

Trust Board

Date of Meeting: May 2019

Report Title: Finance Report M01

Agenda reference Number	18.006/19
Accountable Executive Director (AED)	Sandra Betney
Presenter (if not AED)	
Author(s)	Johanna Bogle
Board action required	To note
Previously considered by	Not Applicable
Appendices	App 1 : Main M01 Finance Report

Executive Summary

This report provides an overview of the Trust's financial position for Month1 of 2019/20. This has been a primarily desk-based exercise due to finance team capacity over year end.

Background

The Trust financial context for 2019/20 is summarised below.


- Control Total surplus is £2.256m including £1.626m of Provider Sustainability Funding (PSF).
- Capital spend plan is £2.93m of in-year CRL request, plus £0.75m of multi-year CRL allocation for the Forest of Dean hospital. Total £3.68m.
- Cost Improvement Plan (CIP) target is £5.3m
- Agency spending cap is £1.865m
- Income potential Commissioning for Quality and Innovation (CQUIN) and Quality, Innovation, Productivity and Prevention (QIPP) are £1.06m and £3.9m respectively. Contracts have not yet been signed, with milestones and proportional values for respective periods not yet allocated.

M1 full year performance forecast is on plan:

- Full Year surplus, including PSF, is £2.256m
- Capital spend is £3.68m
- Cash at the end of Month 12 is £19.7m
- YTD agency spend is £138k compared to a plan figure of £186k

Recommendations

The committee is asked to note the content of the report and the risks at page 6 of Appendix 1 to this report.

A large, stylized blue swirl graphic on the left side of the slide, composed of concentric, flowing lines in two shades of blue, creating a sense of movement and depth.

2019/20 Month 1 Finance Report v 2.0

Overview

- Month 1 has been a desk-based exercise as finance have been working on year end. As such the numbers have not been validated by budget holders. This will be updated in month 2.
- The year to date surplus is on plan at £0.1m. Full year forecast is to deliver control total of £2.256m. PSF accounts for £1.626m of this.
- Annual Agency ceiling is £1.865m (18/19 full year spend was £1.66m). The year to date actual is under the ceiling at £138k.
- Full year Cost Improvement Plan (CIP) target for the full year is £5.28m. The CIP amount removed so far is £1.8m from the following schemes: 1% Schemes £1.3m; Differential Targets £0.5m and Challenge Schemes £0m.
- Capital spend is £160k.
- Cash balance at the end of month was £1.6m below plan at £17.3m. This is pending payment of the 18/19 PSF, which we are now expecting in July 2019.

Income and Expenditure

Full Year performance at Month 1 is on plan at £0.1m surplus

The summary I&E below shows differences to plan on Year to Date Income, Pay and Non Pay Costs. Month 1 has been a desk-based exercise as finance have been completing year end. Month 2 will have been validated by budget holders.

Statement of comprehensive income £000	2018/19	2019/20	2019/20 YTD			2019/20
	Full Year Actual	Full Year Plan	Plan	Actual	Variance	Full Year Forecast
Operating income from patient care activities	112,668	113,540	9,829	9,758	(71)	113,540
Other operating income exc PSF	2,099	1,528	117	189	72	1,528
Provider sustainability fund (PSF) income	3,962	1,626	81	81	0	1,626
Employee expenses	(80,782)	(84,235)	(7,415)	(7,263)	152	(84,235)
Operating expenses excluding employee expenses	(31,719)	(28,202)	(2,344)	(2,515)	(171)	(28,202)
PDC dividends payable/refundable	(1,739)	(2,066)	(172)	(155)	17	(2,066)
Other gains / losses	(56)					
Surplus/(deficit) before impairments & transfers	4,433	2,191	96	95	(1)	2,191
Add back impairments	885					
Remove capital donations/grants I&E impact	(249)	65	5	6	1	65
Surplus/(deficit) inc PSF	5,069	2,256	101	101	0	2,256
Surplus/(deficit) exc PSF	1,107	630	20	20	0	630
Control total including PSF	3,078	2,256	101	101	0	2,256

