

Trust Board

TB2008.31

From: Mr Chris Hurst, Director of Finance & Procurement
Date: May 2008
Subject: **Financial performance to 30th April (Month 1 2008-09)**
For: **Information**

Synopsis

This first finance report to the Board for 2008/09 includes three significant improvements to the reporting of Income & Expenditure:

1. PCT income reported for the current month is now actual income, based on actual coded activity for the current month. As the Board is aware, in previous year's the current month's income reported to the Board has always been an estimate pending the availability of actual coded activity. The timetable for the latter has now been advanced to the 10th working day of the following month to align with financial reporting.
2. Income earned from clinical activity is for, the first time, reported within the front line clinical directorates to show a simple trading account for each directorate. Previously PCT income was reported centrally (in Division F). As we develop the presentation of this information, it will enable the Board to assess the financial performance of front line clinical directorates in terms of their target and actual financial contribution.
3. The PCT income budget has been profiled to take account of the number of days in the month (total and working) to provide a more accurate assessment of the Trust's trading performance. This does have a significant impact on the budgeted trading position in individual months.

The Board report will be expanded in M2 to include a monthly capital expenditure report and a new, more detailed, CIP report.

In April 2008 (M1) the Trust generated an in-month actual surplus of £2.045m, compared to a planned surplus of £2.3m. The high surplus in M1 was broadly in line with Plan which, for the first time, has been profiled to take account of the number of working days (for elective income) and calendar days (for non elective income). We expected April to be a high income month but, despite this, actual NHS patient care income exceeded the Plan by £2.142m due to the very high level of elective activity in

April. This higher level activity impacted on cost and consequently gives rise to adverse expenditure variances in some directorates.

The small net adverse variation to Plan (of £0.2m) is not considered to be significant and needs to be seen in the context of a very ambitious plan for April, which is close to the target surplus for the year as a whole of £2.3m. This reflects the month to month variation in the number of days/working days. The trend of the budgeted trading results from August reflects the impact of the Cancer Centre, which increases net costs by £1.3m from handover. This position will improve over time as activity increases in the Centre. The Board can take comfort from the volume of activity undertaken in April and the size of the actual surplus the Trust has made.

The most significant risk to the Trust's financial performance for the year, as always, is the timely delivery of the Cost Improvement Programme (CIP). The divisional financial forecasts contained within this report assume that the planned CIPs will be fully delivered. We have commissioned Ernst & Young to undertake an early review of our CIPs (which is currently ongoing) to provide early assurance of delivery.

The Divisions must focus on continuing to generate income at or above planned levels, as well as containing expenditure to maximise contribution, and working effectively to deliver the planned CIPs. The M1 results are encouraging but it is very early in the year to draw any really meaningful conclusions on the financial outlook for the year as a whole.

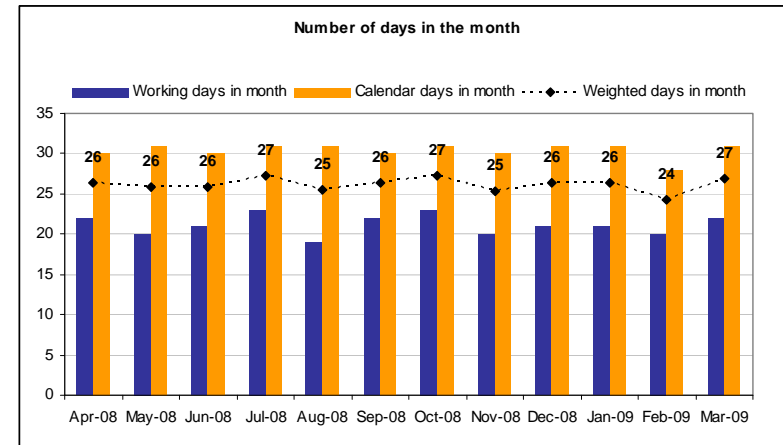
Financial, legal and risk impact

As reported.

