

# CAMBRIDGE UNIVERSITY HOSPITALS NHS FOUNDATION TRUST

## BOARD OF GOVERNORS

**AGENDA ITEM 7**  
**3 DECEMBER 2009**

## FINANCIAL REPORT – 31 OCTOBER 2009

Report of: David Smith, Director of Finance

### 1. Executive Summary

#### Headlines

- 1.1 The Trust achieved a **surplus for the year of £1.7m** which is **£0.8m better than plan**. Current forecasts show this positive variance being maintained through to year end, giving rise to a **forecast outturn of £2.0m surplus**.
- 1.2 The Trust has achieved a **FRR of 3 in October**. The calculated score of 3.0 is exactly on plan.

#### Financial Summary

F = favourable variance, A= adverse variance, YTD = Year-to-date

	YTD actual			YTD F/(A) to plan				Prior year F/(A)	WTE F/(A)
	Income £m	Expendi- ture £m	Net (I-E) £m	Income £m	Expendi- ture £m	Net (I-E)			
						£m	%	£m	No.
Medicine	63.5	33.9	29.6	0.2	0.0	0.2	1%	13.0	(1)
Surgery	72.2	20.0	52.2	0.3	0.1	0.4	1%	14.7	16
Neuroscience	15.1	6.1	9.0	0.1	0.0	0.1	1%	0.6	24
Critical Care	20.4	35.8	(15.4)	(0.3)	(0.2)	(0.4)	3%	2.0	70
Cancer	23.4	12.0	11.4	0.2	0.2	0.4	3%	6.5	(14)
Women's and Children's	37.2	17.6	19.6	0.2	0.4	0.6	3%	9.4	40
Investigative Sciences	8.5	21.9	(13.4)	0.0	(0.4)	(0.4)	3%	0.7	18
Other Operational Areas	6.6	19.8	(13.3)	(0.4)	(0.1)	(0.5)	4%	(31.0)	1
<b>Total operational areas</b>	<b>246.8</b>	<b>167.1</b>	<b>79.7</b>	<b>0.3</b>	<b>0.1</b>	<b>0.3</b>	<b>0%</b>	<b>15.9</b>	<b>154</b>
<b>Other protected clinical income</b>	<b>29.5</b>		<b>29.5</b>	<b>0.0</b>		<b>0.0</b>	<b>0%</b>	<b>1.3</b>	
<b>Other income</b>	<b>3.6</b>		<b>3.6</b>	<b>(0.1)</b>		<b>(0.1)</b>	<b>(2%)</b>	<b>(5.5)</b>	
<b>Medical staff</b>		45.6	<b>(45.6)</b>		0.1	<b>0.1</b>	<b>(0%)</b>	<b>(5.0)</b>	29
<b>Estates &amp; Facilities</b>		23.2	<b>(23.2)</b>		(0.1)	<b>(0.1)</b>	<b>1%</b>	<b>1.0</b>	(17)
<b>Corporate services</b>		12.0	<b>(12.0)</b>		0.4	<b>0.4</b>	<b>(3%)</b>	<b>(0.4)</b>	32
<b>R&amp;D</b>		10.3	<b>(10.3)</b>		0.1	<b>0.1</b>	<b>(1%)</b>	<b>(2.6)</b>	(18)
<b>Other (inc reserves)</b>		0.8	<b>(0.8)</b>		-	<b>-</b>		<b>(0.8)</b>	-
Sub-total <b>EBITDA</b>	<b>280.0</b>	<b>259.0</b>	<b>21.0</b>	<b>0.2</b>	<b>0.6</b>	<b>0.8</b>	<b>4%</b>	<b>3.9</b>	<b>180</b>
Depreciation		12.2	(12.2)		0.1	0.1	(1%)	(2.3)	
Net interest (receivable)/payable		7.1	(7.1)		(0.2)	(0.2)	3%	(4.0)	
<b>Total <b>Net surplus / (deficit)</b></b>	<b>280.0</b>	<b>278.2</b>	<b>1.7</b>	<b>0.2</b>	<b>0.6</b>	<b>0.8</b>	<b>83%</b>	<b>(2.4)</b>	<b>180</b>

