

**Trust Board**

**TB2008.2**

From: Mr Chris Hurst, Director of Finance and Procurement

Date: January 2008

Subject: **Financial performance to 31 December (Month 9)**

For: **Information**

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**Synopsis**

The financial results to 31 December 2007 (Month 9) are now available.

In December the Trust has reported an in-month surplus of £493k, which has increased the cumulative surplus to £1.3m. The principal reason for the in-month surplus, and consequent favourable variance to plan for the month, is that PCT income position continues to run at a higher level than in the first half year.

The latest results provide comfort that the revised forecast surplus of £4m can be delivered. The achievement of the original £7m surplus remains a possibility but only if further income is secured. The Board is aware that all remaining months in this financial year have relatively low numbers of working days compared to the two recent "high income" months (October and November). This is allowed for in our forward income forecast.

There has been a significant movement in the value of Fixed Assets (in the Balance Sheet), which reflects the accounting for asset impairments (£6m). These impairments were planned and are funded by the DH. They arise from the writing down of old Churchill Hospital buildings, which will close with the move to the new Cancer Centre, and the linear accelerators which are being taken out of use as the new machines become available.

All other key financial indicators remain on target.

**Comment by the Director of Finance**

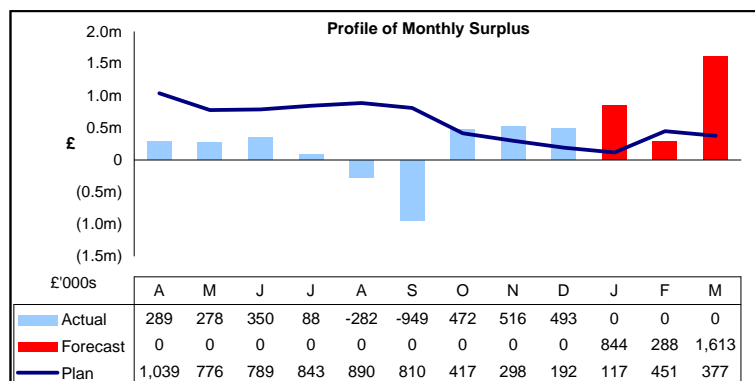
As reported.

## Section 1 - Trust level financial performance

### (a) Income & Expenditure performance in the month

<b>Table 1:</b> Income and Expenditure Current Month Position:	Actual	Plan	Variance	Last Month Variance
	£000s	£000s	£000s	£000s
<b>Income:</b>				
Commissioning & RTA Income	42,278	35,514	6,764	2,644
Private Patients and Overseas Income	569	835	(266)	(348)
Other Income	8,277	7,978	299	(590)
<b>Total Income</b>	<b>51,124</b>	<b>44,327</b>	<b>6,797</b>	<b>1,707</b>
<b>Expenditure:</b>				
Pay costs	(26,111)	(26,979)	868	167
Non Pay costs	(23,318)	(15,929)	(7,390)	(1,588)
<b>Total Expenditure</b>	<b>(49,429)</b>	<b>(42,908)</b>	<b>(6,522)</b>	<b>(1,421)</b>
<b>EBITDA*</b>	<b>1,695</b>	<b>1,419</b>	<b>275</b>	<b>286</b>
Depreciation	(1,315)	(1,306)	(9)	(28)
Net Interest	113	78	35	(39)
Exceptionals	0	0	0	0
<b>Surplus/(deficit)</b>	<b>493</b>	<b>192</b>	<b>301</b>	<b>218</b>
EBITDA %	3.3%	3.2%		

\*EBITDA = earnings before interest, tax, depreciation and amortisation



### Key points - in month performance

- In December the Trust reported an actual surplus of £493k, compared to a planned surplus of £192k in the original Plan. The in-month position broadly the same as the previous month's trading results and maintains our steady progress towards delivery of a surplus of c. £4m at year end.
- The principal reason for the in-month surplus is that PCT income continues to be above the levels of the first six months. The improvement stems from the fact that actual patient activity in November was above the estimate we made in reporting last month's results. [Note: PCT income for the current month is always an estimate as the actual coded income is not reported until approximately 28 days after the month-end.]
- The stepped increase in income this month relates to c. £6m we have received in the month for asset impairments (buildings and equipment being taken out of use). This income was expected and is provided by the DH to trusts with approved asset impairments.
- Expenditure was in line with the Forecast, after adjusting for the impairment charge.
- The revised (M8) full-year PCT income Forecast continues to be posited on an increase in activity over the second six months of this year, which is expected to increase income by c. +£5.5m (or 2%) and thereby generate monthly surpluses between now and the year-end.
- The forecast fall in the in-month surplus shown for February reflects the shorter number of working days in the month, when PCT income will reduce but pay and overhead expenditure will remain relatively constant.

