

Trust Board Meeting in Public: Wednesday 13 July 2016
TB2016.64

Title	Financial Performance to 31 May 2016
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Status	A paper for report
History	Regular monthly report

Board Lead	Ms Maria Moore, Interim Chief Finance Officer			
Key purpose	Strategy	Assurance	Policy	Performance

Financial Performance for the period 1 April to 31 May 2016**Summary**

This report informs the Board of the Trust's financial position as at 31 May 2016.

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Summary

This report informs the Board of the Trust's financial performance for the period end 31 May 2016.

EBITDA (Including Research & Development) for May 2016

		Annual Plan £m	In Mth Budget £'m	In Mth Actual £'m	Var £m	YTD Budget £m	YTD Actual £m	YTD Variance	Non Recurring Actual £m	YTD Underlying Actual £m
Income	Commissioning Income	851.84	69.70	68.30	(1.40)	139.83	138.43	(1.40)	3.40	135.03
	PP,Overseas &RTA Income	11.64	0.97	0.89	(0.08)	1.94	1.71	(0.23)		1.71
	Other Income	148.98	12.57	11.28	(1.29)	24.85	23.91	(0.94)		23.91
Income Total		1012.45	83.24	80.47	(2.77)	166.62	164.05	(2.57)	3.40	160.65
Expenditure	Pay	(556.02)	(47.02)	(45.96)	1.06	(93.91)	(92.38)	1.53		(92.38)
	Non-Pay	(357.38)	(31.14)	(29.42)	1.72	(62.12)	(61.03)	1.09	(0.45)	(60.58)
Expenditure Total		(913.40)	(78.17)	(75.38)	2.79	(156.03)	(153.41)	2.62	(0.45)	(152.96)
EBITDA		99.05	5.08	5.09	0.01	10.59	10.64	0.05	2.95	7.69
	% EBITDA		6.10%	6.32%		6.36%	6.49%			4.79%

- At the end of May the Trust is reporting an EBITDA of £10.64m against the plan of £10.59m, a favourable variance of £50k
- The year to date EBITDA margin is 6.49% against a plan of 6.36%
- Non-Recurring elements include £3.4m S&T funding; £0.16m for Horton Endoscopy, £0.17m and £0.12m hire of Radiology Van
- Commissioning income was £1.4m below plan; however caution need to be taken as there are traditionally uncertainties associated with Commissioning income at month 2, as information is limited whilst the systems are being updated for the new tariff and data collections for contract monitoring. These uncertainties have been compounded by the junior doctor strike in April, with the loss of elective activity estimated to be circa £1.5m.

Financial Summary as reported to NHS Improvement

		Annual Plan £m	YTD Budget £'m	YTD Actual £'m	YTD Variance
Income	Commissioning Income	851.84	139.83	138.43	(1.40)
	PP,Overseas &RTA Income	11.64	1.94	1.71	(0.23)
	Other Income	148.98	24.85	23.91	(0.94)
Income Total		1012.45	166.62	164.05	(2.57)
Expenditure	Pay	(556.02)	(93.91)	(92.38)	1.53
	Non-Pay	(357.38)	(62.12)	(61.03)	1.09
Expenditure Total		(913.40)	(156.03)	(153.41)	2.62
EBITDA		99.05	10.59	10.64	0.05
Non-EBITDA	Non-Ope Expd	(65.15)	(10.86)	(10.45)	0.41
Surplus/(Deficit) before Impairments and Transfers		33.90	(0.27)	0.19	0.46

		Annual Plan £m	YTD Budget	YTD Actual	YTD Variance
Technical Adjustments	Donated asset income	0.30	0.05	0.12	0.07
	Donated depreciation	(2.87)	(0.48)	(0.47)	0.00
	Profit/loss on disposals	(0.20)	(0.03)	(0.00)	0.03
Total Technical Adjustments		(2.77)	(0.46)	(0.36)	0.10

Financial Performance Surplus/(Deficit) as reported to NHSI	36.67	0.20	0.55	0.36
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- At the end of May the Trust is reporting an actual surplus of £0.19m against a planned deficit of £0.27m; this is due to a reduction in non EBITDA expenditure following the revaluation of the Trust's assets at the end of March 2016.
- This surplus is prior to technical adjustments for impairments, donated assets and disposal of assets. After technical adjustment the Trust is reporting a surplus of £0.55m against a plan of £0.2m

Summary of Financial Performance excluding Research (R&D)

The Table below shows the breakdown of the Trust's Financial Performance across R&D and Trust Activities.

