

**Trust Board Meeting in Public: Wednesday 9 March 2016**

**TB2016.28**

<b>Title</b>	<b>Financial Performance to 31 January 2016</b>
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<b>Status</b>	A paper for report
<b>History</b>	Regular report

<b>Board Lead</b>	Mr Mark Mansfield, Executive Director of Finance and Procurement			
<b>Key purpose</b>	Strategy	Assurance	Policy	<b>Performance</b>

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**Financial Performance to 31 January 2016****Summary**

This report informs the Board of the Trust's financial position for the first ten months of the financial year 2015/16.

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

I&E (including R&D)	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
<b>Operating Income</b>				
Commissioning Income	775,752	646,226	654,429	8,203
PP, Overseas & RTA Income	13,480	11,232	9,604	(1,627)
Other Income	149,510	124,891	124,874	(17)
<b>Total Income</b>	<b>938,742</b>	<b>782,348</b>	<b>788,907</b>	<b>6,559</b>
<b>Operating Expenditure</b>				
Pay	(521,652)	(433,961)	(447,762)	(13,802)
Non-Pay	(357,176)	(304,762)	(295,232)	9,531
<b>Total Expenditure</b>	<b>(878,828)</b>	<b>(738,723)</b>	<b>(742,994)</b>	<b>(4,271)</b>
<b>EBITDA</b>	<b>59,914</b>	<b>43,625</b>	<b>45,913</b>	<b>2,288</b>
Non-Operating Expenditure	(63,490)	(52,893)	(43,785)	9,108
<b>Retained Surplus/(Deficit)</b>	<b>(3,576)</b>	<b>(9,268)</b>	<b>2,129</b>	<b>11,397</b>
Technical Adjustments	3,576	2,966	(7,644)	(10,610)
<b>Break Even Surplus</b>	<b>(0)</b>	<b>(6,302)</b>	<b>(5,515)</b>	<b>787</b>

- The Trust became a Foundation Trust on 1 October and was required to provide separate financial accounts for the periods 1 April to 30 September and 1 October to 31 March, however the Board (and Finance and Performance Committee) will continue to receive reports which cover the “cumulative to date” position for 2015/16.
- The Trust is reporting a year to date deficit of £5.5m, a position which is **£0.8m better than plan** after the first ten months of the year.
- Commissioning income (Page 5) is reported as being £8.2m ahead of plan. This is mainly due to the receipt of £6m relating to a capital to revenue transfer agreed with Monitor.
- Private Patient, Overseas and Road Traffic Accident (RTA) Income (Page 6) is £1.6m below plan.
- The deferring of R&D income causes an adverse variance on “other income”. Without this, “other income” would be £2.3m above plan (Page 3 lower table).
- Pay expenditure (Pages 8 and 9) is £13.8m overspent (and £15m above plan when research activities are excluded). The Trust has spent £34.9m on bank and agency staff to date this year.
- The non-pay position is affected by one-off benefits relating to the Trust’s PFI contracts, and the planned use of Trust reserves. Further information is shown on Page 10.

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

Research & Development	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
<b>Income</b>				
Other Income	44,920	37,447	35,166	(2,281)
<b>Total Income</b>	<b>44,920</b>	<b>37,447</b>	<b>35,166</b>	<b>(2,281)</b>
<b>Expenditure</b>				
Pay	(35,274)	(29,408)	(28,234)	1,174
Non-Pay	(9,645)	(8,039)	(6,933)	1,107
<b>Total Expenditure</b>	<b>(44,920)</b>	<b>(37,447)</b>	<b>(35,166)</b>	<b>2,281</b>
<b>EBITDA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- At the end of January expenditure on research and development (R&D) was £2.3m less than plan, with pay being £1.2m below plan and non-pay £1.1m less than anticipated. R&D income for this amount is therefore 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
<b>Operating Income</b>				
Commissioning Income	775,752	646,226	654,429	8,203
PP, Overseas & RTA Income	13,480	11,232	9,604	(1,627)
Other Income	104,590	87,443	89,707	2,264
<b>Total Income</b>	<b>893,822</b>	<b>744,900</b>	<b>753,741</b>	<b>8,840</b>
<b>Operating Expenditure</b>				
Pay	(486,378)	(404,553)	(419,529)	(14,976)
Non-Pay	(347,530)	(296,723)	(288,299)	8,424
<b>Total Expenditure</b>	<b>(833,908)</b>	<b>(701,276)</b>	<b>(707,827)</b>	<b>(6,552)</b>
<b>EBITDA</b>	<b>59,914</b>	<b>43,625</b>	<b>45,913</b>	<b>2,288</b>
Non-Operating Expenditure	(63,490)	(52,893)	(43,785)	9,108
<b>Retained Surplus/(Deficit)</b>	<b>(3,576)</b>	<b>(9,268)</b>	<b>2,129</b>	<b>11,397</b>
Technical Adjustments	3,576	2,966	(7,644)	(10,610)
<b>Break Even Surplus</b>	<b>(0)</b>	<b>(6,302)</b>	<b>(5,515)</b>	<b>787</b>

