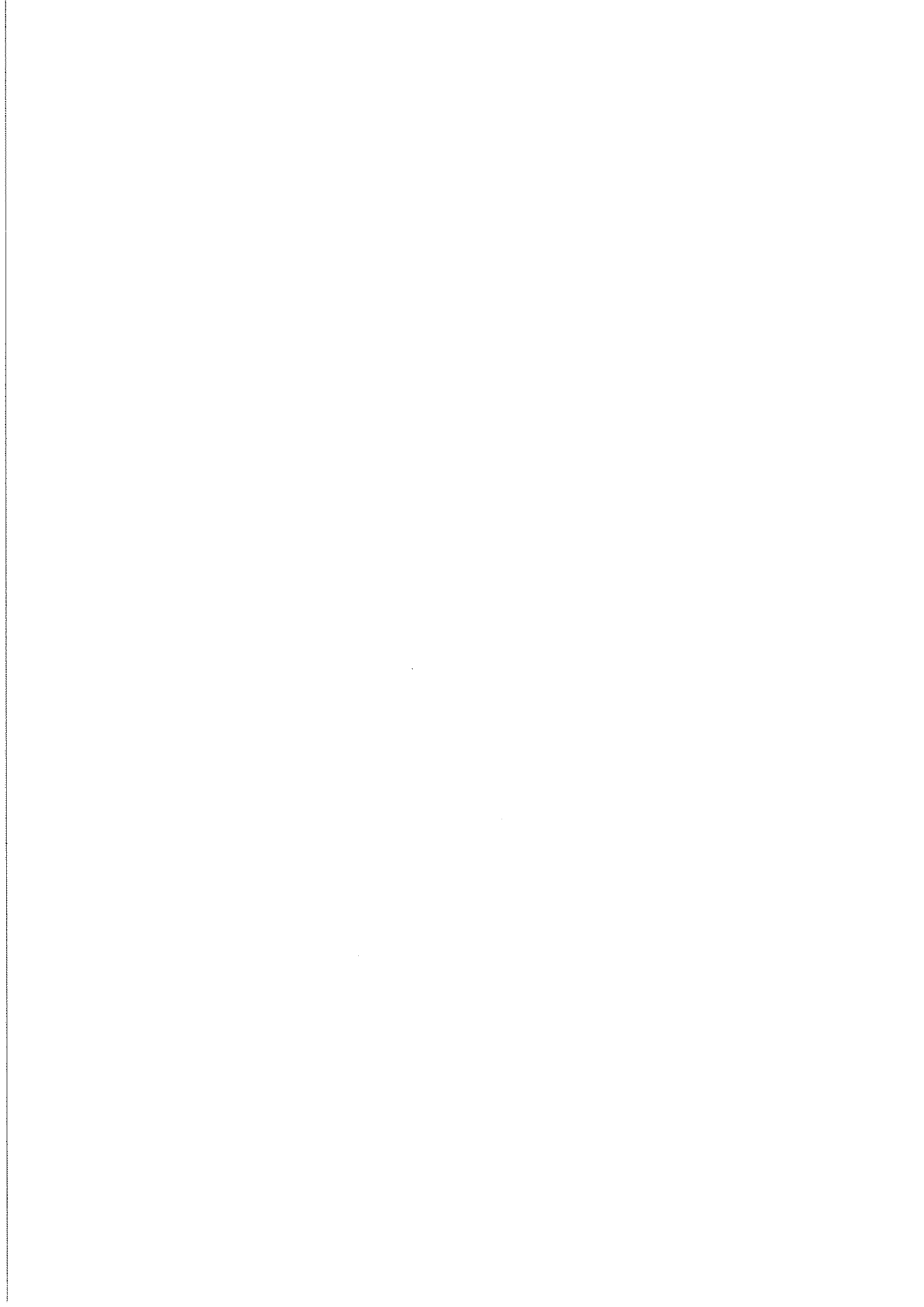


BOARD SUMMARY SHEET	
Title	Finance Report to the Board – May 2010/11
Submitted by	Mr J Drury, Director of Finance
Date of meeting	30 th June 2010
Corporate Objectives Addressed	Financial Duties / Financial Strategy
SUMMARY OF CRITICAL POINTS	
<p>Breakeven Financial Duty. The Income and Expenditure performance of the Trust at month 2 shows a deficit of £0.986m (2.8%).</p> <p>Capital Resource Limit (CRL) The Capital Resource Limit (CRL) for 2010/11 totals £10.470m. Total capital expenditure of £0.473m has been incurred at month 2.</p> <p>External Financing Limit (EFL) The Trust's planned External Financing Limit is -£883k. The Trust is therefore forecast to generate a net inflow of £883k from operations and working capital during the year.</p> <p>Capital Cost Absorption Rate The Trust is required to achieve a capital cost absorption rate of 3.5%. Planned dividend repayments are forecast to achieve this duty.</p> <p>Better Payment Practice Code (BPPC) The position for May shows 25% compliance by volume and 23% compliance by value which is below the required target of 95% compliance.</p>	
PATIENT IMPACT	
STAFF IMPACT	
FINANCIAL IMPACT	
EQUALITY AND DIVERSITY IMPACT	
LEGAL IMPLICATIONS	
<p>RISK ASSESSMENT This paper references to the BAF as follows:</p> <ul style="list-style-type: none"> • 33 Failure to produce adequate LTFM • 40 Compliance with Prompt Payment Policy 	
RECOMMENDATION	
The Board is asked to note the financial position for period ended May 10.	





