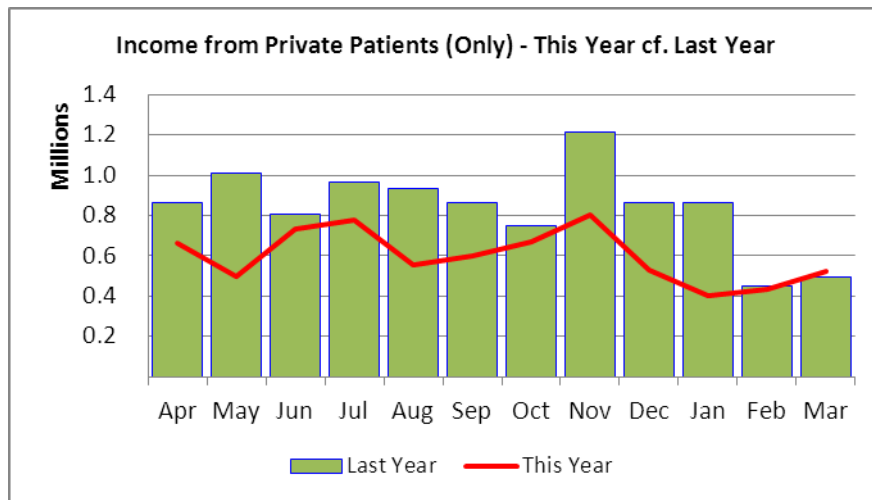
Year	Q1	Q2	Q3	Q4	Full Year
2013-14	260,634	268,434	268,033	271,660	1,068,761
2012-13	230,309	239,478	244,222	237,431	951,440
2011-12	193,565	197,771	189,762	195,139	776,237

- The number of in-patients is 3.2% above the figure for 2012/13.
- Out-patient activity was consistently higher throughout 2013/14 and ended the year 12.3% higher than in 2012/13.

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				
9,496	Private Patients	10,943	10,943	7,193	(3,750)
589	Overseas Patients	285	285	525	240
1,943	RTA Income	2,350	2,350	2,552	202
12,028	Total - PP, Overseas, RTA	13,578	13,578	10,270	(3,308)

- Income from private and overseas patients, and road traffic accidents (RTAs) ended the year £3.3m below plan. Private patient income was £2.3m lower than in 2012/13.



Pay Expenditure – Analysis by Staff Group

OUH (excluding R&D)	Staff Type	Year to Date		
		Plan £000	Actual £000	Variance £000
Consultants	Payroll	84,214	90,502	(6,288)
	Agency		1,047	(1,047)
Consultants	Total	84,214	91,549	(7,335)
Other Medical Staff	Payroll	63,623	62,646	977
	Agency		2,825	(2,825)
Other Medical Staff	Total	63,623	65,471	(1,848)
Nurses & Midwives	Payroll	127,150	117,181	9,969
	Bank	100	6,496	(6,396)
	Agency	(1,049)	10,525	(11,574)
Nurses & Midwives	Total	126,201	134,202	(8,001)
Scientific, Tech., Therapeutic	Payroll	55,745	55,062	683
	Bank		8	(8)
	Agency	25	4,286	(4,261)
Scientific, Tech., Therapeutic	Total	55,770	59,356	(3,586)
Other Staff	Payroll	100,690	89,832	10,858
	Bank		1,985	(1,985)
	Agency	10	4,637	(4,627)
Other Staff	Total	100,700	96,454	4,246
OUH (excluding R&D)	Payroll	431,422	415,223	16,199
	Bank	100	8,489	(8,389)
	Agency	(1,014)	23,320	(24,334)
OUH (excluding R&D)	Total	430,508	447,032	(16,524)

