Avon and Wiltshire NHS
Mental Health Partnership NHS Trust

Trust Board meeting (Part 1)	Date: 24th September 2014

Title:	Finance Report to 31st August 2014 – Month 5
Item:	BD/14/156

Executive Director lead and presenter	Sue Hall - Director of Resources
Report author(s)	Head of Financial Management and Senior Financial Accountant

History:	*N/A*

This report is for:	
Decision	X
Discussion	X
To Note	X

Executive Summary of Key Issues

This report presents the Trust's financial position at Month 5.

Recommendations:

- To approve the Finance and Planning Committee recommendation to use £250k of contingency funds to support Sycamore and Laurel wards and Bristol transitional cost pressures.

The following table details headline financial performance indicators for the Trust. Red indicates a significant variance from plan, more than 5% or £250k, and amber indicates the variance is greater than £100k and less than £250k.

Indicator	Measure		Commentary
Income and Expenditure Year to date actual	Year to date unadjusted financial position against 2014/15 plan.	Green	The Trust is not on plan as at Month 5. The current position is £66k overspent
Income and Expenditure – Year End Forecasted position	Year end unadjusted Financial forecast against annual plan.	Green	There are cost pressures which have been identified year to date. The forecast is breakeven.

CIPS Year to date	Percentage delivered Year to date against plan.	Green	The Trust CIP programme has delivered £2,685k Year to date against a plan of £2,685k Year to date.
Forecast CIPS	Percentage delivered at Year end against plan.	Green	The Year end £7,097k CIP forecast is on plan.
Balance Sheet	Amount of Cash held against plan.	Green	The Trust currently has £503k more cash than planned at Month 5. The gap has reduced on Month 4 and is returning to plan.
Cashflow	Number of creditor days and debtor days. The Better Payment Practice Code target is 95% by volume and value.	Amber	As at Month 5 AWP volume is 89% and value is 92%. The Volume has improved 2% on Month 4 whilst value remains unchanged
Capital Programme	Year end forecast expenditure against current capital plan.	Red	In month we are £978k (92%) behind plan due to reprioritising the current plan as mitigation for CQC work.

This report addresses these Strategic Priorities:	
We will deliver the best care	
We will support and develop our staff	
We will continually improve what we do	X
We will use our resources wisely	X
We will be future focussed	X

Finance Report – Month 5

1. Income and Expenditure Position

1.1 The Month 5 I&E position is shown below:

Trust wide position	Budget Month £'000	Actual Month £'000	Variance Month £'000	Budget YTD £'000	Actual YTD £'000	Variance YTD £'000	Full Year Budget £'000	Full Year Outturn £'000	Full Year Variance £'000	2013/14 Full Year Variance £'000
Direct Income	16,026	16,535	509	79,652	80,298	646	191,138	193,011	1,873	8,361
Total Operating Income	**16,026**	**16,535**	**509**	**79,652**	**80,298**	**646**	**191,138**	**193,011**	**1,873**	**8,361**
Pay costs	(11,835)	(11,963)	(128)	(59,638)	(59,285)	353	(141,723)	(141,339)	384	(6,218)
Non pay costs	(2,691)	(3,142)	(451)	(12,731)	(13,826)	(1,095)	(30,972)	(33,350)	(2,378)	(1,994)
Total Operating Expenditure	**(14,526)**	**(15,105)**	**(579)**	**(72,369)**	**(73,111)**	**(742)**	**(172,695)**	**(174,689)**	**(1,994)**	**(8,212)**
EBITDA	**1,500**	**1,430**	**(70)**	**7,283**	**7,187**	**(96)**	**18,443**	**18,322**	**(121)**	**149**
Depreciation	(512)	(512)	0	(2,560)	(2,560)	0	(6,145)	(6,142)	3	(140)
Amortisation	0	0	0	0	0	0	0	0	0	0
Interest Receivable/(Payable)	3	4	1	13	15	2	32	33	1	(43)
Profit /(Loss) on disposal of assets	0	0	0	0	15	15	0	70	70	52
Interest element of PFI Unitary Charge	(478)	(480)	(2)	(2,392)	(2,402)	(10)	(5,740)	(5,754)	(14)	0
Interest Payable on Loans and Leases	(5)	0	5	(27)	(2)	25	(65)	(2)	63	0
PDC Dividends payable	(310)	(310)	0	(1,548)	(1,548)	0	(3,715)	(3,715)	0	(17)
Trust Operating Surplus / (Deficit) [NTDA control total]	**198**	**132**	**(66)**	**769**	**705**	**(64)**	**2,810**	**2,812**	2	**0**
Impairments	(101)	(101)	0	(249)	(251)	(2)	(1,776)	(1,778)	(2)	0
IFRIC 12 *	(24)	(24)	0	(118)	(118)	0	(284)	(284)	0	0
Donated Asset Reserve elimination	0	0	0	0	0	0	0	0	0	0
Financial Surplus / (Deficit)	**73**	**7**	**(66)**	**402**	**336**	**(66)**	**750**	**750**	**0**	**0**

