

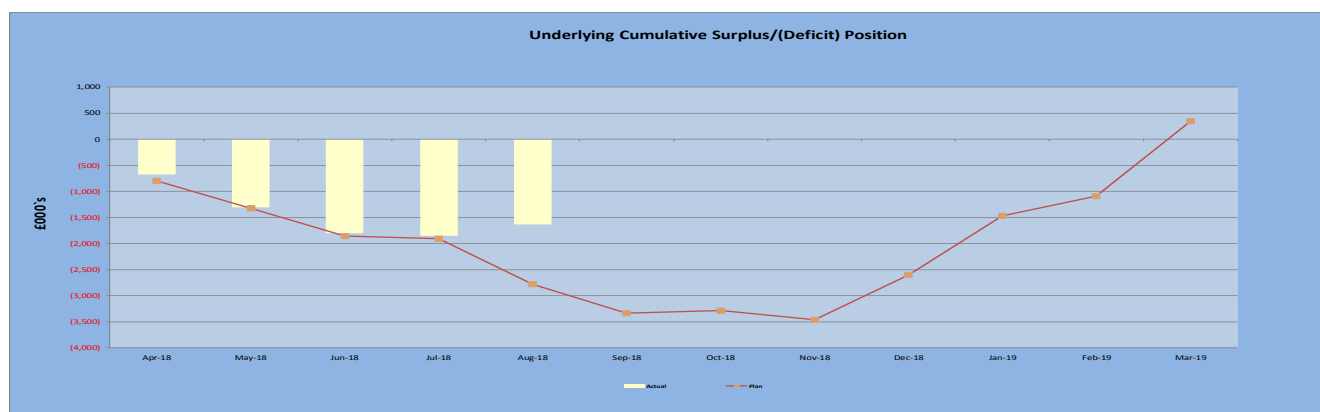
Board of Directors

Date:	26 September 2018	Attachment Number:	E																
Title of Report:	Finance Report for the Board of Directors for the Period Ending 31 August 2018																		
Purpose of the report and the key issues for consideration/decision:	<p>To provide the Board of Directors with an overview of the Financial Position, key areas of risk, CIP position, and forecast.</p> <p>Key Considerations:</p> <ul style="list-style-type: none"> • The month 5 underlying consolidated position is a deficit of £1,629k, £1,148k better than plan; • Within the position there is a 30% of non-elective threshold abatement equating to £1,427k that has not been reinvested into services; • EBITDA performance is £686k better than plan. This position delivers a UoR rating of 3 against a plan of 3; • PbR Income is £704k above plan; • CIP has over achieved to month 5, delivering £3,327k against a target of £1,684k, £1,643k better than plan. 																		
Prepared by:	Amy Whitaker, Deputy Director of Finance; Gillian Elsworth & Mark Walsh, Assistant Directors of Finance																		
Presented by:	Andrew Copley, Director of Finance																		
Strategic Objective(s) supported by this paper:	<table border="1"> <tr> <td>Financial Sustainability</td> <td>X</td> <td>Empower & Engage Staff</td> <td></td> </tr> <tr> <td>Quality of Care</td> <td></td> <td></td> <td></td> </tr> </table>			Financial Sustainability	X	Empower & Engage Staff		Quality of Care											
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Quality of Care																			
Is this on the Trust's risk register:	<table border="1"> <tr> <td>No</td> <td></td> <td>Yes</td> <td>X</td> <td>If Yes, Score</td> <td>16</td> </tr> </table>			No		Yes	X	If Yes, Score	16										
No		Yes	X	If Yes, Score	16														
Which CQC Standards apply to this report:	Use of Resources																		
Have all implications related to this report been considered: (please X)	<table border="1"> <tr> <td>Finance Revenue & Capital</td> <td>X</td> <td>Equality & Diversity</td> <td></td> </tr> <tr> <td>National Policy/Legislation</td> <td>X</td> <td>Patient Experience</td> <td></td> </tr> <tr> <td>Human Resources</td> <td></td> <td>Terms of Authorisation</td> <td>X</td> </tr> <tr> <td>Governance & Risk Management (BAF)</td> <td>X</td> <td>Other:</td> <td></td> </tr> </table>			Finance Revenue & Capital	X	Equality & Diversity		National Policy/Legislation	X	Patient Experience		Human Resources		Terms of Authorisation	X	Governance & Risk Management (BAF)	X	Other:	
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Action Required: (please X)	<table border="1"> <tr> <td>Approve</td> <td></td> <td>Discuss</td> <td>X</td> <td>Receive for information</td> <td></td> <td>Decision</td> <td></td> </tr> </table>			Approve		Discuss	X	Receive for information		Decision									
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Previously Considered By:	<table border="1"> <tr> <td></td> <td>Date:</td> <td></td> </tr> </table>				Date:														
	Date:																		
Recommendations:	To receive and note the financial report and associated appendices.																		