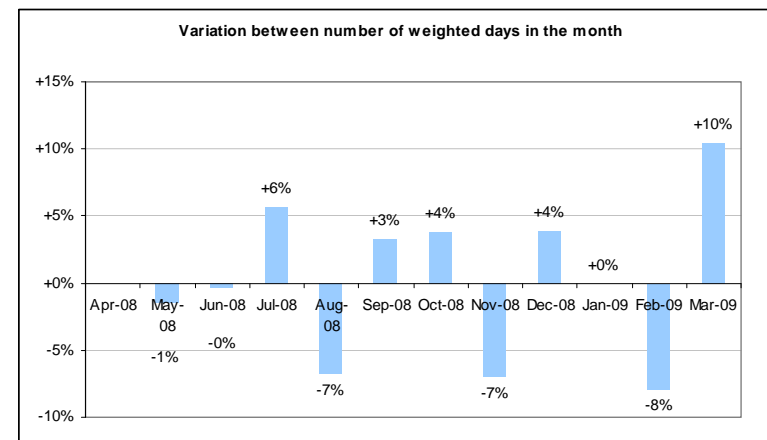
Section 1 - Trust level financial performance

Important – Impact of using “dynamic” profiling for PCT income for the first time

- At the Board is aware, the monthly total of PCT income varies significantly from month to month as a result of the length of the month (number of days in the month), and the number of working days in the month (for elective care).
- Historically, we have used a “flat” profile for PCT income in setting the budget and, therefore, when measuring actual performance against budget. This is not a sustainable approach alongside our latest initiative to the use clinical directorate level trading accounts.
- The monthly trading accounts we have introduced in the report from this month should help the Board and executive team to make more refined assessments of monthly performance. For income figures to have credibility at a directorate level, and to reinforce local accountability for managing the related expenditure budgets, it is necessary to profile income to take account of “calendar variation”.
- This year we are piloting an income budget profile which has been calibrated using weighted days in the month. This takes account of both calendar measures, from which we have calculated a composite set of monthly weights which takes account of the estimated mix (in value and volume) of elective and non-elective work.
- The following graphs sets out these three statistics, for information.



- However, the above graph does not convey the extent of the expected variation in PCT income between each month. This can be seen by plotting the variation in the number of weighted days between consecutive months– as follows:



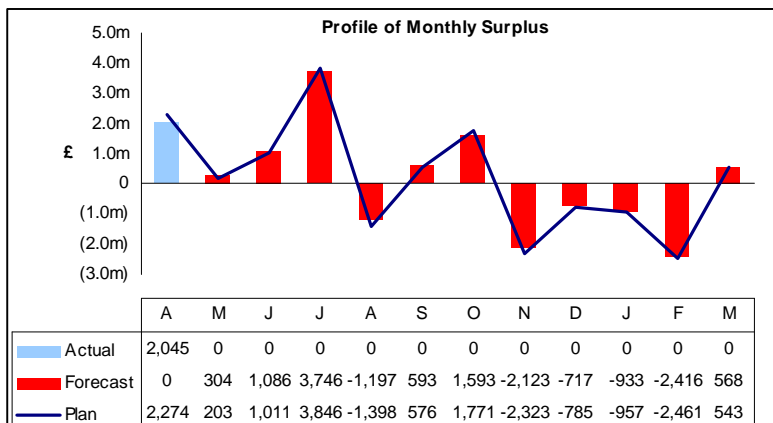
Oxford Radcliffe Hospitals

- In considering the impact of this profile it is important to note that the Trust expects to earn c. £1.5m per weighted day this year. For example, February's income is expected to be £12m (8%) less than January's, other things being equal.
- With this degree of fluctuation in PCT income, and a relative modest target surplus for the year as a whole, our profiled budget now forecasts we will make trading deficits in the months with the lowest number of weighted days (and large trading surpluses in some months). This trend is accentuated in this year because our budgeted expenditure run-rate will increase by a net £1.3m per month from August, upon the handover of the new Cancer Centre.
- Consequently, the profile calculated for the monthly budgeted trading position (as shown by the graph on Page 5) is forecast to be very "dynamic" in this year. Notwithstanding this, the cumulative trading position (shown by the graph on Page 7) confirms that we expect the overall bottom line position to remain in net surplus **throughout** the year.

