

BOARD OF GOVERNORS

FINANCIAL REPORT – 11 MONTHS TO FEBRUARY 2008

Report of: David Smith, Director of Finance

Executive Summary

1. Income & Expenditure:

- Surplus year to date for M11 as £1.6M up on plan. This brings the reported surplus to £9.9M v full year target of £9M.
- NHS protected income is £3.2M favourable to plan. The actual level of income reported takes account of the following adjustments:
 - agreement around new to follow up outpatient ratios* - £1.9M
 - agreed cap on excess bed days - £1.8M
- * As referred to previously our contracts with purchasers set agreed performance measures relating to the ratio of follow up to new outpatients. The agreement involved the Trust maintaining its performance for the first half of the year, then achieving the upper quartile rate for the second half.
- Elective activity continued to perform in excess of the plan for the month of February. Elective income was ahead of plan by £0.6M during the month and is £1.0M favourable on a cumulative basis. This is a significant improvement on M6 where the Trust was £1.9M adverse to plan. Efforts across the trust on the 18 week target are now being seen at the top line.
- Non-elective is favourable to plan by £2.4M. Activity (spells) is up 1% against plan.
- Interest income is favourable to plan by £1.5M – plan being prudent.

2. Workforce

- The ESR systems report total WTE as 6,471 i.e. 157 higher than that proposed in the annual plan. However, it should be borne in mind that activity levels have been higher than plan as discussed above. Nevertheless, the budget setting process for 08/09 is ensuring an appropriate balance going forward.

3. Cash & liquidity

- Cash is £41.3M v plan £30.6M. This is largely attributable to the £9M of additional PDC received during December.
- Liquidity remains strong, with a liquidity ratio (i.e. number of days operating expenses that can be covered by working capital) of 37.7 days v plan 34.1 days. Again, the positive performance against plan is largely the result of additional PDC.

4. Capital

- Capital expenditure remains ahead of plan by £7.9M. ATC and Tomotherapy equipment planning/reporting being the main cause.

5. Financial risk rating

- FRR is 4.3 v plan of 4.1. Although we received a FRR5 at end Q3, (together with green for governance, and green for mandatory) we expect to end the year at a FRR4, in accordance with plan.

Cambridge University Hospitals NHS Foundation Trust Income & Expenditure Report for the Period Ending 29th February 2008

SUMMARY

Directorate	Year-To-Date				Annual Budget £'000
	Budget	Actual	Variance		
	£'000	£'000	£'000	%	
<u>Income (analysed in Table 2)</u>					
NHS Protected Clinical Income	306,189	309,399	3,210	1.0	333,074
Other Protected Clinical Income	30,477	30,477			37,487
Other Income	18,061	18,463	402	2.2	20,143
Total Income	354,727	358,339	3,613	1.0	390,703
<u>Expenditure (analysed in Table 3)</u>					
Director of Operations	211,255	213,438	(2,183)	(1.0)	228,364
Medical Staff	52,084	52,195	(111)	(0.2)	57,132
Corporate Services	56,393	57,292	(899)	(1.6)	60,783
Other	5,767	5,817	(50)	(0.9)	6,322
Sub Total - Directorates	325,498	328,742	(3,243)	(1.0)	352,601
Reserves	2,824	2,824			9,387
Sub Total - Reserves	2,824	2,824			9,387
Total Expenditure	328,322	331,566	(3,243)	(1.0)	361,989
Income & Expenditure Position Before Finance Charges & Dep'n (EBITDA)	26,404	26,774	369	1.4	28,715
<u>Dep'n & Financing Charges</u>					
Depreciation	12,722	12,966	(245)	(1.9)	13,878
Interest Receivable	(917)	(2,456)	1,539	(167.9)	(1,000)
Interest Payable & PDC Dividend	6,267	6,339	(72)	(1.1)	6,837
Sub Total	18,072	16,849	1,223	6.8	19,715
Net Surplus / (Deficit)	8,332	9,924	1,592	16.0	9,000

CAMBRIDGE UNIVERSITY HOSPITALS NHS FOUNDATION TRUST

BALANCE SHEET AS AT 29 FEBRUARY 2008

	2006/07 outturn £000	2007/08 Year to date			2007/08 Year end		
		Budget £000	Actual £000	Variance £000	Budget £000	Forecast £000	Variance £000
Fixed Assets	212,141	216,450	224,425	(7,975)	260,540	268,040	(7,500)
Current Assets							
Stock	5,134	5,100	5,232	(132)	5,300	5,300	0
Trade Debtors	31,367	37,592	35,851	1,741	38,250	38,250	0
Other Debtors	8,056	4,780	4,902	(122)	4,810	4,810	0
Cash	15,424	30,610	41,252	(10,642)	27,180	29,016	(1,836)
	59,981	78,082	87,237	(9,155)	75,540	77,376	(1,836)
Current Liabilities							
Trade Creditors	21,309	23,220	25,042	(1,822)	23,220	23,220	0
Other Creditors and Accruals	29,998	40,529	43,773	(3,244)	38,550	38,550	0
Overdraft	0	0	0	0	0	0	0
	51,307	63,749	68,815	(5,066)	61,770	61,770	0
Net Current Assets (Liabilities)	8,674	14,333	18,422	(4,089)	13,770	15,606	(1,836)
Long-Term Debtors	0	0	0	0	0	0	0
Total Assets less Current Liabilities	220,815	230,783	242,847	(12,064)	274,310	283,646	(9,336)
Long-Term Liabilities							
Provisions	7,042	2,140	2,613	(473)	2,140	2,140	0
Loans	13,800	21,300	21,300	0	21,300	21,300	0
	20,842	23,440	23,913	(473)	23,440	23,440	0
Net Assets	199,973	207,343	218,934	(11,591)	250,870	260,206	(9,336)
Taxpayers' Equity							
Public Dividend Capital (PDC)	105,831	105,831	115,166	(9,335)	105,830	115,166	(9,336)
I&E Reserve	22,381	29,312	32,307	(2,995)	30,050	30,050	0
Other Reserves	71,761	72,200	71,461	739	114,990	114,990	0
Total Taxpayers' Equity	199,973	207,343	218,934	(11,591)	250,870	260,206	(9,336)
Key Ratios							
Liquidity Ratio	32.1	34.1	37.7		29.6	29.6	
Days Cash in Hand	28.5	53.5	63.2		55.3	57.1	
Unused Working Capital Facility	28,400	28,400	28,400		28,400	28,400	
Trade Debtor Days	29.6	31.8	30.4		32.4	32.4	
Trade Creditor Days	58.4	52.7	56.8		54.8	54.8	
Return on Assets (excl. dividend)	5.50%	6.82%	7.41%		6.17%	6.05%	
Debt to Assets Ratio	5.1%	7.2%	6.8%		6.3%	6.2%	
Definitions of Key Ratios							
Liquidity Ratio	((cash + unused working capital facility + trade debtors + other debtors - trade creditors - other creditors) / (planned total annual operating expenditure)) x 365 days						
Days Cash in Hand	((cash + unused working capital facility) / (total annual operating expenditure)) x 365 days						
Unused Working Capital Facility	working capital facility less overdraft						
Trade Debtor Days	(trade debtors / planned total income) x 365 days						
Trade Creditor Days	(trade creditors / planned total non-pay operating expenditure) x 365 days						
Return on Assets (excl. dividend)	(net surplus + dividend) / net assets						
Debt to Assets Ratio	loans / total assets						

Note: The above ratios are based on income and expenditure gross of devolved income where applicable