1.2 The key issues in Year to date and forecast are:

Staffing

Although permanent staffing costs are reducing as required by CIPS plans, which are in general are being met, temporary staffing continues to increase due to a variety of issues, including sickness, acuity, maternity and in order to achieve required staffing levels.

Finance Report – Month 5

Type of Staff	Month 4 £,000	Month 5 £,000
Substantive	10,935	10,733
Temporary	1,056	1,231
Agency	461	493
Bank	527	656
Locum	68	82
TOTAL SPEND	11,991	11,964
TOTAL BUDGET	11,760	11,835

Out of Area (OOA) income and expenditure.
OOA use is still high and the forecast risk share of the PICU spend for the Trust is currently £406k, the work being undertaken by the Bed Management Project will reduce this overspend.

At end of month 5, the Trust's Information for Quality (IQ) system shows the AWP occupancy levels have not changed from Month 4.

SERVICE	Ward	Occupied Bed Days	Leave Days	OBD + Leave	% Leave	No of Beds	Days in Period	Potential Bed Days	Occupancy excl Leave	Occupancy incl Leave
ADULT ACUTE INPATIENT	ALL	24,295	1,964	26,259	7.48%	167	153	25,551	95.08%	102.77%
OLDER PEOPLE	ALL	21,263	607	21,870	2.78%	147	153	22,491	94.54%	97.24%
PICU	ALL	4,476	42	4,518	0.93%	31	153	4,682	95.6%	96.5%

LIFT
The current cost pressures on these services are in Bristol, South Gloucestershire and Swindon LDUs. The forecast year end overspend on these services is currently £206k, this pressure is principally made up of staff costs which are not funded by block or AQP income. As discussed at last month's Finance and Planning Committee there is a major project to review staff costs, actiivty and AQP income.

1.3 The Committee is asked to agree to the release of £250k from the Trust Contingency to support the non recurrent cost pressures incurred in the following areas;

- Sycamore Ward £ 90k
- Laurel Ward £ 60k
- Bristol Transitional £100k

£250k

1.4 The Month 5 risk rated forecast is shown below:

LDU /Service	Month 4 Forecast Variance	Month 5 forecast variance	Opportunities	Month 5 Risk
	£'000	£'000	£'000	£'000
LDU				
B&NES	-341	-246	96	-150
Secure and Specialist	312	518	400	918
North Somerset	0	-156		-156
South Gloucestershire	-254	-311	150	-161
Swindon	-365	-405	388	-17
Wiltshire	-70	-81	0	-81
Bristol	-839	-968	350	-618
Operations Management	-635	-754	250	-504
Corporate	-1254	-1960	2579	619
	0			0
TOTAL	**-3446**	**-4363**	**4213**	**-150**

This leaves a balance of £150k to be covered by release of the contingency.