Northampton General Hospital

NHS Trust

FINANCE REPORT
MAY (MONTH 2)
2010/11

Key numbers at a glance

I&E Position	£000's	Page Ref.
In-month	-472	1.2
Year to date	-986	1.0
FIMS Plan (Year to date)	0	
PCT SLA Income Variance	0	1.3
Full Year I&E Forecast	2,000	1.0
Financial Risks to Forecast	2,220	1.1

Cost Improvement Schemes	£000's	
In month delivery	432	CIPs achieved in May
Year to date	713	CIPs achieved for May YTD
Full Year Forecast	5,214	Total target £12m
FYE Identified	7,517	Total target £12m
FYE Unidentified	4,483	Total target £12m

EBITDA Performance	£000's	
Trust	-688ADV	3.0

Capital	£000's	
Year to Date	473	4.0
Forecast	10,620	4.0

SoFP (movement in year)	£000's	
Non-current assets	-529	In-year depreciation plus Capex
Current assets	103	
Current Liabilities	118	

Cash	£000's	
In month movement	-915	Decrease over April 10
In Year movement	267	Increase over March 2010
Debtors Balance > 30 days	1,456	Total outstanding over 30 days
BPPC (by volume)	25%	Target 95% paid in 30 days

KPIs		
Financial Risk Rating	1.80	YTD deficit and liquidity
EBITDA	65.1%	65% achievement of plan
Liquidity	-15.35	Number of Days operating exps
Surplus Margin	-2.8%	Due to overall deficit overall
Pay / Income	68.8%	1.7 % above plan for period

1.0 Income & Expenditure Account

	Plan 2010-11	YTD Actual	YTD Plan	Variance to budget -ve = favourable
	£000's	£000's	£000's	£000's
Summary Trading Account:				
SLA Clinical Income	202,975	33,165	33,166	0
Other Clinical Income	3,050	361	529	168
Other Income	22,188	3,841	3,702	-139
Total Income	228,212	37,367	37,397	29
Pay Costs	149,902	25,704	25,089	615
Non-Pay Costs	60,160	10,382	10,000	383
CIPs	-2,001		-333	333
Reserves	4,036		673	-673
Total Costs	212,098	36,086	35,427	659
EBITDA	16,114	1,281	1,970	688
Depreciation	-9,847	-1,560	-1,641	-81
Amortisation	-10	-2	-2	0
Impairment of Fixed Assets				
Net Interest	-4	3	-1	-3
Dividend	-4,253	-708	-709	0
Repayment of Planned Support				
Surplus / (Deficit)	2,000	(986)	(383)	604
Normalised	2,000	(986)	(383)	604

- £986k YTD deficit (09-10 May YTD £221k deficit).

- £383k planned deficit (per annual plan submitted to Board).

- £604k adverse variance

- SLA income on plan.

- PP, RTA and CRU income all below plan but increased from April.

- Income generation ahead of plan.

- Pay £615k overspent
- Non-Pay £383k overspent.

- Reserves include £2.9m to cover CQUIN costs

- £2m unallocated CIPs are b/fwd from 09-10.

- FIMS plan is for a YTD breakeven (no deficits allowed).

1.1 Income & Expenditure Account (last 3 months)

	Mar		April		May	
	Actual	Plan	Actual	Plan	Actual	Plan
	£000's	£000's	£000's	£000's	£000's	£000's
Summary Trading Account:						
SLA Clinical Income	18,804	16,348	16,509	16,561	16,657	16,605
Other Clinical Income	448	252	137	265	224	265
Other Income	2,896	1,820	1,804	1,858	2,037	1,844
Total Income	22,148	18,420	18,450	18,683	18,917	18,713
Pay Costs	12,231	11,935	12,740	12,467	12,963	12,622
Non-Pay Costs	7,848	4,903	5,090	5,003	5,293	4,996
CIPs	0	-889	0	-167	0	-167
Reserves	0	686	0	336	0	336
Indirect Expenditure	0	0	0	0	0	0
Overheads	0	0	0	0	0	0
Total Costs	20,079	16,634	17,830	17,639	18,256	17,788
EBITDA	2,069	1,786	620	1,044	661	926
Depreciation	-760	-847	-780	-821	-780	-821
Amortisation	0	0	-1	-1	-1	-1
Impairment of Fixed Assets	-12	0	0	0	0	0
Net Interest	1	5	1	0	2	0
Dividend	-390	-407	-354	-354	-354	-354
Surplus / (Deficit)	909	538	(514)	(132)	(472)	(251)

- SLA income on plan in April and May.
- Movement in pay costs consistent with pay weeks and national pay awards
- Other clinical income low
- Other income excludes SSA income (non-rec 09-10).

