

Trust Board Meeting: Wednesday 12 November 2014

TB2014.119

Title	Financial Performance to 30 September 2014
--------------	---

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 first half of the financial year 2014/15.

Contents

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 13), including:
 - Statements on the Trust's overall I&E position Pages 3 & 4
 - Details about its income and expenditure position Pages 5 to 10
 - Details about its savings programme Pages 11 & 12
 - Details about non-operational income & expenditure Page 13
- The Statement of Financial Position at 30 September 2014 Pages 14 to 16
- The Statement of Cashflow and cashflow forecast Pages 17 to 19
- The Trust performance against Monitor's Continuity of Services rating Pages 20
- The position of the capital programme Page 21

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	736,400	366,752	368,604	1,852
PP, Overseas & RTA Income	13,823	6,906	6,744	(162)
Other Income	137,467	68,634	68,932	298
Total Income	887,690	442,292	444,280	1,988
Operating Expenditure				
Pay	(482,524)	(242,950)	(246,022)	(3,072)
Non-Pay	(330,003)	(162,296)	(161,675)	621
Total Expenditure	(812,527)	(405,246)	(407,697)	(2,451)
EBITDA	75,163	37,046	36,583	(463)
Non-Operating Expenditure	(66,193)	(33,188)	(33,195)	(7)
Retained Surplus/(Deficit)	8,970	3,858	3,388	(470)
Technical Adjustments	2,512	1,254	1,757	503
Break Even Surplus	11,482	5,112	5,145	33

- 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 £33,000 better than plan against its break even duty at the end of the first half of the year.
- Commissioning income was £1.85m above plan. If prior year income and performance for "pass through" drugs and devices are both excluded, then the position would be £3.9m below than plan. Further details are shown on Page 5 of this report.
- Private patient income remains a little below plan after the first six months of 2014/15 – see Page 6.
- The deferment of R&D income is causing an adverse variance on "other" income. Without this, other income is £3.3m better than plan, partly due to a change in the Trust's accounting treatment for partially completed spells and the maternity pathway – see Pages 4 and 7 for further details.
- The pay trends have continued with the premium costs of staff more than offsetting vacancies in establishment and running at higher rates than incurred in 2013/14 – Pages 8 & 9 provide further detail.
- Non-pay is affected by some one-off benefits relating to its PFI contracts. Further information is shown on Page 10.

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

Research & Development	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
Income				
Other Income	46,076	23,036	20,059	(2,977)
Total Income	46,076	23,036	20,059	(2,977)
Expenditure				
Pay	(36,115)	(18,056)	(15,462)	2,594
Non-Pay	(9,961)	(4,980)	(4,597)	383
Total Expenditure	(46,076)	(23,036)	(20,059)	2,977
EBITDA	0	0	0	0

- At the end of September expenditure on research & development (R&D) was £3.0m less than plan with pay being £2.6m below plan and non-pay £0.4m less than anticipated. R&D income for this amount should therefore be adjusted to take this into account, resulting in an adverse variance for R&D 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	736,400	366,752	368,604	1,852
PP, Overseas & RTA Income	13,823	6,906	6,744	(162)
Other Income	91,391	45,598	48,873	3,275
Total Income	841,614	419,256	424,221	4,965
Operating Expenditure				
Pay	(446,409)	(224,894)	(230,560)	(5,666)
Non-Pay	(320,042)	(157,316)	(157,078)	238
Total Expenditure	(766,451)	(382,210)	(387,638)	(5,428)
EBITDA	75,163	37,046	36,583	(463)
Non-Operating Expenditure	(66,193)	(33,188)	(33,195)	(7)
Retained Surplus/(Deficit)	8,970	3,858	3,388	(470)
Technical Adjustments	2,512	1,254	1,757	503
Break Even Surplus	11,482	5,112	5,145	33

- This table excludes the effect of R&D activities on the Trust’s financial position. It sets out the underlying operational performance in healthcare activities.
- The information about income and expenditure presented in the remainder of this report is based on this position – in other words, the Trust’s operational activities excluding R&D.

Commissioning Income – Analysis of Activity and Activity-Related Income

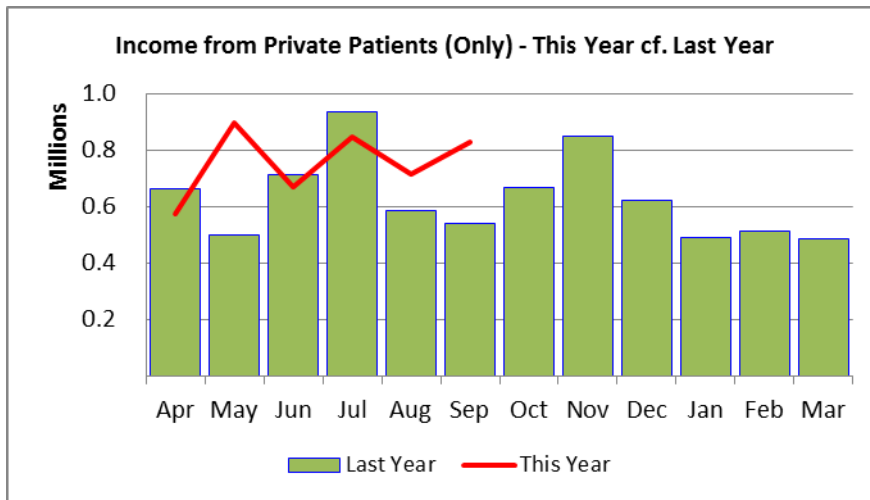
Activity	Activity - Year-to-Date				Income - Year-to-Date			
	YTD Plan	YTD Actual	YTD Diff.	YTD Diff. %	Plan £000	Actual £000	Diff. £000	Diff. %
Elective (incl. day cases)	52,985	54,186	1,201	2.3%	81,843	82,234	391	0.5%
Non-Elective	38,560	39,822	1,262	3.3%	82,892	81,491	(1,401)	(1.7%)
Out-Patients	506,171	510,005	3,834	0.8%	75,682	75,719	37	
Chemotherapy	16,106	16,277	171	1.1%	2,507	2,769	262	10.5%
Critical Care	23,803	24,072	269	1.1%	27,377	27,695	318	1.2%
Excess Beds	21,065	20,370	(695)	(3.3%)	5,374	5,126	(248)	(4.6%)
Drugs & Devices (Pass Through)					48,365	53,317	4,952	10.2%
Other Activity					44,065	42,981	(1,084)	(2.5%)
Total before Adjustments					368,105	371,332	3,227	0.9%
Adjustment for Thresholds					(250)	(2,412)	(2,162)	
Penalties & Denials					(1,913)	(1,913)		
Prior Year Income					810	1,597	787	
Commissioning Income					366,752	368,604	1,852	0.5%