2. The Balance Sheet and Cash flow

2.1 The Balance Sheet summary position is shown below against the TDA plan:

	Balance Sheet as at 31st August 2014			
	Revised Plan YTD	Actual YTD	Variance to Revised Plan	Comments
NON CURRENT ASSETS				
Property Plant and Equipment	153,869	153,467	(402)	Capital Programme behind plan due to reprioritisation of programme around CQC requirements (see section 3). The additions are therefore lower than planned which has resulted in lower impairment and depreciation than planned.
Intangible Assets	738	686	(52)	The planned acquisition of £50k of intangible assets has not happened most of this being software licences reflecting the capital programme being behind schedule.
Total non current assets	**154,607**	**154,153**	**(454)**	
CURRENT ASSETS				
Assets Held for Sale	(24)	303	327	A building sale was planned for December. This is therefore only a timing difference.
Inventories (Stock)	614	561	(53)	
Trade & Other Receivables (see section 2.2.3)	11,372	14,754	3,382	Receivables have increased £400k in month against a planned increase of £40k. NHS accruals have risen by over £1m in month mostly in connection with OOA which are not in the plan but will have an equal and opposite effect on payables.
Cash and Cash Equivalents (see sections 2.2 & 2.3)	9,857	10,360	503	
Total current assets	**21,819**	**25,978**	**4,159**	
TOTAL ASSETS	**176,426**	**180,131**	**3,705**	
TAXPAYERS EQUITY				
Public Dividend Capital	99,621	99,621	0	
Revaluation Reserve	24,541	24,541	0	
Retained Earnings	(10,169)	(10,057)	112	The effect of the planned surplus of £750k on retained earnings was phased in twelths whilst I&E surplus in the plan was phased in irregular amounts. This has caused a difference which will come back in balance at year end.
Surplus for 2014/15 (see section 1.1)	402	336	(66)	
Total Taxpayers Equity	**114,395**	**114,441**	**46**	
NON CURRENT LIABILITIES				
PFI Borrowings due after 1 Yr	45,752	45,752	0	
Provisions payable after 1 yr	1,281	1,281	0	
Total Non Current Liabilities	**47,033**	**47,033**	**0**	
CURRENT LIABILITIES < 1 YEAR				
Trade & Other Payables	13,792	17,411	3,619	The trade payables include OOA expenditure accruals which were not in the original plan (see section 2.2.3)
PFI Borrowings due within 1 year	652	652	0	
Provisions payable within 1 year	554	594	40	
Total Current Liabilities	**14,998**	**18,657**	**3,659**	
TOTAL EQUITY & LIABILITIES	**176,426**	**180,131**	**3,705**	

2.2 The cash flow statement shows the current position against the TDA plan:

	Statement of Cash Flows as at 31st August 2014			
	Plan £000s	Actual £000s	Variance £000s	Comments
Cash Flows from Operating Activities				
Operating Surplus/(Deficit)	4,476	4,377	(99)	The surplus on the I&E (SOCI) is behind plan (see section 1)
Depreciation and Amortisation	2,560	2,560	0	
Impairments and Reversals	249	251	2	
Interest Paid	(2,540)	(2,523)	17	
Dividend (Paid)/Refunded	0	0	0	
(Increase)/Decrease in Inventories	(41)	12	53	
(Increase)/Decrease in Trade and Other Receivables	(18)	(1,706)	(1,688)	(see section 2.2.3)
Increase/(Decrease) in Trade and Other Payables	(97)	971	1,068	(see section 2.2.3)
Provisions Utilised	(420)	(268)	152	Less paid out on both the provision for redundancy and employers liability than planned. It is expected that £350k of cash in the plan will not now be required improving the year end cash position.
Increase/(Decrease) in Movement in Non Cash Provisions	132	7	(125)	Less requirement to make provisions year to date on redundancy, early retirement and injury benefit. The forecast is for reduction in the required plan figure of £153k which will reduce the cash position at year end
Net Cash Inflow/(Outflow) from Operating Activities	**4,301**	**3,681**	**(620)**	
Cash Flows from Investing Activities				
Interest Received	11	16	5	
(Payments) for Property, Plant and Equipment (net of movements in capital creditors)	(1,879)	(861)	1,018	Capital Programme behind plan due to reprioritisation of programme around CQC requirements (see section 3)
(Payments) for Intangible Assets	(100)	(2)	98	
Proceeds of disposal of assets held for sale (PPE)	443	445	2	
Net Cash Inflow/(Outflow) from Investing Activities	**(1,525)**	**(402)**	**1,123**	
Cash Flows from Financing Activities				
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(364)	(364)	0	
Net Cash Inflow/(Outflow) from Financing Activities	**(364)**	**(364)**	**0**	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**2,412**	**2,915**	**503**	
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	**7,445**	**7,445**	**0**	
Cash and Cash Equivalents (and Bank Overdraft) at YTD	**9,857**	**10,360**	**503**	

2.2.1 The movements from the cash plan above are closely linked to the movements in working capital that are shown in the balance sheet position in 3.1 above. Both tables show the year to date position only and risks to the achievement of the planned out turn are highlighted below.

2.2.2 The TDA require confirmation in this month's return of the out turn cash figure which we will be locked into achieving. There is a risk with all the uncertainties around the mitigations and CIPS plans that this target will not be achieved. There are no implications if we overshoot the target but we would have to amend our capital programme in order to manage any undershoot.

Although currently the cash position would appear to be a healthy £503k ahead of plan this is in part due to capital programme changes as a result of reprioritising capital projects to accommodate the potential CQC works (see section 4) and the programme is expected to be fully committed by the year end.

The planned cash payments as a result of provisions for redundancy and early retirement have been revised down as people at risk have found other posts within the organisation. Currently this will increase cash at the year end by £350k There is a risk however that if further restructuring is undertaken there may be a call on this saving.