(a) Income & Expenditure performance in the month

Table 1: Income and Expenditure Current Month Position:	Actual	Plan	Variance	Last Month Variance
	£000s	£000s	£000s	£000s
Income:				
Commissioning & RTA Income	42,529	40,387	2,142	0
PP and O/seas Income	730	957	(226)	0
Other Income	8,109	7,990	119	0
Total Income	51,368	49,334	2,035	0
Expenditure:				
Pay costs	(27,593)	(26,429)	(1,163)	0
Non Pay costs	(20,360)	(19,005)	(1,355)	0
Total Expenditure	(47,952)	(45,434)	(2,518)	0
EBITDA*	3,416	3,900	(484)	0
Depreciation	(1,414)	(1,612)	198	0
Net Interest	43	(13)	57	0
Exceptionals	0	0	0	0
Surplus/(deficit)	2,045	2,274	(229)	0
EBITDA %	6.7%	7.9%		

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



Key points - in month performance

- In April the Trust reported an actual surplus of £2.045m, compared to a planned surplus of £2.274m. The in-month actual surplus is principally due to the very high levels of elective activity and associated high PCT income during the month.
- Private Patient Income was under Plan by £0.2m in the month, although the monthly level of income is forecast to improve through the remainder of the year. The private patient income target is still regarded as quite ambitious and this has been prudently reflected in the income forecast.
- Expenditure was above budget in the month, reflecting the higher than planned level of clinical activity. The Divisions will need to ensure they take appropriate action either to maintain high levels of activity and income, or to flex costs down when and if activity and income reduces in months with a lower number of working days.
- The surplus is forecast to vary from month to month in accordance with the charted profile, culminating in a forecast year-end surplus of £2.5m (compared to the Plan of £2.3m). The M1 full-year forecast should be treated with caution at this stage of the year.

(b) Income & Expenditure performance year to date

Table 2: Income and Expenditure Year to date: 1 months	Full Year Estimate as at April						
	Actual	Variance	Last Yr Actual	Actual	Plan	Variance	Last Yr Actual
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Income:							
Commissioning & RTA Income	42,529	2,142	34,582	479,759	474,709	5,050	446,503
PP and O/seas Income	730	(226)	334	10,899	12,040	(1,141)	9,049
Other Income	8,109	119	8,173	96,051	96,011	40	94,790
Total Income	51,368	2,035	43,089	586,709	582,760	3,949	550,342
Expenditure:							
Pay costs	(27,593)	(1,163)	(25,179)	(326,292)	(323,174)	(3,118)	(316,381)
Non Pay costs	(20,360)	(1,355)	(15,241)	(238,498)	(237,780)	(718)	(214,372)
Total Expenditure	(47,952)	(2,518)	(40,420)	(564,790)	(560,954)	(3,836)	(530,753)
EBITDA*	3,416	(484)	2,669	21,918	21,805	113	19,589
Depreciation	(1,414)	198	(1,371)	(19,207)	(19,344)	138	(15,476)
Net Interest	43	57	(1,008)	(161)	(161)	0	200
Exceptionals							
Surplus/(deficit)	2,045	(229)	289	2,550	2,300	250	4,312
EBITDA %	6.7%		6.2%	3.7%	3.7%		3.6%

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	0	0	0	0	94	(94)	0
Change this month	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Position at month 1	2,142	(226)	179	(1,163)	(1,059)	(102)	(229)

Key points – year to date performance

- The year to date performance and the current month performance are one and the same at M1.