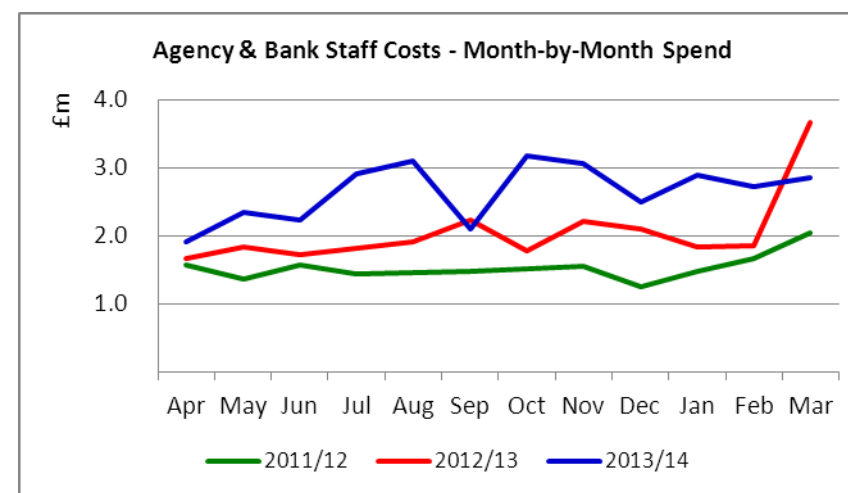
- The table on the left shows the 2013/14 spend on pay by staff group against plan (excluding R&D).
- The overspend on pay is occurred mainly against the budgets for consultant and other medical staff (£9.2m) and nurses & midwives (£8.0m) with the cost of bank & agency staff being more than any savings generated from vacancies within established posts.
- The Trust also spent £0.65m on enhanced overtime payments, and £6.74m on medical staff sessional payments in the year.
- Bank, agency, overtime and sessional payments were incurred both to allow the Trust to manage additional activity demands and to cover for staff absences that arise through maternity leave, sickness or turnover.
- In the year to 31 March 2014:
 - The Trust had paid £3.6m to staff on maternity leave and £2.55m to in-house bank and locum staff (in addition to payments to external agencies for bank and locum staff).
- At the end of March 2014:
 - The Trust's sickness absence rate (excluding R&D) was 3.3%;
 - Its vacancy rate was 3.8%; and
 - Its staff turnover rate was 11.3%.

Bank & Agency Spend

An analysis of bank and agency staff costs by staff group for the last six months, and a chart comparing month-by-month spend with the past two years, are shown below:

	Oct	Nov	Dec	Jan	Feb	Mar	YTD
Analysis of Bank Spend	£000	£000	£000	£000	£000	£000	£000
Nurses & Midwives	565	588	509	622	585	655	6,496
Scientific, Tech., Therapeutic	2	1	1	1			8
Other Staff	134	149	162	184	152	173	1,985
OUH (excluding R&D)	701	738	672	807	737	828	8,489

	Oct	Nov	Dec	Jan	Feb	Mar	YTD
Analysis of Agency Spend	£000	£000	£000	£000	£000	£000	£000
Consultants	147	219	85	28	8	42	1,047
Other Medical Staff	331	352	288	177	184	224	2,825
Nurses & Midwives	1,147	932	829	866	888	756	10,525
Scientific, Tech., Therapeutic	404	396	311	441	303	394	4,286
Other Staff	440	421	309	579	609	612	4,637
OUH (excluding R&D)	2,469	2,320	1,822	2,091	1,992	2,028	23,320



- The Trust spent £31.8m on pay bank and agency staff costs in 2013/14.
- The overhead paid on bank staff is on average 7%, and for agency staff is 40%. The premium paid by the Trust for these staff was therefore around £7.2m in the year.

Non-Pay Expenditure

OUH (excluding R&D)	Year to Date		
	Plan	Actual	Variance
	£000	£000	£000
Non-Pay			
Drugs & Blood Products	22,740	25,072	(2,332)
Drugs - Pass Through	56,443	60,047	(3,604)
Clinical Supplies & Services	72,191	78,068	(5,877)
Devices - Pass Through	15,220	18,050	(2,830)
General Supplies	5,434	5,606	(172)
Office Expenses	11,041	11,409	(368)
Staff Related Expenditure	3,658	3,787	(129)
Training, Education & Research	2,679	2,430	249
PFI Expenditure	61,528	62,153	(625)
PFI Interest & Creditor Adjustments	(30,532)	(30,546)	14
Premises & Transport	26,720	26,995	(275)
Insurance	17,836	16,766	1,070
Services Received (NHS)	3,954	4,652	(698)
Services Received (non-NHS)	4,646	5,635	(989)
Internal Recharges	(2,978)	(3,944)	966
Other Non-Pay Expenditure	16,433	16,045	388
Total Non-Pay	287,013	302,225	(15,212)

