Trust Board in Public
31 May 2012
Agenda Item 4.1

Surrey and Sussex NHS
Healthcare NHS Trust

Finance report M01 – April 2012

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An Associated University Hospital of
Brighton and Sussex Medical School

Putting people first
Delivering excellent, accessible healthcare

Finance report M01 – April 2012

Summary:

- **Year to date, financial performance at M01 is on plan with a small surplus of £36k – the forecast is breakeven.**
- **The full year savings plan is £10.0m – at M01 budgeted savings have been delivered. During May the first major consultation about redundancies started, affecting corporate staff.**
- **The Contract with Clinical Commissioning Groups (CCGs) has been signed. The Contract for Sussex CCGs has been "capped" providing a potential maximum income level for the Trust, but there is wording in the Contract to allow action should "financial distress" for the Trust result.**
- **The Trust and local CCGs have 4 weeks to resolve the contract gap (the Trust budget assumes £6.8m more income than the indicative figure in the signed Contract). The other main risk is around savings delivery - as mentioned above, savings are on plan in the month.**
- **Having said that, performance on savings and costs in Clinical Divisions raise some concerns. To add, the Trust is implementing a more focused performance improvement process (M01 reviews happening as this report is written)**
- **Cash remains OK, noting the receipt of operational PDC at the end of 2011/12 – the bank balance includes funds carried forward from 2011/12 to fund the extensive capital refurbishment and building programme.**

Action: The Board is asked to note and accept this report

Trust objective:	**Objective 4 – Become a Sustainable, Effective Organisation – live within our means both in year and sustainably into the future.** Delivery of agreed financial budget and improve productivity in line with targets (deliver 4.8% savings target)
Notes: **Legal:**	NHS Trust financial performance is subject to Schedule 5 of the NHS Act 2006 which provides the "breakeven duty". The Trust breached this in 2007/08 and has since received "permission to spend" by virtue of the loan settlement agreement issued by DoH in March 2008. Legal aspects impact on individual parts of spend and income according to the nature of the spend & source of income but no other material disclosures are appropriate.
Regulation:	Financial information is reported according to IFRS (International Financial Reporting Standards) and NHS conventions in guidance. The Audit Commission reviews compliance in its audit activities and it's opinion of the Accounts. Data here is presented in an EBITDA format to allow comparison with Monitor metrics.

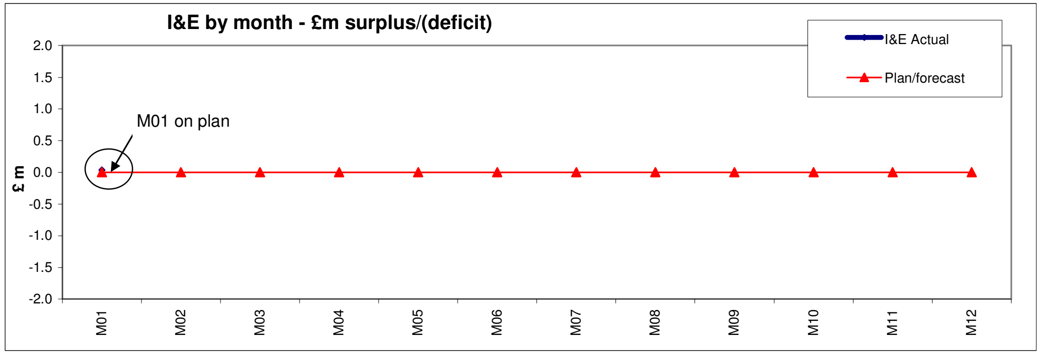
Contents

- Key financial indicators
- Comprehensive income (income & expenditure) Position
- Statement of financial position (balance sheet) & cashflow

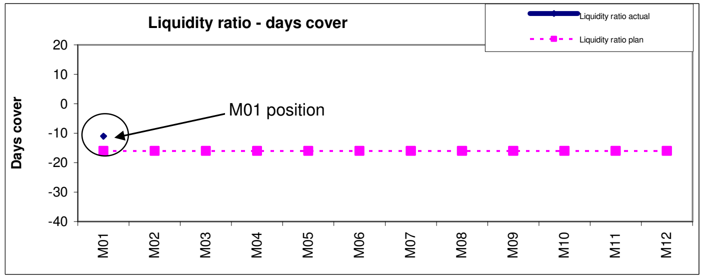
Key financial indicators: M01 2012/13

Key financial indicators at Month 1	Plan/ target (£m)	Actual/ forecast (£m)	Var (adv)/ fav (£m)	Traffic light
1 In month surplus/(deficit)	0.0	0.0	0.0	green
2 YTD surplus/(deficit)	0.0	0.0	0.0	green
3 Forecast surplus/(deficit)		0.0		green
4 YTD recurrent surplus/(deficit)		(2.2)		red
5 Risk assessment fav/(adv)		(5.1)		red
6 Cash position		6.5		green
7 Liquidity ratio (days)		-11		amber
8 Capital outturn	14.9	14.9	0.0	green
9 Return on assets	3.5%	3.5%	0.0%	green
10 BPPC: cum overall (volume)	95%	86%	(9)%	amber
BPPC: cum overall (value)	95%	89%	(6)%	amber
Performance rating in month#	Performance under review			amber