The current I&E position is behind plan and this has led to a pressure on cash flows in the current month which have been offset by the underspend in capital, however if the mitigations as outlined in section 1.3 which are all cash based are achieved then the pressure on cash will be removed.

As the organisation is confident that the I&E opportunties and management actions will be achieved then the cash target (EFL) of £10,461k remains realistic and will be reported to the TDA.

2.2.3 The movement in receivables and payables in the cash forecast have been adjusted to exclude non cash accruals and represent the underlying movement of cash within the bank accounts.

They differ from the plan because the forecast level of OOA was not included in the submission to the TDA, but they have an almost equal and opposite effect.

The overall payables held on the balance sheet have improved on month 4 however the receivables have moved adversely and the balance has increased. Both remain behind plan partly because of the OOA accruals outlined above.

The receivables figure includes £1,057k of debt over 120 days the majority of which relates to lengthy disputes with Swindon CCG and Wiltshire Council. The planned figures assume payment will be made on a 30 day basis and therefore do not include this debt. These disputes are reaching a conculsion and will see the figures returning to plan.

3. Capital Plan and Disposals Update

3.1 Investment Planning Group (IPG) update

The timing of the IPG meetings has been altered to allow business cases to go through Operations SMT if required. The next meeting will be on 26 September, 2014.

3.1.2 The TDA have informed us that they are still waiting for a final decision on assistance in funding the required CQC work.

3.1.3 In month 5 we are showing an under commitment of £950k on the 2014/15 capital programme which will either support the CQC work if required, or will fund the original capital projects in year.

4. Continuity of Services Risk Rating

4.1 The latest position on the overall financial risk ratings are shown below:

	2014-15 Month 3	2014-15 Month 4	2014-15 Month 5	2014-15 Forecast
Liquidity ratio (days)	7	6	6	8
Liquidity ratio score	4	4	4	4
Capital servicing capacity (times)	1.6	1.6	1.6	1.7
Capital servicing capacity score	2	2	2	2
Overall risk rating	**3**	**3**	**3**	**3**

The change in liquidity ratio (days) from Month 3 to Month 4, reflects the change in the underlying finanical position of the Trust; increasing expenditure and insufficient liquid assets have reduced the number of days.

The forecast risk ratings are based on the current financial forecast position of being on plan at Year end.

5. Trust Cost improvement Programme (CIP) Summary

The overall Trust CIP position at Month 5 is green and is summarised in table1 below. The Year to date cumulative position is £2,685k against a plan of £2,685k which is on plan.

