

Board of Directors

Date:	27 March 2018	Attachment Number:	9(ii)a																
Title of Report:	Finance Report for the Board of Directors for the Period Ending 28 February 2019																		
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 11 underlying consolidated position is a deficit of £871k, £220k better than plan; Within the position there is a 30% of non-elective threshold abatement equating to £3,101k that has not been reinvested into services; EBITDA performance is £1,286k worse than plan. This position delivers a UoR rating of 3 against a plan of 1; PbR Income is £633k above plan; CIP has under achieved to month 11, delivering £6,554k against a target of £6,867k, £313k behind 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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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:														
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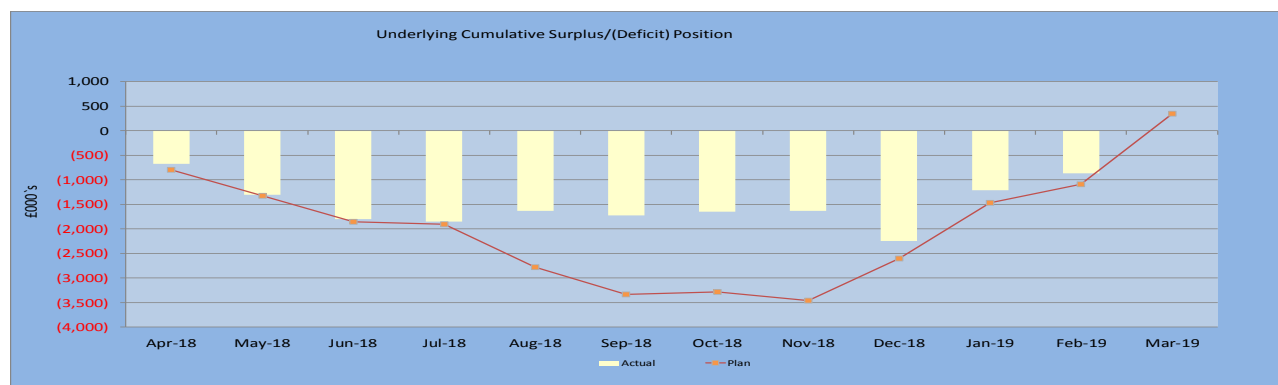
Recommendations:

To receive and note the financial report.

FINANCE REPORT FOR THE BOARD OF DIRECTORS FOR THE PERIOD ENDING 28 February 2019

Financial Performance Summary

Area of Review	Key Highlights	Year to date Monitor Financial		
		Feb Plan	Feb Actual	Q4 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.	1	1	1
I&E Margin	I&E Margin looks at the return the Trust makes on it's activities. It is in line with plan.	1	1	1
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 behind plan.	1	2	1
Agency Spend	Agency Spend is monitored in relation to the cumulative agency cap given to the Trust by NHSI. Expenditure is currently £1,485k above the YTD maximum level allowed by the cap due cumulative adjustments to Pathology JV gross pay costs as instructed by Audit.	1	3	1
Weighted Average Use of Resource (UOR Metric)	Overall the Financial Risk Rating is behind plan The key risks to this are CIP shortfall, unachievement of income, and increased Medical and Nursing Agency costs.	1	2	1
Cash Balance £'000	Cash was £9.3m at the end of February, which is behind plan.	10,079	9,374	11,842
Right Care & Tactical CIP £'000	In February CIP achieved is £6,554k against a target of £6,867k, £313k behind plan.	6,867	6,554	8,187
EBITDA £'000	EBITDA is £6,378k against a plan of £7,664k, £1,286k behind plan.	7,664	6,378	10,072



Income and Expenditure

Summary/Overview

The underlying consolidated position at the end of February is a deficit of £871k which is £220k 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 February the control total position is a surplus of £1,973k, £1,227k worse than plan. Due to delivery of the plan, PSF related to financial performance is included in full. The performance element is not included. The overall PSF included in the position is £2,962k.

The table below shows the summary performance:

	Feb-19	Year to date	
	Budget	Actual	Variance
	£,000	£,000	£,000
Operating Income	155,999	164,952	8,953
Operating Expenditure	(148,335)	(158,574)	(10,239)
EBITDA	7,664	6,378	(1,286)
Non Operating items	(4,527)	(4,287)	240
I&E Surplus/(Deficit)	3,137	2,091	(1,046)
PSF	(4,228)	(2,962)	1,266
Underlying Surplus/(Deficit) excluding PSF	(1,091)	(871)	220
NHSI Control Total Position	3,200	1,973	(1,227)

Consolidated EBITDA performance is £1,286k worse than plan.