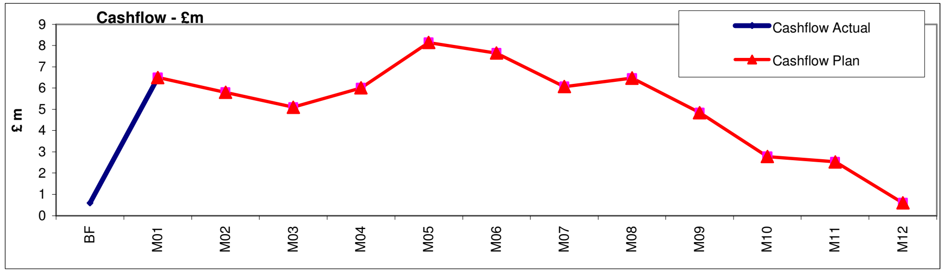
#NB: The performance rating is a Trust estimate



The Trust is on plan at M01, and forecasts a full year breakeven. The plan provides a breakeven in each month throughout the year by differentially phasing the £15.9m non recurring funding being used to support the Trust's recurrent deficit (an SHA requirement) - at M01 £2.3m of non recurring funding has been assumed in the plan, and accrued in the actual position.
The biggest risks are the contract gap (the Trust Budget assumes £6.8m more income than is written as the indicative figure in the signed Contract) and the delivery of the challenging £10.0m savings plan. In respect of these risks, levels of activity and income are at 2011/12 levels (which covers the Contract gap), savings are on plan at M01 and the Trust has initiated a major consultation that could see a number of corporate staff made redundant. However, performance on savings and costs in Clinical Divisions raise some concerns.



The liquid ratio gives a better view of the Trust's working capital position than just looking at cash. The poor performance is the price of the Trust's past deficits and the Trust will remain significantly below the 15 day cover benchmark until it can reinvest cash in the balance sheet.



The cash plan for the year describes the carry forward of the capital cash from 11/12 and the new SHA cash relating to further supported projects in 12/13. There are no cash problems currently, noting the receipt at the end of 2011/12 of £13.7m of operational PDC.

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Net surplus/(deficit) from comprehensive income (income & expenditure) statement to 31 April 2012

Year to Date vs Budget (figures in £m)

	2012/13 *budget*	2012/13 *actual*	2012/13 *var (adv)/fav*	% var (adv)/fav	Perf indicator %
Income from PCT contract	16.8	16.8	-	0.0%	
Contract Income - NHS	**16.8**	**16.8**	**-**	0.0%	
Impairment			-		
Other operating income	1.2	1.1	(0.1)	-8.3%	
Non-rec income			-		
Other income			-		
Total Income	**18.0**	**17.9**	**(0.1)**	-0.6%	
Expenses					
Pay (incl agency)	(12.0)	(12.1)	(0.1)	-0.8%	
Non-Pay (excl Depreciation)	(5.1)	(5.0)	0.1	2.0%	
	(17.1)	**(17.1)**	**0.0**	0.0%	
EBITDA (pre-exceptionals)	**0.9**	**0.8**	**(0.1)**	-11.1%	
Contingency removed			-		
					EBITDA margin
EBITDA (post-exceptionals)	**0.9**	**0.8**	**(0.1)**	-11.1%	4.5%
					% of income
Profit/ Loss on Asset Disposals			-		
Interest Receivable	-	-	-		
Interest Payable	-	-	-		
Depreciation	(0.6)	(0.5)	0.1	-16.7%	
Impairment/tech adj re donated deprec	-	-	-		
PDC	(0.3)	(0.3)	-	0.0%	
	(0.9)	**(0.8)**	**0.1**	-11.1%	
					YTD Op Perf:
Net Surplus/ (Deficit)	**(0.0)**	**(0.0)**	**(0.0)**	41.7%	41.7%
					(adv)/fav to plan

Memoranda		
Net reported surplus	(0.0)	
Plan surplus YTD	(0.0)	
Variance (fav)/adv to target	**(0.0)**	
Net surplus	-	
Non recurrent items	(2.2)	Underlying position
Adjusted recurrent position	**(2.2)**	0.0%

Summary

The Trust is expected to break even month by month this year and therefore end the year with a balanced position. The Trust is on plan at M01. The Contract with Clinical Commissioning Groups has been signed.