- 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 analysis presented on page 3 of this report reflects the “consolidated” position, including R&D activities, and is compatible with that seen in the statutory accounts for the organisation.
- 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 YTD				Income - Year-to-Date			
	YTD Plan	YTD Actual	YTD Diff.	YTD Diff. %	Plan £000	Actual £000	Diff. £000	Diff. %
Elective (incl. day cases)	95,476	96,110	635	0.7%	145,411	145,774	363	0.2%
Non-Elective	63,973	65,128	1,156	1.8%	135,695	138,407	2,712	2.0%
Out-Patients	852,872	892,285	39,413	4.6%	129,452	136,263	6,811	5.3%
Chemotherapy					4,706	4,674	(32)	(0.7%)
Critical Care					48,207	47,982	(225)	(0.5%)
Excess Beds					8,904	8,251	(653)	(7.3%)
Other Activity					80,451	72,203	(8,248)	(10.3%)
Adjustment for Thresholds					(10,070)	(9,423)	647	
<b>Total before Pass Through</b>					<b>542,756</b>	<b>544,131</b>	<b>1,375</b>	<b>0.3%</b>
Drugs & Devices (Pass Through)					96,719	101,967	5,248	5.4%
<b>Total with Pass Through</b>					<b>639,475</b>	<b>646,098</b>	<b>6,623</b>	<b>1.0%</b>
Activity-Related (Non-Specific)					12,038		(12,038)	
Penalties & Denials					(5,833)	(2,382)	3,451	
Winter Funding from 2014/15					547	547		
Prior Year Income						4,167	4,167	
Other						6,000	6,000	
<b>Total Commissioning Income</b>					<b>646,227</b>	<b>654,430</b>	<b>8,203</b>	<b>1.3%</b>

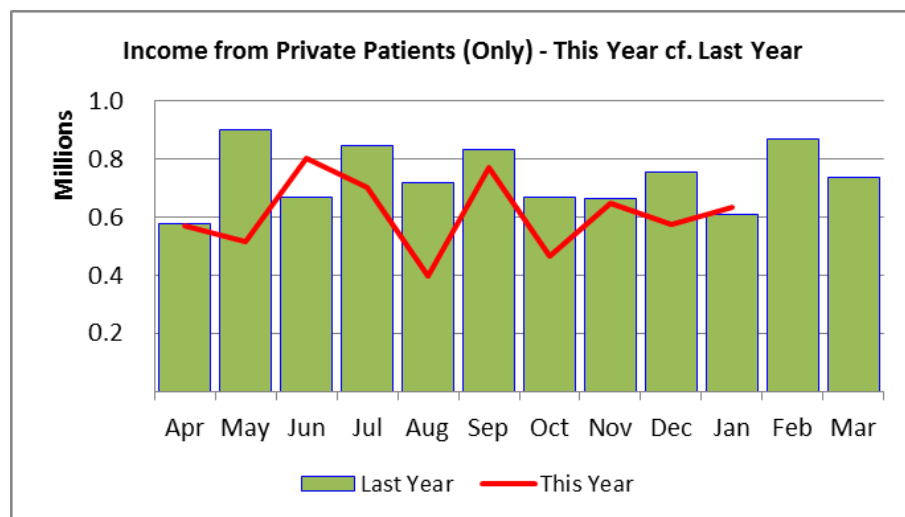
- The Trust's commissioning income position for the ten months year to date is reported as being £8.2m ahead of plan. This is principally due to the inclusion of a planned capital to revenue transfer, reductions in penalties, and the application of income derived from prior year activities.
- The underlying position for the Trust indicates a failure to deliver divisional income plans at £7.2m for patient activity when the benefit of reduced penalties and denials is included. This is offset by an overperformance on pass through drugs and devices (£5.2m), income relating to prior years (£4.2m) and the receipt of £6m relating to capital to revenue funding.

Activity	YTD Actual	Activity 2014/15	More / (L) cf. 2014/15	Diff. %
Elective (incl. day cases)	96,110	88,897	7,213	8.1%
Non-Elective	65,128	66,619	(1,491)	(2.2%)
Out-Patients	892,285	852,290	39,995	4.7%

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
<b>PP, Overseas &amp; RTA Income</b>				
Private Patients	10,941	9,116	6,415	(2,701)
Overseas Patients	189	157	865	708
RTA Income	2,350	1,958	2,324	366
<b>Total - PP, Overseas, RTA</b>	<b>13,480</b>	<b>11,231</b>	<b>9,604</b>	<b>(1,627)</b>

- Income from private and overseas patients, and road traffic accidents (RTAs), is £1.6m below plan.
- Private patient income is £2.7m below plan and is £2.3m below the level generated at month 10 in 2014/15.
- Income from road traffic accidents (RTAs) is £0.4m more than plan. These receipts are volatile and RTA income earned to date is not necessarily an indication of the year-end position.
- In 2014/15 most overseas income was recorded under the category of private patient income. The table below shows that the year-to-date figure for the two categories of income taken together is £1.5m less than the income earned at this stage in 2014/15.



	2014/15	2015/16	Diff
<b>PP &amp; Overseas Income</b>	YTD ACT	YTD ACT	More/(L)
	£000	£000	£000
<b>PP &amp; Overseas Income</b>			
Private Patients	8,728	6,415	(2,313)
Overseas Patients	31	865	834
<b>Total - PP &amp; Overseas</b>	<b>8,759</b>	<b>7,280</b>	<b>(1,479)</b>

## Other Income

OUH (excluding R&D)	Annual	Year to Date		
	Plan £000	Plan £000	Actual £000	Variance £000
<b>Other Income</b>				
Training & Education	47,431	40,010	40,259	249
Research	9,971	8,507	8,637	130
Income Generation	3,421	2,851	2,717	(134)
Rental Revenues	1,926	1,602	1,486	(116)
Patient Transport	193	161	203	42
Services to Other Bodies	26,983	21,997	23,554	1,557
Donations	1,328	1,105	1,322	217
Other Income & Charges	13,337	11,210	11,529	319
<b>Total - Other Income</b>	<b>104,590</b>	<b>87,443</b>	<b>89,707</b>	<b>2,264</b>

- “Other” income is £2.3m above plan if R&D allocations against plan are excluded.
- The Trust has received £0.6m for assets purchased through charitable funds and from other third party donations.
- The figure for “other income & charges” includes £0.6m from the Shelford Group to support procurement initiatives led by the Trust, and £0.6m of funding towards costs incurred in the development of the John Radcliffe Hospital front entrance. Both of these “sources” of income are matched by items of non-pay expenditure.