## (b) Income & Expenditure performance year to date

Table 2: Income and Expenditure Year to date: 9 months				Full Year Estimate as at December				
	Actual £000s	Plan £000s	Variance £000s	Last Yr Actual £000s	Actual £000s	Plan £000s	Variance £000s	Last Yr Actual £000s
Income:								
Commissioning & RTA Income	328,178	315,884	12,294	287,672	438,223	422,427	15,796	385,420
PP and O/seas Income	6,341	7,491	(1,150)	6,608	8,740	9,998	(1,258)	9,074
Other Income	66,103	74,467	(8,365)	61,610	92,284	98,413	(6,128)	87,550
<b>Total Income</b>	<b>400,621</b>	<b>397,842</b>	<b>2,779</b>	<b>355,891</b>	<b>539,247</b>	<b>530,837</b>	<b>8,410</b>	<b>482,043</b>
Expenditure:								
Pay costs	(231,124)	(234,704)	3,580	(221,530)	(312,169)	(315,820)	3,651	(299,795)
Non Pay costs	(156,319)	(146,037)	(10,282)	(132,565)	(200,420)	(193,290)	(7,131)	(178,528)
<b>Total Expenditure</b>	<b>(387,443)</b>	<b>(380,741)</b>	<b>(6,702)</b>	<b>(354,096)</b>	<b>(512,590)</b>	<b>(509,110)</b>	<b>(3,480)</b>	<b>(478,324)</b>
<b>EBITDA*</b>	<b>13,178</b>	<b>17,101</b>	<b>(3,923)</b>	<b>1,796</b>	<b>26,658</b>	<b>21,727</b>	<b>4,931</b>	<b>3,720</b>
Depreciation	(11,970)	(11,751)	(219)	(10,380)	(22,677)	(15,668)	(7,008)	(13,358)
Net Interest	47	706	(659)	688	19	941	(922)	989
Exceptionals								
Surplus/(deficit)	1,255	6,055	(4,800)	(7,896)	4,000	7,000	(3,000)	(8,650)
EBITDA %	3.3%	4.3%		0.5%	4.9%	4.1%		0.8%

\*EBITDA = earnings before interest, tax, depreciation and amortisation

**Note:** the full year estimate in the "Actual" column (totalling £4m surplus) is based on the revised income forecast and includes the additional management actions we are taking to contain investment, reduce expenditure and generate income.

Table 3: Movement in monthly variances (subjective analysis)	Income			Expenditure			Net Position £000s
	Comm & RTA £000s	Private Patients £000s	Other £000s	Pay £000s	Non-Pay £000s	Capital Charges £000s	
Previous month	2,644	(348)	(514)	167	(1,638)	(94)	218
Change this month	4,119	81	944	701	(5,755)	(8)	82
<b>Position at month 9</b>	<b>6,764</b>	<b>(266)</b>	<b>430</b>	<b>868</b>	<b>(7,393)</b>	<b>(102)</b>	<b>301</b>

## Key points – year to date performance

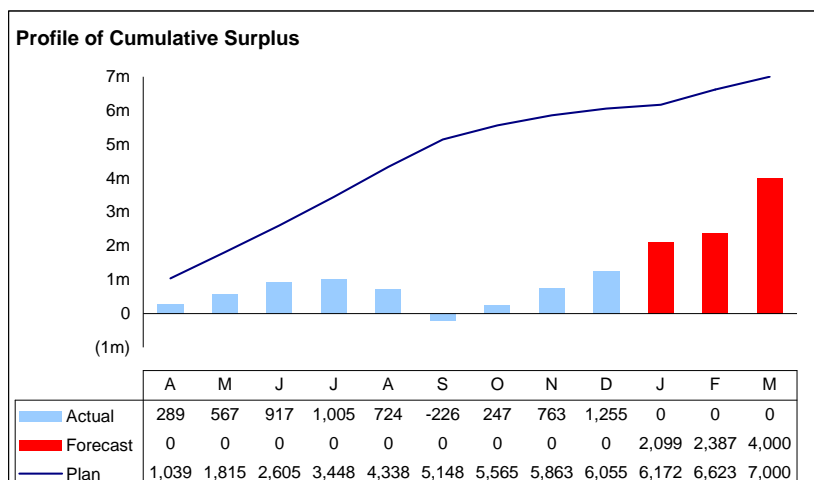
- The cumulative surplus has increased to £1.25m as a result of the in-month surplus of £493k.
- As previously reported, the cumulative position is shown as £4.8m adverse to the original Plan because:
  - 18 week activity is following a different (later) profile within the year; and
  - PCT income in the first half year has been lower than forecast.
- As the year proceeds, our physical capacity to deliver the activity gap reduces. This is exacerbated by the fact that February and March are short working months, and when elective capacity is usually reduced over the last four months by winter bed pressures. Consequently, we are reviewing the PCT income forecast on a monthly basis supported by a review of theatres usage (as an early indicator of actual activity levels).

