APPENDICES – Supplementary Reports

Financial Report - June 2012

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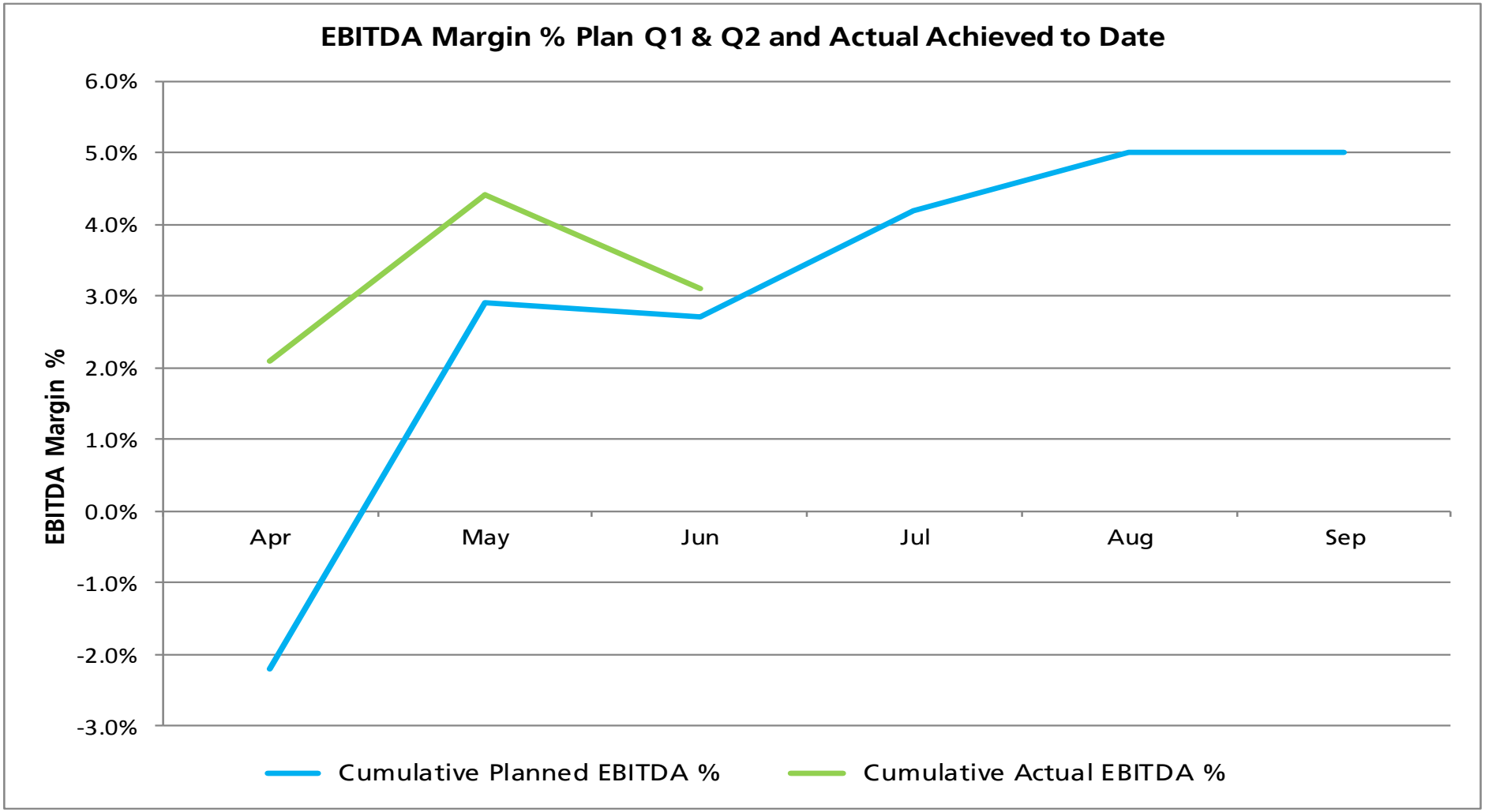
Appendix 1 – Summary Financial Performance – Income & Expenditure Position