		Total Trust			R&D			Excluding R&D		
		YTD Budget	YTD Actual	YTD Variance	YTD Budget	YTD Actual	YTD Variance	YTD Budget	YTD Actual	YTD Variance
Income	Commissioning Income	139.83	138.43	(1.40)				139.83	138.43	(1.40)
	PP,Overseas &RTA Income	1.94	1.71	(0.23)				1.94	1.71	(0.23)
	Other Income	24.85	23.91	(0.94)	8.78	8.46	(0.32)	16.08	15.46	(0.62)
	Income Total	166.62	164.05	(2.57)	8.78	8.46	(0.32)	157.85	155.60	(2.25)
Expenditure	Pay	(93.91)	(92.38)	1.53	(6.68)	(6.19)	0.49	(87.23)	(86.19)	1.04
	Non-Pay	(62.12)	(61.03)	1.09	(2.09)	(2.26)	(0.17)	(60.03)	(58.77)	1.26
	Expenditure Total	(156.03)	(153.41)	2.62	(8.78)	(8.46)	(0.32)	(147.26)	(144.95)	2.30
EBITDA		10.59	10.64	(0.05)	(0.00)	(0.00)	(0.00)	10.59	10.64	(0.05)
Non-EBITDA		(10.86)	(10.45)	0.41	(0.00)	(0.00)	0.00	(10.86)	(10.45)	0.41
Surplus/(Deficit) before Impairments and Transfers		(0.27)	0.19	0.46	(0.00)	(0.00)	0.00	(0.27)	0.19	0.46

- Overall R&D income and expenditure nett to zero and therefore excluding R&D has no impact on the Trust's EBITDA and Non-EBITDA outturn.
- The analysis in the remainder of this report will exclude R&D activities.

Commissioning Income

The Table below shows the breakdown of £1.4m shortfall on commissioning income by Division.

	Annual Plan £m	YTD Budget	YTD Actual	YTD Variance
Children and Women	121.88	20.17	19.41	(0.76)
Clinical Support Services	59.54	9.73	9.65	(0.08)
Clinical Medicine Rehabilitation and Cardiac	199.37	32.91	32.02	(0.89)
Neuro Ortho Trauma and Specialist Surgery	208.66	34.10	32.74	(1.35)
Surgery and Oncology	214.60	35.28	35.47	0.19
Clinical Total	804.05	132.18	129.29	(2.89)
Non-Clinical Trust Wide Services	47.59	7.62	8.84	1.22
Corporate(Incl Estates)	0.20	0.03	0.30	0.27
Non-Clinical Total	47.79	7.65	9.14	1.49
Commissioning Income Total	851.84	139.83	138.43	(1.40)

Commissioning Income by Division

The main adverse variances are within Children & Women £0.76m, Medicine, Rehab & Cardiac £0.89m and Neuro, Orthopaedic & Trauma £1.35m

Key Reasons

- Low activity for Electives particularly in Specialist Surgery
- Low activity in Children & Women for Non Elective which is offset by higher activity in Acute Medical and Surgery
- Pass through income is £0.7m below plan
- Divisional CIP Plans for which there is no specific income attributed total £0.47m
- The loss of income in April due to junior doctor's industrial action is estimated to be £1.5m

Pay Expenditure: Quarterly Averages since April 2015

The following tables show the average quarterly spend on Pay by category in £m and %age of total. Agency spend has fallen over the last 14 months, in line with NHS guidelines set in the last financial year and work carried out within the Trust to reduce costs.