- Non-pay expenditure ended the year £15.2m overspent (when R&D activity is excluded). Of this, £6.4m is due to the overspend on “pass through” drugs and devices and is matched by income.
- £8.2m of the remainder of the non-pay overspend is on drugs and clinical supplies, and could therefore be regarded as activity-related.
- Services received from non-NHS organisations comprise primarily of work outsourced to third parties and formed part of the Trust’s plans to manage its waiting list performance targets.

Non-EBITDA Income & Expenditure

The final position 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 Income	260	260	954	694
Impact on EBITDA	260	260	954	694
Non-Operating Items				
Depreciation	(36,171)	(36,171)	(36,706)	(535)
Impairments/Reversal of Imp.			8,426	8,426
Investment Revenue	298	298	243	(55)
Other Gains & Losses	(200)	(200)	394	594
Finance Costs	(21,235)	(21,235)	(20,633)	602
PDC Dividend Payable	(8,184)	(8,184)	(7,559)	625
Sub-Total: Non-Op. Exps.	(65,492)	(65,492)	(55,835)	9,657
Impact on Retained Surplus	(65,232)	(65,232)	(54,881)	10,351
<i>Technical Adjustments</i>				
Impairments			(8,426)	(8,426)
Donated Asset Income	(260)	(260)	(954)	(694)
Donated Asset Depreciation	2,761	2,761	2,843	82
Sub-Total: Technical	2,501	2,501	(6,537)	(9,038)
Impact on Break Even Duty	(62,731)	(62,731)	(61,418)	1,313

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 4 to 6 of this report.

- The £8.4m is a reversal of impairments that were charged to the Trust's I&E position in previous years. This adjustment was made following the District Valuer's April 2014 assessment of the value of the Trust's buildings at 31 March 2014. This assessment increased the value of buildings that previously had had part of their cost reduced as an impairment in earlier financial years. Therefore these earlier impairments were reversed.
- "Other Gains & Losses" is a technical accounting adjustment that is made following the disposal of assets.
- The PDC dividend was below plan due to a national change made to the methodology used to calculate the amount of dividend to be paid in a year.

Technical Adjustments – refers to items of income or expenditure that are included within the Trust's income & expenditure position on Pages 4 to 6 of this report but are disregarded under NHS accounting rules when the Trust's financial duty to break even is measured.

- Donated asset accounting adjustments for additions (or income) and depreciation are not included in the Trust's performance against its break even duty and hence are removed as "technical adjustments".
- The accounting adjustment for the reversal of impairments is removed as a technical adjustment when measuring the Trust's break even performance.
- 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. The financial impact of the change had a positive