- The Trust's commissioning income position for the first six months of the year was calculated from data for the first five months only. There therefore remains an element of estimation within the figures.
- Activity-related income is £3.2m better than plan but this is largely due to funding for "pass through" drugs and devices being £5.0m higher than expected. The income position has also benefitted from the inclusion of prior year income, which has exceeded expected levels by £0.787m.

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

Analysis - PP, Overseas, RTA	Annual	Year to Date		
	Plan	Plan	Actual	Variance
	£000	£000	£000	£000
PP, Overseas & RTA Income				
Private Patients	11,408	5,713	5,461	(252)
Overseas Patients	65	18	25	7
RTA Income	2,350	1,175	1,258	83
Other non-NHS Patient Activity				
Total - PP, Overseas, RTA	13,823	6,906	6,744	(162)

- Income from private and overseas patients, and road traffic accidents (RTAs), is marginally below plan in the first half of the year.
- Private patient income is below planned but is £0.6m, or 15%, higher than the income recognised in the first half of 2013/14.



Other Income

Other Income (excl. R&D)	Annual	Year to Date		
	Plan	Plan	Actual	Variance
	£000	£000	£000	£000
Other Income				
Training & Education	48,400	24,200	23,514	(686)
Research	7,240	3,620	3,273	(347)
Income Generation	3,667	1,757	1,915	158
Rental Revenues	1,921	961	1,092	131
Patient Transport	193	97	113	16
Donations	274	139	265	126
Other Income & Charges	26,477	13,214	17,126	3,912
Income Savings Targets	3,220	1,610	1,575	(35)
Total - Other Income	91,392	45,598	48,873	3,275

- “Other” income is £3.3m above plan if specific funding for R&D projects is excluded.
- “Other income and charges” exceeds plan by £3.9m. The main component of this additional income is a change to the treatment of accounting for partially completed spells and the maternity pathway. This was proposed by the Trust’s external auditors in their review of 2013/14 accounts and has been enacted in this year. The value of this adjustment is £2.9m.
- The balance of the favourable variance on “other income & charges” has arisen because income from charges to third parties is higher than planned in the Trust’s clinical support services (£0.48m), and because a non-recurrent charge to Oxford University for services provided was made (£0.41m).
- The Trust received £0.197m in donated assets in July. This is removed as a “technical adjustment” when overall performance against the break even target is assessed (see Page 13).

Pay Expenditure – Analysis by Staff Group

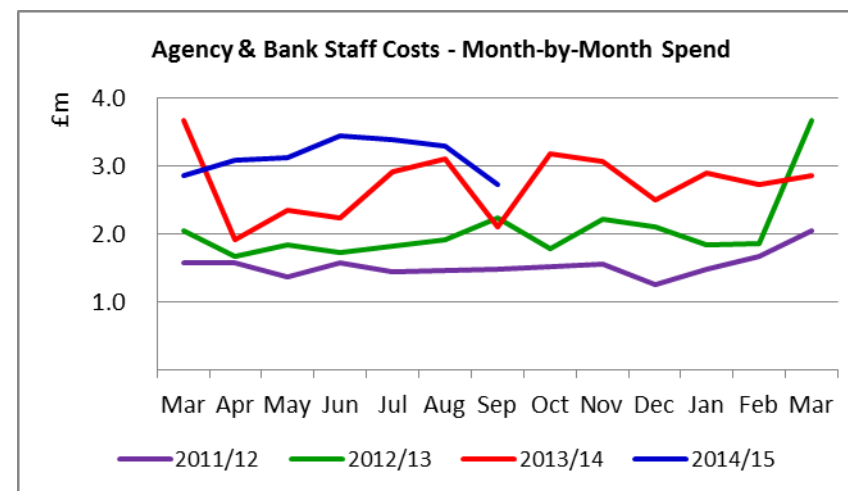
OUH (excluding R&D)		Year to Date		
Staff Group	Staff Type	Plan £000	Actual £000	Variance £000
Consultants	Payroll	47,116	46,238	878
	Agency	36	312	(276)
Consultants	Total	47,152	46,550	602
Other Medical Staff	Payroll	34,041	33,402	639
	Bank		805	(805)
	Agency	(21)	2,070	(2,091)
Other Medical Staff	Total	34,020	36,277	(2,257)
Nurses & Midwives	Payroll	69,122	60,227	8,895
	Bank	85	3,435	(3,350)
	Agency	(41)	6,426	(6,467)
Nurses & Midwives	Total	69,166	70,088	(922)
Scientific, Tech., Therapeutic	Payroll	29,964	28,479	1,485
	Bank		40	(40)
	Agency	(202)	2,050	(2,252)
Scientific, Tech., Therapeutic	Total	29,762	30,569	(807)
Other Staff	Payroll	44,721	43,177	1,544
	Bank		1,082	(1,082)
	Agency	73	2,817	(2,744)
Other Staff	Total	44,794	47,076	(2,282)
OUH (excluding R&D)	Payroll	224,964	211,523	13,441
	Bank	85	5,362	(5,277)
	Agency	(155)	13,675	(13,830)
OUH (excluding R&D)	Total	224,894	230,560	(5,666)

- The table on the left shows the year-to-date spend on pay by staff group against plan (excluding R&D).
- The overspend on pay is occurring mainly against the budgets for non-consultant medical staff and “other” staff. For all staff groups the cost of bank & agency staff is higher than any savings generated from vacancies within established posts.
- Further information about the spend on bank and agency staff can be found on Page 9.
- The Trust has spent £1.13m on overtime payments in the first six months of the year. This compares to £1.04m in 2013/14 over the same period.
- Furthermore £3.93m has been spent on medical staff sessional payments compared to £3.43m in the first half of 2013/14.