Balance Sheet

STATEMENT OF FINANCIAL POSITION (all figures £000)		2018/19	2019/20 Year to Date			2019/20
		Full Year Actual	Plan	Actual	Variance	Plan
Non-current assets	Intangible assets	829	800	801	1	486
	Property, plant and equipment: other	63,315	63,135	63,248	113	63,837
	Total non-current assets	64,144	63,935	64,049	114	64,323
Current assets	Inventories	288	288	288	0	288
	NHS receivables	5,800	5,111	6,360	1,249	5,598
	Non-NHS receivables	2,978	2,978	2,744	(234)	2,978
	Cash and cash equivalents:	17,837	18,999	17,255	(1,744)	19,715
	Total current assets	26,903	27,376	26,647	(729)	28,579
Current liabilities	Trade and other payables: capital	(1,454)	(1,454)	(538)	916	(1,329)
	Trade and other payables: non-capital	(9,518)	(9,691)	(9,901)	(210)	(9,518)
	Borrowings	(76)	(76)	(200)	(124)	(2)
	Provisions	(371)	(371)	(371)	0	(371)
	Other liabilities: deferred income including contract liabilities	(389)	(389)	(501)	(112)	(389)
	Total current liabilities	(11,808)	(11,981)	(11,511)	470	(11,609)
Non-current liabilities	Borrowings	(1,593)	(1,588)	(1,438)	150	(1,456)
	Total net assets employed	77,646	77,742	77,747	5	79,837
Taxpayers Equity	Public dividend capital	80,276	80,276	80,276	0	80,276
	Revaluation reserve	4,679	4,679	4,679	0	4,679
	Other reserves	(2,398)	(2,398)	(2,398)	0	(2,398)
	Income and expenditure reserve	(4,911)	(4,815)	(4,810)	5	(2,720)
	Total taxpayers' and others' equity	77,646	77,742	77,747	5	79,837

Capital – Multi-Year Plan

					tbc by Capex M02	tbc by Capex M02
£000s	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Land and Buildings						
Buildings	1,375	740	750	1,000	1,000	1,000
Backlog Maintenance	100	120	500	250	250	250
Urgent Care	25	475				
IT Device and software upgrade	277	600	600	600	600	600
IT Infrastructure	300	420	300	1,400	300	300
Corporate Systems Replacement						
Medical Equipment	853	200	200	200	200	200
Sub Total	2,930	2,555	2,350	3,450	2,350	2,350
Forest of Dean	750	5,000	3,600			
Total	3,680	7,555	5,950	3,450	2,350	2,350

Cash Flow Summary

Statement of Cash Flow £000	ACTUAL YTD 19/20		FORECAST 19/20	
Cash and cash equivalents at start of period		17,837		17,837
Cash flows from operating activities				
Operating surplus/(deficit)	256		4,212	
Add back: Depreciation on donated assets	6		65	
Adjusted Operating surplus/(deficit) per I&E	262		4,277	
Add back: Depreciation on owned assets	250		3,436	
(Increase)/Decrease in trade & other receivables	(326)		202	
Increase/(Decrease) in trade and other payables	(689)			
Increase/(Decrease) in other liabilities	112			
Net cash generated from / (used in) operations		(391)		7,915
Cash flows from investing activities				
Interest received			45	
Purchase of property, plant and equipment	(160)		(3,805)	
Net cash generated used in investing activities		(160)		(3,760)
Cash flows from financing activities				
PDC Dividend (Paid)			(2,068)	
Finance Lease Rental Payments	(31)		(211)	
		(31)		(2,279)
Cash and cash equivalents at end of period		17,255		19,713

Risks

Risks to delivery of the 2019/20 position are as set out below:

	19/20 Risk at month 01	Made up of: Rec	Made up of: Non Rec	Likelihood
Shared Glos deficit	83	83		Certain
Challenge Scheme CIPs	2,256	2,256		Almost Certain
Unidentified Planned CIP for Differential Schemes:	301	301		Possible
Phasing of Differential CIP not covered above (50%not yet delivered)	428		428	Almost Certain
Delivering required non recurrent underspends to cover non-recurrent pressures	1,255	0	1,255	Almost Certain
VAT changes impacting recovery on Systm1 19/20	80	80		Possible
QIPP risk share and milestones	500		500	Possible
CQUIN	150		150	Possible
Asset lives depreciation impact - GCS acceptance	423	423		Almost Certain
Asset lives depreciation impact - Full DV value	305	305		Possible
Asset lives PDC impact - GCS acceptance	117	117		Almost Certain
Asset lives PDC impact - Full DV value	85	85		Possible
Vacancy abatement	1,600		1,600	Unlikely
GCC Management Charge - Tranche 2	150	150		Almost Certain
	7,733	3,800	3,933	

In 2018/19 we were able to manage some non-recurrent underspends to offset approximately £6m of risk. In 2019/20 we face a greater challenge with another £5m of CIP and a higher level of risk. In addition to the above, it should be noted there is £1.1m of recurrent costs only funded non-recurrently in the GCCG contract: MIIU premium, Complex Care @ Home Forest, GCC Tranche 1 and GCC accommodation.