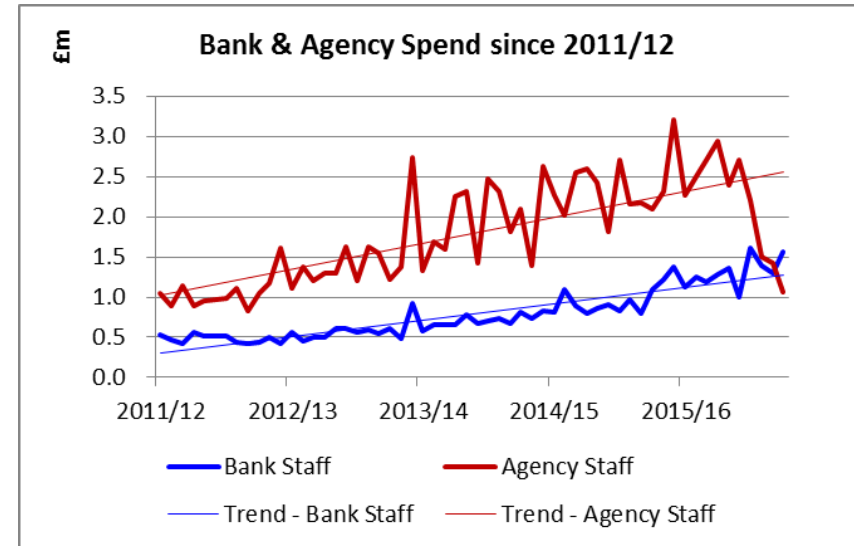
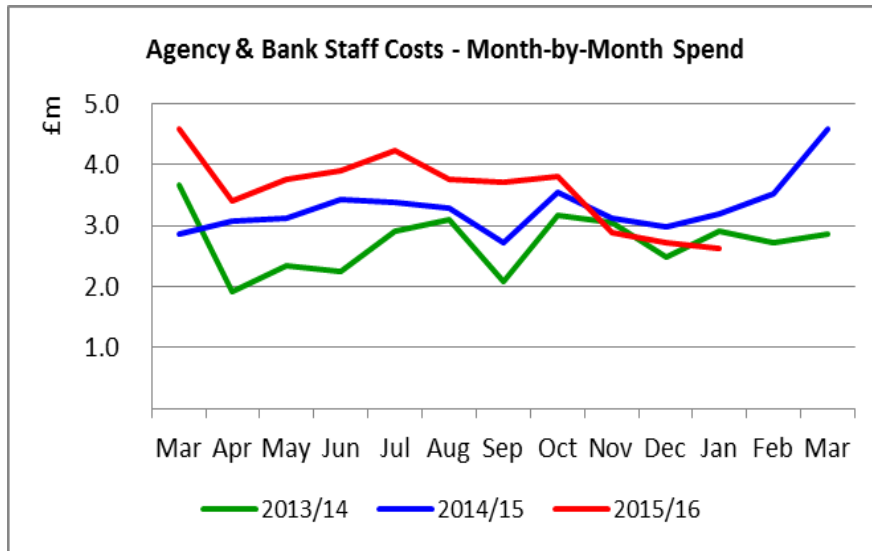
## Pay Expenditure – Analysis by Staff Group

OUH (excluding R&D)	Staff Type	Year to Date		
		Plan £000	Actual £000	Variance £000
<b>Consultants</b>	Payroll	83,760	81,978	1,782
	Bank			
	Agency		64	(64)
<b>Consultants</b>	<b>Total</b>	<b>83,760</b>	<b>82,042</b>	<b>1,718</b>
<b>Other Medical Staff</b>	Payroll	54,094	55,937	(1,843)
	Bank	116	2,068	(1,952)
	Agency	76	3,877	(3,801)
<b>Other Medical Staff</b>	<b>Total</b>	<b>54,286</b>	<b>61,882</b>	<b>(7,596)</b>
<b>Nurses &amp; Midwives</b>	Payroll	119,281	108,243	11,038
	Bank	147	7,723	(7,576)
	Agency	(137)	10,500	(10,637)
<b>Nurses &amp; Midwives</b>	<b>Total</b>	<b>119,291</b>	<b>126,466</b>	<b>(7,175)</b>
<b>Scientific, Tech., Therapeutic</b>	Payroll	52,570	49,690	2,880
	Bank		195	(195)
	Agency	441	3,915	(3,474)
<b>Scientific, Tech., Therapeutic</b>	<b>Total</b>	<b>53,011</b>	<b>53,800</b>	<b>(789)</b>
<b>Other Staff</b>	Payroll	93,695	88,794	4,902
	Bank	86	3,097	(3,011)
	Agency	424	3,448	(3,024)
<b>Other Staff</b>	<b>Total</b>	<b>94,203</b>	<b>95,336</b>	<b>(1,133)</b>
<b>OUH (excluding R&amp;D)</b>	Payroll	403,400	384,642	18,758
	Bank	349	13,083	(12,734)
	Agency	804	21,804	(21,000)
<b>OUH (excluding R&amp;D)</b>	<b>Total</b>	<b>404,553</b>	<b>419,529</b>	<b>(14,976)</b>