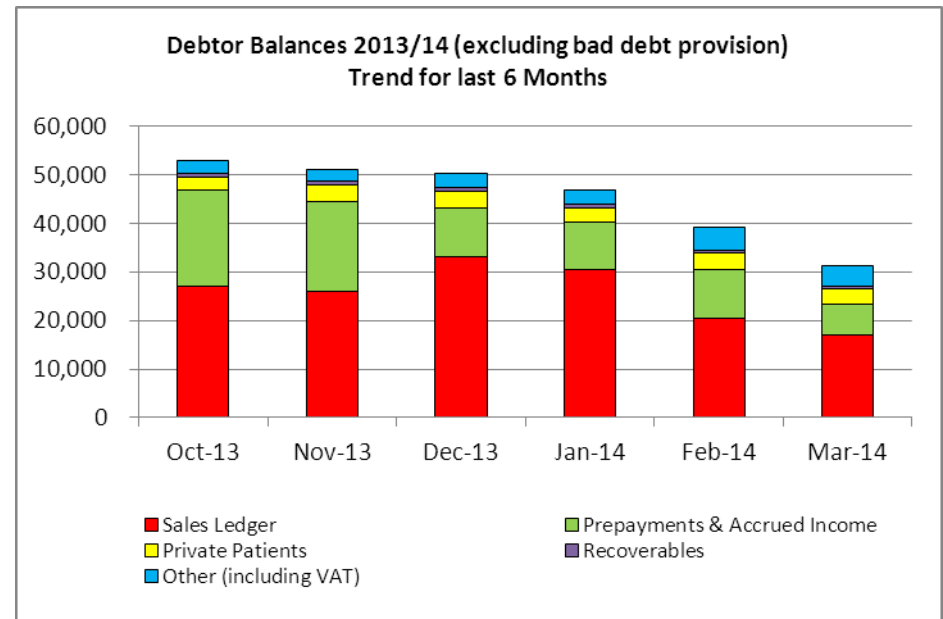
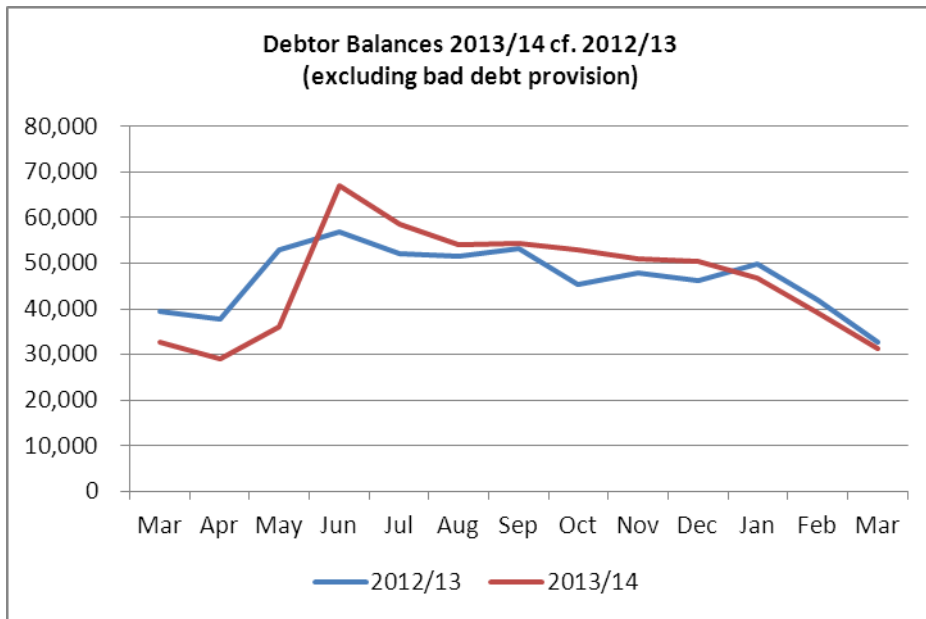
effect on the Trust's retained surplus in 2013/14, and therefore no technical adjustment for this was required under NHS accounting rules.

Statement of Financial Position (Balance Sheet)

	Opening Balance 01-Apr-13	Closing Balance 31-Mar-14	Movement	Mvmt. in Month
NON-CURRENT ASSETS				
Property, Plant & Equipment	681,746	696,042	14,296	36,846
Intangible Assets	7,745	9,215	1,470	1,641
Trade & Other Receivables	3,774	4,945	1,171	(1,253)
NON-CURRENT ASSETS	693,265	710,202	16,937	37,234
CURRENT ASSETS				
Inventories	11,353	11,807	454	(980)
Trade & Other Receivables	27,054	24,361	(2,693)	(9,209)
Cash & Cash Equivalents	65,657	86,448	20,791	(16,869)
CURRENT ASSETS	104,064	122,616	18,552	(27,058)
CURRENT LIABILITIES				
Trade & Other Payables	(109,203)	(115,675)	(6,472)	24,876
Borrowings	(11,458)	(11,261)	197	(609)
Current Provisions	(2,902)	(4,251)	(1,349)	(2,736)
CURRENT LIABILITIES	(123,563)	(131,187)	(7,624)	21,531
NET CURRENT ASSETS/(LIABILITIES)	(19,499)	(8,571)	10,928	(5,527)
NON-CURRENT LIABILITIES				
Borrowings	(289,162)	(275,107)	14,055	2,171
Trade & Other Payables	(11,616)	(14,251)	(2,635)	(3,142)
Non-Current Provisions	(1,602)	(2,447)	(845)	(65)
NON-CURRENT LIABILITIES	(302,380)	(291,805)	10,575	(1,036)
TOTAL ASSETS EMPLOYED	371,386	409,826	38,440	30,671
FINANCED BY TAXPAYERS EQUITY				
Public Dividend Capital	207,673	208,935	1,262	1,262
Retained Earnings	14,608	34,413	19,805	10,056
Revaluation Reserve	147,362	164,735	17,373	19,353
Other Reserve	1,743	1,743		
TOTAL TAXPAYERS EQUITY	371,386	409,826	38,440	30,671