Bank & Agency Spend

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

OUH (excluding R&D)	Apr	May	Jun	Jul	Aug	Sep	YTD
Analysis of Bank Spend	£000	£000	£000	£000	£000	£000	£000
Consultants							
Other Medical Staff	159	162	111	56	128	189	805
Nurses & Midwives	531	712	612	535	532	514	3,436
Scientific, Tech., Therapeutic	1	2	4	7	7	20	41
Other Staff	127	216	160	195	199	183	1,080
OUH (excluding R&D)	818	1,092	887	793	866	906	5,362
OUH (excluding R&D)	Apr	May	Jun	Jul	Aug	Sep	YTD
Analysis of Agency Spend	£000	£000	£000	£000	£000	£000	£000
Consultants	39	47	56	54	83	34	313
Other Medical Staff	319	327	452	403	297	273	2,071
Nurses & Midwives	958	989	969	1,083	1,209	1,218	6,426
Scientific, Tech., Therapeutic	550	234	424	475	223	146	2,052
Other Staff	397	423	647	582	617	151	2,817
OUH (excluding R&D)	2,263	2,020	2,548	2,597	2,429	1,822	13,679



- The Trust spent £19.0m on pay bank and agency staff costs in the six months of the year. This compares to a figure of £14.6m for the first half of 2013/14 and is therefore 30% higher than a year ago.
- Average agency spend is £3.17m per month compared to £2.43m for the year-to-date position in 2013/14 and compared to £2.87m for the second half of 2013/14. Although there has been a slight downward trend over the past couple of months agency spend remains higher than it was last year.
- The year-to-date spend on agency staff is 5.9% of total pay costs compared to 4.7% for the first half of last year. Therefore agency costs have not only increased in volume but have also increased as a proportion of the Trust's total pay bill.

Non-Pay Expenditure

OUH (excluding R&D)	Year to Date		
	Plan	Actual	Variance
	£000	£000	£000
Drugs & Blood Products	3,329	3,032	297
Clinical Supplies & Services	38,645	38,354	291
General Supplies	2,683	3,012	(329)
Office Expenses	6,150	5,492	658
Staff Related Expenditure	1,737	1,769	(32)
Training, Education & Research	1,500	560	940
Consultancy & Professional Fees	4,051	4,002	49
PFI Expenditure	32,574	30,327	2,247
PFI Interest & Creditor Adjustments	(15,652)	(15,673)	21
Premises & Transport	14,578	14,675	(97)
Insurance	12,057	12,045	12
Services Received (NHS)	2,390	2,558	(168)
Services Received (non-NHS)	3,598	4,488	(890)
Internal Recharges	(2,035)	(1,866)	(169)
Other Non-Pay Expenditure	6,383	5,999	384
Non-Pay Savings & Reserves	(3,037)	(5,013)	1,976
Sub-Total - excl. Pass Through	108,951	103,761	5,190
Drugs - Pass Through	39,585	43,697	(4,112)
Devices - Pass Through	8,780	9,620	(840)
Total Non-Pay	157,316	157,078	238

- If the impact of “pass through” drugs and devices is not included non-pay expenditure is £5.2m below plan as shown in the table left.
- The overspend against services received from non-NHS organisations is the result of additional costs being incurred to achieve activity performance targets.
- “Pass through” drugs and devices are overspent by £4.95m. This is matched by income.

Analysis of the Savings Programme

Theme	Plan £000	YTD Plan £000	YTD Act. £000	Diff. £000
Divisional General Efficiency	25,304	11,928	11,500	(428)
Transformation	10,519	1,050	1,255	205
Workforce	3,366	1,270	875	(395)
Other	6,850	4,978	3,588	(1,391)
Total	46,039	19,226	17,218	(2,009)
Analysis of Savings by Type				
Savings - Pay (Skill Mix)	15,591	7,512	6,340	(1,172)
Savings - Pay (WTE reductions)	12,262	2,977	1,405	(1,572)
Savings Non Pay	6,784	3,037	5,013	1,976
Income	11,402	5,700	4,460	(1,240)
Total	46,039	19,226	17,218	(2,009)
Recurrent & Non-Rec. Savings				
Recurrent	44,039	18,224	15,946	(2,279)
Non-Recurrent	2,000	1,002	1,272	270
Total	46,039	19,226	17,218	(2,009)
Analysis of Savings by Risk Rating				
High	3,179	1,245		(1,245)
Medium	16,443	5,542	4,924	(618)
Low	26,417	12,439	12,294	(146)
Total	46,039	19,226	17,218	(2,009)

- The Trust is reporting it has delivered £17.2m in savings in the first half of the year. This represents 90% of the year-to-date plan.
- In their monthly performance review meetings Divisions have been asked to identify new schemes to make up any shortfall resulting from slippage in the schemes they originally identified.
- £2.0m of Divisional schemes (on a full year basis) are non-recurrent and Divisions will have to identify alternative recurrent plans ahead of 2015/16.
- A number of cross-Divisional and transformation schemes are not planned to start until the second half of 2014/15.

Forecast for the Savings Programme

Forecast Savings	Recurrent Savings			Non-Recurrent Savings			Total Savings 2014/15		
	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	23,014	22,619	(395)	2,000	2,966	966	25,014	25,585	571
Transformation	10,520	11,184	664				10,520	11,184	664
Workforce	3,364	2,197	(1,167)				3,364	2,197	(1,167)
Other	7,141	6,713	(428)				7,141	6,713	(428)
Total	44,039	42,713	(1,326)	2,000	2,966	966	46,039	45,679	(360)
Savings by Risk Rating									
High	3,179		(3,179)				3,179		(3,179)
Medium	16,443	16,685	242				16,443	16,685	242
Low	24,417	26,028	1,611	2,000	2,966	966	26,417	28,994	2,577
Total	44,039	42,713	(1,326)	2,000	2,966	966	46,039	45,679	(360)

- The Trust forecasts it will deliver £45.7m in savings in 2014/15. £42.7m of the savings identified are considered to be recurrent.