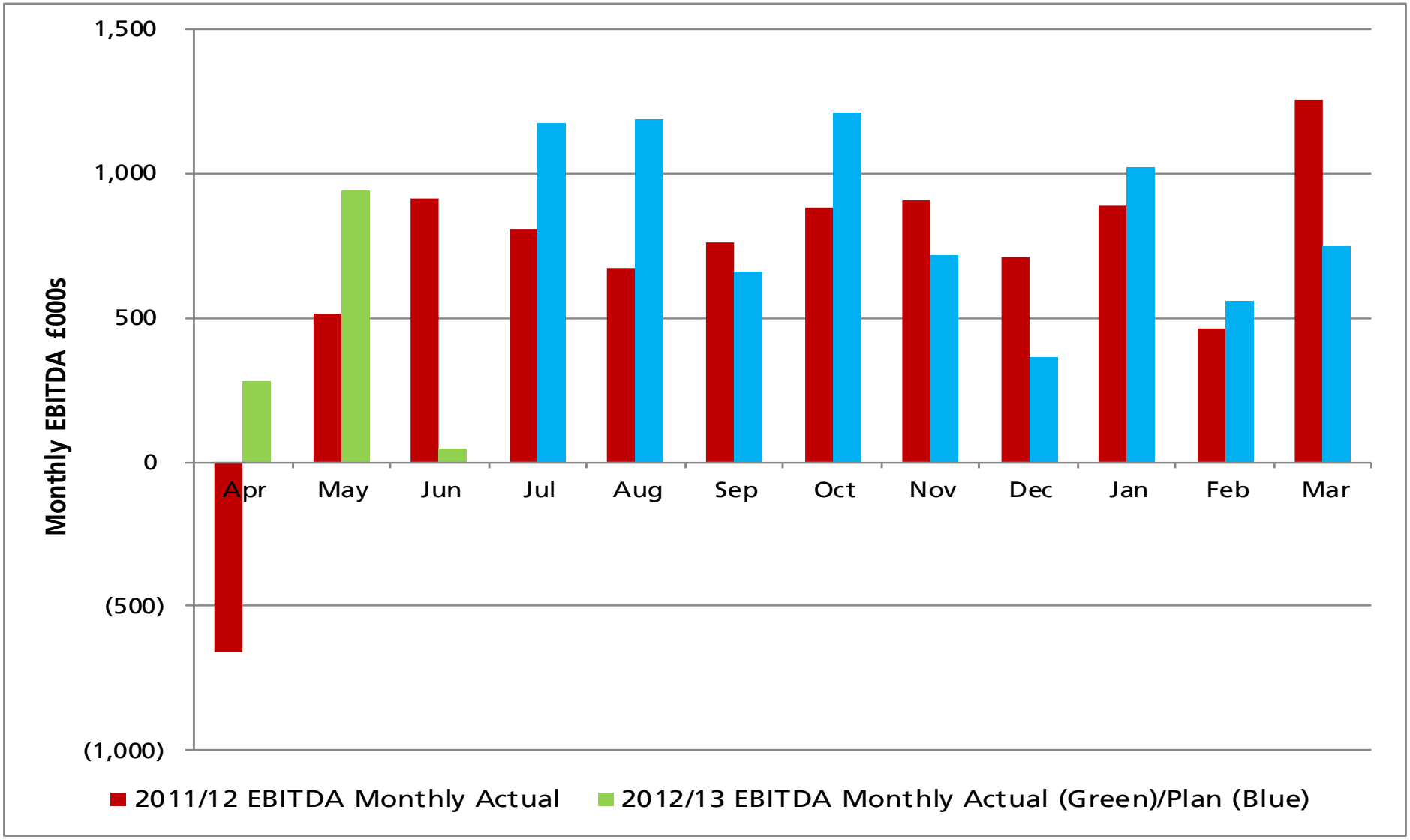
Income & Expenditure Summary June 2012 (Month 3)