1.2 SLA Income by Point of Delivery

	Plan 2010-11	YTD Actual	YTD Plan	Variance to budget
Day Case	28,960	4,878	4,649	-228
Elective Inpatients	20,712	3,121	3,408	287
Non Elective	69,459	11,618	11,383	-235
Outpatient First Attendances	13,077	2,023	2,152	130
Outpatient Follow Up Attendances	9,786	1,824	1,611	-213
Outpatient First - NCL	1,334	260	219	-41
Outpatient Follow Up - NCL	1,624	357	267	-89
Outpatient Procedures	1,292	443	213	-230
A&E	7,291	1,240	1,239	-2
Excluded Medicines	9,498	1,446	1,583	136
Critical Care & HDU	6,478	853	1,083	230
Pathology	4,982	822	833	10
Other Block Contracts	22,426	3,881	3,690	-191
CQUIN	2,921	368	487	119
ARMID	602	139	93	-46
Stroke	1,000			
Productivity CIP / Overperformance	1,534		256	256
Partially Completed Spells		310		-310
ACMF Provisions		-417		417
Total SLA Clinical Income	202,975	33,165	33,166	0

SLA Income Position

- SLA income on plan overall
- Daycases 5% above plan
- Elective 8% below plan
- Non elective 2% above plan
- Outpatient Procedures £230k above plan
- Excluded medicines claw back of income under 50:50 risk share.
- Critical Care contract now cost & volume and subject to £6.2m cap for NHSN.
- 30% Marginal Rate adjustment lower than plan by £156k.
- CQUIN accrued to 75% of total potential value (1.5% of contract income)
- Additional Stroke Centre income anticipated from October 10. To be negotiated with PCT.
- Productivity CIP of £1.5m included in plan.
- Contract compliance and data challenges provision of £417k at M2.
- PCT challenges for M1 amount to £1.3m.

1.3 SLA Activity

	Plan 2010-11	YTD Actual	YTD Plan	Variance to budget
Planned Same Day	39,502	6,794	6,342	-452
Elective Inpatients	8,985	1,341	1,497	156
Non Elective	39,478	6,608	6,608	0
New Outpatients	76,522	11,802	12,595	793
Follow Up Outpatients	109,792	20,142	18,071	-2,071
First Outpatients - NCL	17,056	3,657	2,807	-850
Follow Up Outpatients - NCL	48,020	10,377	7,904	-2,473
Outpatient Procedures	9,400	3,227	1,547	-1,680
A&E Attendances	81,610	14,322	13,864	-458