## Key points – subjective analysis

- The M9 **PCT income** (8 month's actual results, plus an estimate for M9) is better than expected (see page 2).
- Private patient income** was targeted to increase by £1m (11%) this year but actual income remains behind budget.
- The adverse variance on **Other Income** reflects income we have budgeted for at risk - ie. above contracted levels. This variance must be considered in combination with the favourable variance shown against PCT income.

## (c) Full year Income & Expenditure forecast

Table 4: Full Year Forecast as at December	Plan £000s	Latest Forecast £000s
Operating Divisions		
A	(115,465)	(116,127)
B	(125,345)	(132,017)
C	(108,132)	(106,481)
D - Corporate directorates	(60,757)	(65,030)
E - Biomedical Research	0	3,000
F - Trustwide (incl PCT income)	444,161	454,910
G - Capital Charges	(27,462)	(34,255)
<b>Surplus/(deficit)</b>	<b>7,000</b>	<b>4,000</b>



## (d) Key Points – Full year forecast

- The full year forecast continues to be reviewed each month. The overall outturn prediction remains the same as last month – that is, a year end surplus of £4m, with some potential for it to rise to up to £7m if further income can be negotiated.
- The in-month surpluses, coupled with forecasts going forward, provide assurance that a surplus of c. £4m is achievable. Despite our prudent income forecasting, we are continuing to monitor activity very closely in the final quarter of this financial year, as both February and March are shorter months.

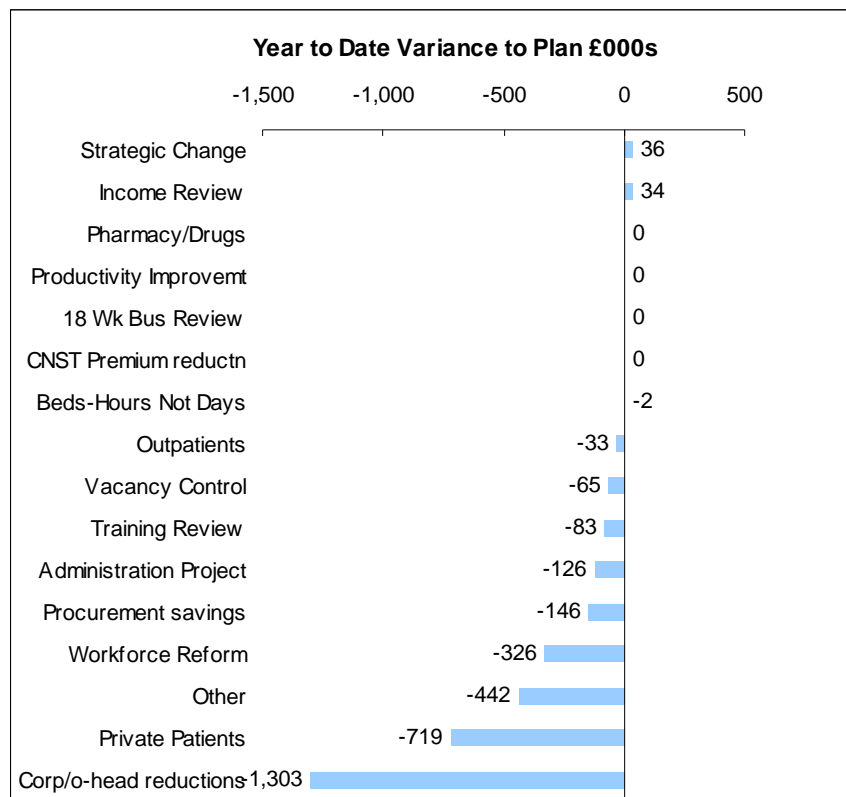
## Key points – Risks to forecast

- Our downward revision of the PCT income Forecast after the M6 results has significantly reduced the risk of the year-end actual income coming in below Forecast. The divisions are targeted to secure £5.5m (+2%) more PCT income in the second half-year, as compared to the first, on the back of the additional 18 week activity.
- This additional income will largely hinge on our delivery of the 18 week wait activity. If we were to fail to achieve this target, our income would fall below the Forecast and we would face a financial penalty under the terms of the SLA.
- The slippage on the original savings plans (of £2.5m) was also factored into in the full-year Forecast at M6. The recent supplementary targets set for cost containment, cost reduction, and for income generation are being closely monitored.

Section 2 - Performance Improvement & Cost Reduction Programme (PICRP)

(a) Summary of programme

Table 5:



Overview

This year's Plan comprises:

1. Traditional annual cost efficiency projects (eg. procurement savings)
2. The continuation of some 2006/07 performance improvement initiatives (eg. improving theatre utilisation)
3. Some new Trust wide efficiency, productivity, and income initiatives; and
4. Divisional and directorate (local) cost reduction measures.

