

FINANCIAL REPORT – 31 MAY 2010Report of: **David Smith, Director of Finance****1. Executive Summary****Headlines**

- 1.1 The Trust has achieved a YTD surplus of £0.7m which is in line with plan.
- 1.2 EBITDA margin YTD 6.7% compared to plan of 6.8% and M2 last year of 5.5%.
- 1.3 Cash reserves of £24.6m against planned reserves of £19.9m.
- 1.4 Capital expenditure of £4.1m YTD is £0.6m below plan.
- 1.5 The Trust has achieved a FRR of 3 in May.

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	Expend iture £m	Net (I-E) £m	Income £m	Expend iture £m	Net (I-E) £m	%		
<i>Medicine</i>	18.4	12.9	5.5	0.7	(1.6)	(0.9)	(15%)	(3.0)	(48)
<i>Surgery</i>	22.2	7.5	14.7	(0.3)	0.4	0.2	1%	1.6	(9)
<i>Neuroscience</i>	4.8	2.2	2.6	0.0	0.1	0.1	3%	1.6	19
<i>Critical Care</i>	6.7	10.3	(3.6)	0.1	0.2	0.2	(6%)	(0.1)	49
<i>Cancer</i>	7.7	4.5	3.2	0.1	(0.4)	(0.2)	(7%)	(0.1)	27
<i>Women's and Children's</i>	12.5	5.6	6.9	(0.0)	0.1	0.1	1%	1.5	69
<i>Investigative Sciences</i>	4.3	4.5	(0.2)	0.0	(0.3)	(0.2)	(1160%)	3.4	(9)
<i>Other Operational Areas</i>	0.2	3.5	(3.3)	0.2	0.2	0.3	(9%)	(1.1)	35
Total operational areas	76.7	50.9	25.8	0.7	(1.2)	(0.5)	(2%)	3.9	132
Other protected clinical income	8.5		8.5	-		-		(0.0)	
Other income	0.8		0.8	(0.1)		(0.1)	(8%)	(0.1)	
Medical staff		15.1	(15.1)		(0.0)	(0.0)	0%	(2.5)	54
Estates & Facilities		6.7	(6.7)		0.0	0.0	(0%)	(6.0)	10
Corporate services		3.4	(3.4)		0.2	0.2	(6%)	5.0	4
R&D		3.3	(3.3)		(0.1)	(0.1)	2%	(1.1)	9
Reserves and contingency		-	-		0.4	0.4	(100%)	2.3	-
Sub-total EBITDA	85.9	79.4	6.5	0.7	(0.7)	(0.1)	(1%)	1.6	208
Depreciation		3.7	(3.7)		0.0	0.0	(0%)	(0.1)	
Net interest (receivable)/payable		2.1	(2.1)		0.0	0.0	(0%)	0.1	
Total Net surplus / (deficit)	85.9	85.2	0.7	0.7	(0.7)	(0.0)	(7%)	1.6	208

2. Balance sheet

Cambridge University Hospitals NHS Foundation Trust Balance sheet as at 31 May 2010