£000's	Current Period			Year To Date Mth 3			Prev Mths Actuals		Forecast Outturn					Prev Mth
	Actual	Plan	Variance	Actual	Plan	Variance	Mth 1	Mth 2	Actual	Plan	Oper Var	BSP Var	Tot Var	Forecast Var
Revenue														
NHS Clinical Revenue	11,393	11,775	(382)	35,471	35,751	(280)	11,552	12,526	145,641	145,021	555	65	620	0
Other Non Clinical Revenue	662	612	50	1,934	1,836	98	653	619	7,443	7,443	(133)	133	0	0
Education, Training & Research	445	437	8	1,311	1,311	0	437	429	5,226	5,243	(17)	0	(17)	0
Sub Total Revenue	12,500	12,824	(324)	38,716	38,898	(182)	12,642	13,574	158,310	157,707	405	198	603	0
Drugs Excluded From Tariff	629	625	4	1,956	1,876	80	606	721	7,586	7,506	80	0	80	0
Total Revenue	13,129	13,449	(320)	40,672	40,774	(102)	13,248	14,295	165,896	165,213	485	198	683	0
Expenditure														
Employee benefit expenses	(9,437)	(9,381)	(56)	(28,135)	(28,306)	171	(9,305)	(9,393)	(112,092)	(111,647)	1,404	(1,849)	(445)	0
Non Pay expenditure	(3,020)	(3,123)	103	(9,318)	(9,473)	155	(3,056)	(3,242)	(37,458)	(37,300)	(106)	(52)	(158)	0
Sub Total Expenditure	(12,457)	(12,504)	47	(37,453)	(37,779)	326	(12,361)	(12,635)	(149,550)	(148,947)	1,298	(1,901)	(603)	0
Drugs Excluded From Tariff	(629)	(625)	(4)	(1,956)	(1,876)	(80)	(606)	(721)	(7,586)	(7,506)	(80)	0	(80)	0
Total Costs	(13,086)	(13,129)	43	(39,409)	(39,655)	246	(12,967)	(13,356)	(157,136)	(156,453)	1,218	(1,901)	(683)	0
EBITDA	43	320	(277)	1,263	1,119	144	281	939	8,760	8,760	1,703	(1,703)	0	0
Transfer from Donation Reserve	35	54	(19)	95	160	(65)	0	60	860	860	0	0	0	0
Interest Receivable	6	3	3	12	10	2	3	3	41	41	0	0	0	0
PDC Dividends Payable	(178)	(176)	(2)	(532)	(527)	(5)	(168)	(186)	(2,108)	(2,108)	0	0	0	0
Interest Payable	(15)	(21)	6	(48)	(62)	14	(17)	(16)	(249)	(249)	0	0	0	0
Depreciation	(429)	(409)	(20)	(1,288)	(1,229)	(59)	(429)	(430)	(5,656)	(5,656)	0	0	0	0
Profit or (Loss) on Disposal	0	0	0	14	0	14	21	(7)	0	0	0	0	0	0
Net Surplus	(538)	(229)	(309)	(484)	(529)	45	(309)	363	1,648	1,648	1,703	(1,703)	0	0
EBITDA Margin	0.3%	2.4%		3.1%	2.7%		2.1%	6.6%	5.3%	5.3%				

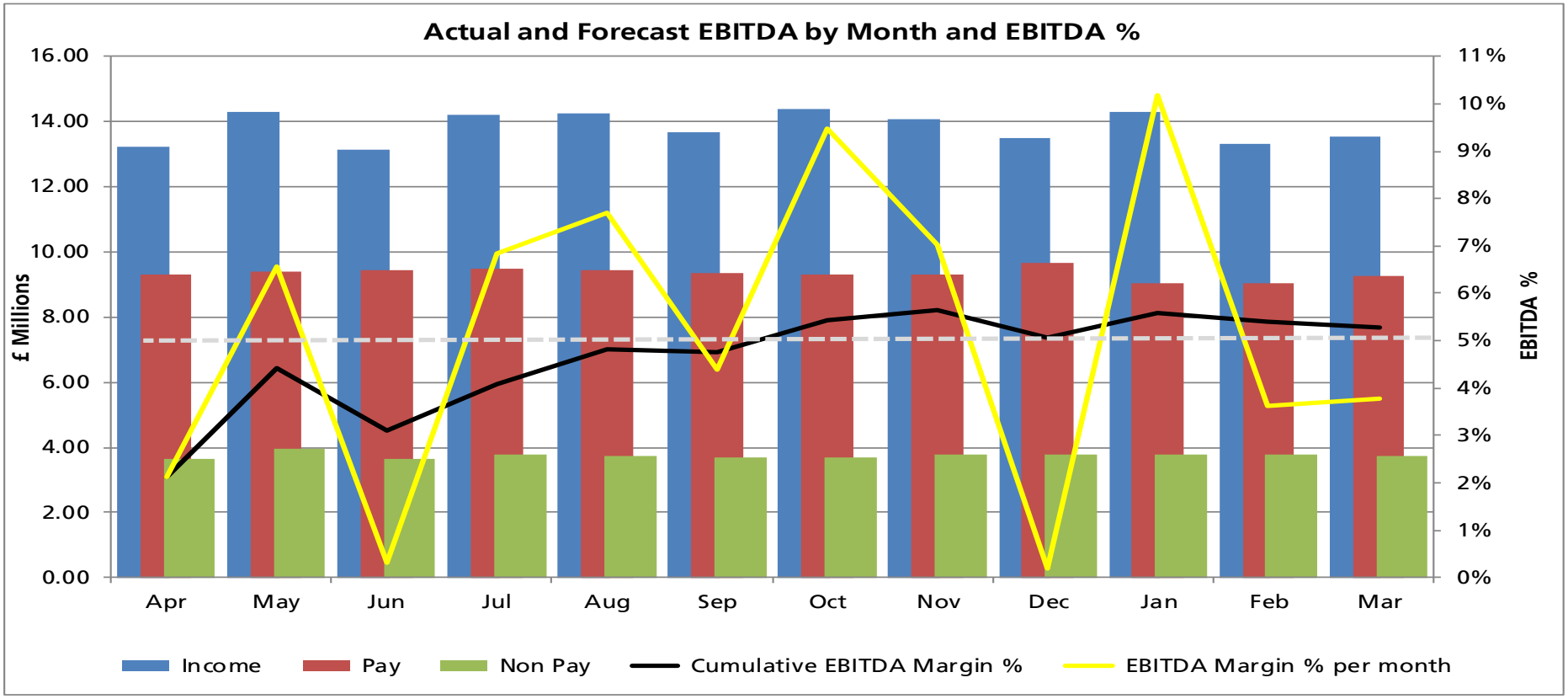
Appendix 1 (cont.) – Summary Financial Performance – EBITDA Margin %