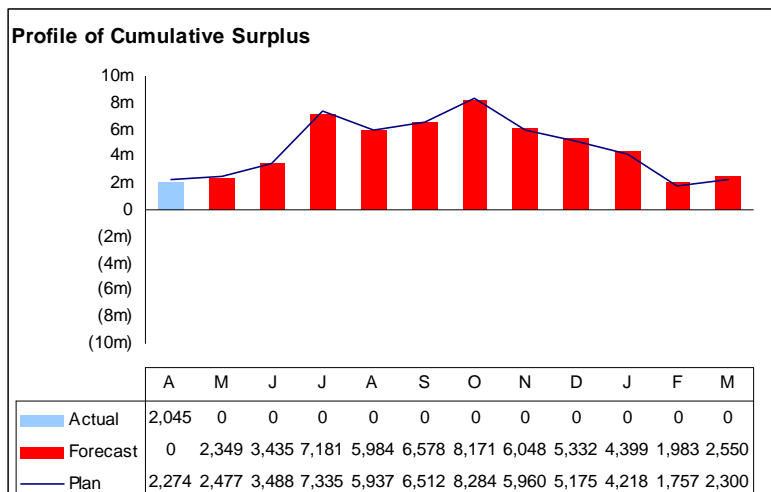
Key points – subjective analysis

- The M1 **PCT income** is above Plan by £2.1m in M1. On this basis, the M1 full-year forecast predicts that PCT income would be £5.1m above Plan by the year-end. This forecast should be regarded with caution, as it assumes our PCTs do not take action to constrain activity.
- Private patient income** is £0.2m below Plan after the first month but, while it is not expected to continue below Plan for the remainder of the year, the full-year forecast prudently predicts an under-recovery against plan of £1.1m. There should be scope to improve this forecast based on the plans the new Director of Private Patients has put in place, but this has to be set against the fact that the target for the year is £2m higher than last year's income. The Trust needs to maximise the opportunity of the new Cancer Centre Private Patient Unit at the same time as ensuring any investment is phased in appropriately.
- Other Income** is very close to Plan and forecast to remain so based on the lower opportunity and risk profile of this income compared to that for patient treatment income.

(c) Full year Income & Expenditure forecast

Table 4:
Full Year Forecast as at April

	Plan £000s	Latest Forecast £000s	Previous Forecast £000s	Movement £000s
Operating Divisions				
A	57,916	58,181	0	58,181
B	46,744	46,671	0	46,671
C	(147)	(519)	0	(519)
D - Corporate directorates	(78,353)	(78,680)	0	(78,680)
E - Biomedical Research	0	3	0	3
F - Trustwide (incl PCT income)	8,763	9,242	0	9,242
G - Capital Charges	(32,622)	(32,348)	0	(32,348)
Surplus/(deficit)	2,300	2,550	0	2,550



Key Points – Full year forecast

- At M1 the overall full-year forecast outturn is a surplus of £2.5m, which is £250k above the planned surplus of £2.3m. The breakdown of the surplus across the Divisions looks radically different to previous years, because PCT income has been (for the first time) reported at clinical directorate level.
- Divisions A and B essentially show the planned contribution they need to generate, which is the difference between the PCT income and the (largely) direct costs held within their budgets. In the case of Division B, the inclusion of theatre costs for all surgical activity is a significant factor which has to be considered when interpreting financial performance, because PCT income for surgery is not reported against theatres.
- The full-year forecast is based on the Divisional forecasts with the assumption incorporated that the Trust £22 million CIP programme will be delivered.

Key points – Risks to forecast

- The principal risk to the forecast is the delivery of the CIP programme. The process, actions and measures in place to ensure delivery are explained in more detail in the relevant section of this report ([from M2](#)).
- In M1, the expenditure above budget was covered by the additional income generated and the Trust made an actual surplus of £2m in one month. It is crucial that in future months the planned levels of contribution continue to be generated, by a combination of achieving the activity plan and (in months where the planned activity is lower than M1) by managing activity related costs downwards.

Section 2 - CIPs

Section 3 - Divisional performance

(a) Summary position

Table 6: Performance by division	Year to date: April				Full Year		
	Actual £000s	Plan £000s	Variance £000s	Last Year Actual £000s	Plan £000s	Forecast £000s	Variance to Plan £000s
Operating Divisions							
A	5,625	5,205	420		57,916	58,181	266
B	4,060	4,585	(525)		46,744	46,671	(72)
C	(177)	195	(372)		(147)	(519)	(372)
D - Corporate directorates	(6,033)	(5,713)	(320)	(5,297)	(78,353)	(78,680)	(327)
E - Biomedical Research	(0)	(3)	3	0	0	3	3
F - Trustwide (incl PCT inc)	1,035	724	311		8,763	9,242	479
G - Capital Charges	(2,465)	(2,719)	254	(2,432)	(32,622)	(32,348)	275
Surplus/(deficit)	2,045	2,274	(229)	289	2,300	2,550	250

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.