Table 1: Pay Average Monthly costs per Quarter since April 2015 to current m

	2015-16				2016-17
	Q1 Ave. £m	Q2 Ave. £m	Q3 Ave. £m	Q4 Ave. £m	Q1 Ave. £m
Staff	40.15	41.35	42.01	41.85	43.40
NHSP	1.19	1.22	1.44	1.64	1.49
Agency	2.55	2.71	1.73	1.41	1.29
Total	43.89	45.28	45.18	44.89	46.19

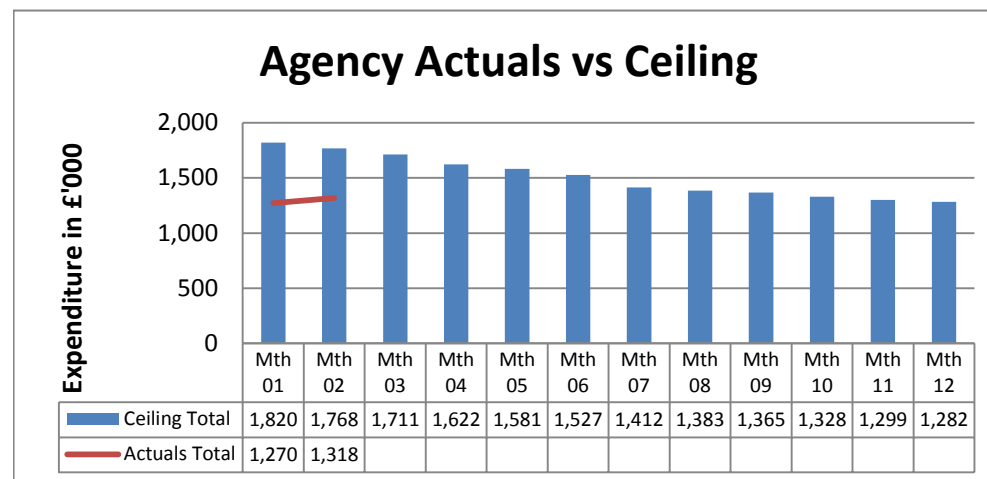
The current quarterly average Pay expenditure is £46.19m. This is an increase of £1.3m compared to the run rate in quarter 4. This includes:-

- £1.2m additional costs for pay award and pension
- Additional session payment following the junior doctor strike.

The Trust has been set an agency cap by NHSI of £18.1m, performance against this cap is shown in the chart below.

Table 2: Pay Average monthly %age per Quarter April 2015 to current month

	2015-16				2016-17
	Q1 Ave. %	Q2 Ave. %	Q3 Ave. %	Q4 Ave. %	Q1 Ave. %
Staff	91.48%	91.32%	92.98%	93.21%	93.97%
NHSP	2.71%	2.70%	3.18%	3.64%	3.22%
Agency	5.82%	5.99%	3.84%	3.15%	2.80%



Non Pay Expenditure: Quarterly Averages since April 2015

	2015-16				2016-17
	Q1 Ave. £m	Q2 Ave. £m	Q3 Ave. £m	Q4 Ave. £m	Q1 Ave. £m
Clinical supplies & services	16.76	19.07	16.79	18.74	17.59
Establishment Expenditure	0.76	0.85	0.71	0.70	0.71
General Supplies & services	1.80	2.10	1.92	1.90	1.99
Health Services Purchased From Other NHS	0.49	0.59	0.43	0.57	0.48
Health Services from Non NHS bodies	0.27	0.41	0.28	0.75	0.63
Other Expenditure	4.81	4.52	4.74	4.87	4.70
Premises & Fixed plant	4.04	2.40	3.71	4.22	4.31
Total	28.93	29.96	28.57	31.73	30.40

The current quarterly average expenditure is £30.40m compared with £31.73m in quarter 4, which is a decrease of £1.3m.

This is mainly due to reduced expenditure on clinical supplies partially due to the reduction in elective activity in April.

