

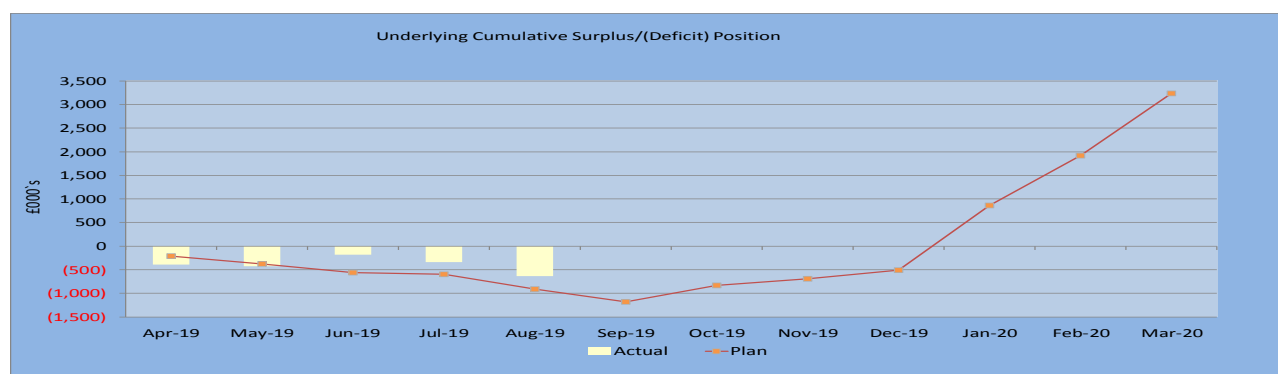
Board of Directors

Date:	25 September 2019	Attachment Number:	9(ii)																
Title of Report:	Finance Report for the Board of Directors for the Period Ending 31 August 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 position shows the underlying position is a deficit of £634k, £276k better than plan due to additional PSF of £219k relating to 2018/19 in the position; EBITDA performance is £155k worse than plan. This position delivers a UoR rating of 2 against a plan of 1; CIP has over achieved at month 5, delivering £2,783k against a target of £1,774k, £1,009k above plan; 																		
Prepared by:	Amy Whitaker, Deputy Director of Finance Gillian Elsworth Assistant Director of Finance Neil Helm Senior Financial Accountant																		
Presented by:	Amy Whitaker, Deputy 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:														
	Date:																		
Recommendations:	To receive and note the financial report.																		

FINANCE REPORT FOR THE BOARD OF DIRECTORS FOR THE PERIOD ENDING 31 August 2019

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.	1	1	1
I&E Margin	I&E Margin looks at the return the Trust makes on its activities. It is in line with plan.	2	2	3
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 in line with plan.	1	1	1
Agency Spend	Agency Spend is monitored in relation to the cumulative agency cap given to the Trust by NHSI. Expenditure is currently £1,793k above YTD than the maximum level allowed by the cap.	2	4	2
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	2
Cash Balance £'000	Cash was £15.6m at the end of August, which is behind plan.	15,762	15,664	15,478
Right Care & Tactical CIP £'000	In August CIP achieved is £2,783k against a target of £1,774k, £1,009k ahead of plan.	1,774	2,783	2,128
EBITDA £'000	EBITDA is £2,296k against a plan of £2,451k, £155k behind plan.	2,451	2,296	2,882



Income and Expenditure

Summary/Overview

The underlying consolidated position at the end of August is a deficit of £634k which is £276k better than plan mainly due to an additional £219k PSF payment relating to 2018/19.

The Trust is also subject to achieving a control total with NHSI. The control total excludes donated assets and previous year PSF payments, and includes PSF funding for 2019/20, therefore will be different to the underlying position. At the end of August the control total position is a surplus of £38k, £53k better than plan.

The table below shows the summary performance:

	Aug-19	Year to date	
	Budget	Actual	Variance
	£,000	£,000	£,000
Operating Income	77,239	78,781	1,542
Operating Expenditure	(74,788)	(76,485)	(1,697)
EBITDA	2,451	2,296	(155)
Non Operating items	(2,465)	(2,034)	431
I&E Surplus/(Deficit)	(14)	262	276
PSF	(896)	(896)	0
Underlying Surplus/(Deficit) excluding PSF	(910)	(634)	276
NHSI Control Total Position	(15)	38	53

Consolidated EBITDA performance is £155k worse than plan.