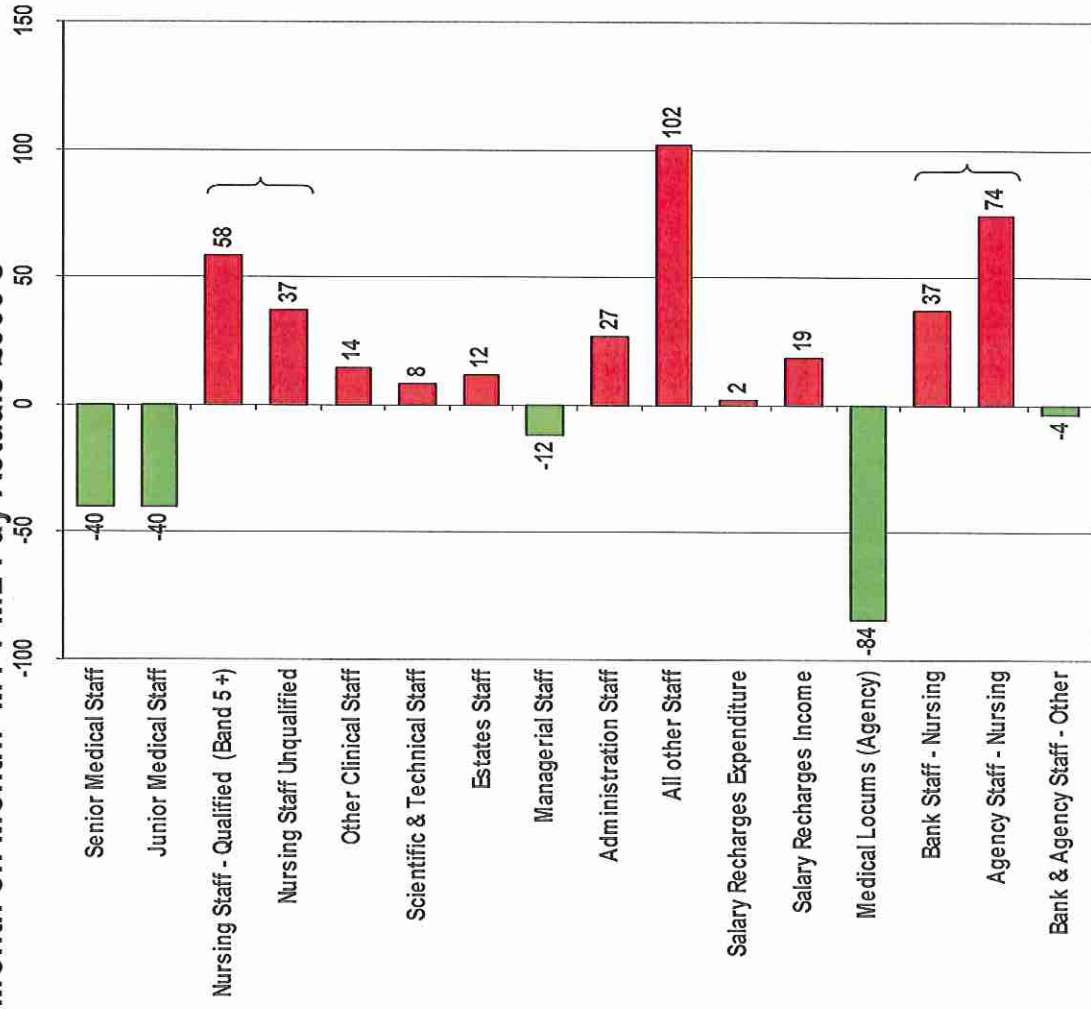
2.0 Cost Improvement Programmes

CIP by DIRECTORATE	FULL YEAR EFFECT				M2 POSITION			
	Total Schemes 10/11 Target	Value of Identified Schemes	Value of Schemes Not Identified	% of Total Schemes	Total Schemes Target @ M2	Value of Identified Schemes	Identified Schemes Delivered	Value of Un-Identified Schemes
	£k	£k	£k	%	£k	£k	£k	£k
Surgery	989	1,348	-359	-36.3%	165	126	45	39A
Anaesthetics & Critical Care	1,090	541	549	50.4%	182	88	130	94A
Trauma & Orthopaedics	771	837	-66	-8.5%	129	150	96	22F
Head & Neck	574	532	42	7.3%	96	95	65	1A
Child Health	742	224	518	69.8%	124	83	0	41A
Obstetrics & Gynaecology	966	677	289	29.9%	161	111	43	50A
General Medicine & Emergency Care	1,955	1,955	0	0.0%	326	172	114	154A
Pathology & BTS	715	166	549	76.8%	119	28	4	92A
Radiology	659	115	544	17.5%	110	77	103	33A
Cancer Services	930	178	752	80.9%	155	70	98	85A
Clinical Support	506	0	506	100.0%	84	0	0	84A
Hospital Support	947	38	909	96.0%	158	6	2	152A
Facilities	1,156	477	679	58.7%	193	24	13	165A
Total NGH by DIRECTORATE	12,000	7,517	4,484	37.4%	2,000	1,029	713	971A
CIP by TYPE	£k	£k	£k	%	£k	£k	£k	£k
Productivity	3,624	2,270	1,354	37.4%	604	212	123	392A
Efficiency	283	177	106	37.4%	47	72	18	25F
Pay/Staff Review	1,914	1,199	715	37.4%	319	96	94	223A
Sickness	195	122	73	37.4%	32	21	14	11A
Bank/Agency	1,143	716	427	37.4%	191	55	27	136A
Med Staff	579	363	216	37.4%	97	62	63	35A
WLI	160	100	60	37.4%	27	17	0	10A
N/R Vacancies	758	475	283	37.4%	126	173	186	47F
Procurement	923	578	345	37.4%	154	133	68	21A
Medicines	107	67	40	37.4%	18	8	50	10A
Non Pay	1,153	722	431	37.4%	192	81	48	111A
Directorate Income	816	511	305	37.4%	136	38	22	98A
R & R Payment	59	37	22	37.4%	10	0	0	10A
SPR Cover	287	180	107	37.4%	48	60	0	12F
Total NGH by TYPE	12,000	7,517	4,483	37.4%	2,000	1,028	713	972A

Recurring	10,431	6,554	3,877	37.2%	1,738	893	469	845A
Non Recurring	1,569	963	606	38.6%	262	135	244	127A