Appendix 1 (cont.) – Summary Financial Performance – EBITDA by Month Year on Year Comparison



Appendix 1 (cont.) – Summary Financial Performance – I&E by Month and EBITDA Margin %



TRUST TOTALS £000's	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Clinical Income	12,158	13,247	12,021	13,202	13,228	12,627	13,326	13,027	12,426	13,226	12,269	12,469	153,226
Non Clinical Income	1,090	1,048	1,110	1,030	1,032	1,038	1,041	1,048	1,053	1,058	1,060	1,061	12,669
Pay	(9,305)	(9,394)	(9,437)	(9,478)	(9,432)	(9,371)	(9,312)	(9,307)	(9,673)	(9,053)	(9,053)	(9,277)	(112,092)
Non Pay	(3,662)	(3,962)	(3,651)	(3,779)	(3,730)	(3,695)	(3,695)	(3,777)	(3,779)	(3,776)	(3,794)	(3,743)	(45,043)
EBITDA Actual & Forecast	281	939	43	975	1,098	599	1,360	991	27	1,455	482	510	8,760
Actual/Forecast Cummulative EBITDA	281	1,220	1,263	2,238	3,336	3,935	5,295	6,286	6,313	7,768	8,250	8,760	
Planned Cummulative EBITDA	(287)	799	1,119	2,294	3,479	4,140	5,354	6,073	6,433	7,452	8,013	8,760	
Variance	568	421	144	(56)	(143)	(205)	(59)	213	(120)	316	237	0	

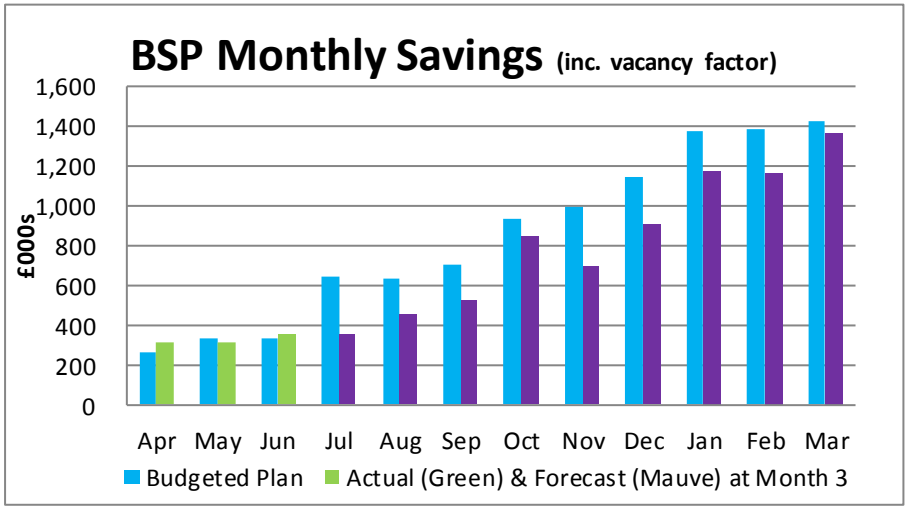
Appendix 2 – Financial Risk Rating (FRR)