FINANCE REPORT FOR THE BOARD OF DIRECTORS FOR THE PERIOD ENDING 31 AUGUST 2018

Financial Performance Summary

Area of Review	Key Highlights	Year to date Monitor Financial		
		Aug Plan	Aug Actual	Q2 Plan
Liquidity Ratio	The liquidity ratio shows that working capital (cash + debtors - creditors) is in line with plan.	1	1	1
Capital Service Capacity	Capital Service Capacity looks at the level of debt we are required to service, i.e. PDC expense, interest on loans, and other finance costs, against the level of revenue we are generating to determine whether we can continue to service that debt. Capital Service Capacity is in line with plan.	4	4	4
I&E Margin	I&E Margin looks at the return the Trust makes on it's activities. It is in line with plan	4	4	4
I&E Variance from Plan	I&E Variance from plan looks at the planned I&E margin and compares this to the actual position. It is ahead of Plan.	2	1	2
Agency Spend	Agency Spend is monitored in relation to the cumulative agency cap given to the Trust by NHSI. Expenditure is currently £57k lower YTD than the maximum level allowed by the cap.	1	1	1
Weighted Average Use of Resource (UOR Metric)	Overall the Financial Risk Rating is in line with plan The key risks to this are CIP shortfall, unachievement of income, and increased Medical and Nursing Agency costs.	3	3	3
Cash Balance £'000	Cash was £10.9m at the end of August, which is ahead of plan.	6,661	10,896	5,977
Right Care & Tactical CIP £'000	In August CIP achieved is £3,327k against a target of £1,681k.	1,681	3,327	2,071
EBITDA £'000	EBITDA is £1,321k against a plan of £635k, £686k ahead of plan.	635	1,321	813



Income and Expenditure

Summary/Overview

The underlying consolidated position at the end of August is a deficit of £1,629k which is £1,148k better than plan.

The Trust is also subject to achieving a control total with NHSI. The control total excludes donated assets and includes PSF funding, therefore will be different to the underlying position. At the end of August the control total position is a deficit of £750k, £645k better than plan. Due to delivery of the plan, PSF related to financial performance is included in full. The performance element is not included which amounts to £408k. The overall PSF included in the position is £949k.

The table below shows the summary performance:

	Aug-18	Year to date	
	Budget	Actual	Variance
	£,000	£,000	£,000
Operating Income	69,012	70,031	1,019
Operating Expenditure	(68,377)	(68,710)	(333)
EBITDA	635	1,321	686
Non Operating items	(2,057)	(2,001)	56
I&E Surplus/(Deficit)	(1,422)	(680)	742
PSF	(1,355)	(949)	406
Underlying Surplus/(Deficit) excluding PSF	(2,777)	(1,629)	1,148
NHSI Control Total Position	(1,394)	(750)	645

Consolidated EBITDA performance is £686k better than plan.

The 30% Non-Elective threshold adjustment for month 5 is £1,427k. £1,003k relates to AWC CCG, £231k to Bradford CCGs, and £175k for East Lancashire CCG.

Actions Being Taken

The CIP position continues to be subject to weekly scrutiny with the Trust Executive and Senior Managers.

Tighter controls remain around bank, agency and overtime with sign off at Executive level. Increased controls are also in place around discretionary spend.

The Integrated Care and Surgical Groups are subject to detailed scrutiny due to their current forecast positions. A recovery process is in place and actions are in place to improve the position and deliver the control total.

The Trust has been made aware that it will be subject to a Use of Resources assessment in November. Preparation is underway.