Key points – progress to date

- This year's programme of £23.8m includes £9.4m of income related measures. Nearly £7m (full year) of the latter relates to income at risk from PCT demand management plans, which do not appear to have been successful to date.
- After allowing for unsuccessful projects and new initiatives, our latest assessment is that total savings will be c. £3.5m less than the original target set. In the first nine months, 62% of the original Plan is assessed to have been delivered.
- As a result of the post-M6 revisions to the PCT income and cost forecasts, additional cost reduction and income generation measures are being implemented.

## Section 3 - Divisional performance

### (a) Summary position

Table 5: Performance by division	Year to date: December				Full Year		
	Actual	Plan	Variance	Last Year Actual	Plan	Forecast	Variance to Plan
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Operating Divisions							
A	(85,931)	(85,984)	53	(59,839)	(115,465)	(116,127)	(663)
B	(97,078)	(92,757)	(4,321)	(89,530)	(125,345)	(132,017)	(6,672)
C	(78,471)	(79,894)	1,423	(73,903)	(108,132)	(106,481)	1,651
D - Corporate directorates	(48,794)	(45,534)	(3,260)	(38,104)	(60,757)	(65,030)	(4,273)
E - Biomedical Research	790	0	790	0	0	3,000	3,000
F - Trustwide (incl PCT income)	338,305	330,820	7,485	271,677	444,161	454,910	10,749
G - Capital Charges	(27,566)	(20,597)	(6,969)	(18,198)	(27,462)	(34,255)	(6,793)
<b>Surplus/(deficit)</b>	<b>1,255</b>	<b>6,055</b>	<b>(4,800)</b>	<b>(7,896)</b>	<b>7,000</b>	<b>4,000</b>	<b>(3,000)</b>

### RAG ratings

Each division's year to date financial performance is colour-coded (red, amber, or green) as a guide to assessment. However, it is important to note that:

- Red and amber status is triggered by the size of the absolute size of the cumulative adverse variance; and
- Where a service incurs costs above budget to see and treat more patients it will, by default, attract a red variance as the additional PCT income is accounted for in Division F (Trust wide).

### Key points

- The adverse variances principally reflect:
  - A shortfall of savings in the divisions (principally in B) and in some corporate directorates (principally Estates & Facilities); and
  - In-year pressures, principally:
    - Delivery of the 18 week wait target, which we now believe will cost more than planned
    - Agenda for Change pay arrears (in M1-M5)
    - Agency and locum costs
    - PFI variations and inflation above Plan
    - Asset revaluations which have resulted in increased Capital Charges.
- Income is forecast to increase in the second half of the year as we reduce patient waits to meet the 18 week target.

(b) Division A

Table 7: Division A Summary	Year to date: December				Full Year		
	Actual	Plan	Variance	Last Year Actual	Plan	Forecast	Variance to Plan
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Income:							
Commissioning & RTA	0	0	0	21,265	0	0	0
PP & O/seas	913	1,527	(615)	1,379	2,046	1,443	(603)
Other Income	2,154	2,065	89	2,942	2,759	2,827	68
<b>Total Income</b>	<b>3,066</b>	<b>3,592</b>	<b>(526)</b>	<b>25,586</b>	<b>4,805</b>	<b>4,269</b>	<b>(536)</b>
Expenditure:							
Pay costs	(50,198)	(50,616)	418	(48,262)	(68,278)	(68,108)	170
Non Pay costs	(38,799)	(38,960)	162	(37,164)	(51,992)	(52,288)	(296)
<b>Total Expenditure</b>	<b>(88,997)</b>	<b>(89,576)</b>	<b>579</b>	<b>(85,425)</b>	<b>(120,270)</b>	<b>(120,396)</b>	<b>(127)</b>
<b>Net position</b>	<b>(85,931)</b>	<b>(85,984)</b>	<b>53</b>	<b>(59,839)</b>	<b>(115,465)</b>	<b>(116,127)</b>	<b>(663)</b>

Table 8: Directorate Summary Division A	Position after 9 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Cardiac	(1,165)	(427)	(1,591)
Div A Divisionwide	(532)	(24)	(556)
Medicine 1	285	70	355
Patient Access	201	(17)	184
Renal Centre	(929)	(13)	(943)
Specialist Medicine	2,719	(114)	2,605
<b>Division Total</b>	<b>579</b>	<b>(526)</b>	<b>53</b>

Key points – year to date performance

- The year to date favourable variance of £53k is largely due to:
  - Haemophilia factor costs running below Plan; offset by:
  - Increased activity in some high cost procedures - eg. Kidney Pancreas Transplants (KPTs) and cardiac
  - One-off costs from 2006/07 and a redundancy in Cardiac (£400k)
  - Some delays in appointments (c. £350k); reduced from previous months due to locum appointments to support winter activity.
  - Shortfall in Cardiac PP income (c. £400k).
- The Divisional position does not include the £0.5m income for additional KPT activity (which is reported with all other PCT income in Division F), but does include the additional costs (£800k above the original Budget).
- The Cardiac position is targeted to improve as a new consultant (and 2<sup>nd</sup> modular catheter lab) comes online, which should increase PCT and Private Patient income over a number of months.