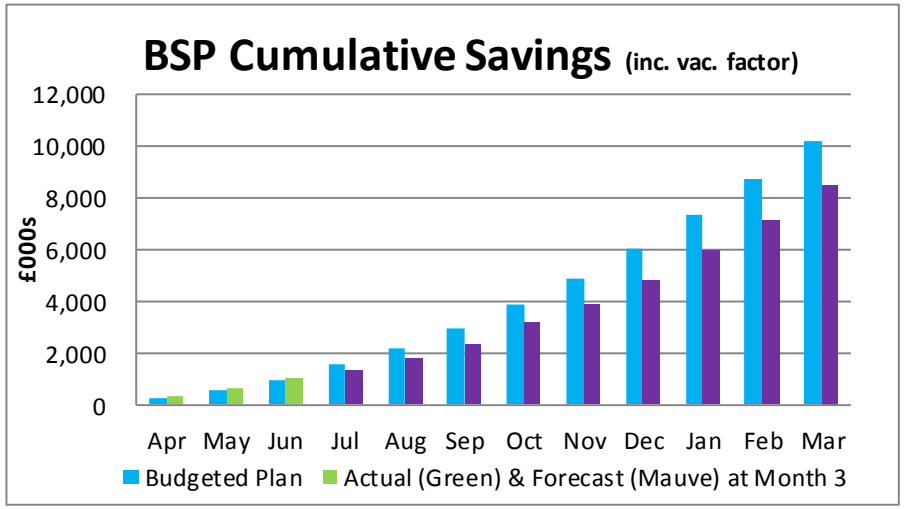
Criteria	Metric	Weight	5	4	3	2	1	Annual Plan Risk ratings 12/13	Month 3 Score 12/13	Month 3 Risk ratings 12/13	Year to Date Score 12/13	Year to Date Risk ratings 12/13
Underlying performance	EBITDA margin %	25%	11	9	5	1	<1	3	0.3%	1	3.1%	2
Achievement of plan	EBITDA achieved %	10%	100	85	70	50	<50	3	13.7%	1	113.5%	5
Financial efficiency	Net return after financing %	20%	3	2	-1	-5	<-5	3	-9.0%	1	-3.1%	2
	I&E surplus margin %	20%	3	2	1	-2	<-2	3	-4.1%	1	-1.2%	2
Liquidity	Liquid ratio days	25%	60	25	15	10	<10	4	26.8	4	26.8	4
Average								3.25		1.75		2.80
Overriding rules	Overriding rules	At least two criteria on 2						No		Yes		Yes
Overall rating	Overall rating							3		1		2

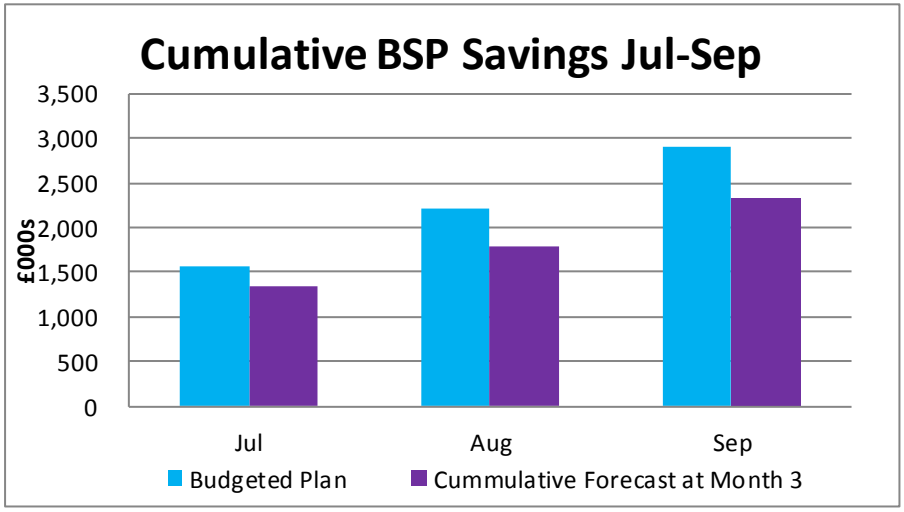
Appendix 2 (cont.) – Monitor Financial Risk Indicators