Key points

- All Divisions are forecasting to be close to Plan provided the Cost Improvement Programme is delivered.
- The direct costs of the high activity in M1 are principally in Divisions A and B, but the theatres cost for all the activity is in Division B and the diagnostic and lab costs for all the activity are in Division C. The variances against these Divisions are largely driven by the very high levels of in month activity.
- The adverse variance in Division D relates predominantly to Estates and Facilities, where savings plans have yet to cut in.
- There are some favourable variances in Trust Wide and Depreciation, which are explained later in this report.

(b) Division A

Table 7: Division A Summary	Year to date: April				Plan £000s	Full Year Forecast £000s	Variance to Plan £000s
	Actual £000s	Plan £000s	Variance £000s	Last Year Actual £000s			
Income:							
Commissioning & RTA	16,260	15,155	1,105		178,268	180,097	1,829
PP & O/seas	198	211	(13)	(72)	2,531	1,719	(812)
Other Income	189	235	(46)	226	2,825	2,285	(540)
Total Income	16,647	15,601	1,046	155	183,624	184,100	476
Expenditure:							
Pay costs	(6,042)	(5,701)	(342)	(5,535)	(69,348)	(70,560)	(1,212)
Non Pay costs	(4,980)	(4,696)	(284)	(4,098)	(56,360)	(55,359)	1,001
Total Expenditure	(11,022)	(10,396)	(626)	(9,633)	(125,708)	(125,919)	(211)
Net position	5,625	5,205	420		57,916	58,181	266

Table 8: Directorate Summary Division A	Position after 1 months		
	Expend variance £000s	Income variance £000s	Net variance £000s
Cardiac	(101)	549	448
Div A Divisionwide	(302)	(87)	(389)
Medicine 1	(218)	116	(102)
Patient Access	(18)	(3)	(21)
Renal Centre	144	255	399
Specialist Medicine	(131)	216	85
Division Total	(626)	1,046	420

Key points – year to date performance

- The year to date favourable variance of £420k is largely due to:
 - High level of PCT Income generated - £1.105m above Plan - and a total income variance of £1.046m above Plan.
 - This is offset by expenditure of £626k in excess of Plan
- Cardiac was £500k above Plan on PCT income for the month, Renal £262k above Plan, with the remainder of the surplus of PCT income spread across Medicine and Specialist Medicine
- The comparator figures for the old year for PCT income and the net position are greyed out because PCT income was not reported to front line Divisions last year so the comparison would not be meaningful.

(c) Division B

Table 9: Division B Summary	Year to date: April				Plan	Full Year	
	Actual	Plan	Variance	Last Year Actual		Forecast	Variance to Plan
	£000s	£000s	£000s	£000s		£000s	£000s
Income:							
Commissioning & RTA	16,613	15,637	976		183,120	186,280	3,160
PP & O/seas	162	310	(148)	161	4,286	4,022	(264)
Other Income	419	410	9	447	4,925	4,934	9
Total Income	17,195	16,358	836	689	192,331	195,236	2,904
Expenditure:							
Pay costs	(9,431)	(8,329)	(1,102)	(8,340)	(103,933)	(105,852)	(1,919)
Non Pay costs	(3,703)	(3,443)	(260)	(2,726)	(41,655)	(42,712)	(1,057)
Total Expenditure	(13,134)	(11,773)	(1,361)	(11,065)	(145,588)	(148,564)	(2,976)
Net position	4,060	4,585	(525)		46,744	46,671	(72)

Table 10: Directorate Summary Division B	Position after 1 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Anaesthetics & Theatres	(292)	(113)	(405)
Cancer	(342)	157	(185)
Division B Management	(268)	(1)	(269)
General Surgery	(280)	374	95
Specialist Surgery	(179)	419	239
Division Total	(1,361)	836	(525)

Key points - year to date performance

- The year to date adverse variance of £525k is largely due to:
 - High level of PCT Income generated - £976k above Plan - and a total income variance of £836k above Plan.
 - This is however more than offset by expenditure in excess of Plan of £1.361m partly, but not wholly, attributable to the fact the theatre costs for all activity go through Division B.
- Specialist Surgery was £440k above Plan on PCT income and General Surgery £371k above Plan.
- The expenditure overspend is of concern only to the extent that it is not linked to the high activity and the Division needs to understand and manage this carefully.
- The comparator figures for the old year for PCT income and the net position are greyed out because PCT income was not reported to front line Divisions last year so the comparison would not be meaningful.