Variance = increase/(decrease) in balance

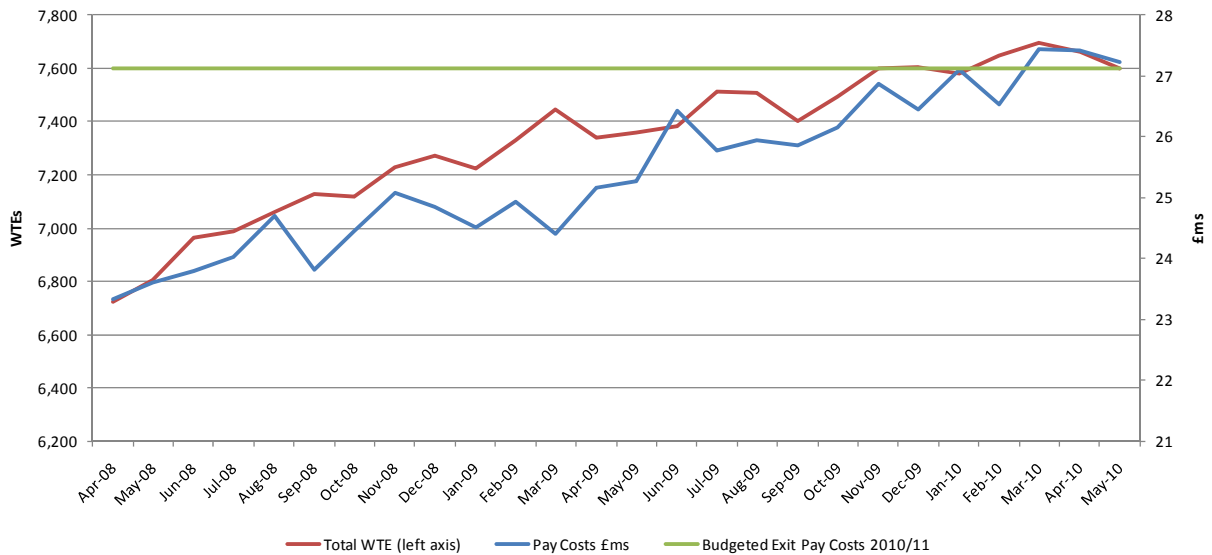
	Year to date			Annual Plan £m	Prior year Outturn £m
	Plan £m	Actual £m	Variance £m		
Fixed assets	329.0	328.3	(0.7)	342.4	328.0
Current assets					
Stock	9.2	9.2	0.0	9.2	9.2
Trade debtors	48.3	43.0	(5.3)	39.2	35.6
Other debtors	5.5	4.9	(0.6)	10.5	10.2
Cash	19.9	24.6	4.7	25.6	16.0
Total current assets	82.9	81.7	(1.2)	84.5	71.1
Current liabilities	90.3	91.4	1.1	80.7	80.8
Net current assets / (liabilities)	(7.4)	(9.7)	(2.3)	3.8	(9.7)
Total assets less current liabilities	321.6	318.6	(3.0)	346.3	318.3
Long-term liabilities					
Provisions	2.1	2.1		2.1	2.1
PFI lease	62.3	62.2	(0.0)	60.8	62.5
Loans	39.2	36.2	(3.0)	64.0	36.2
	103.6	100.6	(3.0)	127.0	100.9
Net assets	218.0	218.0	0.0	219.3	217.4
Taxpayers' equity					
Public dividend capital (PDC)	116.7	116.7		116.7	116.7
I&E reserve	25.1	25.1	(0.0)	23.2	20.2
Other reserves	76.1	76.2	0.1	79.4	80.5
Total taxpayers' equity	218.0	218.0	0.0	219.3	217.4
Key ratios					
Liquidity ratio (days)	15.8	14.3		23.2	15.2
Unused working capital facility	40.8	40.8		40.8	40.8
Trade debtor days	30.0	26.7		24.3	23.8
Return on assets (excl. dividend)	4.90%	4.90%		3.70%	1.70%

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

3. Workforce

3.1 Pay costs are £0.7m favourable to budget YTD (£0.4m favourable in month). Total WTEs have fallen by 95 since the end of 2009/10. Bank and agency have reduced by 7% (35 WTEs) month-on-month while substantive WTEs have fallen by 0.5% (30 WTEs). These reductions are demonstrated by the chart below. It also shows monthly pay cost and a target line for budgeted monthly pay cost at the end of 2010/11.