Weakness	Metric	Scoring	Monthly Rating
Deteriorating trend in operating performance	Unplanned decrease in EBITDA margin in two consecutive quarters	Using current quarter results and comparing with two prior quarter results. If the consecutive quarter results show unplanned deteriorating EBITDA margin then TRUE.	FALSE
Risk of financial breach within next year	Quarterly certification by Trust that FRR may be less than 3 in next 12 months	Applying all the normal monthly risk ratings to the current and forecast periods for a 12 month rolling period.	TRUE
Working capital facility used in the reporting period	Working capital facility used in previous quarter	Working capital facility used in the previous quarter = TRUE	FALSE
Potential for debtor collection concerns	Debtors > 90 days past due account for more than 5% of total debtor balances	At month end, debtors > 90 days past due should be less than 5% of total debtors.	TRUE
Potential for build up in creditors impacting liquidity	Creditors > 90 days past due account for more than 5% of total creditor balances	At month end, creditors > 90 days past due should be less than 5% of total creditors.	FALSE
Short term instability in lead financial role	Two or more changes in Finance Director in a twelve month period	More than 1 change in the last 12 months = TRUE	FALSE
Absence of permanent appointment in key position	Interim D.o.F in place over more than 1 quarter-end	If interim DoF in place over more than 1 quarter-end = TRUE	FALSE
Potential liquidity concerns and ability to meet liabilities	Quarter end cash balance < 10 days of operating expenses	Latest quarter actual cash balance covers < 10 days operating expense (annualised) = TRUE	FALSE
Delay in capital plans to conserve cash	Capital expenditure is < 75% of plan YTD	Comparing actual capital expenditure against plan	FALSE
Risk of financial breach within next year	Capital expenditure is > 125% of plan YTD	Comparing actual capital expenditure against plan	FALSE

Appendix 3 – Business Sustainability Programme - Financial Analysis



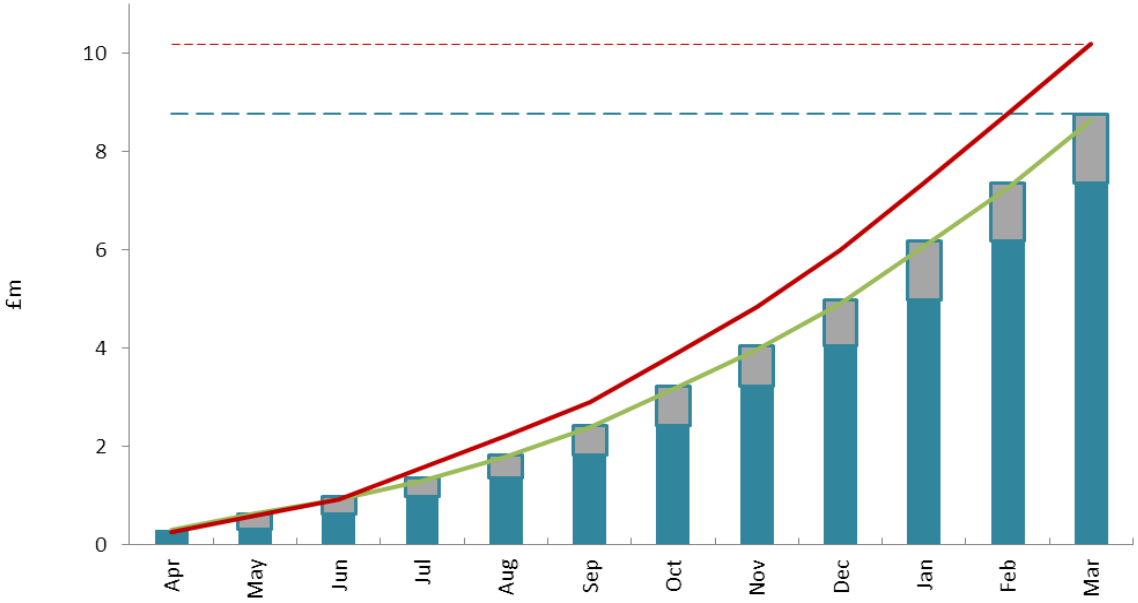




Key Issues & Commentary

- The Trust Financial Plan assumed BSP savings of £332k in June (£232k schemes & £100k vacancy factor).
- At the time of preparing the financial forecast the Trust had validated savings of £354k in the month (£254k schemes & £100k vacancy factor), £22k greater than planned.
- Cumulatively the BSP programme has achieved £988k (£688k schemes & £300k vacancy factor) which is an over achievement of £62k at month 3.
- The BSP is forecast to under deliver against the Trust plan by £1.7m for the year. The Trust plan requires cumulative BSP savings of £2,913m by the end of September, at month 3 the BSP is forecast to deliver £2,260k by the end of Sept, a £653k underperformance.