(d) Division C

Table 11: Division C Summary	Year to date: April				Full Year		
	Actual	Plan	Variance	Last Year Actual	Plan	Forecast	Variance to Plan
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Income:							
Commissioning & RTA	9,467	9,524	(57)		112,373	112,315	(57)
PP & O/seas	142	228	(86)	110	2,731	2,645	(86)
Other Income	1,093	1,022	71	960	12,386	12,457	71
Total Income	10,701	10,773	(72)	1,070	127,490	127,417	(72)
Expenditure:							
Pay costs	(8,391)	(8,223)	(169)	(7,410)	(99,365)	(99,534)	(169)
Non Pay costs	(2,487)	(2,356)	(131)	(2,106)	(28,271)	(28,402)	(131)
Total Expenditure	(10,878)	(10,579)	(300)	(9,516)	(127,636)	(127,936)	(300)
Net position	(177)	195	(372)		(147)	(519)	(372)

Table 12: Directorate Summary Division C	Position after 1 months		
	Expend variance £000s	Income variance £000s	Net variance £000s
Childrens & Genetics	115	(20)	94
Divisional Services	(185)	(16)	(201)
Lab Med & Clinical Sciences	34	9	43
Pharmacy and Therapies	6	38	43
Radiology & Physics	(124)	(51)	(175)
Women's & Sexual Health	(145)	(31)	(176)
Division Total	(300)	(72)	(372)

Key points - year to date performance

- The year to date adverse variance of £372k is largely due to the high activity in the month and the associated clinical support service costs, with the income falling predominantly in Divisions A and B, but diagnostic and laboratory costs in Division C.
- Like all Divisions the key risk is on going delivery of the planned savings schemes.

(e) Division D

Table 13: Division D (Corporate Directorates) Summary	Year to date: April				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	0	0	0	0
PP & O/seas	229	208	21	134	2,492	2,513	21
Other Income	1,257	1,394	(136)	1,243	16,725	16,446	(279)
Total Income	1,486	1,601	(115)	1,377	19,217	18,960	(257)
Expenditure:							
Pay costs	(2,826)	(2,853)	27	(2,677)	(34,656)	(34,416)	239
Non Pay costs	(4,693)	(4,461)	(232)	(3,997)	(62,914)	(63,223)	(309)
Total Expenditure	(7,519)	(7,315)	(205)	(6,674)	(97,570)	(97,640)	(70)
Net position	(6,033)	(5,713)	(320)	(5,297)	(78,353)	(78,680)	(327)

Table 14: Directorate Summary Division D (Corporate Directorates)	Position after 1 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
CRS Implementation	(2)	(7)	(9)
Central Trust Services	1	(7)	(5)
Clinical Governance Unit	12	(6)	5
Elective Access	4	0	5
Estates and Facilities	(244)	2	(242)
Finance & Procurement	(50)	(27)	(77)
Horton Management	(12)	(0)	(12)
Human Resources & Admin	39	(5)	34
Medical Director	10	(4)	5
Nursing/Midwifery Directorate	35	6	42
Planning & Information	9	(88)	(80)
Private Patients	(7)	21	14
Division Total	(205)	(115)	(320)

Key points - year to date performance

- The year to date adverse variance of £320k is largely due to:
 - Estates & Facilities reporting a non-pay overspend of £223k as savings have yet to cut in; and
 - A shortfall in Other Income in Division D of £136k.

(f) Other budgets

Table 15: Biomedical Research Centre Division E	Position after 1 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
	3	0	3
Division Total	3	0	3

Table 16: Trustwide budgets Division F	Position after 1 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Strategic Change	47	(75)	(28)
Teaching Training Research	(39)	230	191
Trust Wide	(36)	185	149
Division Total	(28)	340	311

Table 17: Operating Expenses Division G	Position after 1 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Operating Expenses	193	60	254
Division Total	193	60	254

Key points – Biomedical Research Centre

- The BRC income budget for 2008/09 is £11.96m which is matched by expenditure (pay £4.224m and non pay £7.736m).
- The accounting is in accordance with the accrual or *matching principle*, in that income is accounted for in the period of the expenditure it is funding. So where there is slippage in the timing of the expenditure, income is deferred to future periods accordingly. The BMRC as a whole will therefore breakeven regardless of the timing of the themes providing all themes at completion are within budget.