- The value for Non-Current Assets increased in 2013/14 as a result of the District Valuer's (DV) assessment that the value of the Trust's land and buildings had risen during the financial year.
- 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.
- A technical adjustment of £2.0m has been made between the Revaluation Reserve and retained earnings for an amount previously included within the Revaluation Reserve and relating to assets that have now been disposed.
- Retained earnings have also been increased by £0.394m under modified absorption accounting rules as the result of assets being transferred to the Trust during 2013/14 following the closure of Oxfordshire PCT.
- Further information about Trade & Other Receivables can be found on Page 15, about Trade & Other Payables on Page 16, and about the movement in cash balances on Page 17.

Analysis of Accounts Receivable (Debtors)

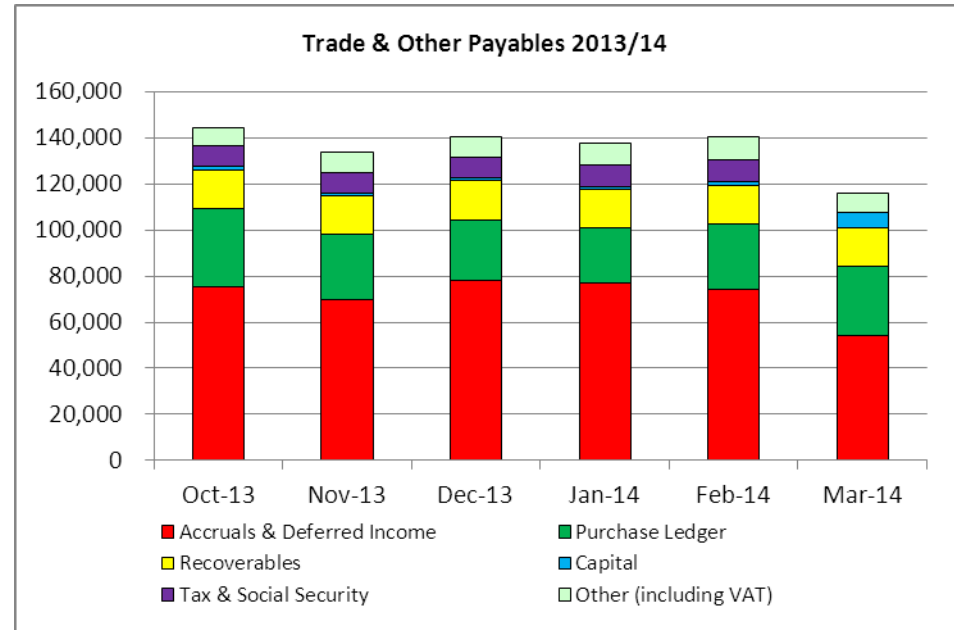
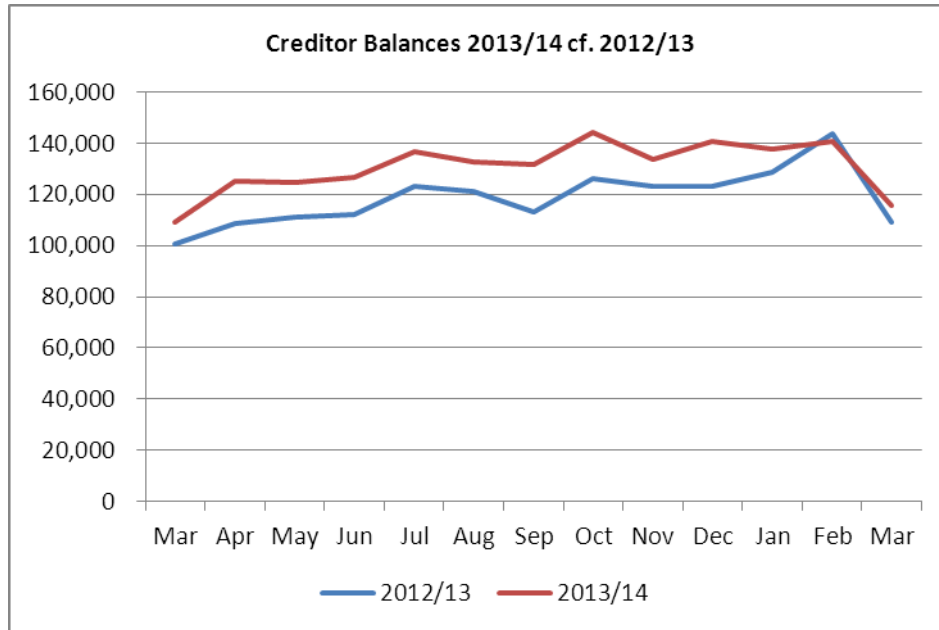