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 Income	260	132	197	65
Impact on EBITDA	260	132	197	65
Non-Operating Items				
Depreciation	(38,436)	(19,218)	(19,393)	(175)
Investment Revenue	300	150	157	7
Other Gains & Losses	(200)	(100)		100
Finance Costs	(20,654)	(10,419)	(10,358)	61
PDC Dividend Payable	(7,203)	(3,601)	(3,601)	
Sub-Total: Non-Op. Exps.	(66,193)	(33,188)	(33,195)	(7)
Impact on Retained Surplus	(65,933)	(33,056)	(32,998)	58
<i>Technical Adjustments</i>				
IFRIC 12 Technical Deficit (PFI)			188	188
Donated Asset Income	(260)	(132)	(197)	(65)
Donated Asset Depreciation	2,772	1,386	1,766	380
Sub-Total: Technical	2,512	1,254	1,757	503
Impact on Break Even Duty	(63,421)	(31,802)	(31,241)	561

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 & 4 of this report.

- A significant element of the adverse variance to plan on depreciation is for a one-off adjustment relating to the Trust's donated assets and which is removed as a "technical adjustment" when the Trust's financial performance is measured against its break even duty – see below.
- "Other Gains & Losses" is a technical accounting adjustment that is made following the disposal of assets. There have been no disposals to date.

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 & 4 of this report but are not included under NHS accounting rules when the Trust's financial duty to break even is measured.

- The IFRIC 12 "technical adjustment" reflects 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 adjustment for this to date is £188,000.
- 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". The Trust received £0.197m in donated assets in July.
- Technical adjustments are also made for accounting entries relating

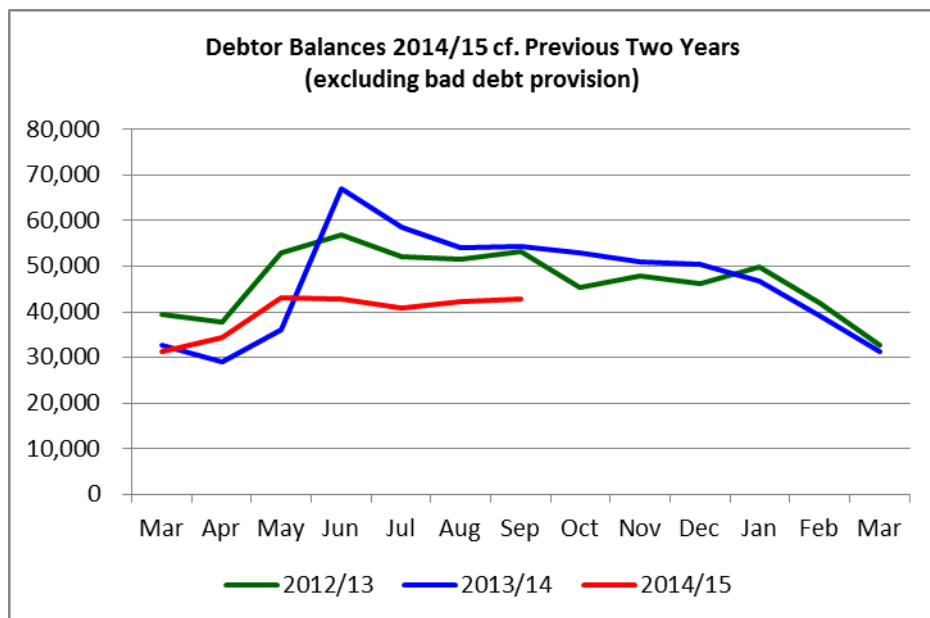
to any impairment in the value of the Trust's assets, or any reversal of impairments made in previous years. Any adjustments for impairments in 2014/15 will only be known once the District Valuer assesses the value of the Trust's estate in winter 2014/15.

Statement of Financial Position (Balance Sheet)

	Opening Balance	Closing Balance	Movement	Mvmt. In Month
	01-Apr-14	30-Sep-14		
NON-CURRENT ASSETS				
Property, Plant & Equipment	696,042	688,755	(7,287)	(89)
Intangible Assets	9,215	6,979	(2,236)	(128)
Trade & Other Receivables	4,945	5,114	169	(139)
NON-CURRENT ASSETS	710,202	700,848	(9,354)	(356)
CURRENT ASSETS				
Inventories	11,807	12,846	1,039	345
Trade & Other Receivables	24,361	36,356	11,995	1,509
Cash & Cash Equivalents	86,448	100,754	14,306	1,928
CURRENT ASSETS	122,616	149,956	27,340	3,782
CURRENT LIABILITIES				
Trade & Other Payables	(115,675)	(138,384)	(22,709)	(3,367)
Borrowings	(11,261)	(11,675)	(414)	(157)
Current Provisions	(4,251)	(2,980)	1,271	156
CURRENT LIABILITIES	(131,187)	(153,039)	(21,852)	(3,368)
NET CURRENT ASSETS/(LIABILITIES)	(8,571)	(3,083)	5,488	414
NON-CURRENT LIABILITIES				
Borrowings	(275,107)	(269,019)	6,088	1,672
Trade & Other Payables	(14,251)	(13,967)	284	(272)
Non-Current Provisions	(2,447)	(2,385)	62	
NON-CURRENT LIABILITIES	(291,805)	(285,371)	6,434	1,400
TOTAL ASSETS EMPLOYED	409,826	412,394	2,568	1,458
FINANCED BY TAXPAYERS EQUITY				
Public Dividend Capital	208,935	208,115	(820)	(820)
Retained Earnings	34,413	37,801	3,388	2,278
Revaluation Reserve	164,735	164,735		
Other Reserve	1,743	1,743		
TOTAL TAXPAYERS EQUITY	409,826	412,394	2,568	1,458