Key points – Trust wide budgets

- The favourable variance reflects predominantly above Plan income in Teaching, Training and Research.
- Key points – Capital charges and interest
- The favourable variance is on Depreciation largely due to the timing of capital investment.

Section 4 - Balance Sheet performance and cash management

(a) Balance Sheet

Table 18: Balance Sheet for April	31 March 2008	Current Month	Movement in Month
	£000s	£000s	£000s
Fixed Assets			
Intangible Fixed Assets	4,315	4,251	(64)
Tangible Fixed Assets	448,666	452,420	3,754
Total Fixed Assets	452,981	456,671	3,690
Current Assets			
Stocks and Work in progress	8,498	8,413	(85)
Debtors	57,853	59,505	1,652
Investments	0	0	0
Cash	12,498	14,556	2,058
Total Current Assets	78,849	82,474	3,625
Current Liabilities			
Creditors < 1 year	(61,974)	(62,949)	(975)
Total Current Liabilities	(61,974)	(62,949)	(975)
Other Liabilities			
Creditors > 1 year	(32,415)	(32,374)	41
Provisions for liabilities and charges	(4,748)	(4,747)	1
Total Other Liabilities	(37,163)	(37,121)	42
Total Assets Employed	432,693	439,075	6,382
Taxpayer's Equity			
Public Dividend Capital	169,547	169,547	0
Revaluation Reserve	182,317	187,125	4,808
Donated Asset Reserve	67,374	67,794	420
Government Grant Reserve	0	0	0
Other Reserves	1,743	1,743	0
I&E Reserve	11,712	10,821	(891)
Current year I&E	0	2,045	2,045
Total Taxpayer's Equity	432,693	439,075	6,382

Overview

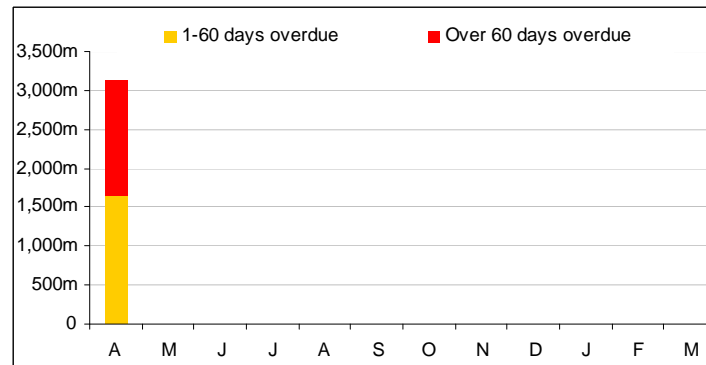
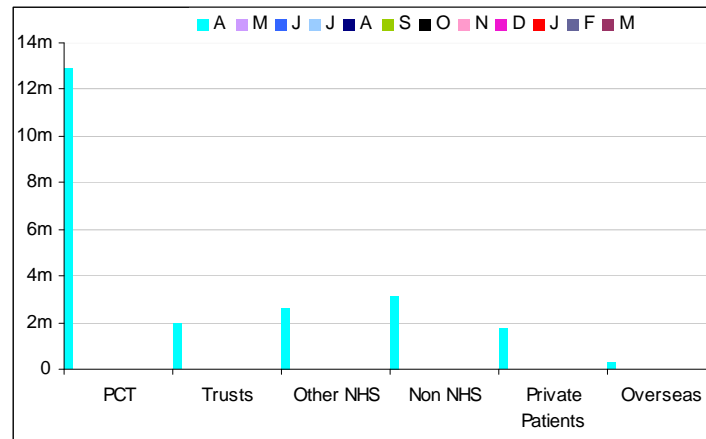
The table shows the final accounts balance sheet pre-audit, as at the end of last financial year 31st March 2008 and compares this to the balance sheet at the end of month 1 of the new financial year 30th April 2008.