- Details of the total position of the Trust’s debts, and excluding its provision for bad or doubtful debts, are reflected in the charts above and in the table to the right.
- Debt owed for more than 90 days by non-NHS customers and private patients was £3.16m at 31 March 2014 (February = £3.6m).

This Month	NHS	Non-NHS	Private Patients	TOTAL
	£000s	£000s	£000s	£000s
In terms	10,784	4,146	547	15,477
1-30 days overdue	(4,852)	612	394	(3,846)
31-60 days	955	142	99	1,196
61-90 days	736	335	56	1,127
In excess of 90 days	1,458	1,239	1,919	4,616
A/R Debtors	9,081	6,474	3,015	18,570

Last Month	NHS	Non-NHS	Private Patients	TOTAL
	£000s	£000s	£000s	£000s
In terms	12,683	1,783	731	15,197
1-30 days overdue	(42)	461	163	582
31-60 days	1,050	1,174	97	2,321
61-90 days	937	282	178	1,397
In excess of 90 days	2,147	1,481	2,115	5,743
A/R Debtors	16,775	5,181	3,284	25,240

Analysis of Accounts Payable (Creditors)



Better Payment Practice Performance	2013-14		2012-13	
	No.	£000	No.	£000
Non-NHS Payables				
Invoices Paid in the Year	141,666	321,593	112,981	277,612
Invoices Paid Within Target	128,729	291,057	97,445	235,241
% Invoices Paid Within Target	90.9%	90.5%	86.2%	84.7%
NHS Payables				
Invoices Paid in the Year	5,828	88,626	4,923	74,063
Invoices Paid Within Target	5,341	84,899	3,636	62,565
% Invoices Paid Within Target	91.6%	95.8%	73.9%	84.5%

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Accruals & Deferred Income	75,540	69,775	78,108	77,193	74,175	54,274
Purchase Ledger	33,463	28,264	26,411	23,801	28,234	29,892
Recoverables	16,724	16,549	16,739	16,768	16,624	16,895
Capital	1,924	1,290	1,212	1,169	2,176	6,337
Tax & Social Security	8,947	8,837	9,055	9,131	9,098	59
Other (including VAT)	7,677	8,761	8,894	9,621	10,246	8,220
	144,275	133,477	140,419	137,683	140,553	115,677