#### Key issues

- 1.3 Critical Care – adverse income and expenditure due to significantly reduced EAU non-elective activity (under review) and orthopaedic prosthesis costs.
- 1.4 Cancer – additional income (£0.2m) due to over performance on teletherapy fractions against plan. Non-pay underspent by £0.2m.
- 1.5 Women's and Children's - £0.2m additional income due to Paediatric Surgery spells, particularly an overachievement on Major Small Intestine Procedures and Appendectomy Procedures. Also, £0.4m underspent largely due to unfilled vacancies in NICU and children's wards despite an active staff recruitment campaign.
- 1.6 Investigative Sciences expenditure exceeds plan due to:
  - high angio med/surg costs (+£0.2m) due to complexity of Arteriovenous Malfunction (AVM) patients, expected to recur but discussions ongoing with PCT to invoice for this cost

- Pathology consumables and reagents overspend due to higher internal Pathology Trust activity. This is being addressed by identifying and eliminating tests of low clinical value.

1.7 Cross charging for Pathology and Radiology commenced on 1 October.

1.8 Corporate Services – Organisational Development (£0.2m) and Strategy (£0.2m) continued to underspend against planned pay costs and non-pay costs.

## Other comments

1.9 Pay costs are £1.2m better than budget while there is a shortfall of 180 WTEs to plan.

1.10 The table below shows that, while WTE numbers in October are 2.3% less than plan, pay costs are only 1.0% better. This is caused by an adverse variance on average pay rates which can broadly be explained by the additional cost of providing temporary cover for vacancies.

F/(A) = favourable/(adverse) variance

	Month				Annual Plan £'000	Prior year (month)	
	Plan £'000	Actual £'000	F/(A) £'000	%		Actual £'000	F/(A) %
Pay costs	26,433	26,156	277	1.0%	310,892	24,218	(8.0%)
Drug costs	3,701	3,659	42	1.1%	51,849	4,305	15.0%
Non-pay costs	13,530	13,577	(47)	(0.3%)	151,918	15,468	12.2%
Devolved income	(5,774)	(5,939)	165	(2.9%)	(65,720)	(5,607)	(5.9%)
<b>Expenditure</b>	<b>37,890</b>	<b>37,453</b>	<b>437</b>	<b>1.2%</b>	<b>448,939</b>	<b>38,384</b>	<b>2.4%</b>
<b>Workforce (No. of WTEs)</b>	<b>7,671.4</b>	<b>7,491.7</b>	<b>179.7</b>	<b>2.3%</b>		<b>6,978.7</b>	<b>(7.4%)</b>
<b>Average WTE pay cost</b>	<b>41.35</b>	<b>41.90</b>	<b>(0.55)</b>	<b>(1.3%)</b>		<b>41.64</b>	<b>(0.6%)</b>

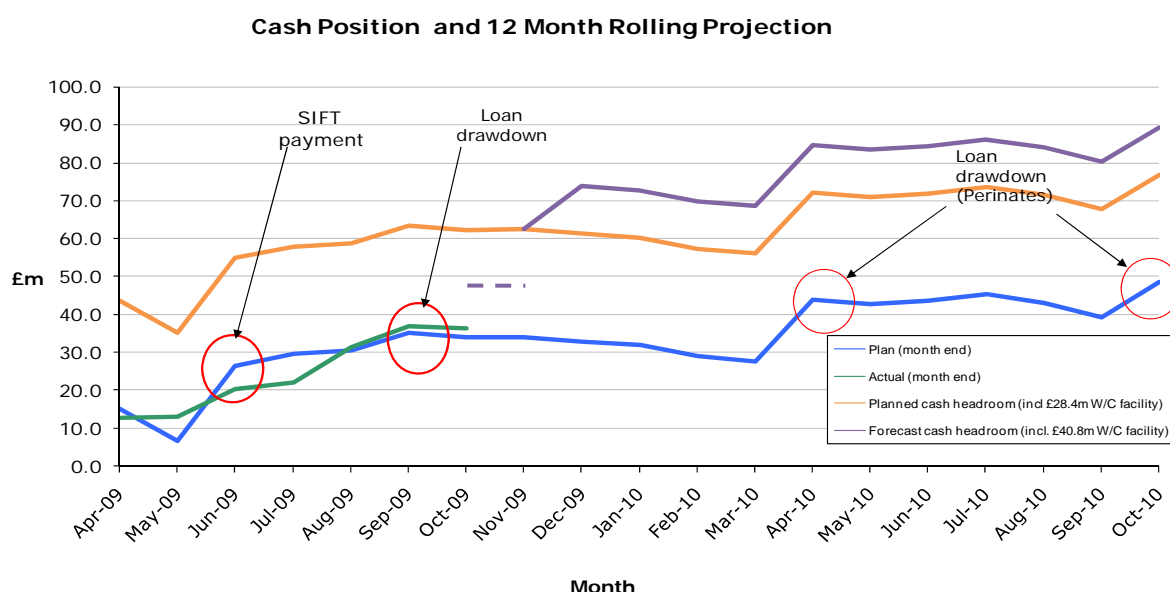
## 2. Balance sheet as at 31 October 2009