The 30% Non-Elective threshold adjustment for month 11 is £2,800k. £2,219k relates to AWC CCG, £539k to Bradford CCGs, £25k Leeds CCG, and £16k Specialist Commissioning.

Actions Being Taken

The CIP position has slightly improved however there is a significant gap which requires closing into the 2019/20 plan.

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 the significant adverse variance to their forecast positions. Support will be given to the Finance Managers and Operational teams to improve their forecasting techniques in 2019/20.

Cost Improvement Plan Performance for Month 11 ending 28 February 2019

	Savings to Feb-19 (to date)			Forecast to end of 2018/19			Forecast
	Target £'000	Achieved £'000	Variance £'000	Target £'000	Forecast* £'000	Variance £'000	WTE Reduction
Improving Patient Flow	1,033	267	(767)	1,138	285	(853)	-
The Value Programme	311	40	(271)	347	70	(277)	-
Integrated Health Record	142	73	(70)	158	79	(79)	1.00
The People Programme	82	46	(37)	88	50	(39)	1.50
Corporate	242	136	(106)	323	149	(174)	-
Diagnostics	461	601	140	532	635	103	-
Women & Children's	504	567	63	634	652	18	7.64
ICG Tactical	1,517	1,982	465	1,856	2,221	365	-
Surgical Tactical	1,429	811	(618)	1,852	883	(968)	-
Business Development	321	6	(314)	360	8	(352)	-
Trust Total	6,042	5,396	(647)	7,287	5,899	(1,388)	10.14
AGH Solutions	824	1,158	333	900	1,297	397	-
Consolidated Total	6,867	6,554	(313)	8,187	7,196	(991)	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 11 is £6,554k against a plan of £6,867k, £313k worse than plan. The year-end forecast is £7,196k against a plan of £8,187k, £991k 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	11,072	10,116	9,534	(582)
NHS ENGLAND YORKSHIRE & HUMBER	1,157	1,067	999	(68)
NHS LEEDS WEST CCG	0	0	0	0
NHS LEEDS CCG	1,298	1,183	1,263	80
ENGLISH NCA CCGs	4,300	3,920	2,104	(1,816)
NHS EAST LANCASHIRE CCG	13,438	12,242	12,094	(148)
NHS MORECAMBE BAY CCG	477	435	375	(60)
NHS BRADFORD DISTRICTS CCG	18,472	16,841	17,683	842
NHS BRADFORD CITY CCG	1,158	1,057	1,168	112
NHS AIREDALE, WHARFEDAILE AND CRAVEN CCG	84,847	77,323	79,581	2,258
NCA - CROSS BORDER LHB'S	16	15	30	16
Total - Balance to Commissioner Plan	136,236	124,199	124,832	633

The Balance Sheet as at 28th February 2019

	Opening Mar-18 £000s	Plan Feb-19 £000s	Actual Feb-19 £'000s	Variance Feb-19 £'000s	Plan Mar-19 £'000s	Forecast Mar-19 £'000s	Variance Mar-19 £'000s
Total Non Current Assets	58,019	59,783	57,697	(2,086)	61,138	59,198	(1,940)
Inventories	2,184	2,284	2,215	(69)	2,195	2,195	0
Current Receivables	20,825	10,318	17,731	7,413	9,535	8,727	(808)
Cash	8,790	10,079	9,374	(705)	11,842	9,942	(1,900)
Current Liabilities	(23,541)	(16,012)	(21,780)	(5,769)	(15,525)	(14,293)	1,232
Long Term Liabilities	(8,425)	(5,464)	(5,297)	167	(5,200)	(5,200)	0
Taxpayers Equity	(57,851)	(60,988)	(59,940)	1,048	(63,985)	(60,569)	3,416
Balance	0	0	0	0	0	0	0

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 February capital is under spending against the original plan by £2,259k, all projects are being reviewed and are expected to be in line with the new forecast by the end of the financial year.

The remaining balance of the movement is in respect of Injury Cost Recovery schemes.

Inventories

Total stock in month is £2,215k.

Cash

Cash levels are above plan this month, and are expected to remain so until the year-end. To reflect this, the year-end forecast closing cash has been increased by £1.2m from £8.742m to £9.942m. 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, with regular (daily if required) payment runs throughout March.

Capital expenditure is below plan.