Balance Sheet as at 31 May 2016

	Opening Balance 01-Apr-16	Closing Balance 31-May-16	Movement	Mvmt. In Month
NON-CURRENT ASSETS				
Property, Plant & Equipment	629,611	625,694	(3,917)	(2,335)
Intangible Assets	10,043	9,473	(570)	(285)
Trade & Other Receivables	5,682	5,586	(96)	(31)
NON-CURRENT ASSETS	645,336	640,753	(4,583)	(2,651)
CURRENT ASSETS				
Inventories	15,678	15,414	(264)	(27)
Trade & Other Receivables	38,557	61,059	22,502	7,109
Cash & Cash Equivalents	89,434	66,732	(22,702)	(10,530)
Assets Held for Sale				
CURRENT ASSETS	143,669	143,205	(464)	(3,448)
CURRENT LIABILITIES				
Trade & Other Payables	(135,467)	(131,447)	4,020	5,243
Borrowings	(8,249)	(8,800)	(551)	(240)
Current Provisions	(322)	(540)	(218)	
CURRENT LIABILITIES	(144,038)	(140,787)	3,251	5,003
NET CURRENT ASSETS/(LIABILITIES)	(369)	2,418	2,787	1,555
NON-CURRENT LIABILITIES				
Borrowings	(254,046)	(252,289)	1,757	885
Trade & Other Payables	(15,256)	(15,241)	15	7
Non-Current Provisions	(2,461)	(2,243)	218	
NON-CURRENT LIABILITIES	(271,763)	(269,773)	1,990	892
TOTAL ASSETS EMPLOYED	373,204	373,398	194	(204)

- Payments on capital expenditure in the first two months of 2016/17 were less than the depreciation charge for the same period.
- The increase in Trade and Other Receivables is due to the timing of receipts. This is primarily because S&T income is unlikely to be settled until after Q1 and owing to two months' VAT receipts outstanding from HMRC, following a change in policy. The payment from HMRC was received on 1 June. The Trust aims to submit its return earlier in order to compensate for HMRC's change in policy.
- Total debtors are 6.0% of planned annual turnover (April 5.3%).

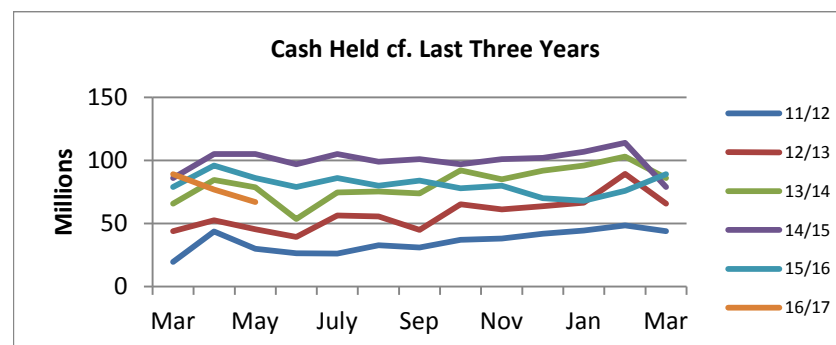
Cash Flow May 2016

	Apr 2016	May 2016	Year-to- Date
	£000	£000	£000
Cash Flows from Operating Activities			
Operating Surplus/(Deficit)	2.72	2.12	4.85
Depreciation & Amortisation	2.94	2.97	5.91
Impairments & Reversals			
Receipt of Donated Assets	(0.12)		(0.12)
Interest Paid	(1.61)	(1.61)	(3.21)
Dividend Paid			
(Increase) in Inventories	0.24	0.03	0.26
(Increase) in Trade & Other Receivables	(16.02)	(7.08)	(23.10)
Increase in Trade & Other Payables	3.39	(4.71)	(1.32)
Increase in Provisions			
Cash Flow from Operating Activities	(8.44)	(8.27)	(16.72)
Cash Flows from Investing Activities			
Interest Received	0.02	0.02	0.04
(Payments) for Fixed Assets	(3.19)	(1.63)	(4.82)
Receipts from Disposal of Fixed Assets			
Cash Flow from Investing Activities	(3.17)	(1.61)	(4.78)
Cash Flows from Financing Activities			
Public Dividend Capital Received			
Public Dividend Capital Repaid			
Capital Loans - Repayment of Principal			
FT Liquidity Loan - Principal Repayment			
Capital Element of Finance Leases & PFI	(0.56)	(0.65)	(1.21)
Cash Flow from Financing Activities	(0.56)	(0.65)	(1.21)
Net Increase/(Decrease) in Cash	(12.17)	(10.53)	(22.70)
Cash - Beginning of the Period	89.43	77.26	89.43
Cash - End of the Period	77.26	66.73	66.73