3.0 Pay Expenditure (Month on Month)

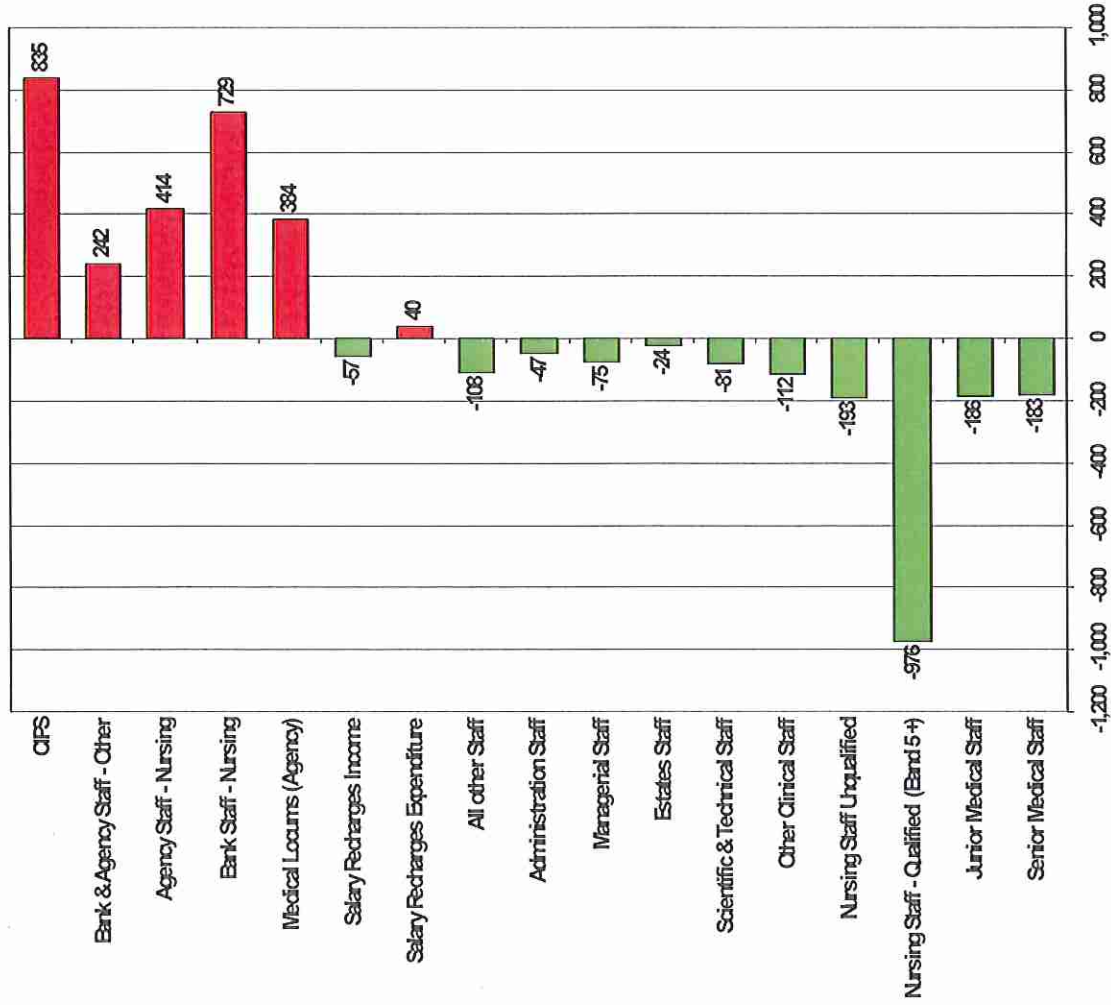
Month on Month: M1 v M2 Pay Actuals £000's



- Pay is £0.2m higher in May than April in part due to being 5 week month
- However, nursing qualified and unqualified increase by £95k but bank and agency increase by £111k.
- Overspend reduced by medical costs falling by £164k (including locums)
- All other staff include predominantly weekly paid staff