Actions Being Taken

Further controls have been put in place for nursing bank, agency and overtime with daily sign off by the Director of Nursing.

Integrated Care division continues to be subject to increased scrutiny and further support has been put into the finance team to provide assurance on the forecast.

Corporate division has been requested to provide a recovery plan and a detailed review of the forecast following their deteriorated forecast position in month.

Cost Improvement Plan Performance for Month 5 ending 31 August 2019

	Savings to Aug-19 (to date)			Forecast to end of 2019/20			Forecast
	Target	Achieved	Variance	Target	Forecast*	Variance	WTE
	£'000	£'000	£'000	£'000	£'000	£'000	Reduction
Improving Patient Flow	0	0	0	0	0	0	-
The Value Programme	61	0	(61)	147	0	(147)	-
Corporate	327	347	19	852	966	114	-
Diagnostics	87	152	65	208	397	189	-
Women & Children's	209	302	93	502	614	112	-
ICG Tactical	996	633	(364)	2,391	1,368	(1,024)	-
Surgical Tactical	662	872	210	1,590	1,922	333	4.02
Procurement	199	199	0	478	478	0	-
Closing the Gap Contingency	(833)	213	1,047	0	480	480	-
Pathology	65	65	0	156	156	0	-
Total	1,774	2,783	1,009	6,324	6,381	57	4.02
Leeds CIP Support	0	0	0	3,200	0	(3,200)	
Total	1,774	2,783	1,009	9,524	6,381	(3,143)	4.02

CIP performance for month 5 is £2,783k against a plan of £1,774k, £1,009k better than plan.

PBR Contract CCG Performance

	Annual Plan £000's	Plan £000's	Actual £000's	Variance £000's
NHS ENGLAND YORKSHIRE & HUMBER	11,184	4,623	4,608	(15)
NHS LEEDS CCG	1,447	595	693	97
ENGLISH NCA CCGs	3,329	1,376	862	(514)
NHS EAST LANCASHIRE CCG	13,950	5,721	6,316	595
NHS MORECAMBE BAY CCG	421	173	186	13
NHS BRADFORD DISTRICTS CCG	21,460	8,943	8,943	1
NHS BRADFORD CITY CCG	1,440	600	600	0
NHS AIREDALE, WHARFEDAILE AND CRAVEN CCG	94,651	39,434	39,386	(48)
NCA - CROSS BORDER LHB'S	33	14	7	(6)
TOTAL	147,916	61,478	61,601	123

The Trust is now working within a fixed income contract with their main commissioners; AWC and Bradford. Actuals for month 4 have now been reported and month 5 is shown at plan for fixed income contracts and forecast for all others.

The Balance Sheet as at 31st August 2019

	Opening Mar-19 £000s	Plan Aug-19 £000s	Actual Aug-19 £'000s	Variance Aug-19 £'000s	Plan Mar-20 £'000s	Forecast Mar-20 £'000s	Variance Mar-20 £'000s
Total Non Current Assets	56,152	61,019	55,728	(5,291)	64,346	63,336	(1,010)
Inventories	2,097	2,217	2,082	(135)	2,275	2,275	0
Current Receivables	17,495	8,008	17,301	9,293	9,996	9,996	0
Cash	14,528	15,762	15,664	(98)	11,099	11,231	132
Current Liabilities	(23,470)	(17,317)	(23,770)	(6,453)	(13,160)	(11,827)	1,333
Long Term Liabilities	(5,033)	(6,786)	(4,975)	1,811	(4,880)	(4,880)	0
Taxpayers Equity	(61,768)	(62,903)	(62,030)	873	(69,676)	(70,131)	(455)
Balance	0	0	0	0	0	0	0

Total Non-Current Assets

The Capital expenditure planned for 2019/20 is £6,891k which incorporates agreed ICS reductions. The plan includes £1,474k for theatres, and £619k for IHR funded through PDC (£500k of which is still subject to confirmation). The balance of the capital programme comprises of routine capital upkeep of the buildings, replacement of Medical Equipment, and upgrade of the IT infrastructure.

In August capital is under spending against plan by £1,506k, mainly relating to five schemes, car parking expenditure, estates backlog, medical equipment, Information Technology and Integrated Health Records (IHR).

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

Inventories

Total stock held as at end of August 2019 is £2,082k.

Cash

Cash is marginally below plan this month. The gap between actual and plan has reduced significantly from £1,428k at month 4, to £98k at month 5.

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 paid within normal terms as quickly as possible.