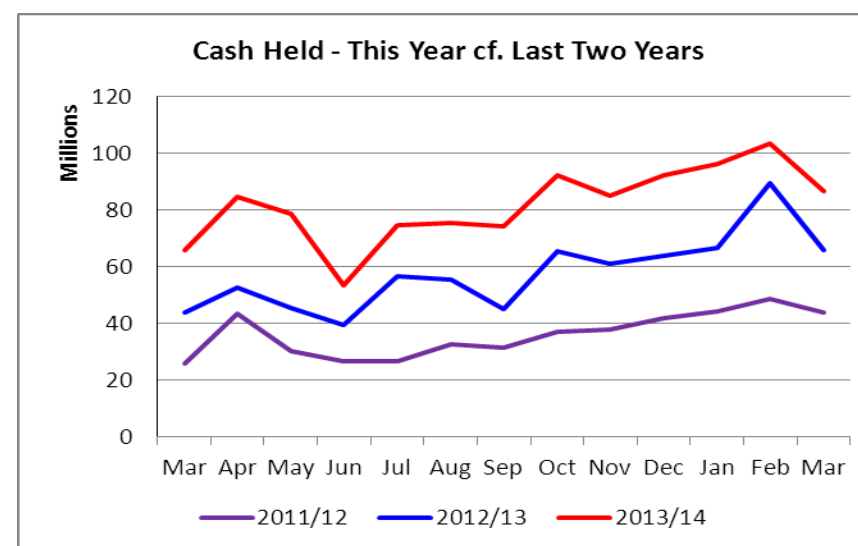
- The Trust paid more than 90% of its non-NHS creditor invoices within 30 days or within the terms of supplier contracts.

Statement of Cashflows

	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	2013/14
	£000	£000	£000	£000	£000
Cash Flows from Operating Activities					
Operating Surplus/(Deficit)	7,241	8,982	9,775	18,989	44,987
Depreciation & Amortisation	9,131	8,919	9,216	9,440	36,706
Impairments & Reversals				(8,426)	(8,426)
Interest Paid	(4,980)	(5,108)	(5,039)	(5,372)	(20,499)
Dividend Paid		(3,095)		(3,287)	(6,382)
Receipt of Donated Assets				(869)	(869)
(Increase) in Inventories	(389)	(789)	(608)	1,332	(454)
(Increase) in Trade & Other Receivables	(35,887)	11,539	3,888	21,132	672
Increase in Trade & Other Payables	19,354	6,316	7,460	(25,576)	7,554
Increase in Provisions	(146)	(90)	(501)	2,891	2,154
Cash Flow from Operating Activities	(5,676)	26,674	24,191	10,254	55,443
Cash Flows from Investing Activities					
Interest Received	58	55	60	70	243
(Payments) for Fixed Assets	(6,565)	(2,638)	(3,348)	(11,840)	(24,391)
Receipts from Disposal of Fixed Assets	2,487				2,487
Cash Flow from Investing Activities	(4,020)	(2,583)	(3,288)	(11,770)	(21,661)
Cash Flows from Financing Activities					
Public Dividend Capital Received				1,262	1,262
Capital Loans - Repayment of Principal		(702)		(702)	(1,404)
Capital Element of Finance Leases & PFI	(2,488)	(2,857)	(2,815)	(4,689)	(12,849)
Cash Flow from Financing Activities	(2,488)	(3,559)	(2,815)	(4,129)	(12,991)
Net Increase/(Decrease) in Cash	(12,184)	20,532	18,088	(5,645)	20,791
Cash - Beginning of the Period	65,657	53,473	74,005	92,093	65,657
Cash - End of the Period	53,473	74,005	92,093	86,448	86,448

- The Trust held enough cash to cover 39 days of planned operating expenditure at 31 March 2014.
- The Trust is set an external finance limit within which it must maintain its resources. **The Trust met its financial duty not to exceed its external financing limit.**

Performance against EFL	2013/14 £000
External Finance Limit (EFL)	(20,003)
Cashflow Financing	(33,782)
Unwinding of Discount Adjustment	40
External financing requirement	(33,742)
Under/(Over) Spend against EFL	13,739