The Trust is currently running with a £6.8m "contract gap" (NHS jargon for the Trust Budget assuming £6.8m more income than the indicative figure written in the signed Contract) - that provides a risk for both Trust and Clinical Commissioning Groups which both are working to resolve (it is not in our shared interest for the risk to crystallise in either organisation)

The continued delivery of access targets (A&E 4 hours, 18 week waits etc) which is reinvigorating the Trust, means, among other things, better "flow" for patients following care pathways through the hospital and significantly reduced outsourcing of elective patients. The hospital is therefore "running" better and it is generally taken that financial performance improves with this demonstration of operational performance. However, it is too early to clearly see that and there are conflicting data - eg: income levels from activity are sustained and budgets overall were delivered, but there are still notable cost pressures (temporary staff) and savings should have been better in the month.

Income & costs

Contract income: activity is at similar levels to those seen in Q4 2011/12. There is no significant activity reduction in any area and the only adverse movement on income will come from Clinical Commissioning Group fines in excess of the contingency already included. The stable activity position is actually of some concern as both Trust and CCGs need a reduction in unscheduled care activity to support our joint plans. This, and the integration of the implementation plans is a topic of discussion between organisations.

Pay was slightly over budget for the month (noting unusually high bank usage), Non Pay costs were slightly underspent. As mentioned, savings should be stronger.

Note: exception reports have not been provided this month while the Trust's new performance regime is implemented (M01 cause and effect reports will not be prepared until a few days after this report is issued).

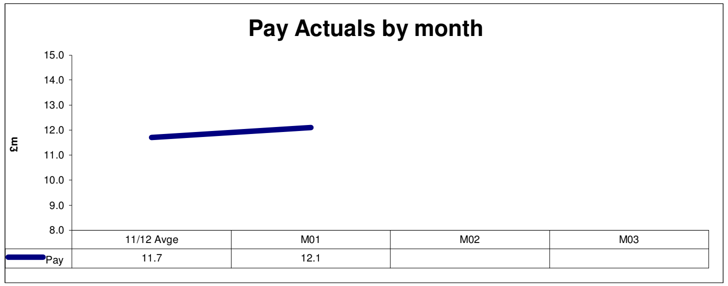
Comprehensive income (income & expenditure) recurrent position

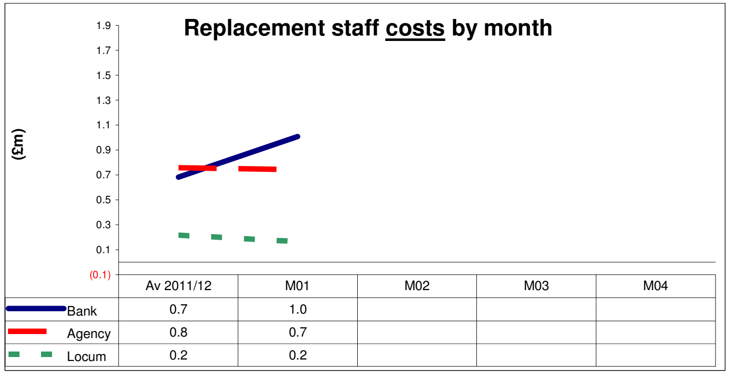
Recurrent I&E Calculation			
		YTD @ M01	
		£m	£m
Net Surplus/(deficit)			**0**
Deduct N/R income	i) non rec income support	2.3	
	Total N/R income		**(2.3)**
Add N/R Spend	i) Turnaround/ restructuring costs	0.1	
	iii) Technical Impairment		
	iv)		
	Total N/R spend		0.1
Deduct N/R savings	i)		
	ii)		
	iii)		
	iv)		
	Total N/R savings		
Recurrent Surplus/(deficit)			**(2.2)**

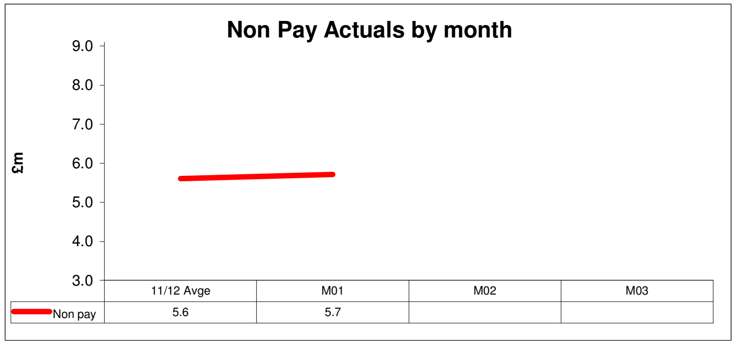
Recurrent position

- The table describes how the recurrent position (the underlying surplus/(deficit) after adjustment for one-off items) is calculated.
- The in-month position fluctuates according to the actual balance of income and expenditure.
- At month 1 the underlying deficit is £2.2m, reflecting the phasing of the £15.9m non recurring income.
- The full year recurrent position is a £12.9m deficit.