Cash decreased by £10.53m in the month of May to £66.73m. The decrease was created by payment runs exceeding income received, which is due to lower than anticipated income from commissioners and outstanding VAT receipts from HMRC.

Oxfordshire CCG has been invoiced based on last year's contract values resulting in a shortfall of £2.5m. The contract with Wessex Local Area Team (NHSE) receipts ytd are £3.4m below plan. Both of these contracts mean debtors increased and cash reduced compared to plan.

The Trust held enough cash to cover 26 days of planned operating expenditure as at 31 May 2016 (30 days as at 30 April 2016).



Rolling Cashflow Forecast (12 months)

Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr '17	May '17	
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Cash Flows from Operating Activities													
Operating Surplus/(Deficit)	2.12	4.30	5.44	7.19	6.75	5.85	6.55	4.39	5.81	2.29	8.12	2.72	2.12
Depreciation & Amortisation	2.97	3.01	3.01	3.01	3.01	3.01	3.01	3.01	3.01	3.01	3.11	2.94	2.97
Impairments & Reversals													
Receipt of Donated Assets												(0.12)	
Interest Paid	(1.61)	(1.61)	(1.61)	(1.61)	(1.66)	(1.61)	(1.61)	(1.61)	(1.61)	(1.61)	(1.64)	(1.61)	(1.61)
Dividend Paid					(4.13)						(4.13)		
(Increase) in Inventories	0.03	0.20	(0.15)	(0.12)	(0.05)	0.04	0.00	(0.65)	0.52		(0.06)	0.24	0.03
(Increase) in Trade & Other Receivables	(7.08)	(6.81)	9.92	(0.82)	(0.20)	5.06	(0.07)	(4.81)	0.70	1.43	13.67	(16.02)	(7.08)
Increase in Trade & Other Payables	(4.71)	(3.36)	3.12	(4.64)	4.18	(2.83)	2.56	(0.75)	(1.17)	(2.86)	1.37	(0.01)	(4.71)
Increase in Provisions												0.00	
Cash Flow from Operating Activities	(8.27)	(4.27)	19.72	3.01	7.90	9.51	10.45	(0.42)	7.26	2.26	20.44	(11.85)	(8.27)
Cash Flows from Investing Activities													
Interest Received	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.02	0.02
(Payments) for Fixed Assets	(1.63)	(3.95)	(1.99)	(3.22)	(2.53)	(3.63)	(4.04)	(4.28)	(4.31)	(3.15)	(8.47)	0.22	(1.63)
Receipts from Disposal of Fixed Assets													
Cash Flow from Investing Activities	(1.61)	(3.93)	(1.98)	(3.20)	(2.51)	(3.62)	(4.02)	(4.26)	(4.29)	(3.13)	(8.46)	0.24	(1.61)
Cash Flows from Financing Activities													
Public Dividend Capital Received													
Public Dividend Capital Repaid													
Capital Loans - Repayment of Principal					(0.70)						(0.70)		
FT Liquidity Loan - Principal Repayment													
Capital Element of Finance Leases & PFI	(0.65)	(0.56)	(0.56)	(0.56)	(0.56)	(0.56)	(0.56)	(0.56)	(0.56)	(0.56)	(0.77)	(0.56)	(0.65)
Cash Flow from Financing Activities	(0.65)	(0.56)	(0.56)	(0.56)	(1.27)	(0.56)	(0.56)	(0.56)	(0.56)	(0.56)	(1.47)	(0.56)	(0.65)
Net Increase/(Decrease) in Cash	(10.53)	(8.76)	17.18	(0.75)	4.12	5.33	5.86	(5.25)	2.40	(1.44)	10.52	(12.17)	(10.53)
Cash - Beginning of the Period	77.26	66.73	57.97	75.15	74.40	78.52	83.85	89.71	84.46	86.86	85.43	95.95	83.77
Cash - End of the Period	66.73	57.97	75.15	74.40	78.52	83.85	89.71	84.46	86.86	85.43	95.95	83.77	73.24