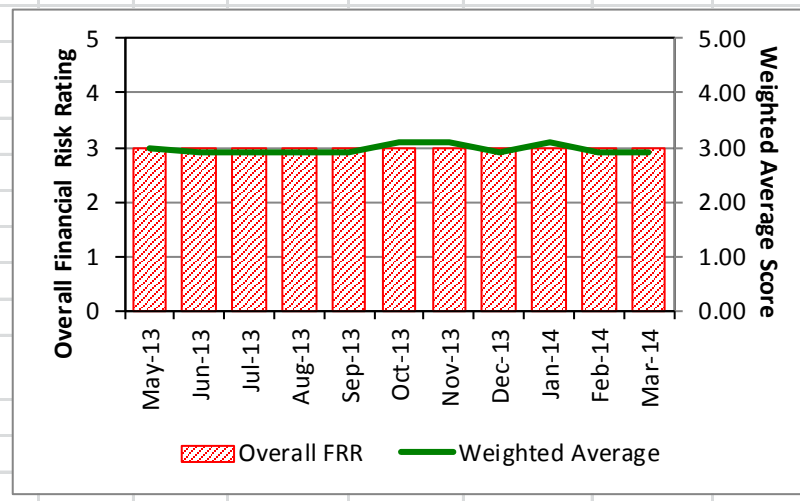


Financial Risk Rating (Old Criteria)

Financial Criteria	Risk Rating	Weight	Scores					March 2014		February 2014	
			5	4	3	2	1	Metric	Score	Metric	Score
Achievement of Plan	EBITDA % achieved	10%	100%	85%	70%	50%	<50%	98.2%	4	97.9%	4
Underlying Performance	EBITDA margin	25%	11%	9%	5%	1%	<1%	8.3%	3	8.3%	3
Financial Efficiency	Net return after Financing	20%	3%	2%	(0.5%)	(5%)	< (5%)	1.3%	3	1.2%	3
	I & E Surplus Margin	20%	3%	2%	1%	(2%)	< (2%)	1.0%	2	0.9%	2
Liquidity	Liquid ratio (days)	25%	60	25	15	10	<10	19	3	22	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 at the end of the year with marginal improvements in most underlying metric scores. The exception was the liquidity ratio which, as expected, worsened at year-end. This was because the Trust's cash balances fell as the result of making large capital payments in March.

Capital Programme

OUH Capital Programme 2013/14	Mth 12	Mth 12	Mth 12
	YTD Plan	YTD Spend	Variance
	£000s	£000s	£000s
Maintenance - medical and surgical equipment 13/14	2,600	2,121	(479)
Maintenance - IT/EPR 13/14-15/16	1,560	4,115	2,555
Maintenance - general estates 13/14 and 14/15	1,040	1,100	60
Maintenance - ward relocations	1,040	146	(894)
Maintenance - laboratories block 4	1,865		(1,865)
Maintenance - laboratory IT system replacement	1,040		(1,040)
Maintenance - other schemes below £1m	1,976	4,605	2,629
Maintenance - JR theatre 2 remodelling			
Radiotherapy	4,240	94	(4,146)
IMRT - rapid arc installation and upgrade	2,585	2,218	(367)
Other schemes below £1m	4,346	1,434	(2,912)
PFI lifecycle and Managed Equipment Service (IFRS - IFRIC12)	1,197	1,199	2
Equipment leasing (IFRS non-IFRIC12)	500		(500)
Donations	260	964	704
Corporate IT		587	587
Clinical Genetics Mayfair ward		24	24
Cardiac Eco		895	895
Conversion of MHA		384	384
Pre operative assessment		245	245
Daycase Unit Churchill remodel or 23 hour unit		14	14
Renal Inpatient CH		3	3
Anaesthetic room link to vascular IR room		107	107
PET/CT Scanner		2,660	2,660
Delivery Suite Theatre AHU		80	80
Major Radiological Equipment		6	6
Shower Legionella Works		115	115
Switchboard project		825	825
Divisional equipment		1,191	1,191
Safer Hospitals Technology		658	658
Nursing Technology Fund		604	604
Total Capital Programme Spend	24,249	26,394	2,145

- The Trust charged £26.4m against its capital programme in the year.
- The Trust is given a capital resource limit which it is not permitted to exceed. In 2013/14 the Trust undershot its limit of £23.354m by £18,000. **The Trust therefore met its financial duty not to exceed its capital resource limit.**

Performance against CRL	2013/14
	£000
Capital resource Limit (CRL)	23,354
Gross Capital Expenditure	26,394
Less:	
Book Value of Disposals	(2,094)
Donations towards Fixed Assets	(964)
External financing requirement	23,336
Under/(Over) Spend against CRL	18

Recommendation

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

Mr Mark Mansfield
Director of Finance and Procurement

May 2014

Report prepared by:
Mr Kevin Davis
Senior Business Partner