Financial performance – operating spend YTD







Key points:

1) Pay costs in April were higher than the average for 11/12, mainly due to bank costs being unusually high and the award of the national pay award (for staff earning less than £21k p.a, the cost of which was £41k in the month).

2) Agency costs in April were comparable with the average for 11/12, and slightly down against this point in 2011/12 (roundings confuse the data in the table lower right, it was £650k in M01 11/12 vs £742k in 12/13, hence the £0.1m variance). Nursing agency remains stubbornly high.

Bank costs were significantly higher than previous months (which is being investigated).

3) Non pay costs: were in line with the average for 11/12.

Just £0.3m was spent on the outsourcing of elective work to other providers in April. Capacity planning for 2012/13 is intended to reduce outsourcing to an absolute minimum.

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Cost type variances year to date	YTD Spend Vs BUDGET			
	YTD Budget (£m)	YTD Actual (£m)	YTD Var fav/(adv) (£m)	YTD Var fav/(adv) (%)
Pay costs	12.0	12.1	(0.1)	-1.2%
Drugs	1.1	1.1	(0.1)	-7.2%
Clinical supplies	1.6	1.6	0.0	2.1%
General supplies	0.2	0.2	0.0	6.9%
Establishment	0.3	0.3	(0.1)	-41.2%
Premises & utilities	0.3	0.3	(0.0)	-1.7%
Healthcare recharges	0.8	0.9	0.0	2.2%
Fees & consultancy	0.6	0.6	(0.0)	-1.0%
Misc	0.1	0.0	0.1	133.6%
Recharges	0.1	0.0	0.0	
Total non pay spend	5.1	5.0	0.0	0.5%
Total operating spend	**17.0**	**17.1**	**(0.0)**	-0.1%

Pay costs year to date	YTD Spend Vs BUDGET			
	YTD Budget (£m)	YTD Actuals (£m)	YTD Var fav/(adv) (£m)	
Pay costs (incl. bank/agency)				
Consultants	1.9	1.7	0.1	6.2%
Other medical	1.6	1.6	0.0	1.2%
Nursing & Midwifery	4.2	4.3	(0.1)	-2.1%
Healthcare assistants	1.2	1.4	(0.2)	-17.5%
AHPs	1.2	1.2	0.1	4.9%
Directors & NEDs	0.1	0.1	0.0	15.7%
Senior mgrs (8a+)	0.4	0.4	0.0	12.9%
Admin & clerical	1.3	1.3	0.0	2.8%
Estates & FM	0.1	0.1	0.0	8.6%
Total Pay spend	**12.0**	**12.1**	**(0.1)**	-0.8%

Agency costs YTD to this month	2011/12 YTD Actuals (£m)	2011/12 YTD Actuals (£m)	Var fav/(adv) (£m)	
Agency costs	0.7	0.7	**(0.1)**	-14.2%

I&E – Divisional analysis

- This analysis provides a view of Divisional performance – please note that some income is incorporated in the Divisions' budgets and is not shown separately here.

Key points

- Two particular warnings are present in this data:
  i. Medical is notably overspent at M01, and performance in other Divisions is not building up any contingency for later phasing of cost reduction.
  ii. There is overspending in clinical Services (escalation). This is the cost of opening escalation beds to deal with excess demand from unscheduled care patients coming through the Emergency Department.
- These two points provide focus for the new performance improvement regime the Trust is implementing, and also illustrates the impact of continuing levels of non elective patients on Trust costs and the need to support the work to reduce attendances.
- Reserves have been released to offset Divisional pressures and total £0.2m - although, as in previous months, these are not allocated specifically to any division.
- The outsourcing of surgical work to private providers to meet the 18 week target continued in month 1, but at a reduced level and cost of £0.3m.
- *Note: exception reports have not been provided this month while the Trust's new performance regime is implemented (M01 cause and effect reports will not be prepared until a few days after this report is issued)*