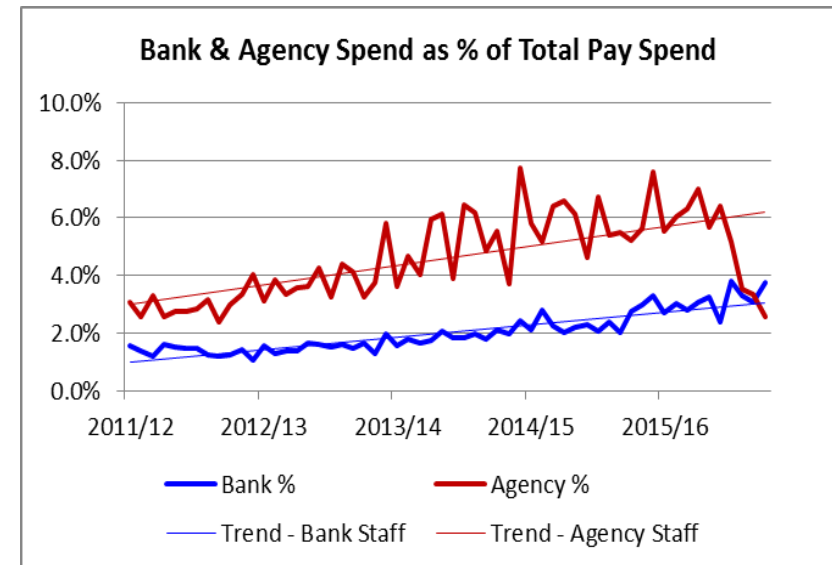
- The table on the left shows the year-to-date spend on pay, compared to plan, by staff group (excluding R&D).
- The Trust has spent £34.9m on pay bank and agency staff costs to date. These costs have increased when compared to 2014/15 but have reduced over the last three months – see Page 9.
- Whilst there has been increase in pay costs compared to last year the total pay expenditure reduced from £42.4m in December to £41.7m in January.



Bank & Agency Spend (Excl. R&D and DTWS)



- The Trust has spent £34.9m on bank and agency staff costs in the first ten months of the year. Whilst this is £0.1m per month more than the average monthly amount for 2014/15, the most recent monthly sum shows a reduction in spend from £2.74m (December) to £2.66m (January). Expenditure on bank and agency is at its lowest monthly level since 2013/14.
- The expenditure on bank and agency staff in January 2016 was below the levels seen in January 2014 and January 2015.
- The reduction in expenditure on agency staff reflects partly the impact of controls introduced by Monitor and TDA at national level. It also reflects the work carried out by the local project team led by the Director of Organisational Development and Workforce, Chief Nurse and Director of Clinical Services. It is notable that, notwithstanding the reductions in expenditure on temporary staff, expenditure on pay in total continues to run ahead of budget and of spend in previous financial years.



## 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
<b>Non-Operating Items</b>				
Depreciation	(35,900)	(29,917)	(30,436)	(519)
Impairments/Reversal of Imp.			9,937	9,937
Investment Revenue	238	200	217	17
Other Gains & Losses	(200)	(166)	15	181
Finance Costs	(20,494)	(17,070)	(16,752)	318
PDC Dividend Payable	(7,134)	(5,940)	(6,765)	(825)
<b>Total for Non-Op. Items</b>	<b>(63,490)</b>	<b>(52,893)</b>	<b>(43,785)</b>	<b>9,108</b>
<i>Technical Adjustments</i>				
IFRIC 12 Technical Deficit (PFI)	437	350	364	14
Impairments			(9,937)	(9,937)
Donated Asset Income	(269)	(224)	(434)	(210)
Donated Asset Depreciation	3,408	2,840	2,364	(476)
<b>Total for Technical Adjs.</b>	<b>3,576</b>	<b>2,966</b>	<b>(7,644)</b>	<b>(10,610)</b>
<b>Overall Impact on Break Even</b>	<b>(59,914)</b>	<b>(49,927)</b>	<b>(51,428)</b>	<b>(1,501)</b>

Non-operating items of income and expenditure are £1.5m above plan year-to-date.

*Non-Operating Items* – refers to items of income or expenditure which 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 and 4 of this report.

- “Other Gains & Losses” is a technical accounting adjustment which is made following the disposal of assets.

*Technical Adjustments* – refers to items of income or expenditure which are included within the Trust's income and expenditure in the Statement of Comprehensive Income on Pages 3 and 4 of this report but are excluded under NHS accounting rules when the Trust's financial duty to break even is measured.

- The IFRIC 12 “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 adjustment for this to date is £0.364m.
- Due to the closure of the OUH accounts at the end of September, the Trust's Estate was revalued. The revaluation resulted in an increase in the Estates valuation which resulted in a £9.9m benefit to the I&E statement shown as a “reverse impairment”. A reverse impairment arises when an asset that has previously been impaired due to price reductions has now increased in value because of price increases; thus reversing the past impairment. Any increase in value exceeding previous impairments is taken to the revaluation reserve.

## Summary Analysis of the Savings Programme

Forecast Savings	Annual Plan £000	YTD Plan £000	YTD Actual £000	YTD Variance £000	Full year Forecast £000	Forecast v Plan £000
Divisional Efficiency	17,514	14,621	17,820	3,199	22,323	4,809
Transformation	14,861	11,701	5,548	(6,153)	7,061	(7,800)
Workforce	5,604	4,666	4,715	49	4,715	(889)
Other	13,838	11,333	10,495	(838)	12,854	(984)
<b>Total</b>	<b>51,817</b>	<b>42,321</b>	<b>38,578</b>	<b>(3,743)</b>	<b>46,953</b>	<b>(4,864)</b>
				91.2%		90.6%

- The Trust has delivered £38.6m in savings in the first ten months of the year. This represents 91.2% of the year-to-date plan.
- The main slippage against the transformation schemes include the reduction of Out-patient DNA (did not attend), the rotas management scheme and the EPR (Radiology and Pathology) project.
- The main slippage against the “other” schemes relates to the Medicines management initiative.
- The Trust forecasts it will deliver £47m in savings in 2015/16. This represents 90.6% of the full year plan.