Pay Cost Growth vs WTE Growth



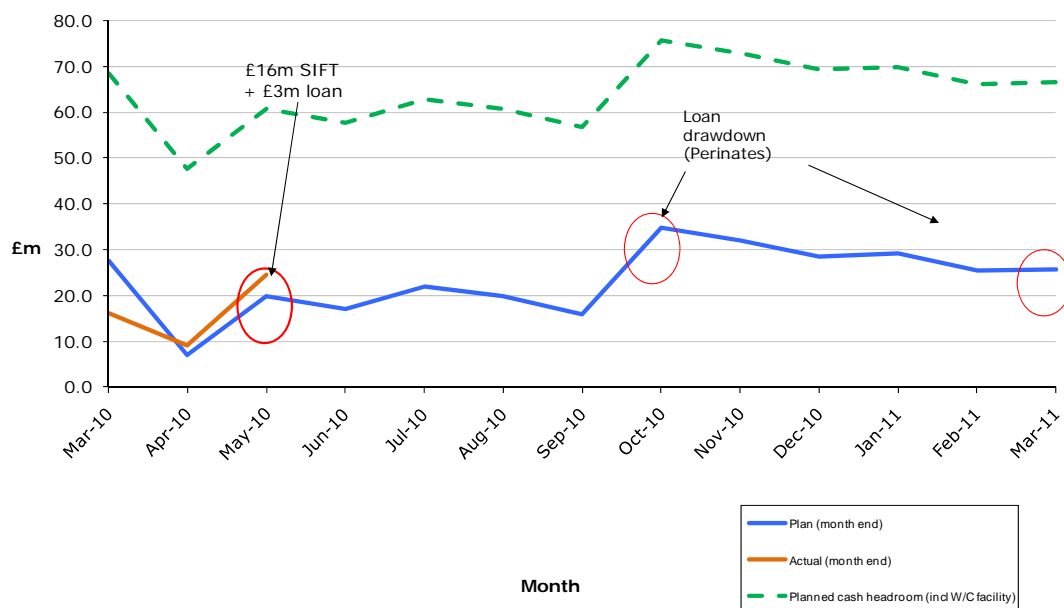
F/(A) = favourable/(adverse) variance

	Month				YTD			
	Plan £'000	Actual £'000	F/(A) £'000	%	Plan £'000	Actual £'000	F/(A) £'000	%
Pay costs	27,594	27,222	372	1.3%	55,310	54,638	672	1.2%
Drug costs	4,518	5,273	(756)	(16.7%)	8,854	10,249	(1,395)	(15.8%)
Non-pay costs	12,716	13,138	(422)	(3.3%)	25,817	25,571	246	1.0%
Devolved income	(5,811)	(5,741)	(70)	1.2%	(11,310)	(11,049)	(261)	2.3%
Expenditure	39,017	39,893	(875)	(2.2%)	78,671	79,409	(739)	(0.9%)

4. Cash & liquidity

- 4.1 Cash is £4.7m better than plan at £24.6m. Trade debtors continue to be £5.3m lower than plan, which is encouraging at this point in the financial year and reflects positive movements around the year end period together with less overperformance in April and May.
- 4.2 The liquidity ratio stands at 14.3 days, which is lower than planned due to the first £3m loan drawdown on the Perinatal scheme being received in June, rather than May as originally planned. The plan for 2010/11 includes the drawing down of new loans to support the Perinatal scheme totalling £30m, with £3m being drawn down in May 2010 (now June 2010), £16m in October 2010 and £11m in March 2011.
- 4.3 The following chart shows the planned cash position by month for the year ahead, together with actual cash balances for the year to date. Also superimposed is a line showing planned cash headroom (cash plus our short term working capital facilities with Barclays) based on the Trust's current working capital facility of £40.8m:

Cash Position and Rolling Projection



4.4 SIFT funding of £16m from the SHA was received in May as expected.

5. Capital expenditure

5.1 The cumulative plan to date is £4.7m against spending of £4.1m.

5.2 The planned budget for 2010/11 is £36.5m, of which £31.8m has now been approved, leaving £4.7m uncommitted. Further approvals in May are itemised below:

	£m
Perinatal Project	13.1
Previously Committed	12.7
Approved at JCCE April 2010	2.6
Approved at JCCE May 2010 (R+D projects only)	2.3
Nuclear Medicine (gamma camera) approved in principle	1.1
Committed Total	31.8
Uncommitted Balance	4.7
Total Capital Budget	36.5

6. Contingency and reserves

6.1 The Trust holds contingencies and reserves totalling £11.7m within the expenditure budget. See the table below for details and phasing of budget. For clarity, a contingency is a general budget held back for significant unforeseen events which, by their nature cannot be specifically budgeted for. For this purpose, the Trust holds £4.0m which is heavily biased towards the end of the year.

All figures in £m	Q1	Q2	Q3	Q4	Total
Contingency				4.0	4.0
Severance scheme reserve	0.5	1.5			2.0
CQUIN reserve				2.0	2.0
Patient safety and service redesign	0.2	0.2	0.2	0.2	0.8
SIFT funding		1.2	1.7		2.8
Reserves	0.7	2.9	1.9	2.2	7.7

6.2 Reserves are more specific than a contingency. A reserves budget is created in anticipation of certain costs, but not immediately allocated out to budget holders. The current underspend is against reserves, but it cannot be ruled out that these costs may be incurred later in the year. Therefore, it is important to keep a focus throughout the year on the underlying performance before contingency and reserves.