



North Cumbria
University Hospitals
NHS Trust



Cumbria Partnership
NHS Foundation Trust

Joint Finance Report

April 2018

Income and Expenditure

CPFT				NCUH			COMBINED VARIANCE £000
Budget £000	Actual £000	Variance £000		Budget £000	Actual £000	Variance £000	
11,205	11,202	(3)	NHS Clinical Income	17,288	17,277	(11)	(14)
117	117	0	Provider Sustainability Fund	579	579	0	0
954	960	6	Other Clinical Income	100	127	27	33
245	274	29	Training & Education	635	616	(19)	10
624	704	80	Other Income	574	615	41	121
		0	PFI Support	525	525	0	0
13,145	13,257	112	Total Income	19,701	19,739	38	150
(10,366)	(10,363)	3	Pay costs	(14,576)	(15,668)	(1,092)	(1,089)
(2,485)	(2,658)	(173)	Non-pay costs	(8,289)	(8,761)	(472)	(645)
(12,851)	(13,021)	(170)	Total Operating Expenses	(22,865)	(24,429)	(1,564)	(1,734)
294	236	(58)	EBITDA	(3,164)	(4,690)	(1,526)	(1,584)
(414)	(421)	(7)	Capital Charges / Impairments	(783)	(767)	16	9
(47)	(43)	4	Interest	(835)	(941)	(106)	(102)
(54)	0	54	Restructuring costs			0	54
(221)	(228)	(7)	Surplus / (Deficit)	(4,782)	(6,398)	(1,616)	(1,623)
		0	Adjustment for Donated Assets	15	17	2	2
(221)	(228)	(7)	Adjusted Surplus / (Deficit)	(4,767)	(6,381)	(1,614)	(1,621)
		0	PSF risk		(579)	(579)	(579)
(221)	(228)	(7)	Adjusted Surplus / (Deficit)	(4,767)	(6,960)	(2,193)	(2,200)

The CPFT performance was close to plan in April with a £0.2m deficit.

NCUH incurred a deficit of £6.4m, which is £1.6m behind plan. Should this position continue the Trust's PSF income, would be at risk. Loss of the NCUH April PSF would increase its deficit to £7.0m and the aggregate Trust deficit to £7.2m, £2.2m behind plan.

Income was slightly ahead of plan. The value of NCUH activity overperformance under national tariff was £0.8m. This income cannot be assumed under the assured value contract and it has not been included in the position.

Operating expenditure was £1.7m above plan. This is partly due to delayed implementation of the CIP.

Care Group and Directorate performance

Variance against budget by care group/ division

Care group/ division	Budget £000	Actual £000	Variance £000	% Variance
CPFT				
Children and families	1,330	1,360	(30)	-2%
Community	2,843	2,877	(34)	-1%
Mental health	3,144	3,385	(241)	-8%
Specialist services	1,889	1,896	(7)	0%
Ops management	75	99	(24)	-32%
Support services	645	452	193	30%
Corporate	2,388	2,289	99	4%
NCUH				
Emergency Care	1,694	1,823	(129)	-8%
Medicine	5,776	5,983	(207)	-4%
Surgery	8,204	8,564	(360)	-4%
Corporate	1,324	1,355	(32)	-2%
EFM/PFI	2,252	2,186	67	3%
Trust wide	2,844	3,202	(357)	-13%
Reserves	(493)	13	(506)	103%
Financing & Depreciation	1,618	1,708	(91)	-6%

Note: Figures above exclude clinical income, financing costs, depreciation and reserves

COMMENTS

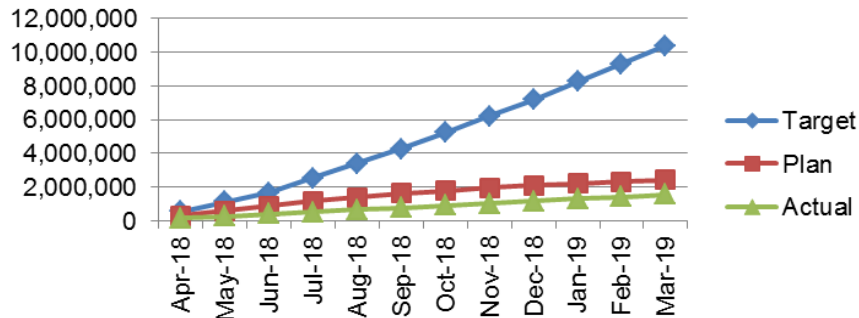
The mental health care group continues to overspend against budget. This is offset within CPFT by underspends in corporate and support services.

Most NCUH areas are overspent, with emergency care and trust wide services showing the highest % variances.