3.1 Pay Expenditure M2 (Staff Group)

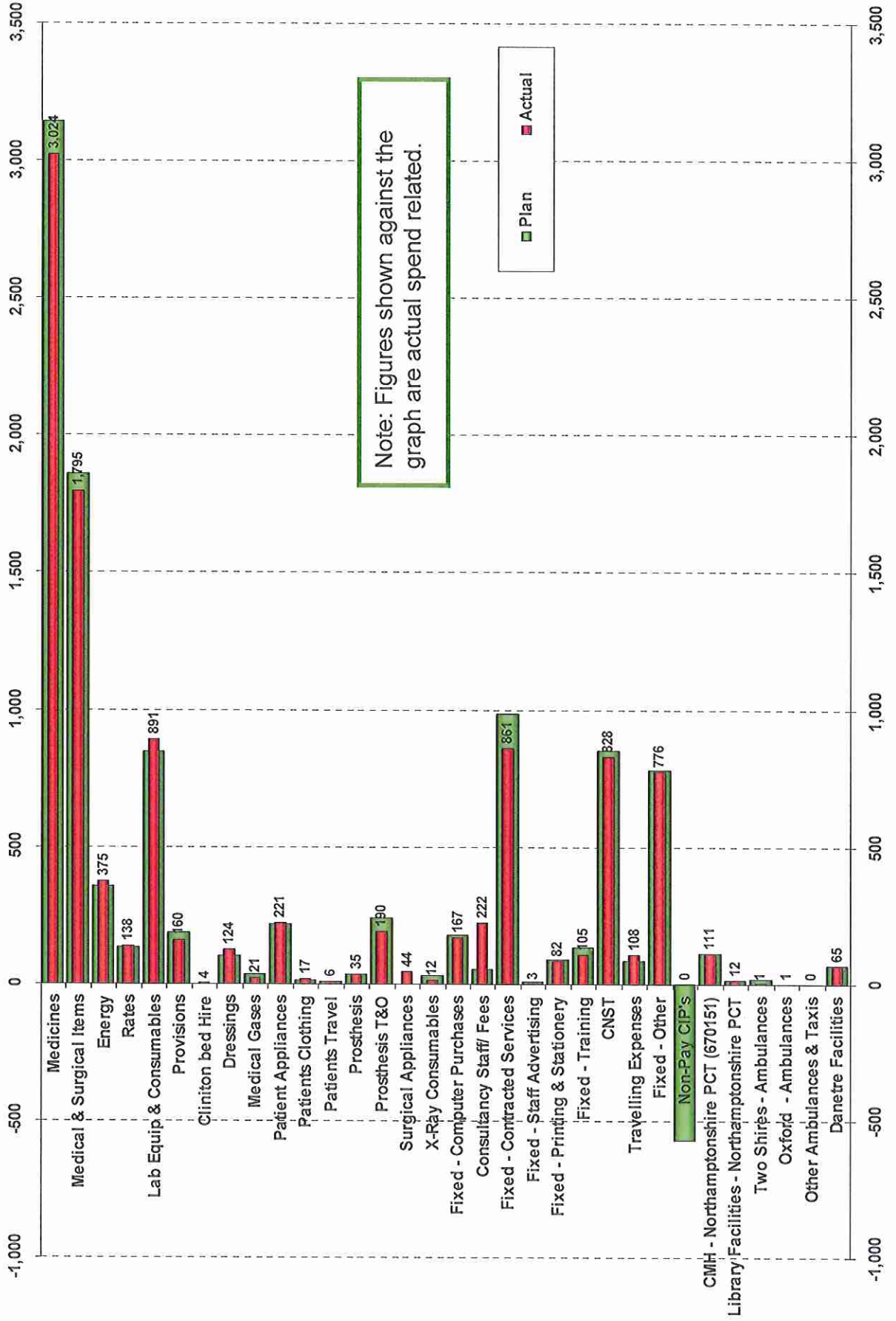
Pay YTD Variance by Staff Group £000's



Pay is £0.6m overspend YTD.

- Bank & Agency spend to be viewed together across the relevant staff categories for a complete picture as not budgeted for in isolation.
- Medical staffing in combination with Locums are 16k adverse
- Nursing staffing in combination with Bank & Agency are £68k adverse YTD but £205k worse in May
- Bank & Agency other are £242k adverse offsetting favourable variances across a number of staff categories
- Overtime remains high at £110k per month
- CIPs are not delivering nor are vacancies delivering underspend versus budget

3.2 Non-Pay M2 Subjective (Actuals vs Budget YTD)



4.0 Capital Expenditure Schemes

Category	Annual Budget 2010/11 £000's	Year to Date as at Month 2		Year to Date as at Month 2	
		Actual Spend £000's	Plan Achieved £000's	Actual Committed £000's	Plan Achieved £000's
Breast Screening Business Case	600	0	0%	0	0%
A&E / Fracture Clinic / EAU	500	0	0%	0	0%
Room A (General X Ray Room)	350	0	0%	347	99%
Room 5 (Interventional Room)	1,200	0	0%	0	0%
IGRT retrofit to Linear Accelerator	575	0	0%	0	0%
MESC	950	261	27%	365	38%
Estates	3,699	111	3%	586	16%
IT	2,565	86	3%	695	27%
Other	181	14	8%	93	51%
Disposals	0	0	0%	0	0%
Total - Capital Plan	10,620	473	4%	2,085	20%
Less Charitable Funds	-105	0	0%	0	0%
Total - CRL	10,515	473	4%	2,085	20%

- Replacement Breast Screening mobile & trailer is second year of business case
- Room A (due to complete June) and Room 5 (urgent) are old rooms being replaced in Radiology
- IGRT retrofit improves patient treatment with existing linear accelerator
- Current plan excludes Macmillan funding which will be approved to tender stage in September
- Current expectations are to fully spend the available capital allocation in year