Divisional analysis (I&E)	12/13 ANNUAL BUDGET £000'S	YTD BUDGET £000's	YTD ACTUAL £000's	YTD VARIANCE £000's fav/(adv)
Income (excl Divisional income)				
Contract income (incl MFF)	179,711	16,782	16,782	1
CQUINS income	0	0	0	0
Bad debt provision	(81)	(7)	0	7
Donated Assets	235	20	20	0
Non-rec income	15,900	0	0	0
Other Income	6,771	564	563	(1)
Total income	**202,536**	**17,359**	**17,365**	**6**
Dvisions (inc Divisional income)				
Surgical	53,553	4,556	4,542	14
18 Weeks outsourcing	280	280	280	0
Medical	42,337	3,518	3,646	(128)
WaCH	21,330	1,760	1,781	(21)
CSS	26,380	2,261	2,290	(29)
E&F	12,347	994	996	(3)
HR	2,681	228	230	(2)
CEO	1,253	111	107	4
Restructuring and PMO	3,000	83	84	(0)
Finance	3,171	264	263	2
Nursing	3,237	270	269	1
IMT	2,190	182	183	(1)
Clinical Services (Escalation)	1,437	233	328	(94)
Overheads	9,776	815	771	43
Other Central	600	0	20	(20)
High Cost Drugs	7,015	603	544	60
Excluded devices	697	59	75	(16)
CQUINS costs	1,000	83	86	(2)
Unallocated reserves/savings	(1,537)	135	(1)	136
Contingency	1,000	83	0	83
Total Divisional I&E	**191,747**	**16,520**	**16,493**	**27**
Post EBITDA				
P/L on Asset Disposals		0	0	0
Interest Payable	288	25	25	0
Interest Receivable	-18	(2)	(2)	0
Depreciation	7,147	535	533	2
Depreciation - donated	235	20	20	0
PDC	3,100	258	257	1
unwinding of discounts	37	3	3	0
Total post EBITDA	**10,789**	**839**	**836**	**3**
Net Surplus / (Deficit)	**0**	**0**	**36**	**36**

Financial performance: Savings

Savings - Month 1	Annual Target £000's	YTD target £000's	YTD actuals £000's	Variance at Month £000's	Variance Fav/(adv) %
By Transformation Programme Workstream					
Administration Structure	456	8	7	(1)	(13%)
Back Office redesign	1,172	52	51	(1)	(2%)
Clinical Services Redesign	2,282	74	74	0	0%
Estates Rationalisation	545	16	15	(1)	(6%)
Job Planning	722	23	22	(1)	(4%)
Medicines Management	323	22	19	(3)	(14%)
Nusing Skillmix	395	5	4	(1)	(20%)
Pathology	309	15	15	0	0%
Procurement	1,238	74	71	(3)	(4%)
Other	1,752	29	25	(4)	(14%)
Theatre Utilisation	305	0	0	0	0%
Unallocated	550	0	0	0	0%
TOTALS	**10,049**	**318**	**303**	**(15)**	(5%)
By Directorate					
Surgical	900	28	28	0	0%
Medical	456	30	29	(1)	(3%)
WaCH	190	10	8	(2)	(20%)
CSS	917	35	33	(2)	(6%)
E&F	667	20	18	(2)	(10%)
Corporate	869	66	65	(1)	(2%)
Sub total	**3,999**	**189**	**181**	**(8)**	(5%)
Procurement savings	1,238	74	71	(3)	(4%)
Trustwide savings	4,262	55	51	(4)	(7%)
Unallocated	550	0	0	0	0%
TOTALS	**10,049**	**318**	**303**	**(15)**	(5%)

Key Points:

The Trust has a savings target of £10m for 2012/13, 4.8% of income, compared with that of £7.7m (4.0%) in 2011/12.

During May the savings plan became particularly real with the start (on 16 May) of the consultation about redundancies following the post review with corporate staff. That affects 23 individuals but across 20 WTE posts, of which 5.7 are vacant (ie: in some cases one post only might be lost in a group of 3). The saving from this will be £0.7m.

The target savings total is not randomly derived, and comes from two particular drivers, which are then mitigated by the overall average savings level across NHS trusts nationally and the Trust's view on what is possible.

The two drivers are: a) the setting of the reduced tariff price for Trust income (which includes a 1.8% overall price reduction and, before that, an assumption of 2.2% cost inflation, which means that the tariff requires a basic savings target of 4%), and; b) the recurrent deficit the Trust carries, which is £13.3m. The latter means that savings above 4% are necessary, and the Trust has then looked at the range nationally (which averages over 5%) and settled on the current figure.

The savings are profiled to reflect the project plans, and with greater savings due to be delivered later in the year (this follows the trend across South East Coast and also within the 2011/12 plan, which was delivered).

Certain areas did underachieve at M01, but these were offset by mitigating underspends.