Efficiency Programme - NCUH

	Target	Identified Opportunity	In year plan								Ytd Target	Ytd Actual	Variance to Target	In-year Actual	Forecast
			In-year Plan	Rec	Non Rec	G1	G2	G3	G4	G5					
Emergency Care	876,869	8,743	8,743	8,743	0	0	0	0	0	8,743	46,540	724	(45,816)	8,743	8,743
Medicine	3,068,582	587,761	587,761	587,761	0	0	220,429	0	2,750	364,582	162,866	24,161	(138,705)	290,218	290,218
Surgery	4,293,342	1,815,161	1,574,167	1,574,167	0	89,000	600,900	0	121,290	1,003,971	227,870	83,656	(144,214)	1,003,971	1,138,719
Estates	1,259,943	43,155	43,155	43,155	0	0	0	0	0	43,155	66,872	3,588	(63,284)	43,155	43,155
Corporate	901,584	358,381	195,381	195,381	0	153,000	0	0	10,000	195,381	47,852	16,279	(31,573)	195,381	195,381
Trustwide	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	10,400,320	2,813,201	2,409,207	2,409,207	0	242,000	821,329	0	134,040	1,615,832	552,000	128,408	(423,592)	1,541,468	1,676,216

NCUH CIP Delivery 2018/19



Key Points:

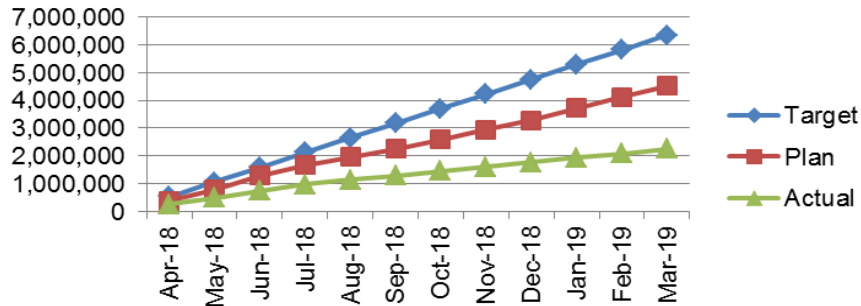
- NCUH has agreed a 2018/19 CIP target of £10.4m in order to achieve a deficit position of £37.6m.
- Identified CIP opportunity amounts to £2.8m with an in-year plan of £2.4m. All of these schemes are recurrent.
- The M1 phased target was to deliver £552k of CIP; in-month delivery was £128k resulting in an under performance of £424k.
- There are a number of schemes in the pipeline totalling a potential £1.4m. They are in the process of being worked up and once verified will be included in the plans on the tracker.
- There is a risk to delivery as we have not achieved plan at month 1 and we need to look at the budget in conjunction.



Efficiency Programme - CPFT

	Target	Identified Opportunity	In year plan								Ytd Target	Ytd Actual	Variance to Target	In-year Actual	Forecast
			In-year Plan	Rec	Non Rec	G1	G2	G3	G4	G5					
Childrens & Families Care Group	566,000	390,000	390,000	268,000	122,000	0	390,000	0	0	0	47,167	0	(47,167)	0	0
Community Care Group	1,262,241	786,888	786,888	786,888	122,000	13,639	773,249	0	0	0	105,187	0	(105,187)	0	0
Mental Health Care Group	1,014,304	443,388	443,388	443,388	0	0	443,388	0	0	0	84,525	0	(84,525)	0	0
Specialist Services Care Group	558,966	412,310	412,310	282,451	129,859	0	394,951	0	0	17,359	46,581	1,447	(45,134)	17,364	17,364
Operations Management	49,064	26,200	26,200	0	26,200	0	0	0	0	26,200	4,089	2,183	(1,906)	26,196	26,196
Director of Quality & Nursing	396,506	352,565	352,565	23,911	328,654	0	23,911	0	0	328,654	33,042	27,388	(5,654)	328,656	328,656
Director of Workforce & OD	424,126	354,466	354,466	135,420	219,046	0	135,420	0	0	219,046	35,344	18,254	(17,090)	219,048	219,048
Director of Finance, Strategy & Support Servi	1,596,298	1,254,369	1,238,743	508,698	730,045	0	105,078	0	0	1,149,291	133,025	151,422	18,397	1,138,336	1,138,336
Medical Director	109,299	72,249	72,249	0	72,249	0	0	0	0	72,249	9,108	6,021	(3,087)	72,252	72,252
Corporate	377,887	448,185	448,185	75,683	372,502	0	0	0	0	448,185	31,491	37,348	5,857	448,176	448,176
Total	6,354,691	4,540,620	4,524,994	2,524,439	2,122,555	13,639	2,265,997	0	0	2,260,984	529,558	244,063	(285,495)	2,250,028	2,250,028

CPFT CIP Delivery 2018/19



Key Points:

- CPFT has agreed a 2018/19 CIP target of £6.4m in order to achieve a deficit position of £2.1m.
- Identified CIP opportunity for 2018/19 amounts to £4.54m with an in-year plan of £4.52m. 56% of these schemes are recurrent. £2.3m of the in-year plan is at Gateway 5 and £1.7m of this relates to the non recurrent 'buy back' of support services by UHMB in respect of the clinical services transferred to them this year. Replacement schemes will need to be found for 19/20.
- The month 1 phased target was to deliver £529k of CIP; in-month delivery was £244k resulting in an under performance of £285k.
- There are schemes in the pipeline totalling a possible £400k.