- Payments on capital expenditure in the month almost matched September's depreciation charge. However the value for Non-Current Assets has reduced since the start of the year because depreciation has exceeded total new capital additions in the year-to-date.
- Current trade & other receivables was 4.1% of planned turnover at the end of September (August = 3.9%).
- Trade & other receivables increased due to additional prepayments in the month linked to the timing of PFI invoices. Further information about the receivables position can be found on Page 15.
- Current payables was 17.0% of planned operating expenditure at the end of the month (August = 16.6%).
- The movement in trade & other payables was largely due to increased deferred income for R&D and the AHSN. Further information about payables can be found on Page 16.
- 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)



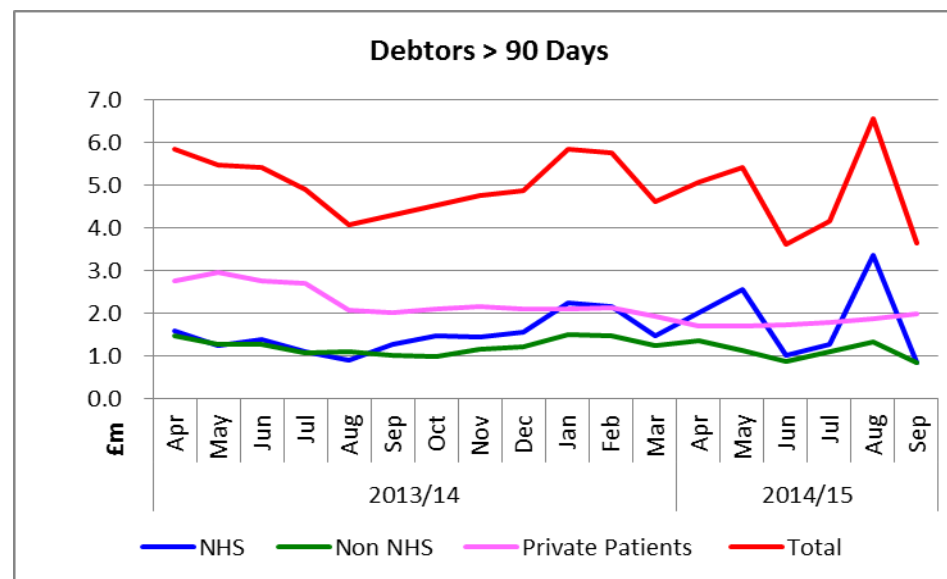
- Total debt greater than 60 days reduced by £1.43m in September, including an improvement of £1.7m on NHS debt greater than 60 days.
- Prepayments and accrued income increased in the quarter following the adoption of the revised accounting estimates for partially completed spells.
- The table below shows the reduction in the monthly value of the sales ledger debt over the past year.

	2013/14	2014/15
	Mth 1-6	Mth 1-6
	Average	Average
Sales Ledger	28,494	18,541

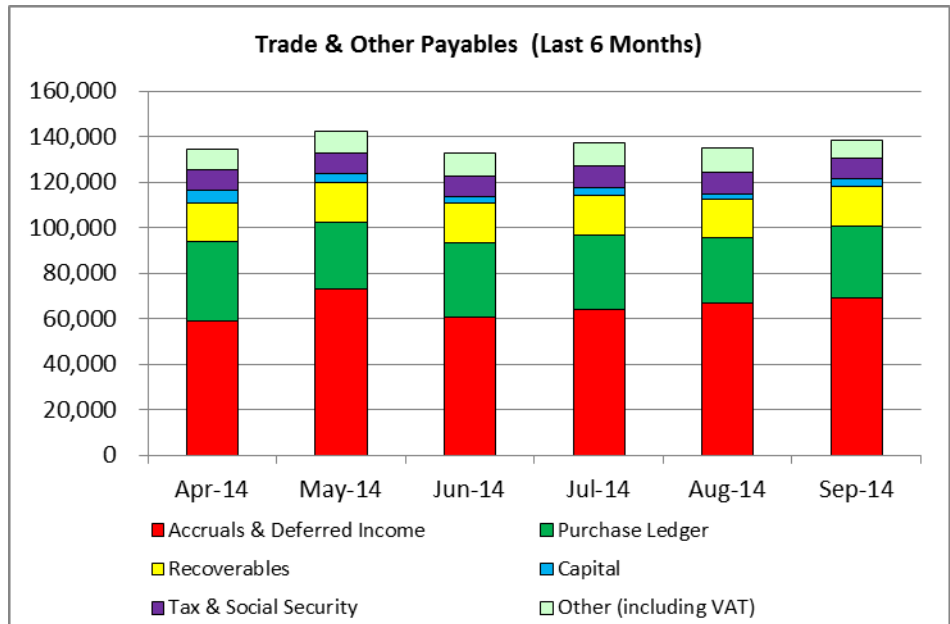
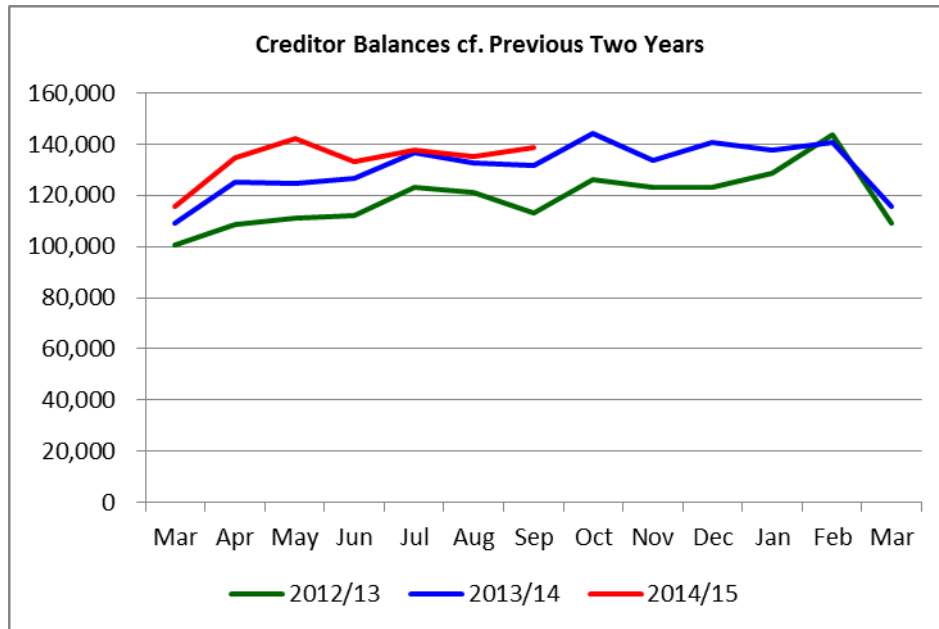
- The chart below shows the movements in the value of debtors that are greater than 90 days old.