Variance = increase/(decrease) in balance

	Year to date			Annual Plan £m	Prior year Outturn £m
	Plan £m	Actual £m	Variance £m		
<b>Fixed assets</b>	<b>342.9</b>	<b>341.5</b>	<b>(1.4)</b>	<b>340.7</b>	<b>335.5</b>
<b>Current assets</b>					
Stock	7.1	7.1	0.0	7.3	7.1
Trade debtors	37.1	35.3	(1.8)	30.9	28.6
Other debtors	4.0	5.5	1.5	10.7	12.1
Cash	34.0	36.2	2.2	27.6	23.5
<b>Total current assets</b>	<b>82.2</b>	<b>84.0</b>	<b>1.8</b>	<b>76.4</b>	<b>71.2</b>
<b>Current liabilities</b>	81.5	81.3	(0.2)	74.6	72.8
<b>Net current assets / (liabilities)</b>	<b>0.8</b>	<b>2.7</b>	<b>2.0</b>	<b>1.8</b>	<b>(1.6)</b>
<b>Total assets less current liabilities</b>	<b>343.6</b>	<b>344.3</b>	<b>0.6</b>	<b>342.5</b>	<b>333.9</b>
<b>Long-term liabilities</b>					
Provisions	2.4	2.3	(0.1)	2.4	2.4
PFI lease	67.1	67.1		66.9	67.4
Loans	39.0	39.0		38.3	29.5
	<b>108.5</b>	<b>108.4</b>	<b>(0.1)</b>	<b>107.6</b>	<b>99.3</b>
<b>Net assets</b>	<b>235.1</b>	<b>235.9</b>	<b>0.7</b>	<b>234.9</b>	<b>234.7</b>
<b>Taxpayers' equity</b>					
Public dividend capital (PDC)	114.8	114.8		114.8	114.8
I&E reserve	27.4	28.1	0.8	27.4	26.4
Other reserves	93.0	93.0	(0.0)	92.7	93.5
<b>Total taxpayers' equity</b>	<b>235.1</b>	<b>235.9</b>	<b>0.7</b>	<b>234.9</b>	<b>234.7</b>

## Cash and liquidity

- 2.1 Cash is £2.2m ahead of plan at £36.9m. A total of £3.7m of over-performance income remains unpaid by a number of PCTs. However, this is offset by £6.8m, advanced by NHS Cambridgeshire in respect of these debts and subsequently repaid in November.
- 2.2 The liquidity ratio stands at 16.8 days, which is 0.6 days better than plan. This is due to the favourable income & expenditure position and phasing of the capital programme.
- 2.3 The following chart shows the planned cash position by month for the next 12 months, together with actual cash balances for the year to date. Also superimposed is a line showing total cash headroom (cash plus our short term working capital facilities with Barclays) based on the Trust's current working capital facility of £28.4m, together with a second line showing the potential headroom if the Trust were to extend its working capital facility to £40.8m recently approved by Monitor.



## Capital expenditure

- 2.4 Expenditure to date totals £18.2m against a cumulative profile of £19.6m. The year to date positive variance of £1.4m reflects timing differences, notably the 2<sup>nd</sup> Tomotherapy machine budgeted for an October delivery, but delivered in November with the first payment being £1.3m.
- 2.5 Capital allocation is under regular review as the Trust responds to various pressures placed upon it, for instance, additional equipment to prepare for Swine flu (£1.2m). As a consequence of this and other needs, the latest view of the capital outturn for the year is £29.5m, which is £3m over the £26.5m allocated at the start of the year.

## 3. Outturn update

- 3.1 Divisional managers have reviewed their forecasts with an improvement of £0.8m from the budgeted £1.2m surplus bringing the expected outturn to £2.0m.
- 3.2 The chart below shows the evolution of the Trust's year to date surplus/(deficit) and the forecast position throughout the remainder of the year.

## Evolution of YTD surplus/(deficit)