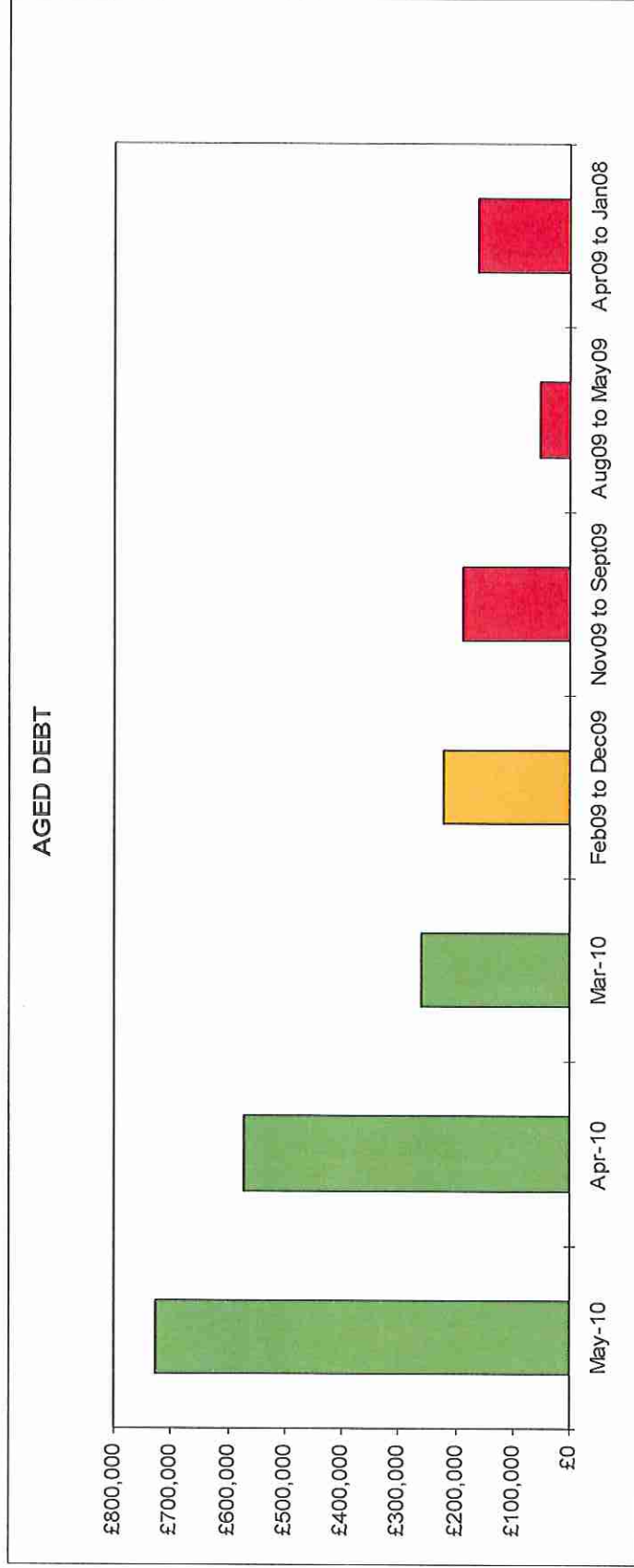
5.0 Statement of Financial Position

NON CURRENT ASSETS					
	Balance at 31-Mar-09 £000	Opening Balance £000	Current Month Closing Balance £000	Forecast end of year Closing Balance £000	Movement £000
OPENING NET BOOK VALUE	132,332	132,332	132,332	132,332	
IN YEAR REVALUATIONS		443	558	588	588
IN YEAR MOVEMENTS		90	473	10,431	10,431
LESS DEPRECIATION		(790)	(1,560)	(9,847)	(9,847)
NET BOOK VALUE	132,332	132,085	131,803	133,504	1,172
CURRENT ASSETS					
INVENTORIES	3,992	4,166	4,251	3,992	
RECEIVABLES	6,102	5,139	5,053	5,524	(578)
NHS DEBTORS	976	989	937	(187)	(1,163)
OTHER TRADE DEBTORS		(187)	(187)	534	721
DEBTOR IMPAIRMENTS PROVISION					
CAPITAL RECEIVABLES	127	140	275	127	
NON NHS OTHER DEBTORS	2,428	2,387	2,425	976	(1,452)
COMPENSATION DEBTORS (RTA)	864	839	788	864	
OTHER RECEIVABLES	(259)	(258)	(258)	(259)	
IRRECOVERABLE PROVISION	534	772	1,129	2,428	1,894
PREPAYMENTS & ACCRUALS	10,585	9,801	10,162	10,007	(578)
CASH	2,352	3,534	2,619	3,758	1,406
NET CURRENT ASSETS	16,929	17,501	17,032	17,757	828
CURRENT LIABILITIES					
NHS	3,724	3,887	3,420	3,724	
TRADE CREDITORS REVENUE	3,580	3,797	3,151	3,580	
TRADE CREDITORS FIXED ASSETS	1,635	755	608	1,635	
TAX AND NI OWED	3,087	3,314	3,348	3,150	(63)
NHS PENSIONS AGENCY	1,676	1,720	1,758	1,676	
OTHER CREDITORS	443	281	441	380	63
SHORT TERM LOANS					
ACCRUALS AND DEFERRED INCOME	3,210	3,786	4,017	3,210	
PDC DIVIDEND DUE		354	709		
STAFF BENEFITS ACCRUAL	1,234	1,234	1,234	1,234	
PROVISIONS	820	838	841	820	
NET CURRENT LIABILITIES	19,409	19,966	19,527	19,409	2,000
TOTAL NET ASSETS	129,852	129,620	129,308	131,852	2,000
FINANCED BY					
PDC CAPITAL	99,635	99,635	99,635	99,635	
REVALUATION RESERVE	29,257	29,649	29,776	29,776	519
DONATED ASSET RESERVE	6,343	6,315	6,266	5,824	(519)
I & E ACCOUNT BALANCE	(5,393)	(5,393)	(5,393)	(5,393)	
I & E CURRENT YEAR		(966)	(966)	2,000	2,000
FINANCING TOTAL	129,852	129,620	129,308	131,852	2,000