Activity

NCUH April 2018 activity and income covered by the NCCCG contract is summarised below. Other NCUH contract activity and income is close to plan.

Point of Delivery	Plan Income M01				Actual		Plan Activity M01				Actual	
	Base	RTT	STP	Total	Income	Var	Base	RTT	STP	Total	Activity	Var
A&E	976			976	939	(37)	7,185			7,185	7,137	(48)
Day Case	1,265	74	(43)	1,296	1,301	5	1,838	95	(46)	1,886	1,982	96
Elective	995	76	(1)	1,070	896	(174)	399	13	(1)	411	342	(69)
Non Elective	5,431		(40)	5,391	5,536	145	2,936		(64)	2,872	3,062	190
Outpatient First	1,046		(81)	965	1,111	146	7,134		(488)	6,646	7,283	637
Outpatient Follow Up	1,250	2	(136)	1,117	1,281	164	13,439	17	(1,614)	11,842	13,810	1,968
PbR Drugs	970		(63)	907	1,107	200						
Other	2,658		(158)	2,500	2,052	(448)	267,778			267,778	290,238	22,459
Total	14,591	152	(521)	14,222	14,222	0	300,709	125	(2,213)	298,620	323,853	25,233

Elective

Activity is under in orthopaedics which accounts for all the variance. The RTT and STP plan figures relate to orthopaedics.

Non elective

Activity overperformance across a number of specialties. Figures may not be completely accurate due to issues with identifying activity.

Outpatient first attendances

Overperformance across a range of specialties. STP plan has a reduction of £24k for medically unexplained symptoms and £56k for orthopaedics.

Outpatient follow up attendances

Overperformance across a range of specialties.

PbR excluded drugs

The plan was reduced to reflect savings in Avastin and Adalimumab which have not yet been put in place.

Other

£793k has been taken out of other income to bring total income into line with the contract and profiled plan. Under national tariff the Trust would have recognised this income. Direct access diagnostic and pathology is overperforming by £70k. Critical care overperformance £100k.

Capital expenditure

SUMMARY

The total capital plan is £30.8m comprising £21.9m for NCUH and £8.9m for CPFT. £17m of expenditure in this plan is dependent on release of national funding following successful STP capital bids.

Capital spend year to date is £ 401k (NCUH £0.313m, giving an under spend of £0.020m against plan; CPFT £88k against a plan of £265k).

KEY POINTS

- NCUH capital resource limit for 2018/19 is £21.9m and CPFT have a capital budget of £8.9m giving a combined capital program of £30.8m.
- Cancer centre OBC to NHSI resource committee 15th May 2018.
- Cancer centre demolition early draw submitted to NHSI – waiting approval.
- Community hospital business case waiting approval by NHSI/DH.
- Wave 4 Bid for £18m Equipment successful to next stage.
- Future funding strategy - use of eLIFT; PFI refinancing; land sales; other funding routes in partnership with Cumbria County Council.
- Capital planning group on 4th May approved £3.776m for medical equipment prioritised by divisions and minor schemes to enable ICC's and statutory building compliance.
- Prioritisation of capital across both Trusts developed.

Year to date expenditure (£000)

Category	NCUH		CPFT		Combined	
	YTD	FOT	YTD	FOT	YTD	FOT
Major Capital	90	15,681	75	4,474	165	20,155
Minor Capital	155	2,922	35	830	190	3,752
Equipment	83	2,587	22	200	105	2,787
Major Digital	0	0	-51	2,630	-51	2,630
Digital Refresh	-15	707	7	800	-8	1,507
Total	313	21,897	88	8,934	401	30,831