Appendix 3 (cont.) – Latest BSP Situation



Key points

1. **Gap of Latest Actuals + Forecast (£8.7m) against the target and budget of £10.2m is £1.5m.**
2. **Latest Actuals + Forecast (£8.7m) up £100k compared to £8.6m last week.**

- Monthly incremental increase
- Latest Actuals/Forecast (including £400k vacancy factor)
- Current y/e forecast
- Prior week Actuals/Forecast (including £400k vacancy factor)
- BSP Finance Budget (including £400k vacancy factor)
- Target

Net contribution to savings (net of recurring implementation costs) ***£ k***

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
BSP Finance Budget (including £400k vacancy factor)	263	594	926	1,572	2,209	2,911	3,849	4,841	5,991	7,366	8,750	10,172
Latest Actuals/Forecast (including £400k vacancy factor)	317	634	974	1,357	1,826	2,426	3,231	4,041	4,974	6,170	7,362	8,754
Monthly incremental increase	-	317	340	383	468	600	805	811	933	1,196	1,192	1,392
Prior week Actuals/Forecast (including £400k vacancy factor)	317	634	926	1,314	1,789	2,390	3,179	3,975	4,893	6,073	7,250	8,627

1

2

Notes:

- The YTD Actuals value for June has increased from £926k last week to £974 this week as a result of further validation. £25k remains unvalidated.

Appendix 4 – Capital Summary

	2012/13 Year to date			2012/13 Full Year		
	Budget £'000s	Actual £'000s	Variance £'000s	Budget £'000s	Forecast £'000s	Variance £'000s
Projects costing => £ 250,000 in 2012/13						
Estates Backlog						
Upgrade CDS Theatre	694	694	0	694	692	2
Electrical switchgear	37	0	37	900	813	87
Site Development						
Womens Health Unit	0	1	(1)	750	750	(0)
Macmillan Unit	20	25	(5)	833	833	0
NICU	93	142	(49)	312	311	1
CHP plant replacement & roof top heating circuits	0	0	0	1,000	110	890
IM&T						
Network Refresh/Wireless Site/Unified Comms	0	13	(13)	1,085	1,019	66
Pathology IT	0	0	0	667	667	0
PAS Roadmap	183	136	47	1,213	1,213	(0)
Medical Equipment						
Trolley Stack Systems	0	0	0	260	260	0
sub total Projects => £ 250,000	**1,027**	**1,011**	**16**	**7,714**	**6,669**	**1,045**
Projects < £ 250,000						
Estates Backlog	183	142	41	453	403	50
Site Development	317	509	(192)	317	524	(206)
Medical Equipment	200	62	138	1,190	1,189	1
IM&T	396	38	358	440	367	73
Other Equipment	28	17	11	28	15	13
sub total Projects < £ 250,000	**1,124**	**768**	**356**	**2,428**	**2,497**	**(68)**
Total Capital	**2,151**	**1,779**	**372**	**10,142**	**9,165**	**977**
Project Category						
Estates Backlog	914	836	78	2,047	1,907	140
Site Development	430	677	(247)	3,212	2,528	684
Medical Equipment	200	62	138	1,450	1,449	1
IM&T	579	187	392	3,405	3,266	139
Other Equipment	28	17	11	28	15	13
Total Capital	**2,151**	**1,779**	**372**	**10,142**	**9,165**	**977**
External Funding						
Loan drawdowns	0	0	0	2,650	1,650	(1,000)
Donations (Cash)	160	0	(160)	860	860	0
Total External Funding	160	0	(160)	3,510	2,510	(1,000)
internally Funded Capital	**1,991**	**1,779**	**212**	**6,632**	**6,655**	**(23)**

Year to Date

- The main components of the £372k underspend on capital expenditure are slippage in IM&T projects, lower than planned spend on medical equipment, estate backlog and an overspend on the MRI project.
- The donations (cash) variance of £160k represents income due from charitable funds in respect of the NICU project.

Forecast Outturn

- The forecast is for capital income and expenditure to net to the planned value of £6,655k. However, capital expenditure and income is forecast to be £1,000k less than plan.
- The forecast underspends are due to slippage on the CHP plant project of £890k as the tender will need to go through the OJEU process. As a consequence the loan requirements will reduce by £1,000k.
- The forecast overspend on the MRI project budget will be offset by the capital expenditure VAT reclaim.