This Month	NHS	Non-NHS	Private Patients	TOTAL
	£000s	£000s	£000s	£000s
In terms	4,227	3,409	548	8,184
1-30 days overdue	3,853	1,014	401	5,268
31-60 days	1,277	337	254	1,868
61-90 days	225	733	126	1,084
In excess of 90 days	831	836	1,975	3,642
A/R Debtors	10,413	6,329	3,304	20,046

Last Month	NHS	Non-NHS	Private Patients	TOTAL
	£000s	£000s	£000s	£000s
In terms	6,448	1,969	559	8,976
1-30 days overdue	2,167	449	376	2,992
31-60 days	627	981	152	1,760
61-90 days	(590)	11	184	(395)
In excess of 90 days	3,351	1,334	1,868	6,553
A/R Debtors	12,003	4,744	3,139	19,886



Analysis of Accounts Payable (Creditors)



		Sept. YTD	
		Number	Value (£000)
Non-NHS	Bills paid in the year	61,029	162,388
	Bills paid within target	55,758	142,008
		91.4%	87.4%
NHS	Bills paid in the year	2,567	49,463
	Bills paid within target	2,357	47,874
		91.8%	96.8%
All	Bills paid in the year	63,596	211,851
	Bills paid within target	58,115	189,882
		91.4%	89.6%

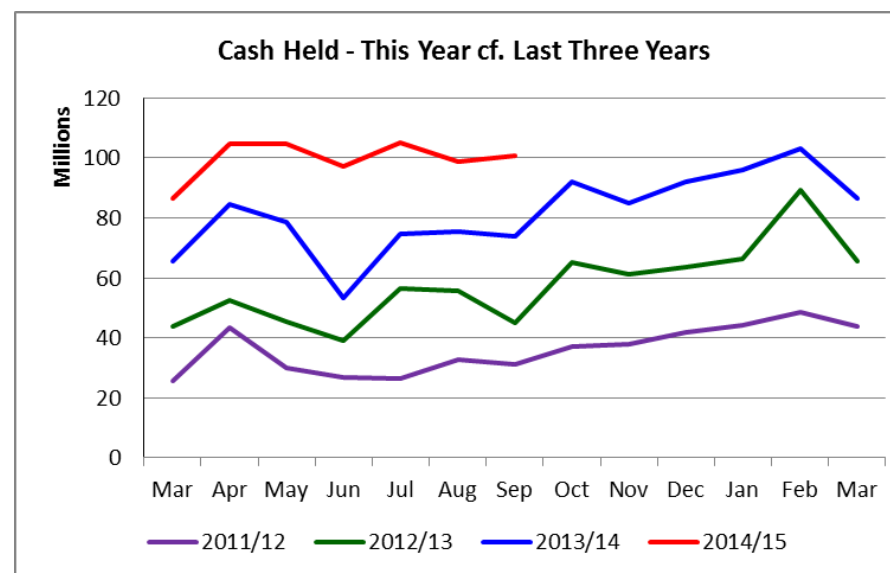
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Accruals & Deferred Income	59,021	73,010	60,625	64,383	66,950	69,164
Purchase Ledger	34,792	29,691	32,726	32,469	28,524	31,872
Recoverables	17,037	17,283	17,729	17,504	17,109	17,070
Capital	5,627	3,822	2,574	3,602	2,502	3,543
Tax & Social Security	9,293	9,355	9,216	9,054	9,108	9,290
Other (including VAT)	8,655	9,128	10,174	10,386	10,829	7,449
	134,425	142,289	133,042	137,398	135,022	138,389

- The Trust's performance against the Better Payment Practice Code (BPPC) is shown in the table to the left.

Statement of Cashflows

	April 2014	May 2014	June 2014	July 2014	Aug 2014	Sept 2014	Year-to- Date
	£000	£000	£000	£000	£000	£000	£000
Cash Flows from Operating Activities							
Operating Surplus/(Deficit)	2,247	2,100	3,651	5,049	(435)	4,576	17,188
Depreciation & Amortisation	3,492	3,328	3,302	3,291	3,065	2,915	19,393
Interest Paid	(1,685)	(1,687)	(1,686)	(1,685)	(1,685)	(1,790)	(10,217)
Dividend Paid						(3,827)	(3,827)
Receipt of Donated Assets				(197)			(197)
(Increase) in Inventories	(132)	20	(403)	(138)	(41)	(345)	(1,039)
(Increase) in Trade & Other Receivables	(2,599)	(8,694)	(178)	2,262	(1,699)	(1,395)	(12,304)
Increase in Trade & Other Payables	18,842	9,052	(9,173)	2,708	(1,896)	5,914	25,447
Increase in Provisions	(14)			(1,009)	(157)	(157)	(1,336)
Cash Flow from Operating Activities	20,151	4,120	(4,487)	10,281	(2,848)	5,891	33,109
Cash Flows from Investing Activities							
Interest Received	26	29	24	25	24	28	156
(Payments) for Fixed Assets	(1,181)	(3,119)	(2,090)	(1,784)	(2,634)	(1,657)	(12,466)
Cash Flow from Investing Activities	(1,155)	(3,090)	(2,066)	(1,759)	(2,610)	(1,629)	(12,309)
Cash Flows from Financing Activities							
Public Dividend Capital Received						980	980
Public Dividend Capital Repaid						(1,800)	(1,800)
Capital Loans - Repayment of Principal						(702)	(702)
Capital Element of Finance Leases & PFI	(806)	(868)	(848)	(831)	(806)	(812)	(4,971)
Cash Flow from Financing Activities	(806)	(868)	(848)	(831)	(806)	(2,334)	(6,493)
Net Increase/(Decrease) in Cash	18,190	161	(7,401)	7,692	(6,264)	1,928	14,306
Cash - Beginning of the Period	86,448	104,638	104,799	97,399	105,090	98,826	86,448
Cash - End of the Period	104,638	104,799	97,399	105,090	98,826	100,754	100,754