Balance sheet and cash flow

Statements of financial position at April 2018

CPFT			NCUH		
Opening Balance 31-Mar-18 £000	Closing Balance 30-Apr-18 £000	Movement In Month £000	Opening Balance 31-Mar-18 £000	Closing Balance 30-Apr-18 £000	Movement In Month £000
NON-CURRENT ASSETS:					
69,948	69,682	(266)	195,151	194,698	(453)
35	35	0	11,876	11,885	9
69,983	69,717	(266)	207,027	206,583	(444)
CURRENT ASSETS:					
0	0	0	5,867	5,615	(252)
9,360	9,676	316	28,100	33,363	5,263
8,120	3,796	(4,324)	3,635	3,242	(393)
17,480	13,472	(4,008)	37,602	42,220	4,618
87,463	83,189	(4,274)	244,629	248,802	4,173
CURRENT LIABILITIES:					
(20,275)	(16,256)	4,019	(27,036)	(26,824)	212
(351)	(351)	0	(54,112)	(53,947)	165
(796)	(755)	41	(327)	(326)	1
(661)	(695)	(34)	(1,249)	(5,873)	(4,624)
(22,083)	(18,057)	4,026	(82,724)	(86,971)	(4,247)
(4,603)	(4,585)	18	(45,122)	(44,751)	371
65,380	65,132	(248)	161,905	161,832	(74)
NON-CURRENT LIABILITIES					
(7,216)	(7,196)	20	(179,620)	(185,944)	(6,324)
(1,515)	(1,515)	0	(2,228)	(2,225)	3
(8,731)	(8,711)	20	(181,848)	(188,170)	(6,322)
56,649	56,421	(228)	(19,943)	(26,338)	(6,395)
FINANCED BY TAXPAYERS EQUITY:					
34,758	34,758	0	200,867	200,867	(0)
12,596	12,368	(228)	(230,986)	(237,381)	(6,395)
9,295	9,295	0	10,176	10,176	0
56,649	56,421	(228)	(19,943)	(26,338)	(6,395)

Cash and financing

NCUH

Cash balance £3.2m at the end of April, a reduction of £0.4m from March. The balance is high as it includes PDC received for capital schemes for which invoices have not yet been paid.

The Trust will be able to access £37.6m of loans to support its planned deficit for 18/19 and a further £0.9m to support repayment of principal due on historic working capital loans. It will also be able to access loans totalling up to £11.6m in advance of receiving PSF income.

A loan of £6.3m was accessed in April. The Trust has had a loan request of £1.7m approved for May and expects to request £4.3m for June.

The Trust's £50.7m Interim Revenue Support Loan is due for repayment in February 2019. At this stage it is unclear whether the loan will be extended or a new loan will be issued to repay the existing loan.

The Trust's cash position remains dependent on achieving its planned deficit.

CPFT

Cash balance £3.8m at the end of April. This is down from £8.1m in March due to payment of outstanding creditors.

The 18/19 plan anticipates £0.8m of loans to support the planned deficit.

Forecast outturn and risk analysis

The financial plan was set so as to achieve the NHSI control totals, with an aggregate deficit for the two Trusts of £39.7m. Delivery of this plan requires cost reductions of £31m in 2018/19, and holding of £5m of vacancies.

Delivering this level of reduced costs will not be possible through traditional cost improvement. Service changes and non-recurrent support will be required.

The following approach is being taken;

- Confirmation of contract offers with NCCCG that reflect growth availability being deployed in full.
- Higher recurrent operational CIP at 4%.
- Recurrent support services transformation savings in addition to the above CIP levels.
- Significant reductions in use of temporary workforce based on alternative models, targeted service changes and activity shifts – in addition to the above CIP levels.
- Delivery of transformation plans to reduce unsustainable service capacity and to match agreed STP disinvestment plans.
- Maximum possible mitigation of service transfer losses by agreement with UHMB as part of the formal transfer agreement.
- Fast track delivery of IHCS development to reduce organisational and transactional costs.

The key risks to achievement of the plan and our approach to managing them are set out in the adjoining table.

RISK	APPROACH
Cost pressures including excess recruitment and unfunded costs to deliver activity above plan, implement national priorities and respond to regulatory concerns.	Executive and Board consideration of expenditure proposals including balancing operational & compliance risk against financial requirements.
Ability to deliver business as usual CIP at 4%.	Rigorous programme management with senior executive leadership.
Delays to service transformation initiatives. Costs not released.	Monitoring and performance management of new services at STP level. Agreed criteria for implementing across all partners.
CPFT investment in ICCs without matching income.	As above, to secure income from risk share by ensuring inpatient capacity reduced in line with ICC activity impact.
Availability of PSF income (£14m) and transitional support funding (£9m included in NCUH plan).	Achieve PSF conditions and secure IHCS national backing.
Recruitment and retention issues, e.g. increased agency costs, over-recruitment, nursing safer staffing levels	High impact joint approach to agency engagement and effective management and vacancy control processes in place.
Potential unwinding of prior year agreements.	High level engagement with relevant organisations to understand and manage impact.
Limits on borrowing may affect ability to pay staff and suppliers on time if Trusts are unable to remain within I&E plan.	Focus on forecasting and management of cash and borrowing. Liaison with NCCCG to flex contract payments as needed.