6.0 Cashflow

OPERATING ACTIVITIES			
	Year to Date £000	Previous Year £000	Full Year Forecast £000
EBITDA	1,281	16,291	16,114
NON CASH ADJUSTMENTS			
DONATED ASSET RESERVE MOVEMENTS	(49)	(852)	(654)
UNWINDING OF DISCOUNTS		20	20
WORKING CAPITAL MOVEMENTS			
(INCREASE) / DECREASE IN INVENTORY	(259)	(170)	0
(INCREASE) / DECREASE IN RECEIVABLES	423	(1,049)	578
INCREASE / (DECREASE) IN CREDITORS	1,145	1,780	0
NET INFLOW	2,541	16,020	16,058
SERVICING OF FINANCE			
PDC DIVIDEND	(708)	(4,674)	(4,253)
INTEREST RECEIVABLE	3	17	16
INTEREST PAYABLE			0
NET FINANCING COSTS	(705)	(4,657)	(4,237)
CAPITAL EXPENDITURE			
PAYMENTS TO ACQUIRE FIXED ASSETS	1,569	10,519	10,415
BOOK VALUE OF ASSETS SOLD	0	(51)	
NET CAPITAL EXPENDITURE	1,569	10,468	10,415
NET CASH OUTFLOW BEFORE FINANCING	267	895	1,406
FINANCING			
PDC CAPITAL RECEIVED	0	30	0
PDC CAPITAL REPAYD	0	(56)	0
FORMAL DoH LOAN REPAYMENT	0	0	0
CASH INFLOW FROM FINANCING	0	-26	0
INCREASE (DECREASE) IN CASH	267	869	1,406

6.1 Debtors



Age	01.04.09 £'000	April £'000	May £'000	YTD Change £'000
Up to 1 month	1,692	1,250	726	-966
Up to 2 months	478	678	573	94
Up to 3 months	344	312	260	-84
3 to 6 months	142	323	221	78
6 to 9 months	185	206	189	4
9 to 12 months	23	53	53	30
Over 12 months	146	150	161	15
Total	3,011	2,972	2,182	-829

- £790k reduction from April
- NHT Medicines now billed on account each month
- Invoices <6&12> months £241k of which £157k NHS
- Overseas Visitors £99k of which £50k > 12 months
- 64 cases referred to Debt collection (22 overseas)
- No write offs in month
- CRIPPs Recreation Centre £168k outstanding (50% provided).

6.2 Better Payment Policy Code (BPPC)

	Paid within 30 days	Total Paid	%	Paid within 30 days	Total Paid	%	Paid within 30 days	Total Paid	%
Value £	240,269	2,727,124	9%	3,035,514	11,331,909	27%	3,275,783	14,059,033	23%
Volume	168	449	37%	2,472	10,289	24%	2,640	10,738	25%

- Target compliance is 95%
- Difficult to recover cumulative performance to meet target over remainder of financial year.
- BPPC compliance is a statutory duty
- Cashflow forecast to remain tight for Q2
- Discussion with PCT to bring forward payment date of monthly mandate.
- C. £0.5m owed by PCT from 09-10.

7.0 Monitor (Shadow) Financial Risk Rating

Financial Criteria	Metric	Weight %	Apr	May	YTD Rating	Score
Achievement of Plan	EBITDA Achieved (% of plan)	10%	59%	71%	3.1	0.31
Underlying Performance	EBITDA Margin %	25%	3.4%	3.5%	2.6	0.66
Financial Efficiency	Return on Assets	20%	-0.13%	-0.10%	2.4	0.48
Financial Efficiency	I&E Surplus Margin	20%	-2.8%	-2.5%	1.00	0.20
Liquidity	Liquidity Ratio (Days cover)	25%	-15.01	-15.35	1.00	0.25
Weighted Average						1.89

	< Good >	Score	< Bad >
5	4	3	2
100	85	70	50
11	9	5	1
6	5	3	-2
3	2	1	-2
60	25	15	10

- EBITDA below plan but maintain score of >3
- EBITDA Margin 1.5% (£560k) below requirement to score 3.
- ROA impacted by YTD deficit
- Surplus margin impacted by YTD deficit of £0.986m
- Liquidity ratio now excludes unused working capital facility.
- Shadow FRR presented for information purposes only
- Monitor review on quarterly basis

8.0 Conclusions & Actions

Conclusions:

- Position at May is concerning as £604k behind plan (£986k behind FIMS plan).
- Cash position confirms that Trust is overspending.
- Action plans are developed for each directorate and must now be followed through.
- The final outturn position for 2009-10 represent a further risk and must be agreed with the PCT.
- CIP delivery improving but overall level of identified schemes too low to meet financial forecasts
- Overarching action plan to mitigate financial risks identified to be developed.