## Statement of Financial Position (Balance Sheet)

	Opening Balance 01-Apr-15	Closing Balance 31-Jan-16	Mvmt	Mvmt. In Month
<b>NON-CURRENT ASSETS</b>				
Property, Plant & Equipment	652,888	668,972	16,084	(7,844)
Intangible Assets	11,212	8,447	(2,765)	(251)
Trade & Other Receivables	5,091	5,462	371	199
<b>NON-CURRENT ASSETS</b>	<b>669,191</b>	<b>682,881</b>	<b>13,690</b>	<b>(7,896)</b>
<b>CURRENT ASSETS</b>				
Inventories	14,715	15,269	554	(485)
Trade & Other Receivables	42,212	56,987	14,775	(254)
Cash & Cash Equivalents	79,383	67,667	(11,716)	(2,149)
Assets Held for Sale		6,750	6,750	6,750
<b>CURRENT ASSETS</b>	<b>136,310</b>	<b>146,673</b>	<b>10,363</b>	<b>3,862</b>
<b>CURRENT LIABILITIES</b>				
Trade & Other Payables	(129,882)	(134,162)	(4,280)	2,498
Borrowings	(10,874)	(9,185)	1,689	71
Current Provisions	(2,476)	(1,945)	531	26
<b>CURRENT LIABILITIES</b>	<b>(143,232)</b>	<b>(145,292)</b>	<b>(2,060)</b>	<b>2,595</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>(6,922)</b>	<b>1,381</b>	<b>8,303</b>	<b>6,457</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	(263,185)	(256,114)	7,071	643
Trade & Other Payables	(16,359)	(16,533)	(174)	7
Non-Current Provisions	(2,559)	(2,524)	35	
<b>NON-CURRENT LIABILITIES</b>	<b>(282,103)</b>	<b>(275,171)</b>	<b>6,932</b>	<b>650</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>380,166</b>	<b>409,091</b>	<b>28,925</b>	<b>(789)</b>
<b>FINANCED BY TAXPAYERS EQUITY</b>				
Public Dividend Capital	208,115	208,758	643	
Retained Earnings	25,076	27,214	2,138	(788)
Revaluation Reserve	145,232	171,376	26,144	(1)
Other Reserve	1,743	1,743		
<b>TOTAL TAXPAYERS EQUITY</b>	<b>380,166</b>	<b>409,091</b>	<b>28,925</b>	<b>(789)</b>

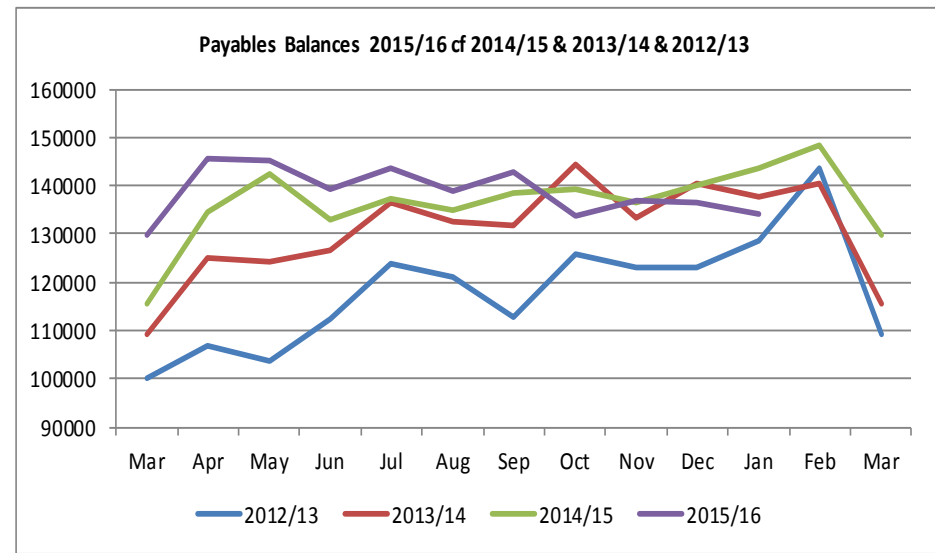
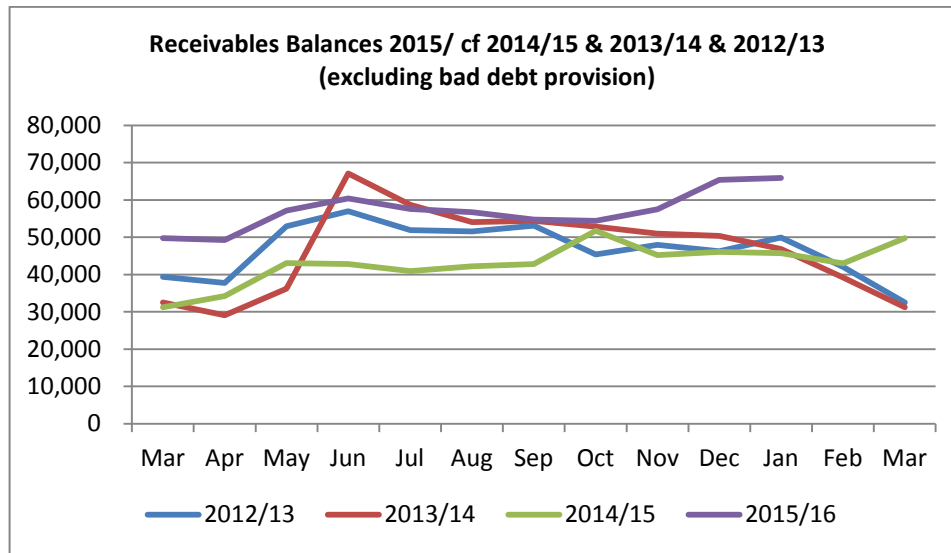
- Plant, property and equipment increased due to the revaluation exercise as part of the so-called "hard close" in Month 6.
- Total debtors are 6.2% of planned turnover. This includes the increase in commissioning income in month.
- The Trust held enough cash to cover 28 days of planned operating expenditure at 31 January (29 days at 31 December). The reduction in month was anticipated.
- Trade & other payables increased by £3.0m, mainly due to the timing of payment runs. Current payables constituted 15.5% of planned operating expenditure (December = 15.8%).