Key points – Balance sheet movements

- Fixed Assets – The net book value (NBV) of land, buildings and plant has increased by £3.8m since the last reported figure. This is made up of £4.5m indexation and £0.8m of additions, net of £1.5m depreciation. There were no additions in this month.
- Debtors – The amount of money owed to the Trust has increased by £1.6m. This reflects an adjustment to account for PCT activity in April which has yet to be invoiced (£6.2m), offset by a reduction in debts owed by other debtors including the Road Traffic Authority (£4.4m).
- Cash A small increase of £2m reflects normal working practice. Cash balances are increased over the first six months of the financial year to ensure dividends and loan repayments can be made later in the year.
- The Trust has benefited from the change in the financial regime introduced during 2007/08, in that a larger cash balance was permissible over the year-end. This gave the Trust increased flexibility whereas in the past cash-flow has normally been tight during early April due to the now outdated requirement to run down cash balances at financial year end.
- Current Liabilities – There was no material overall changes this month.
- Taxpayers' Equity – The increase reflects the annual indexation of fixed assets and the in month I&E surplus.

Oxford Radcliffe Hospitals

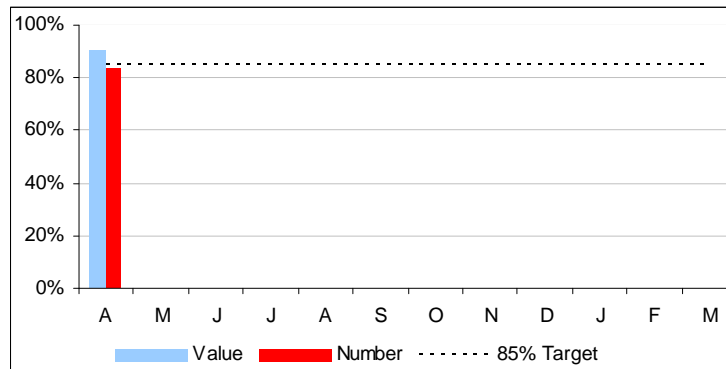
(b) Debtors (money owed to the Trust)



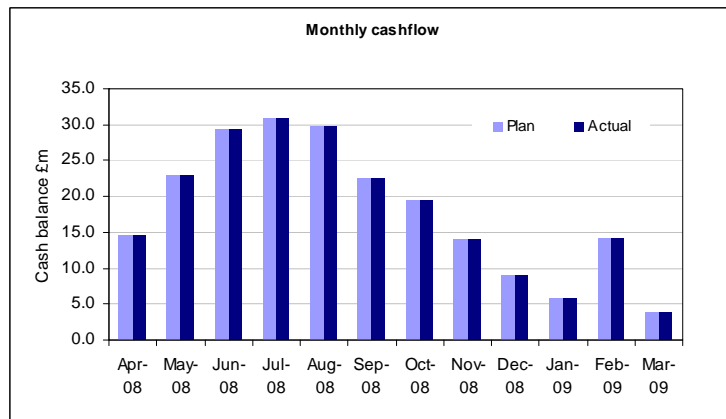
Key points - Debtors

- As at 30th April 2008, the value of outstanding debt on the Trust sales ledger is reported as £22.631m. Of the total, £19.497m (86%) remains within terms of payment - ie. not yet due for payment.
- Invoices raised against PCTs for activity during Quarter 4 of 2007/08 forms the main element of the increased aged-debt. These invoices - raised in April - total £12m are not due to be paid until mid-May.
- £1.4m (6%) of the outstanding debt is >60days and, in the main, relates to outstanding invoices for Oxford University and some PCTs, where further information has been requested. Credit control procedures are being followed to ensure this debt is recovered.

(c) Creditors (money owed by the Trust)



(d) Cash management



Key points – creditors and 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.
- In April, 83.5% of invoices (by number) and by value 90.8% were paid within 30 days.

Key points – cash management

- The Trust is forecasting a year end cash balance of approximately £4.5m.
- In-year cash management is aided by the high opening cash balance which includes £8m of cash funding for fixed asset impairments
- The finance team has a daily cash-flow forecast and manages cash in line with best practice.