## Oxford Radcliffe Hospitals

### (c) Division B

Table 9: Division B Summary	Year to date: December				Full Year		
	Actual	Plan	Variance	Last Year Actual	Plan	Forecast	Variance to Plan
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Income:							
Commissioning & RTA	1,338	1,006	332	1,015	1,342	1,734	392
PP & O/seas	2,025	2,392	(368)	2,433	3,190	2,783	(407)
Other Income	4,199	4,006	193	5,449	5,348	5,650	301
<b>Total Income</b>	<b>7,562</b>	<b>7,405</b>	<b>157</b>	<b>8,896</b>	<b>9,880</b>	<b>10,167</b>	<b>286</b>
Expenditure:							
Pay costs	(76,151)	(75,162)	(989)	(72,742)	(101,821)	(103,253)	(1,432)
Non Pay costs	(28,490)	(25,001)	(3,489)	(25,685)	(33,404)	(38,930)	(5,526)
<b>Total Expenditure</b>	<b>(104,640)</b>	<b>(100,162)</b>	<b>(4,478)</b>	<b>(98,426)</b>	<b>(135,225)</b>	<b>(142,183)</b>	<b>(6,958)</b>
<b>Net position</b>	<b>(97,078)</b>	<b>(92,757)</b>	<b>(4,321)</b>	<b>(89,530)</b>	<b>(125,345)</b>	<b>(132,017)</b>	<b>(6,672)</b>

Table 10: Directorate Summary Division B	Position after 9 months		
	Expend variance £000s	Income variance £000s	Net variance £000s
Anaesthetics & Theatres	(669)	(68)	(736)
Cancer	(857)	102	(755)
Division B Management	(523)	(20)	(543)
General Surgery	(1,019)	406	(612)
Specialist Surgery	(1,411)	(264)	(1,675)
<b>Division Total</b>	<b>(4,478)</b>	<b>157</b>	<b>(4,321)</b>

### Key points - year to date performance

- The variance to date is an adverse variance of £4.3m against the original Budget. The non-pay budget represents the majority of the overspend, at £3.5m adverse, with the pay budget reporting £1m adverse.
- The year to date adverse variance of £4.3m is largely due to:
  - Arrears of pay (in the main, AFC related)
  - Additional sessional payments for last year's waiting list activity, which were not accounted for in 2006/07 (£300k)
  - Savings shortfall, some of which is expected to deliver later in the year, but which is partially offset by managing delays in appointments.
  - Anaesthetic locum and theatre agency costs (> £400k)
  - Cancer drugs costs (£1m), which are predominantly charged to PCTs (but the income is shown in Division F).

(d) Division C

Table 11: Division C Summary	Year to date: December				Full Year		
	Actual	Plan	Variance	Last Year Actual	Plan	Forecast	Variance to Plan
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Income:							
Commissioning & RTA	0	0	0	16	0	0	0
PP & O/seas	1,679	1,298	381	1,264	1,731	2,178	447
Other Income	9,490	8,914	576	9,085	11,881	12,520	639
<b>Total Income</b>	<b>11,169</b>	<b>10,212</b>	<b>957</b>	<b>10,365</b>	<b>13,611</b>	<b>14,698</b>	<b>1,086</b>
Expenditure:							
Pay costs	(68,961)	(70,557)	1,595	(65,606)	(95,616)	(93,613)	2,003
Non Pay costs	(20,678)	(19,549)	(1,130)	(18,662)	(26,127)	(27,566)	(1,439)
<b>Total Expenditure</b>	<b>(89,640)</b>	<b>(90,105)</b>	<b>466</b>	<b>(84,268)</b>	<b>(121,743)</b>	<b>(121,179)</b>	<b>565</b>
<b>Net position</b>	<b>(78,471)</b>	<b>(79,894)</b>	<b>1,423</b>	<b>(73,903)</b>	<b>(108,132)</b>	<b>(106,481)</b>	<b>1,651</b>

Table 12: Directorate Summary Division C	Position after 9 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Childrens & Genetics	360	399	759
Divisional Services	(211)	(0)	(211)
Lab Med & Clinical Sciences	576	199	776
Pharmacy and Therapies	(82)	238	156
Radiology & Physics	168	7	175
Women's & Sexual Health	(345)	113	(232)
<b>Division Total</b>	<b>466</b>	<b>957</b>	<b>1,423</b>

Key points - year to date performance

- The year to date favourable variance of £1.4m is largely due to:
  - Unidentified savings, which are being offset by vacancy management savings from 130 WTE vacancies (£1.6m)
  - Non-PCT income being marginally better than plan across the Division, particularly in relation to Lab recharges (£575k).
  - Partially offset by a non-pay overspend which is driven by additional service activity and AfC arrears payments (c. £1.1m).