The new Performance management process will review savings at Divisional level and ensure delivery. Two Clinical Divisions were "red" rated from savings delivery in that process.

Financial performance: income

Income	YTD Budget (£m)	YTD Actuals (£m)	YTD Var fav/(adv) (£m)	YTD Var fav/(adv) (£m)
Contract income				
PbR: Elective inpatients	2.7	2.8	0.1	3%
PbR: Non elective inpatients	5.6	6.3	0.7	12%
PbR: Outpatients	2.5	2.6	0.1	3%
A&E Attendance	0.6	0.7	0.1	13%
Sub total: PbR Income	**11.5**	**12.4**	**0.9**	8%
Non PbR income	2.7	2.6	(0.1)	-4%
Non-Recurrent Income	2.3	2.3	0.0	0%
Sub total other contract income	**5.0**	**4.9**	**(0.1)**	-2%
Contract Provision		(0.2)	(0.2)	
Contract Profile Adjutment		(0.6)	(0.6)	
CQUIN	0.3	0.3	0.0	0%
Sub total: contract adjustments	**0.3**	**(0.5)**	**(0.8)**	
Total Contract Income	**16.8**	**16.8**	**(0.0)**	0%
Non clin NHS SLA	0.1	0.1	(0.0)	-6%
Education & training	0.5	0.5	(0.0)	-1%
Cat C - Other	0.6	0.5	(0.1)	-15%
Total other income	**1.2**	**1.1**	**(0.1)**	-9%
Total Income	**18.0**	**17.9**	**(0.1)**	-1%

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Contract income - key points

Non recurrent income from the £15.9m support is recorded on a separate line in the table.

The Trust has signed a Contract with Clinical Commissioning Groups (CCGs), and which includes the £15.9m non recurrent support. However, the Trust is still waiting for profiled monthly activity and income plans, by HRG.

As mentioned the, Trust budget is £6.8m higher than the indicative income value included for the year in the signed Contract. The Contract has also been "capped" for Sussex (not for Surrey or Croydon) – meaning that payment for activity above the financial value set would not be made, but PbR applies to that point. This is because NHS Sussex and its constituent CCGs are subject to strict financial controls in 2012/13, recognising its financial position and access to the 2% PCT allocation top slice, brokerage flexibility and any additional funding it has agreed. This Trust has agreed wording in the Contract that balances the risk provided by the “cap”

M01 performance
Activity levels remain at 2011/12 levels, so the budgeted reduction in non elective activity shows as a significant "favourable" variance. As stated previously this ultimately causes the Trust and CCGs a problem as the plan is based on non elective activity reduction. Activity in nearly all categories is showing no reduction.

Adjustments have been estimated for fines and financial challenge so included within the data), but the first month's reconciliation point is some way away and agreement with CCGs on the income total for the month have not yet been reached.

Other income - key points
Other income is £0.1m (1%) adverse to budget at the end of April. This is due to a shortfall in "category C" income (which includes road traffic accident insurance income and other miscellaneous payments).

Surrey and Sussex NHS Healthcare NHS Trust

Risks and mitigation

	Risk reg no.	Risk rating	Annual (risk)/ benefit (£m)	RAG	Notes	Action points	Who
Income:							
CCG income reductions exceed Trust budget		3*4=12	(6.8)	▼	Income gap is largely (£5.0m) from differing assumptions over implementation of unscheduled care reduction programme, and assumptions by Surrey PCT of EQ CQUIN delivery in 12/13 providing income reduction (£1.0m).	i) Tight management of unscheduled care programme and strong involvement with CCGs.	Chief Operating Officer
Income reduction mitigation			5.0			ii) Effective operation of Contract, including cap risk review with Sussex	Chief Financial Officer
Scheduled care capacity not available (loss of elective income)		3*4=12	(2.0)	▶	The two core Divisions (Medical & Surgical) have implemented changes to ways of working/productivity that a) maximise capacity and b) will ring fence elective beds/minimise outsourcing.	i) Effective implementation of additional capacity programme	Chief Operating Officer
Mitigation (cost budget adjusts)			1.0			ii) Effective operation of performance improvement processes	
CQUIN non payment		4*5=20	(2.3)	▼	SoE rules provide an additional gateway and £1.6m is set against unscheduled care reductions. There is minimal contingency set against this.	i) Create further contingency to mitigate shortfall ii) Clarify mechanism for CQUIN funds withheld	Chief Financial Officer
Contract challenges		3*4=12	0.0	▶	Difficult to specify amount. Assumption is that all national targets met.	Work to Contract - Contract operation & challenge process managed tightly	Chief Financial Officer
Net income risk			**(5.1)**				
Savings Plan							
Red risk rated items	1231	3*3=9	(2.1)	▶	Savings plan includes significant contingency from redundancy programme.	i) Delivery of savings managed through PMO/perf improvement process (ongoing) ii) All Divisions looking for further savings to mitigate risk (ongoing)	Divisional Chiefs
Contingency savings			2.1			iii) Operation of cost control measures to manage spend (ongoing process)	Chief Financial Officer
Net savings plan risk			-				
Costs:							
Potential overspending from operational pressures			(1.0)		Divisions will need to manage within their budgets whatever the operational pressure. This will require them building up their own reserves and making decisions about the balance of operational pressure against financial cost. Outsourcing has reduced significantly - this will need to be managed in conjunction with bed pressures	i) Divisions to implement action plans and contingencies to control/or recover overspending ii) 18 weeks management plan, validation of activity profile and review of available resources internally to be reviewed monthly	Chief Operating Officer
Potential overspend from outsourcing costs	1232	3*3=9	-	▶			
Contingency held			1.0			iii) Operation of accountability framework & cost control measures	Chief Financial Officer
Net costs risk			-				
Surplus/(deficit) risk forecast			**(5.1)**				