## Segmented Balance Sheet

	NHS £000	R&D £000	Third Party £000	Balance Sheet £000
<b>Non-Current Assets</b>	<b>682,881</b>			<b>682,881</b>
<b>Current Assets</b>				
Inventories	15,269			15,269
Trade & Other Receivables	54,699	2,182	106	56,987
Cash & Cash Equivalents	47,026	18,447	2,194	67,667
Assets Held for Sale	6,750			6,750
<b>Current Assets</b>	<b>123,744</b>	<b>20,629</b>	<b>2,300</b>	<b>146,673</b>
<b>Current Liabilities</b>				
Trade & Other Payables	(124,331)	(9,007)	(824)	(134,162)
Current Borrowings & Provisions	(11,130)			(11,130)
<b>Current Liabilities</b>	<b>(135,461)</b>	<b>(9,007)</b>	<b>(824)</b>	<b>(145,292)</b>
<b>Net Current Assets /(Liab.)</b>	<b>(11,717)</b>	<b>11,622</b>	<b>1,476</b>	<b>1,381</b>
<b>Non-Current Liabilities</b>				
Trade & Other Payables	(3,435)	(11,622)	(1,476)	(16,533)
Non-Current Borrowings & Provs.	(258,638)			(258,638)
<b>Non-Current Liabilities</b>	<b>(262,073)</b>	<b>(11,622)</b>	<b>(1,476)</b>	<b>(275,171)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>409,091</b>	<b>0</b>	<b>0</b>	<b>409,091</b>
<b>TOTAL TAXPAYERS EQUITY</b>	<b>409,091</b>			<b>409,091</b>

Analysis of Accounts Receivable (Debtors)

Analysis of Accounts Payable (Creditors)



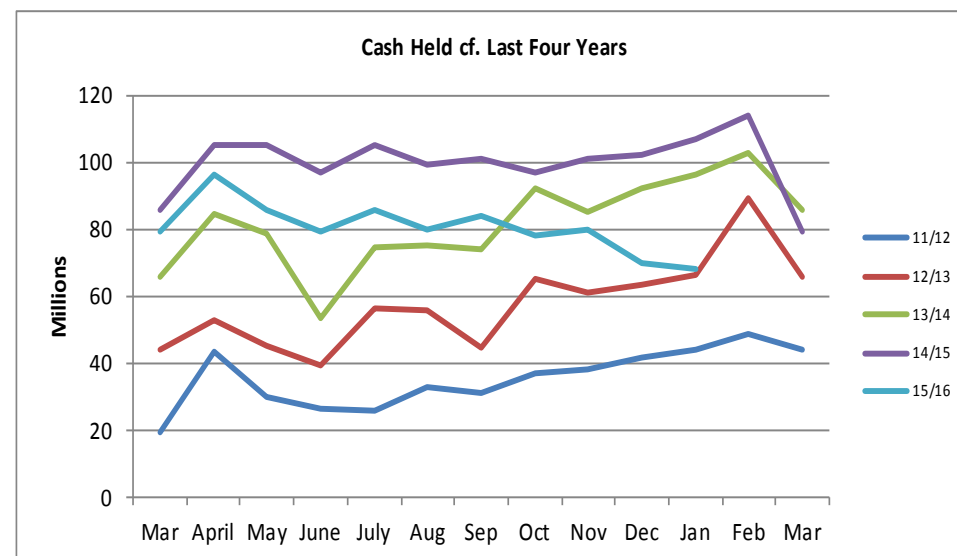
The graph above shows that the level of total debtor balances has increased in December and January. In December, this was due to an SLA contract adjustment that was outstanding at the end of December but was received in January. In January, this was due to one (high value) invoice from DoH being outstanding over the month end; the cash was subsequently received in February.

Better Payment Practice Code Performance			
		YTD to Jan 2016	
		Number	Value (£000)
Non NHS	Bills paid in the year	111,484	287,950
	Bills paid within target	106,027	272,396
		95.1%	94.6%
NHS	Bills paid in the year	4,647	108,998
	Bills paid within target	4,002	105,664
		86.1%	96.9%
All	Bills paid in the year	116,131	396,948
	Bills paid within target	110,029	378,060
		94.7%	95.2%