- The Trust has £14.3m more cash than at the start of the year with the trend following the pattern seen in previous years.
- The Trust made its half-yearly PDC dividend and loan repayments in the month but higher than planned levels of deferred income for R&D and the AHSN meant that cash did not reduce by as much as had been expected.
- The Trust held enough cash to cover 45 working days of planned operating expenditure at 30 September 2014. (August = 44 days)



Cashflow Forecast

	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cash Flows from Operating Activities													
Operating Surplus/(Deficit)	4,576	4,853	3,128	2,749	3,653	3,388	1,720	3,281	3,276	3,314	3,319	3,265	3,314
Depreciation & Amortisation	2,915	3,076	3,076	3,076	3,076	3,076	3,234	3,202	3,202	3,202	3,202	3,202	3,202
Interest Paid	(1,790)	(1,709)	(1,709)	(1,709)	(1,709)	(1,709)	(1,826)	(1,694)	(1,694)	(1,694)	(1,694)	(1,694)	(1,901)
Dividend Paid	(3,827)						(4,537)						(4,591)
(Increase) in Inventories	(345)	209	(170)	(665)	(471)	834	1,302	(132)	21	(403)	(139)	(41)	(395)
(Increase) in Trade & Other Receivables	(1,189)	(1,202)	2,003	(4,324)	4,764	790	9,381	(2,379)	(8,302)	2,312	(813)	2,438	2,508
Increase in Trade & Other Payables	5,708	(516)	(3,275)	5,460	(3,356)	1,926	(40,218)	12,413	4,812	(4,716)	2,172	(3,187)	880
Increase in Provisions	(157)	(156)	(156)	(156)	(156)	(156)	2,529						
Cash Flow from Operating Activities	5,891	4,555	2,897	4,431	5,801	8,149	(28,415)	14,691	1,315	2,015	6,047	3,983	3,017
Cash Flows from Investing Activities													
Interest Received	28	25	25	25	25	25	23	20	20	20	20	20	20
(Payments) for Fixed Assets	(1,657)	(2,378)	(3,976)	(4,073)	(4,643)	(2,735)	(2,471)	(4,391)	(5,486)	(4,929)	(1,300)	(3,428)	(1,961)
Cash Flow from Investing Activities	(1,629)	(2,353)	(3,951)	(4,048)	(4,618)	(2,710)	(2,448)	(4,371)	(5,466)	(4,909)	(1,280)	(3,408)	(1,941)
Cash Flows from Financing Activities													
Public Dividend Capital Received	980												
Public Dividend Capital Repaid	(1,800)												
Capital Loans - Repayment of Principal	(702)						(702)						(702)
Loans received from DH - FT Liquidity Loans							10,000						
Capital Element of Finance Leases & PFI	(812)	(806)	(806)	(806)	(806)	(806)	(2,300)	(895)	(812)	(812)	(812)	(812)	(812)
Cash Flow from Financing Activities	(2,334)	(806)	(806)	(806)	(806)	(806)	6,998	(895)	(812)	(812)	(812)	(812)	(1,514)
Net Increase/(Decrease) in Cash	1,928	1,396	(1,860)	(423)	377	4,633	(23,865)	9,425	(4,963)	(3,706)	3,955	(237)	(438)
Cash - Beginning of the Period	98,826	100,754	102,150	100,290	99,867	100,244	104,877	81,012	90,437	85,474	81,768	85,723	85,486
Cash - End of the Period	100,754	102,150	100,290	99,867	100,244	104,877	81,012	90,437	85,474	81,768	85,723	85,486	85,048

- A rolling 12-month cash forecast is shown in the table above. The Trust plans to take out a liquidity loan of £10m in March 2015.

Cashflow – Actuals v. Plan

	April 2014 £000	May 2014 £000	June 2014 £000	July 2014 £000	Aug 2014 £000	Sept 2014 £000	Year-to- Date £000
Plan 2014/15							
Cash Surplus from Operations	5,552	5,941	7,444	7,644	2,529	8,455	37,565
Other Cashflow s from Op. Activities	2,783	(7,226)	(6,063)	(3,477)	(2,453)	(9,318)	(25,754)
Cash Flow from Op. Activities	8,335	(1,285)	1,381	4,167	76	(863)	11,811
Cash Flow from Investing Activities	(2,295)	(2,925)	(1,540)	(1,487)	(1,782)	(1,122)	(11,151)
Cash Flow from Financing Activities	(1,012)	(1,014)	(1,014)	(1,016)	(1,016)	(1,718)	(6,790)
Net Increase/(Decrease) in Cash	5,028	(5,224)	(1,173)	1,664	(2,722)	(3,703)	(6,130)
Cash - Beginning of the Period	76,011	81,039	75,815	74,642	76,306	73,584	76,011
Cash - End of the Period	81,039	75,815	74,642	76,306	73,584	69,881	69,881
Actuals 2014/15	£000	£000	£000	£000	£000	£000	£000
Cash Surplus from Operations	5,739	5,428	6,953	8,340	2,630	7,491	36,581
Other Cashflow s from Op. Activities	14,412	(1,309)	(11,440)	1,941	(5,477)	(1,600)	(3,473)
Cash Flow from Op. Activities	20,151	4,120	(4,487)	10,281	(2,848)	5,891	33,109
Cash Flow from Investing Activities	(1,155)	(3,090)	(2,066)	(1,759)	(2,610)	(1,629)	(12,309)
Cash Flow from Financing Activities	(806)	(868)	(848)	(831)	(806)	(2,334)	(6,493)
Net Increase/(Decrease) in Cash	18,190	161	(7,401)	7,692	(6,264)	1,928	14,306
Cash - Beginning of the Period	86,448	104,638	104,799	97,399	105,090	98,826	86,448
Cash - End of the Period	104,638	104,799	97,399	105,090	98,826	100,754	100,754
Difference - Actuals v. Plan	£000	£000	£000	£000	£000	£000	£000
Cash Surplus from Operations	187	(513)	(491)	696	101	(964)	(984)
Other Cashflow s from Op. Activities	11,629	5,917	(5,377)	5,418	(3,024)	7,718	22,281
Cash Flow from Op. Activities	11,816	5,405	(5,868)	6,114	(2,924)	6,754	21,298
Cash Flow from Investing Activities	1,140	(165)	(526)	(272)	(828)	(507)	(1,158)
Cash Flow from Financing Activities	206	146	166	185	210	(616)	297
Net Increase/(Decrease) in Cash	13,162	5,385	(6,228)	6,028	(3,542)	5,631	20,436
Cash - Beginning of the Period	10,437	23,599	28,984	22,757	28,784	25,242	10,437
Cash - End of the Period	23,599	28,984	22,757	28,784	25,242	30,873	30,873