Other finance risks (as stated in risk register)

- **Liquidity problem: Rating** (likelihood * impact): **25** (risk register 1134). This risk is visible in the SoFP's working capital position and the liquidity ratio reported on the KFI page (p4). The cash injection required to deliver the 15 day liquid ratio target is about £24.0m, which the Trust has no source for.
- **Fraud** (likelihood * impact): **4** (risk register 1020). Generic risk applicable to all Trusts.
- **Financial sustainability:** (likelihood * impact): **12** (risk register 1313). This risk reflects the recurrent financial position not delivering the Monitor metrics to achieve FT status and is being addressed in the TFA process.

Contents

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- Comprehensive income (income & expenditure) Position
- Statement of financial position (balance sheet)
- Statement of Cash Flow

Statement of Financial Position (balance sheet)

- **Statement of Financial Position_ -** This is presented on a later page.
- **Property, Plant and Equipment –** The Trust has applied for Capital Resource Limit of £14.9m to be funded by £7.0m depreciation, £0.5m of Kibblewhite disposal income, £1.3m of undershoot from 2011-12 capital plan and £6.0m SHA funding for theatres refurbishment, site modernisation and LINACs project. The £7.5m internally generated funding has been ring-fenced for projects committed from the prior year.
- **Aged Receivables (Debtors)** – Trade receivables substantially decreased from the year end position as several large invoices (£2.1m) raised to NHS Surrey £2.1m in March were paid in April. Other anomalies to the data for 1-30 days debt are from a credit note owing to NHS Surrey PCT @ £0.8m which was taken in May and a receipt from NHS Sussex @ £0.7m which was invoiced in May. The Trust will continue to work with SBS to reduce overall debt and in so doing will revise target debt balances for this year. The new overseas patient policy will assist in reducing some of the difficulties in managing debts in this area.

SUMMARISED AGED DEBTORS	Within term	1-30 days	1 month over due	2 month over due	3 month over due	APRIL	MARCH	FEBRUARY
			31-60 days	61-90 days	over 90 days	Over 30 days	Over 30 days	Over 30 days
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
NHS PCTS	1073	-1320	2,613	14	99	1,406	2,799	678
NHS TRUST	26	220	113	63	55	451	370	395
OTHER DEBTORS	172	79	116	52	569	816	861	744
Total Debts	1271	-1021	2842	129	723	2,673	4,030	1,817

- **Payables (Creditors) -** April's improved position was due to approval and payments of current creditors. However, there is still a backlog of creditors which need to be approved and paid and this will have an adverse impact on the cumulative BPPC position.

Key Financial Indicators: Apr 12

	Plan/ target	Actual cum Apr-12	Var (adv)/ fav	Actual cum Mar-12	Actual 11-12
BPPC: cum overall (value)	95%	89%	(6)%	72%	72%
BPPC: cum overall (volume)	95%	86%	(9)%	66%	66%