(e) Division D

Table 13: Division D (Corporate Directorates) Summary	Year to date: December				Full Year		
	Actual	Plan	Variance	Last Year Actual	Plan	Forecast	Variance to Plan
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Income:							
Commissioning & RTA	(15)	0	(15)	(9)	0	(15)	(15)
PP & O/seas	1,725	2,273	(548)	1,532	3,031	2,336	(695)
Other Income	11,627	11,691	(64)	11,805	15,606	15,520	(86)
<b>Total Income</b>	<b>13,337</b>	<b>13,964</b>	<b>(627)</b>	<b>13,328</b>	<b>18,637</b>	<b>17,842</b>	<b>(795)</b>
Expenditure:							
Pay costs	(25,048)	(24,738)	(310)	(26,063)	(33,311)	(33,760)	(449)
Non Pay costs	(37,082)	(34,759)	(2,323)	(25,368)	(46,083)	(49,112)	(3,029)
<b>Total Expenditure</b>	<b>(62,131)</b>	<b>(59,498)</b>	<b>(2,633)</b>	<b>(51,432)</b>	<b>(79,394)</b>	<b>(82,871)</b>	<b>(3,478)</b>
<b>Net position</b>	<b>(48,794)</b>	<b>(45,534)</b>	<b>(3,260)</b>	<b>(38,104)</b>	<b>(60,757)</b>	<b>(65,030)</b>	<b>(4,273)</b>

Table 14: Directorate Summary Division D (Corporate Directorates)	Position after 9 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Central Trust Services	(56)	31	(25)
Clinical Governance Unit	10	22	32
Elective Access	(735)	4	(731)
Estates and Facilities	(2,207)	442	(1,765)
Finance & Procurement	(195)	48	(147)
Horton Management	(86)	0	(86)
Human Resources & Admin	(161)	6	(155)
Medical Director	93	(30)	63
Nursing/Midwifery Directorate	11	86	97
Planning & Information	642	(697)	(55)
Private Patients	51	(539)	(488)
<b>Division Total</b>	<b>(2,633)</b>	<b>(627)</b>	<b>(3,260)</b>

Key points - year to date performance

- The year to date adverse variance of £3.3m is largely due to:
  - Difficulty in identifying savings in some areas – namely, Elective Access and Estates & Facilities.
  - Pressure on the significantly reduced Relocation budget (in HR)
  - Below target performance in Private Patients (£500k)
- Estates & Facilities is reporting a cost pressure from the PFI variations and the Unitary Payment inflation associated with the West Wing and Children's Hospital. This has led to a review of all budgets to help generate further savings and identify new income generation opportunities.

(f) Other budgets

Table 15: Biomedical Research Centre Division E	Position after 9 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
	3,133	(2,343)	790
Division Total	3,133	(2,343)	790

Table 16: Trustwide budgets Division F	Position after 9 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Strategic Change	134	0	134
Teaching, Training, Research	(423)	873	449
Trust Wide	2,613	4,288	6,901
Division Total	2,324	5,161	7,485

Table 17: Capital charges and interest Division G	Position after 9 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Capital charges & Interest	(7,222)	253	(6,969)
Division Total	(7,222)	253	(6,969)

Key points – Biomedical Research Centre

- In this first year, the Trust receives 50% of its approved annual revenue funding for the BRC (£5.75m) and a capital allocation of £5.5m.
- Between April and July the BRC Steering Committee reviewed each of the 14 Themes before agreeing and allocating funding to Theme leaders for individual project budgets.
- The BMRC budget is underspent due to; the initial 4 month scrutiny exercise undertaken by the Steering Committee, the time lags involved in designing new combined clinical/research consultant job plans in some specialties and in recruitment. The budget is expected to remain underspent at the year end, resulting in the need to carry forward this “ring-fenced” funding for future years.

Key points – Trustwide budgets

- The favourable variance reflects the improvement in PCT income (the strong performance in PCT income in October and November has led to an improvement). This is partly a budget profiling distortion which is expected to unwind, and partly reflects the fact that activity continues to improve in the second half of the year.

Key points – Capital charges and interest

- The adverse variance on Capital Charges arises from the higher than expected impact of annual asset revaluations, on April 1 and the impairment of Churchill Hospital buildings which are being replaced by the new Cancer Centre. These impairments qualify for DH funding, and so do not affect our bottom line position, which we have received in this month.