Capital Programme Risks

- The main risk is the timing and accounting treatment of the Trust's contribution to the EPA information system project. Whilst currently it is planned to be capital expenditure the final configuration may make it necessary to be charged to operating costs.

Appendix 5 – Balance Sheet and Cash Flow Summary

Balance Sheet June 2012	Year to Date			Forecast Outturn			
	Actual	Plan	Variance To Plan	Full Yr Forecast	Full Yr Plan	Variance To Plan	Prior Full Yr Forecast
Total Fixed Assets	73,813	74,163	(350)	77,728	77,728	(0)	77,728
Inventories	2,242	2,350	(108)	2,350	2,350	0	2,350
Debtors NHS	3,142	2,630	512	2,368	2,311	57	2,282
Debtors non NHS	230	452	(222)	313	452	(139)	452
Accrued Income	2,639	2,885	(247)	2,196	2,079	117	2,076
Cash at Bank & in Hand	9,956	6,321	3,635	6,302	6,333	(31)	6,333
Total Assets	**92,021**	**88,802**	**3,219**	**91,257**	**91,252**	**5**	**91,220**
Current Liabilities							
Trade Creditors	(2,324)	(3,278)	954	(3,507)	(3,588)	81	(3,588)
Loan creditor	(1,156)	(1,156)	0	(1,334)	(1,332)	(1)	(1,332)
Non-Trade Creditors	(13,069)	(8,669)	(4,401)	(7,587)	(7,527)	(60)	(7,527)
Dividend Provision	(589)	(592)	3	0	0	0	0
Total Current Liabilities	**(17,138)**	**(13,694)**	**(3,444)**	**(12,428)**	**(12,447)**	**20**	**(12,447)**
Assets/Liabilities over 1 Yr							
Debtors > 1 Year	850	875	(24)	856	881	(24)	881
Finance leases > 1 year	0	(384)	384	(384)	(384)	0	(384)
Creditors > 1 Year	(7,270)	(7,180)	(90)	(8,706)	(8,706)	0	(8,706)
	(6,420)	**(6,690)**	**270**	**(8,234)**	**(8,210)**	**(24)**	**(8,210)**
Total Assets Less Current Liabilities	**68,463**	**68,418**	**45**	**70,596**	**70,596**	**0**	**70,564**
Provisions	(637)	(636)	(0)	(637)	(636)	(0)	(636)
Net Assets	**67,827**	**67,782**	**45**	**69,959**	**69,960**	**(0)**	**69,928**
Financed by:							
PDC	44,812	44,812	0	44,812	44,812	0	44,812
I&E Reserve	8,923	8,234	688	11,055	10,411	644	10,380
Other Reserves	14,092	14,736	(644)	14,092	14,736	(644)	14,736
Total	**67,827**	**67,782**	**45**	**69,959**	**69,959**	**0**	**69,928**

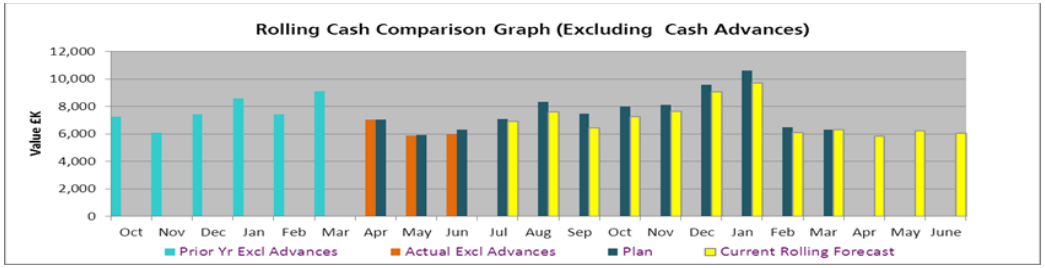
Balance Sheet Narrative

Year to Date

- The fixed asset variance of £350k is due to underspends on GP Order Comms, Service Desk and PAS projects.
- NHS debtors are slightly higher than planned with non NHS debtors and accrued income being lower than expected.
- The trade creditor's variance of ££954k results from lower than expected capital invoices to date.
- Non-trade creditor's variance is as a result of a £4.0m early payment from NHS Norfolk and accrued BSP support costs.
- Other reserves moved by £644k as a result of a 2011/12 year end Audit adjustment for backlog depreciation.

Forecast Outturn

- From a working capital perspective the forecast year-end balance sheet is expected to be as per plan.



Cash Graph Narrative

- Excluding the cash advance in the month, the operational cash balance is as per the plan.
- The forecast cash balance is in line with the plan.