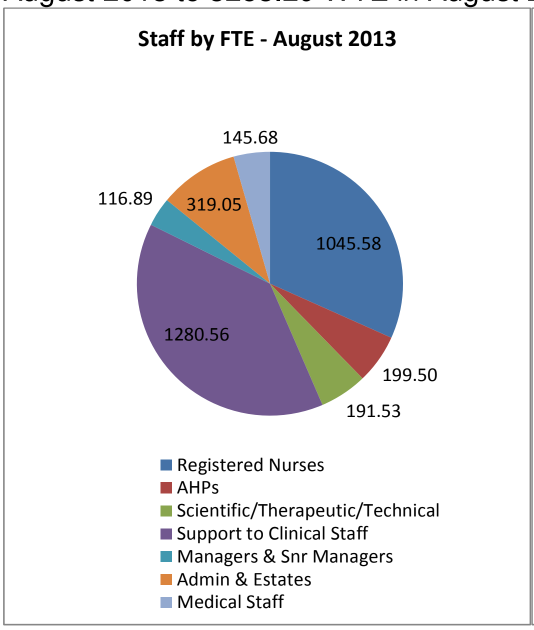
M5 YTD Performance

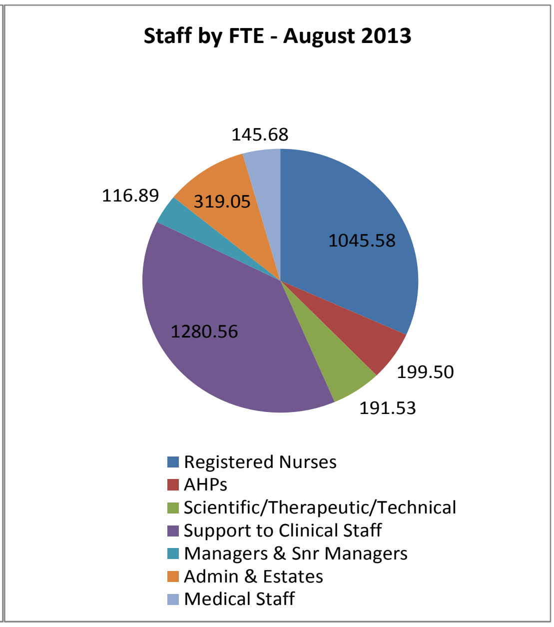
AREA	FY Plan	YTD Plan	YTD Delivery	YTD Variance	% Variation on Plan
BaNES	455	179	179	**0**	**0%**
South Gloucestershire	353	98	98	**0**	**0%**
North Somerset	491	197	197	**0**	**0%**
Bristol	1,205	453	453	**0**	**0%**
Swindon	499	209	209	**0**	**0%**
Secure	700	291	291	**0**	**0%**
Specialist	621	242	242	**0**	**0%**
Wiltshire Recurrent	737	371	371	**0**	**0%**
Wiltshire Non-Recurrent	190	132	132	**0**	**0%**
Corporate	1,846	613	613	**0**	**0%**
Totals Recurrent	6,907	2553	2553	0	0%
Totals Non Recurrent	190	132	132	0	0%
Totals	**7,097**	**2,685**	**2,685**	**0**	**0%**

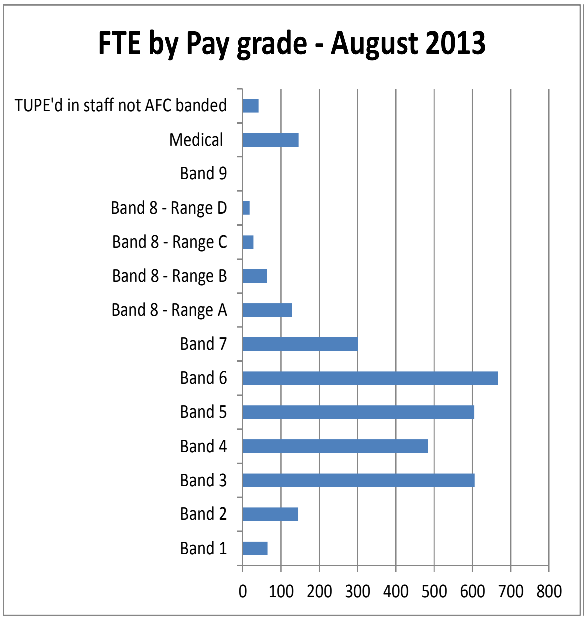
Key

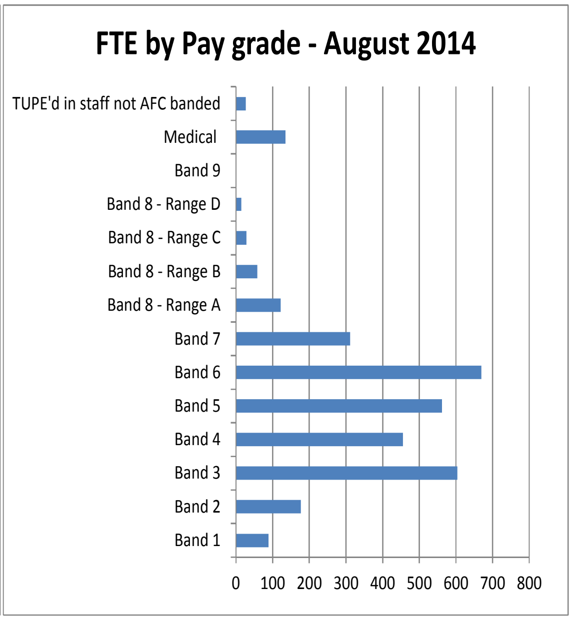
90 - 100 % Against Plan	
75 - 89 %	
0 - 74%	
< £1k variation	(0)

5.1 Just over 50% of the Trust Cost Improvement Programme is dependent on workforce changes. In order to monitor these key workstrands the numbers of staff and type are to be monitored. As a comparator total staff numbers for the Trust raised from 3298.78 WTE in August 2013 to 3253.29 WTE in August 2014









6. Budget Movements from Plan

5.1 The Trust submitted a two year plan to the TDA on 4th April that agreed a plan for the years of 2014-15 and 2015-16. Tables showing the reconciling movements, that are being requested to be made from this plan, are presented to the Finance and Planning committee for approval to amend each month. There has been no change to the surplus being delivered.

5.2 This tracking of budget movements will be reported to the F&P committee each month so that the committee are able to approve all changes to the TDA plan submitted. This also supports the bridge work that is required by the TDA to explain movements from plan.

6.3 The changes requested will be processed if approved and shown as the updated budget from Month 6.