Section 4 - Balance Sheet performance and cash management

(a) Balance Sheet

<b>Table 18: Balance Sheet for December</b>	<b>31 March 2007</b>	<b>Last month balance</b>	<b>Current Month</b>	<b>Movement in Month</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Fixed Assets</b>				
Intangible Fixed Assets	4,419	3,862	3,836	(26)
Tangible Fixed Assets	411,668	436,991	432,408	(4,583)
<b>Total Fixed Assets</b>	<b>416,087</b>	<b>440,853</b>	<b>436,244</b>	<b>(4,609)</b>
<b>Current Assets</b>				
Stocks and Work in progress	7,466	7,328	7,591	263
Debtors	52,467	53,992	61,758	7,766
Investments	6	6	13	7
Cash	734	17,174	22,776	5,602
<b>Total Current Assets</b>	<b>60,673</b>	<b>78,500</b>	<b>92,138</b>	<b>13,638</b>
<b>Current Liabilities</b>				
Creditors < 1 year	(50,398)	(59,843)	(67,449)	(7,606)
<b>Total Current Liabilities</b>	<b>(50,398)</b>	<b>(59,843)</b>	<b>(67,449)</b>	<b>(7,606)</b>
<b>Other Liabilities</b>				
Creditors > 1 year	(31,759)	(29,740)	(29,696)	44
Provisions for liabilities and	(3,989)	(3,159)	(2,772)	387
<b>Total Other Liabilities</b>	<b>(35,748)</b>	<b>(32,899)</b>	<b>(32,468)</b>	<b>431</b>
<b>Total Assets Employed</b>	<b>390,614</b>	<b>426,611</b>	<b>428,465</b>	<b>1,854</b>
<b>Taxpayer's Equity</b>				
Public Dividend Capital	157,632	168,632	168,632	0
Revaluation Reserve	164,190	185,356	187,022	1,666
Donated Asset Reserve	64,269	67,335	67,034	(301)
Government Grant Reserve	3	3	0	(3)
Other Reserves	1,743	1,743	1,743	0
I&E Reserve	2,777	2,779	2,779	0
Current year I&E	0	763	1,255	492
<b>Total Taxpayer's Equity</b>	<b>390,614</b>	<b>426,611</b>	<b>428,465</b>	<b>1,854</b>

Overview

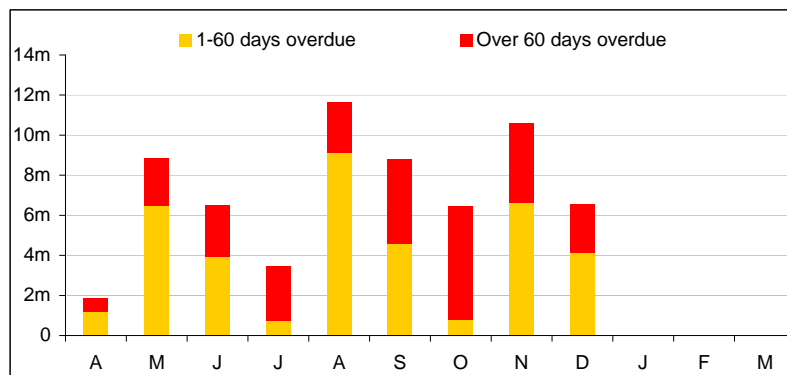
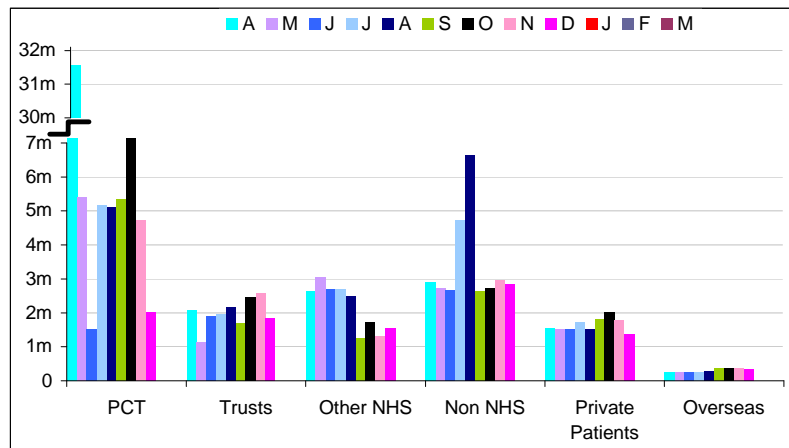
The financial health of the Trust is also measured by reviewing movements and balances within the Balance Sheet. These balances are also influenced by the I&E position.

Key points – Balance sheet movements

- Fixed Assets – Intangible fixed assets relate to software. The movement on Fixed Assets reflects continued delays in spending within the Capital Programme and the impairment of Churchill Hospital buildings and equipment.
- Current Assets – the increase in Debtors is largely the outstanding impairment funding due from the NHS South Central.
- The increase in Cash (£5.6m) is temporary and arises because there were no creditor payment runs in the final 10 days of December. This was planned.
- Current Liabilities – the increase is linked to the suspension of payments over the Christmas period. Payments resumed in early January.
- Taxpayers Equity – the increase in the Revaluation Reserve reflects the adjustment to take the revaluation of the LINAC (revised downwards last month) and charge it against the central funding for impairments (for the Churchill Hospital buildings).