Cost Improvement Plan Performance for Month 5 ending 31 August 2018

	Savings to Aug-18 (to date)			Forecast to end of 2018/19			Forecast
	Target	Achieved	Variance	Target	Forecast*	Variance	WTE
	£'000	£'000	£'000	£'000	£'000	£'000	Reduction
Improving Patient Flow	406	155	(252)	1,138	430	(708)	-
The Value Programme	98	52	(46)	347	110	(237)	-
Integrated Health Record	46	36	(10)	158	189	31	1.00
The People Programme	42	16	(26)	88	50	(39)	1.50
Corporate	0	105	105	323	196	(127)	-
Diagnostics	153	368	215	532	743	211	-
Women & Children's	71	207	137	634	480	(153)	7.64
ICG Tactical	275	715	440	1,856	2,247	391	-
Surgical Tactical	106	655	549	1,852	1,520	(332)	-
Business Development	105	0	(105)	360	8	(352)	-
Trust Total	1,302	2,754	1,451	7,287	6,767	(520)	10.14
AGH Solutions	379	573	195	900	1,294	394	-
Consolidated Total	1,681	3,327	1,646	8,187	8,061	(126)	10.14

Note: Performance gradings based on year-end forecast, see exception reports for risk grading.

*Forecast performance will be updated monthly.

CIP performance for month 5 is £3,327k against a plan of £1,681k, £1,646k better than plan. The year-end forecast is £8,061k against a plan of £8,187k, £126k worse than plan.

PBR Contract CCG Performance

	Annual Plan £000's	Plan £000's	Actual £000's	Variance £000's
NHS ENGLAND YORKSHIRE & HUMBER - SPEC COMM	10,938	4,516	4,364	(152)
NHS ENGLAND YORKSHIRE & HUMBER	1,157	488	412	(76)
NHS LEEDS WEST CCG	0	0	0	0
NHS LEEDS CCG	1,298	533	532	(1)
ENGLISH NCA CCGs	4,300	1,766	1,062	(703)
NHS EAST LANCASHIRE CCG	13,438	5,502	5,371	(131)
NHS MORECAMBE BAY CCG	477	196	161	(35)
NHS BRADFORD DISTRICTS CCG	18,472	7,573	8,098	524
NHS BRADFORD CITY CCG	1,158	476	550	74
NHS AIREDALE, WHARFEDALE AND CRAVEN CCG	84,847	34,745	35,936	1,192
NCA - CROSS BORDER LHB'S	16	7	18	11
Total - Balance to Commissioner Plan	136,101	55,801	56,505	704

The Balance Sheet as at 31st August 2018

	Opening Mar-17 £000s	Plan Aug-18 £000s	Actual Aug-18 £'000s	Variance Aug-18 £'000s	Plan Mar-19 £'000s	Forecast Mar-19 £'000s	Variance Mar-19 £'000s
Total Non Current Assets	58,019	58,364	57,500	(864)	61,138	61,219	81
Inventories	2,184	2,236	2,168	(68)	2,195	2,195	0
Current Receivables	20,825	11,248	19,121	7,873	9,535	9,535	0
Cash	8,790	7,647	11,466	3,819	11,842	11,842	0
Current Liabilities	(23,541)	(16,721)	(27,899)	(11,178)	(15,525)	(15,605)	(80)
Long Term Liabilities	(8,425)	(5,798)	(5,631)	167	(5,200)	(5,200)	0
Taxpayers Equity	(57,851)	(56,977)	(56,722)	255	(63,985)	(63,985)	0
Balance	0	(1)	0	4	0	1	1

Total Non-Current Assets

The Trust revalued its land and buildings as at the 31/3/2018.

The Capital expenditure planned for 2018/19 is £6,018k. This includes £1,259k for theatres, £300k for IHR and £1,000k for telemedicine funded through the PDC facility. The balance of the plan is for the routine capital upkeep of the building, replacement of Medical Equipment and upgrade of the IT infrastructure.

In August capital is under spending against plan by £879k, all projects are being reviewed and are expected to be on plan by the end of the financial year.

The balance of the movement being in respect to Injury Cost Recovery schemes.

Inventories

Total stock increased in month giving a stock figure of £2,205k.

Cash

Cash levels are above plan. Payments on trade invoices have been extended, the expectation is that they will be paid within the terms on the order (45 days) or less if the agreed contractual terms require. Increases in creditors, in line with the increases in expenditure, will be monitored to ensure all due invoices are processed and paid in a timely manner. Issues with the implementation of the financial ledger upgrade have impacted on the Trusts ability to pay suppliers in an efficient manner, which has led to an increase in creditors and consequently an increase in cash. A plan is in place to ensure that creditors are being paid within normal terms as quickly as possible.

A significant number are still to be registered on the system, these are being accrued for on a monthly basis and form part of the plan to ensure creditors are being paid within normal terms as quickly as possible. The team has implemented a recovery process which is expected to bring down aged creditors by end October. Progress against this plan will continue to be monitored closely.

Capital expenditure is below plan.