## Statement of Cashflows

	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Year-to-Date
	£000	£000	£000	£000	£000	£000	£000
<b>Cash Flows from Operating Activities</b>							
Operating Surplus/(Deficit)	(1,127)	12,263	3,988	2,534	371	1,541	25,414
Depreciation & Amortisation	3,081	2,863	3,111	3,129	3,130	3,082	30,436
Impairments & Reversals		(9,937)					(9,937)
Receipt of Donated Assets		(75)		(101)	(12)	(44)	(434)
Interest Paid	(1,661)	(1,742)	(1,661)	(1,661)	(1,661)	(1,661)	(16,688)
Dividend Paid		(2,703)					(2,703)
(Increase) in Inventories	(108)	(45)	34		(606)	485	(554)
(Increase) in Trade & Other Receivables	855	2,166	526	(3,004)	(7,858)	55	(16,005)
Increase in Trade & Other Payables	(4,495)	5,672	(10,025)	2,503	(445)	(2,700)	5,865
Increase in Provisions		1,171	0		(156)	(26)	(584)
<b>Cash Flow from Operating Activities</b>	<b>(3,455)</b>	<b>9,633</b>	<b>(4,027)</b>	<b>3,400</b>	<b>(7,237)</b>	<b>732</b>	<b>14,810</b>
<b>Cash Flows from Investing Activities</b>							
Interest Received	21	22	20	21	21	19	217
(Payments) for Fixed Assets	(1,502)	(4,374)	(975)	(1,077)	(1,537)	(2,185)	(18,652)
Receipts from Disposal of Fixed Assets				43	(16)		27
<b>Cash Flow from Investing Activities</b>	<b>(1,481)</b>	<b>(4,352)</b>	<b>(955)</b>	<b>(1,013)</b>	<b>(1,532)</b>	<b>(2,167)</b>	<b>(18,408)</b>
<b>Cash Flows from Financing Activities</b>							
Public Dividend Capital Received							643
Public Dividend Capital Repaid							
Capital Loans - Repayment of Principal		(702)					(702)
FT Liquidity Loan - Principal Repayment							
Capital Element of Finance Leases & PFI	(790)	(775)	(768)	(769)	(1,097)	(714)	(8,058)
<b>Cash Flow from Financing Activities</b>	<b>(790)</b>	<b>(1,477)</b>	<b>(768)</b>	<b>(769)</b>	<b>(1,097)</b>	<b>(714)</b>	<b>(8,117)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>(5,726)</b>	<b>3,805</b>	<b>(5,750)</b>	<b>1,618</b>	<b>(9,866)</b>	<b>(2,149)</b>	<b>(11,716)</b>
<b>Cash - Beginning of the Period</b>	<b>85,736</b>	<b>80,010</b>	<b>83,815</b>	<b>78,064</b>	<b>79,683</b>	<b>69,816</b>	<b>79,383</b>
<b>Cash - End of the Period</b>	<b>80,010</b>	<b>83,815</b>	<b>78,064</b>	<b>79,683</b>	<b>69,816</b>	<b>67,668</b>	<b>67,667</b>

- The Trust's cashflow for the year-to-date is shown in the table left.
- Cash reduced by £2.1m in the month of January to £67.7m, and this was better than the forecast of £66.1m.
- The reduction in cash in the past two months was anticipated.
- The Trust held enough cash to cover 28 days of planned operating expenditure at 31 January (29 days at 31 December).



## Cashflow Forecast

	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cash Flows from Operating Activities</b>													
Operating Surplus/(Deficit)	1,541	4,235	864	4,542	3,847	5,961	5,263	6,682	5,961	5,263	5,961	3,847	5,263
Depreciation & Amortisation	3,082	3,137	3,233	3,254	3,254	3,254	3,254	3,254	3,254	3,254	3,254	3,254	3,254
Impairments & Reversals													
Receipt of Donated Assets	(44)		(36)										
Interest Paid	(1,661)	(1,660)	(1,730)	(1,633)	(1,633)	(1,633)	(1,633)	(1,633)	(1,691)	(1,633)	(1,633)	(1,633)	(1,633)
Dividend Paid			(4,668)						(4,388)				
(Increase) in Inventories	485	(1,097)	1,651	(396)	33	191	(142)	(108)	(45)	34		(606)	49
(Increase) in Trade & Other Receivables	55	(213)	13,003	(571)	(4,528)	(1,300)	(9,377)	922	2,963	544	(3,900)	(3,212)	(2,030)
Increase in Trade & Other Payables	(2,700)	1,257	6,965	13,808	(2,690)	(5,538)	3,681	(5,694)	7,411	(11,004)	2,183	133	2,557
Increase in Provisions	(26)		43										
<b>Cash Flow from Operating Activities</b>	<b>732</b>	<b>5,659</b>	<b>19,324</b>	<b>19,004</b>	<b>(1,717)</b>	<b>935</b>	<b>1,046</b>	<b>3,423</b>	<b>13,465</b>	<b>(3,542)</b>	<b>5,865</b>	<b>1,783</b>	<b>7,460</b>
<b>Cash Flows from Investing Activities</b>													
Interest Received	19	21	23	16	17	17	16	17	17	16	17	17	16
(Payments) for Fixed Assets	(2,185)	(2,320)	(5,034)	(5,688)	(3,992)	(3,269)	(1,198)	(2,646)	(1,736)	(3,538)	(4,023)	(4,304)	(3,738)
Receipts from Disposal of Fixed Assets	0		16,566										
<b>Cash Flow from Investing Activities</b>	<b>(2,167)</b>	<b>(2,299)</b>	<b>11,555</b>	<b>(5,672)</b>	<b>(3,975)</b>	<b>(3,252)</b>	<b>(1,182)</b>	<b>(2,629)</b>	<b>(1,719)</b>	<b>(3,522)</b>	<b>(4,006)</b>	<b>(4,287)</b>	<b>(3,722)</b>
<b>Cash Flows from Financing Activities</b>													
Public Dividend Capital Received													
Public Dividend Capital Repaid			(6,000)										
Capital Loans - Repayment of Principal			(702)						(702)				
FT Liquidity Loan - Principal Repayment													
Capital Element of Finance Leases & PFI	(714)	(778)	(1,014)	(601)	(601)	(601)	(601)	(601)	(601)	(601)	(601)	(601)	(601)
<b>Cash Flow from Financing Activities</b>	<b>(714)</b>	<b>(778)</b>	<b>(7,716)</b>	<b>(601)</b>	<b>(601)</b>	<b>(601)</b>	<b>(601)</b>	<b>(601)</b>	<b>(1,303)</b>	<b>(601)</b>	<b>(601)</b>	<b>(601)</b>	<b>(601)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>(2,149)</b>	<b>2,582</b>	<b>23,164</b>	<b>12,731</b>	<b>(6,293)</b>	<b>(2,918)</b>	<b>(737)</b>	<b>193</b>	<b>10,443</b>	<b>(7,665)</b>	<b>1,258</b>	<b>(3,105)</b>	<b>3,137</b>
<b>Cash - Beginning of the Period</b>	<b>69,816</b>	<b>67,668</b>	<b>70,250</b>	<b>93,413</b>	<b>106,144</b>	<b>99,851</b>	<b>96,933</b>	<b>96,196</b>	<b>96,389</b>	<b>106,832</b>	<b>99,167</b>	<b>100,425</b>	<b>97,320</b>
<b>Cash - End of the Period</b>	<b>67,668</b>	<b>70,250</b>	<b>93,413</b>	<b>106,144</b>	<b>99,851</b>	<b>96,933</b>	<b>96,196</b>	<b>96,389</b>	<b>106,832</b>	<b>99,167</b>	<b>100,425</b>	<b>97,320</b>	<b>100,457</b>