- The table on the left shows how the Trust's actual cashflows compare against planned flows (as presented to the Trust Board at its meeting on 12 March).

Risk Rating – Continuity of Services

At Month 6 Trust's Continuity of Service scores are:

	Measure	Score
Liquidity	Ratio Days = -7.1	2
Capital Servicing Capacity	Ratio = 1.84	2

The average of these two scores is **2**.

Since the start of the year the ratios and scores have changed month-on-month as shown below:

Liquidity Ratio (Days)	May	Jun	Jul	Aug	Sep
Ratio Days	-7.8	-7.2	-6.2	-7.1	-7.1
Score	2	2	3	2	2
Capital Servicing Capacity	May	Jun	Jul	Aug	Sep
Ratio	1.77	1.92	2.08	1.84	1.71
Score	3	3	3	3	2
Overall Risk Rating	3	3	3	3	2

In September the ratio for Capital Servicing Capacity fell marginally below 1.75 and therefore reduced the score for this measure down from "3" to "2". Similarly liquidity ratio days remains marginally below 7.0 days, the level which would score a "3" on this measure. Because both measures are not scoring "2", albeit both marginally, the overall score is now "2".

It is forecast that the overall risk rating score will return to "3" in the next couple of months.

Capital Programme

OUH Capital Programme 2014/15	Annual	Forecast	Variance	Mth 6	Mth 6	Mth 6
	Plan	Forecast	Variance	YTD Plan	YTD Act.	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
<i>Trust & PDC Funded</i>						
EPR Implementation	3,500	3,500		1,750	773	(977)
Medical and Surgical Equipment	2,000	3,015	1,015	666	2,096	1,430
IT General	2,000	2,000		1,000	1,130	130
Respiratory Ward Relocations	2,200	635	(1,565)			
Major Radiological Equipment	2,700	2,781	81		33	33
Estates General	2,000	2,000		1,000	262	(738)
Day Surgery Unit Churchill	900	123	(777)	450	35	(415)
Outpatient Horton	800	300	(500)		108	108
Ultrasound - JR & Horton	969	1,428	459	483	883	400
Expansion of EAU - link to day hospital	1,300	1,288	(12)	1,300	48	(1,252)
Centralisation of Sw itchBoard	100	604	504	100	16	(84)
Small Schemes	1,500	3,469	1,969		533	533
Other Ward Relocations	1,312	2,004	692	320	1,021	701
Other Medical Equipment Schemes	571	103	(468)	130	12	(118)
Other Estates	300	3,063	2,763		625	625
R&D	400	400			163	163
Renal Inpatient Churchill		10	10		7	7
SEND Project	345	671	326	345	259	(86)
End to end electronic prescribing' project	40		(40)	40		(40)
Improving Maternity Care Settings	309	309		102	23	(79)
Radiotherapy Milton Keynes	200	100	(100)	100	6	(94)
Radiotherapy Sw indon	2,500	600	(1,900)	928	279	(649)
Theatre Remodelling - JR	550	150	(400)		8	8
Cardiac Gamma Camera						
EPR Reprourement	4,688	1,296	(3,392)			
Completion of 13/14 schemes		1,691	1,691		899	899
Other	191	121	(70)	64	8	(56)
Total - Trust Funded	31,375	31,661	286	8,778	9,227	449
<i>Externally Funded</i>						
PFI lifecycle	1,280	1,280		600	642	42
Equipment leasing	500		(500)			
Microbiology automation	750	828	78			
Welcome Centre	3,000		(3,000)			
Carbon Energy Fund	6,000		(6,000)			
Total - Externally Funded	11,530	2,108	(9,422)	600	642	42
Total Capital Programme Spend	42,905	33,769	(9,136)	9,378	9,869	491

- The Trust has charged £9.87m against its capital programme in the first half of the year. This is £0.49m more than planned.
- The capital programme, and year-to-date slippage against schemes, continues to be reviewed and monitored by the relevant project managers.

Capital Resource Limit 2014/15

Capital Resource Limit	Annual Plan	YTD Plan	YTD Spend	Mth 6 Diff.
	£000s	£000s	£000s	£000s
YTD Capital Spend	42,905	9,378	9,869	(491)
Asset Disposals	(200)	(100)		(100)
Donations	(260)	(131)	(197)	66
Adjustment to CRL	(9,136)			
CRL 2014/15	33,309	9,147	9,672	(525)

- The underspend on the capital programme means that the Trust is within its CRL for the year.
- The Trust plans not to use CRL for the Welcome Centre and Carbon Energy Fund in 2014/15 and consequently has had its CRL limit adjusted.

Conclusion

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

Mr Mark Mansfield
Director of Finance and Procurement
October 2014

Report prepared by:

Mr Kevin Davis, Senior Business Partner