

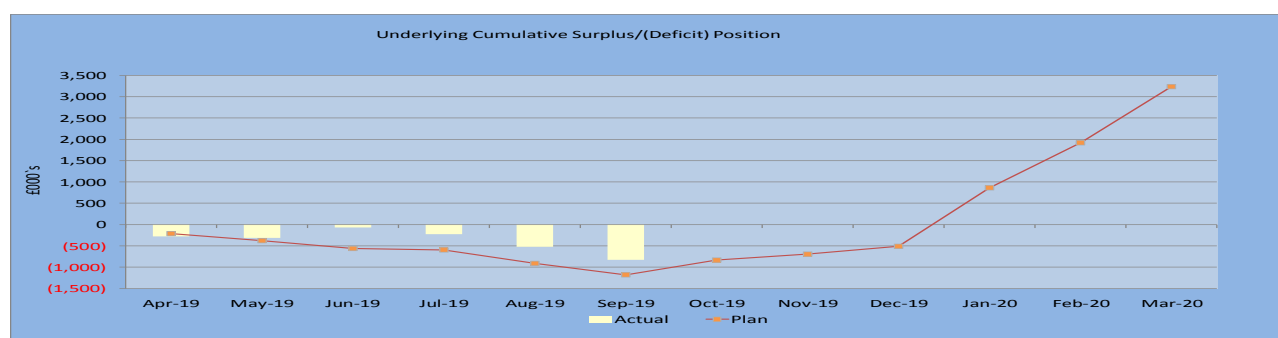
Board of Directors

Date:	30 th October 2019	Attachment Number:	9(i)																
Title of Report:	Finance Report for the Board of Directors for the Period Ending 30 September 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 £831k, £350k better than plan relating primarily to additional PSF of £219k; EBITDA performance is £113k worse than plan. This position delivers a UoR rating of 2 against a plan of 2; CIP has over achieved at month 6, delivering £3,282k against a target of £2,128k, £1,154k above plan; 																		
Prepared by:	Amy Whitaker, Deputy Director of Finance; Gillian Elsworth Assistant Directors' 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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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.																		

FINANCE REPORT FOR THE BOARD OF DIRECTORS FOR THE PERIOD ENDING 30 September 2019

Financial Performance Summary

Area of Review	Key Highlights	Year to date Monitor Financial		
		Sept Plan	Sept 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 it's activities. It is behind plan.	3	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 £2,012k 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.	2	2	2
Cash Balance £'000	Cash was £18.3m at the end of September, which is ahead plan.	15,478	18,290	15,478
Right Care & Tactical CIP £'000	In September CIP achieved is £2,128k against a target of £3,282k, £1,154k ahead of plan.	2,128	3,282	2,128
EBITDA £'000	EBITDA is £2,770k against a plan of £2,883k, £113k behind plan.	2,883	2,770	2,882



Income and Expenditure

Summary/Overview

The underlying consolidated position at the end of September is a deficit of £831k which is £350k 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 £37k, £113k better than plan.

The table below shows the summary performance:

	Sep-19	Year to date	
	Budget	Actual	Variance
	£,000	£,000	£,000
Operating Income	92,624	94,746	2,122
Operating Expenditure	(89,741)	(91,977)	(2,236)
EBITDA	2,883	2,770	(113)
Non Operating items	(2,958)	(2,495)	463
I&E Surplus/(Deficit)	(75)	275	350
PSF	(1,106)	(1,106)	0
Underlying Surplus/(Deficit) excluding PSF	(1,181)	(831)	350
NHSI Control Total Position	(76)	37	113

Consolidated EBITDA performance is £113k 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.

Cost Improvement Plan Performance for Month 6 ending 30 September 2019

	Savings to Sep-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	74	0	(74)	147	0	(147)	-
Corporate	393	425	32	852	966	114	-
Diagnostics	104	147	43	208	359	151	-
Women & Children's	251	342	91	502	614	112	-
ICG Tactical	1,196	769	(427)	2,391	1,377	(1,014)	-
Surgical Tactical	795	1,052	257	1,590	1,942	353	4.02
Procurement	239	239	0	478	478	0	-
Closing the Gap Contingency	(1,000)	230	1,230	0	480	480	-
Pathology	78	78	0	156	156	0	-
Total	2,128	3,282	1,154	6,324	6,372	48	4.02

CIP performance for month 6 is £3,282k against a plan of £2,128k, £1,154k 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	5,537	5,497	(40)
NHS LEEDS CCG	1,447	714	786	72
ENGLISH NCA CCGs	3,329	1,646	1,028	(618)
NHS EAST LANCASHIRE CCG	13,950	6,848	7,510	662
NHS MORECAMBE BAY CCG	421	207	234	26
NHS BRADFORD DISTRICTS CCG	21,460	10,731	10,732	1
NHS BRADFORD CITY CCG	1,440	720	720	0
NHS AIREDALE, WHARFEDAILE AND CRAVEN CCG	94,651	47,320	47,262	(57)
NCA - CROSS BORDER LHB'S	33	16	28	12
TOTAL	147,916	73,739	73,798	58

The Trust is now working within a fixed income contract with their main commissioners; AWC and Bradford. Actuals for month 5 have now been reported and month 6 is shown at plan for fixed income contracts and forecast for all others.

The Balance Sheet as at 30th September 2019

	Opening Mar-19 £000s	Plan Sep-19 £000s	Actual Sep-19 £'000s	Variance Sep-19 £'000s	Plan Mar-20 £'000s	Forecast Mar-20 £'000s	Variance Mar-20 £'000s
Total Non-current Assets	56,152	62,406	56,041	(6,365)	64,346	64,560	214
Inventories	2,097	2,237	2,108	(129)	2,275	2,275	0
Current Receivables	17,495	8,972	15,852	6,880	9,996	9,996	0
Cash	14,528	15,478	18,290	2,812	11,099	13,778	2,679
Current Liabilities	(23,470)	(19,149)	(25,418)	(6,269)	(13,160)	(15,598)	(2,438)
Long Term Liabilities	(5,033)	(7,050)	(4,711)	2,339	(4,880)	(4,880)	0
Taxpayers Equity	(61,768)	(62,894)	(62,161)	733	(69,676)	(70,131)	(455)
Balance	0	0	0	0	0	0	0

Total Non-Current Assets

The Capital expenditure planned for 2019/20 had been reduced to £6,891k which incorporates agreed ICS reductions. However, in light of revised guidance we have increased the capital plan back to the original forecast of £8,115k. Further work is required to assess deliverability to this plan.

The plan includes £2,548k 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 September capital is under spending against plan by £2,950k, mainly relating to six schemes, new Theatre barn development, car parking facilities expenditure, estates backlog, medical equipment replacement, 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 £2,108k.

Cash

Cash is £2.8m higher than plan this month. There are a number of factors behind this increase but the main driver is the slippage on the capital programme. As cash is now expected to track above plan for the rest of the financial year, the forecast closing cash has been increased from £11,231k to £13,778k.

As part of the Long-term planning process future cash-flows have been projected for the next five years. Following the approval of the new Theatre Barn development, a cash-flow pressure been identified in 2021. We have requested a cash-flow from the main contractor, to aid identification of the exact pressure point(s) and allow robust forward planning for mitigate the effect on the Trust's cash balance.

Payments on trade invoices have been extended, the expectation is that they will be paid within the terms on the order 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. A plan is in place to ensure that creditors are paid within normal terms as quickly as possible.