Statement of Financial Position at 30 April 2012

	30-Apr-12		31-Mar-12		Movement
	£m	£m	£m	£m	£m
NON CURRENT ASSETS					
Property, Plant and Equipment		102.8		103.3	(0.5)
Intangible Assets		2.0		2.0	-
Trade & Other Receivables		4.5		4.5	-
Assets Held for Sale		0.5		0.5	-
CURRENT ASSETS					
Inventories	3.3		3.8		(0.5)
Trade & Other Receivables	4.2		6.7		(2.5)
Prepayments and Accrued Income	8.7		6.5		2.2
Cash and Cash Equivalents	6.6		4.2		2.4
Other	0.2		0.4		(0.2)
	23.0		21.6		1.4
CURRENT LIABILITIES					
Trade Payables	(11.5)		(12.7)		1.2
Other Payables	(2.8)		(1.9)		(0.9)
Accruals	(11.2)		(10.1)		(1.1)
Other Liabilities	(0.8)		(0.7)		(0.1)
Net Current Assets		(3.3)		(3.8)	0.5
Total Assets Less Current Liabilities		**106.5**		**106.5**	**-**
NON-CURRENT LIABILITIES					
Borrowings		(8.0)		(8.0)	-
Deferred income		(3.4)		(3.4)	-
Provisions		(1.2)		(1.2)	-
Total Net Assets Employed		**93.9**		**93.9**	**-**
TAX PAYERS EQUITY					
PDC		134.5		134.5	-
Revaluation Reserve		14.3		14.3	-
I&E Reserve		(54.9)		(54.9)	-
I&E Current		-		-	-
Total Taxpayers Equity		**93.9**		**93.9**	**-**

Key points

Assets Held For Sale – This relates to a nursing home (Kibblewhite House) which the Trust is hoping to sell in the current year.

Current Assets - This increase is mainly due to increases in Contract/CQUIN accrued income.

Liquidity – (An indicator of the working capital position). The liquidity ratio is minus 11 days (significantly below the 15 day cover target).

Outstanding long term loans The Trust is currently not intending to overpay on these loans.

Donated Asset Reserve This has now been subsumed with the I&E reserve resulting from the DH alignment exercise in 2011-12. Asset donations are now treated as income within the income account.

Surrey and Sussex Healthcare NHS Trust

Cash flow 2012/13

	Apr 12	May 12	Jun 12	July 12	Aug 12	Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
CASH INFLOWS													
Cash Inflow (NHS)	18.76	16.28	16.59	16.25	18.23	16.45	16.25	18.23	16.45	16.25	18.23	18.46	**206.43**
Cash Inflow (Non-NHS)	0.63	0.58	0.58	0.58	0.63	0.58	0.58	0.58	0.58	0.58	0.58	0.63	**7.09**
Sale of KibbleWhite	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.50**
External Capital Funding (SHA)	0.00	0.00	0.00	2.00	1.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	**6.00**
TOTAL CASH INFLOWS	**19.39**	**16.86**	**17.17**	**18.83**	**20.36**	**20.03**	**16.83**	**18.81**	**17.03**	**16.83**	**18.81**	**19.09**	**220.02**
CASH OUTFLOWS													
Non Pay Cash Flow	-6.04	-5.57	-5.58	-5.58	-5.66	-5.78	-5.58	-5.58	-5.58	-5.58	-5.58	-5.67	**-67.78**
Pay Cash Flow	-10.09	-11.21	-11.21	-11.21	-11.21	-11.21	-11.21	-11.21	-11.21	-11.21	-11.21	-11.21	**-133.40**
Capital Cash Outflow	-0.97	-0.75	-1.11	-1.11	-1.36	-1.56	-1.61	-1.61	-1.86	-2.11	-2.26	-2.16	**-18.47**
PDC	0.00	0.00	0.00	0.00	0.00	-1.48	0.00	0.00	0.00	0.00	0.00	-1.48	**-2.96**
Loan Repayments (int + principal)	0.00	0.00	0.00	0.00	0.00	-0.50	0.00	0.00	0.00	0.00	0.00	-0.50	**-1.00**
TOTAL CASH OUTFLOWS	**-17.10**	**-17.53**	**-17.90**	**-17.90**	**-18.23**	**-20.53**	**-18.40**	**-18.40**	**-18.65**	**-18.90**	**-19.05**	**-21.02**	**-223.61**
NET CASH FLOW	2.29	-0.67	-0.73	0.93	2.13	-0.50	-1.57	0.41	-1.62	-2.07	-0.24	-1.93	-3.59
OPENING CASH BALANCE	4.19	6.48	5.81	5.08	6.01	8.14	7.63	6.06	6.47	4.85	2.78	2.53	4.19
CLOSING CASH BALANCE	**6.48**	**5.81**	**5.08**	**6.01**	**8.14**	**7.63**	**6.06**	**6.47**	**4.85**	**2.78**	**2.53**	**0.60**	**0.60**

Cash Inflows (NHS) – Inflows relating to over-performance on Contract payments (cash payments are different from the accrued I&E position) are phased to be received after each quarter.

Capital – £6.0m is planned to be sourced through the SHA for capital works. The closing monthly cash balances reflect timing differences between capital receipts and purchases.

[END]