A rolling 12-month cash forecast is shown in the table above, and forecasts cash for February 2016 to be approximately £70m.

## Capital Programme

	Annual	M10	M10	M10	Forecast
OUH Capital Programme 2015/16	Plan	Plan	Actual	Variance	outturn
	£000s	£000s	£000s	£000s	£000s
<i>Gross Capital Spend</i>					
Capital Technology Fund - Genomics Designation	642	642	225	(417)	642
Medical and Surgical Equipment	1,200	800	1,652	852	3,139
Lease Buyouts	500				320
Estates Gen & Ward Relocations/Refurbishments	5,827	3,022	2,050	(972)	5,786
Major Equipment including CTs, ultrasounds etc	4,431	3,567	1,474	(2,093)	2,215
Small Schemes	600	400	867	467	1,195
IT/EPR	3,250	2,710	1,975	(735)	3,634
Estates New Development Works	4,755	3,183	563	(2,620)	3,248
R&D	425	350	27	(323)	269
Donations	269	224	434	210	390
JR Theatre Remodelling - Trust funded element	100	80	28	(52)	50
Adult Critical Care - Trust funded element	60				60
Radiotherapy: Milton Keynes - Trust funded element	500	335	41	(294)	60
Radiotherapy Swindon	3,549	2,365	125	(2,240)	268
EPR Reprocurement	3,911	2,608	122	(2,486)	932
Capital plan adjustment	(6,000)				
<b>Total Capital Programme Spend</b>	<b>24,019</b>	<b>20,286</b>	<b>9,583</b>	<b>(10,703)</b>	<b>22,208</b>
<i>Technical capital adjts (IFRIC 4 &amp; IFRIC 12)</i>					
Welcome Centre	3,000	0	3,000	3,000	3,000
PFI Lifecycle	2,232	1,860	1,860	(0)	2,232
Finance Leases	500	0	0		0
Energy Centre	9,000	0	0		0
Asset retirements	-200	-166	15	181	-200
Donations	-269	-224	-434	(210)	-390
<b>Total Other Capital Spend</b>	<b>14,263</b>	<b>1,470</b>	<b>4,440</b>	<b>2,970</b>	<b>4,642</b>
<b>Gross Capital Spend</b>	<b>38,282</b>	<b>21,756</b>	<b>14,023</b>	<b>(7,733)</b>	<b>26,849</b>

- The Trust has charged £9.6m against its capital programme in the first ten months of the year. This is £10.7m less than planned due to slippage against schemes including major equipment purchases, estates developments, EPR procurement and Radiotherapy services at Swindon.
- Technical capital accounting adjustments include the Welcome Centre, the Energy Centre and PFI Lifecycle schemes which are capitalised on the point of use under technical capital accounting guidance (IFRIC 12)
- The capital programme and capital schemes will be continuously reviewed and monitored by the relevant project managers in the period leading up to closure of the accounts; if necessary and appropriate, schemes will be brought forward from the 2016/17 programme to offset any slippage.



**Financial Sustainability Risk Rating (FSRR)**

The Trust's January YTD and forecast FSRR score, after mitigations, is a 2. Details of the component measures of the Trust's overall risk assessment, that are currently submitted to Monitor on a monthly basis, are included in the table below:-

	Audited For PrevYE ending 31-Mar-15	Plan For Current YTD ending 31-Jan-16	Actual For Current YTD ending 31-Jan-16	Plan For YTD ending 31-Dec-15	Actual For YTD ending 31-Dec-15	Plan For Year ending 31-Mar-16	Simple Forecast Year ending 31-Mar-16	Adjusted Forecast Year ending 31-Mar-16
<b>Financial Sustainability Risk Rating</b>								
Capital Service Capacity rating	3	2	2	2	2	2	2	2
Liquidity rating	2	2	2	2	2	2	2	2
I&E Margin rating		2	2	2	2	2	2	2
I&E Margin Variance rating		4	3	4	3	4	3	3
Overall Financial Sustainability Risk Rating		3	2	3	2	3	2	2
Continuity of Service Risk Rating	3							

It should be noted that the FSRR is currently being adversely and anomalously affected by the capital/revenue repayment of PDC (see pages 3 and 5 above). In the normal course of business the forecast FSRR is anticipated to be a 3.

**Conclusion**

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

**Mr Mark Mansfield, Executive Director of Finance and Procurement**  
February 2016