## Oxford Radcliffe Hospitals

### (b) Debtors (money owed to the Trust)



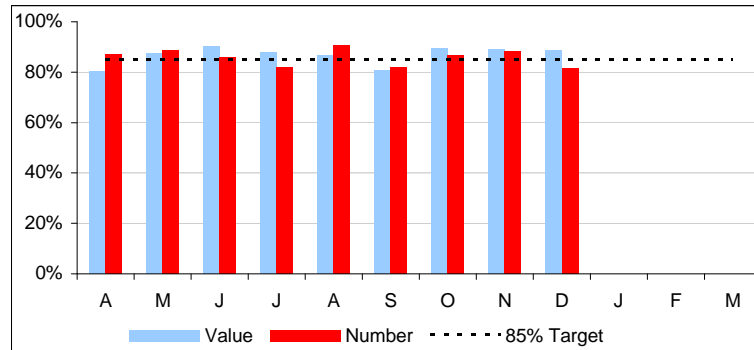
#### Key points – Outstanding debtors

- The major component of outstanding debtors is money owed to the Trust by other NHS organisations, predominantly PCTs. The peaks which arise immediately after each quarter reflect the invoices we have raised for the previous quarter's activity above the levels contracted for in the SLAs.
- In December, total debt reduced again from £13.7m to £10m. The reduction relates to the payment of the PCT invoices raised at the quarter end.

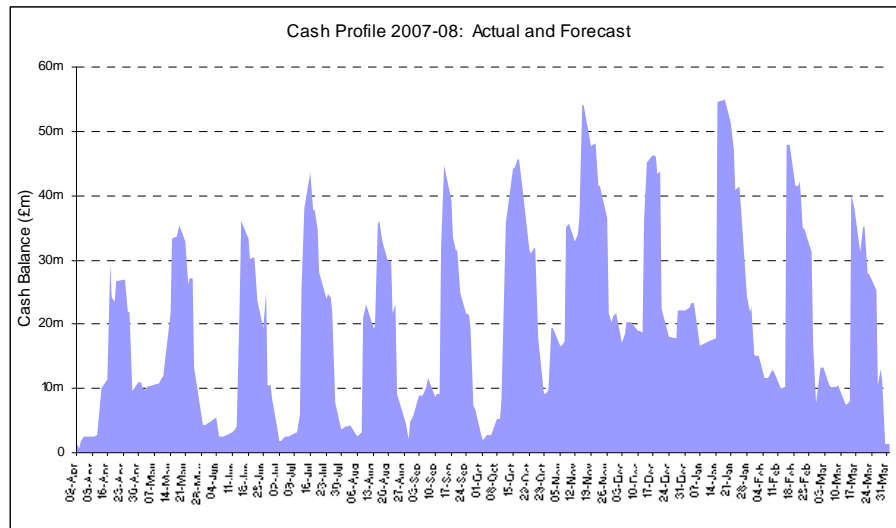
#### Key points – Overdue debtors

- Overdue debt has decreased from £10.6m in November, to £6.6m this month. This is because a number of longstanding NHS-related debts have now been settled.

## (c) Creditors (money owed by the Trust)



## (d) Cash management



## The Better Practice Payment Code

The Better Practice Payment Code targets NHS organisations to pay 95% of supplier invoices within 30 days of invoice, unless otherwise agreed. As the Trust is spread over 3 sites, some ordering is carried out locally (ie. not by the central Procurement team), which means the 95% target is an unrealistic goal.

Consistent performance in excess of 80% is regarded as reasonable by the SHA, but the Trust aims to achieve an overall average of 85% for the year.

### Key points – progress to date and outlook

- In December, **82%** of invoices (by number) were paid within 30 days – a worsening on last month’s performance. The Creditor Payments Team continues to be up to date in processing all invoices received. The shortfalls in performance relate to an increase in the number of invoices awaiting authorisation by managers within our three hospitals.

### Key points – cash management

- At the beginning of December the aggregate balance on the Trust’s bank accounts totalled £17.2m. This increased to £22.1m at the month end due to the reduced number of creditor payment runs in the month.
- The chart on the left shows the month peaks (when PCT income is received on the 15<sup>th</sup> of each month), and the cash troughs (when the monthly payroll is processed).
- The increase in cash in the second half of the year reflects the underspending on the BRC and Capital Programme. The Trust is not expected to have a negative cash balance at any point in the year. The major cash outflows are represented by the monthly payroll (£26m) and the dividend and loan payments in September and March.