CIP Performance at Month 2 (YTD)

	Plan	Actual	Variance
	£'000	£'000	£'000
Total	6,835	4,279	(2,556)
Total Variance		(2,556)	(2,556)

At the end of May the Trust CIP programme is £2.6m behind the plan submitted to NHSI.

Capital

OUH Foundation Trust Capital Programme 2016/17	Annual Plan £m	M2 Plan £m	M2 Actual £m	M2 Variance £m	Forecast outturn £m
<i>Gross Capital Spend</i>					
Medical and Surgical Equipment	2.71	0.37	(0.06)	(0.43)	3.31
Lease Buyouts	0.72	0.00	0.00	0.00	0.72
Estates General	10.95	1.21	0.21	(1.01)	10.09
Major Equipment	4.53	0.40	0.00	(0.40)	4.55
Small Schemes	1.00	0.17	0.01	(0.16)	1.00
IT/EPR	2.31	0.56	(0.07)	(0.64)	2.31
Estates New Development	3.98	1.29	0.18	(1.11)	3.98
R&D	0.36	0.12	0.00	(0.12)	0.35
Donations	0.30	0.05	0.12	0.07	0.30
JR Theatre Remodelling - Loan funded element	0.00	0.00	0.00	0.00	0.00
JR Theatre Remodelling - Trust funded element	0.25	0.04	(0.01)	(0.05)	0.50
Adult Critical Care - Loan funded element	0.00	0.00	0.00	0.00	0.00
Adult Critical Care - Trust funded element	0.13	0.02	0.00	(0.02)	0.13
Radiotherapy: Milton Keynes - Loan funded element	0.00	0.00	0.00	0.00	0.00
Radiotherapy: Milton Keynes - Trust funded element	0.10	0.02	0.00	(0.02)	0.10
Radiotherapy Sw indon	5.29	0.26	0.01	(0.26)	5.29
EPR Reprourement	2.70	0.45	0.07	(0.38)	2.69
Total Capital Programme Spend	35.33	4.96	0.45	(4.51)	35.33
PFI Lifecycle	5.79	0.96	0.98	0.01	5.79
Finance Leases	0.50	0.00	0.00	0.00	0.50
Technical Capital Adjustments (IFRIC 4 & IFRIC 12)	6.29	0.96	0.98	0.01	6.29
Gross Capital Spend	41.62	5.92	1.42	(4.50)	41.62

- Gross capital expenditure is £1.42m year to date for May compared to a plan of £5.92m.

- At this early point in the financial year the key factor behind this is slippage on expenditure plans rather than project underspends.

- The capital programme is reviewed regularly by the Business Planning Group (BPG) and Capital Planning.

Financial Sustainability Risk Rating (FSSR)

The following table details the assessment of the Trust’s overall FSRR score of 3 at the end of May-16.

Financial Sustainability Risk Rating MaY 2016			
		Plan	Actual
Capital Service Capacity rating	Score	3	3
Liquidity rating	Score	3	3
I&E Margin rating	Score	2	3
I&E Margin Variance rating	Score	3	3
Financial Sustainability Risk Rating before overrides	Score	3	3
1 Rating Trigger for FSRR	Text	No Trigger	No Trigger
Financial Sustainability Risk Rating after 1 rating override	Score	3	3
Overall Financial Sustainability Risk Rating	Score	3	3

Note: The trigger ignores the I&E plan variance margin for plan figures

Conclusion

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

Ms Maria Moore, Interim Chief Finance Officer

July 2016