

## Board of Directors (Public)

### Item 5.3

**Subject:** Month 12 Finance Report  
**Date of meeting:** 28<sup>th</sup> April 2015  
**Prepared by:** Jim Davies, Deputy Chief Finance Officer  
**Presented by:** David Jago, Chief Finance Officer

## Board Report

Report	Data Quality Rating	BAF Ref	Impact on BAF risk Rating
Month 12 Financial Position	Silver	4,7,	n/a

#### 1. Executive Summary

This paper provides an update to the Board of Directors on the financial performance of the Trust during month 12 and cumulatively as at 31st March 2015. The Board of Directors are asked to discuss and note the content of the report and provide assurance to LHCH Board of Directors on the delivery of the draft financial position for 2014/15 and that Trust is operating and will continue to operate within the terms of its licence, regulatory requirements and statutory obligations in respect of finance.

#### 2. Background

The Board of Directors approved the financial plan for 2014/15 – 2015/16 as part of the 2 year operational plan presented at the March 2014 Board meeting that was subsequently submitted to Monitor.

#### 3. Issues

The Trust has achieved an overall Continuity of Service Risk Rating (CoSRR) at month 12 of level 4, which under the Risk Assessment Framework denotes LHCH as lowest risk and is the highest level achievable.

The Trust has achieved a normalised net surplus to date of £88k against a planned surplus of £475K. The underlying position is a surplus to date of £3.2m but this includes the reversal of previous impairments and the restructuring cost associated with the MARS scheme. The reversal of impairments (£3.5m) and restructuring costs (£422k) are classed as exceptional items and normalised out of the position when assessed by Monitor. In month the Trust achieved a net normalised surplus of £312k against a planned surplus of £477k.

Efficiencies achieved to date are £4.9m (with £0.5m non-recurrent) against a plan of £5.8m. This provides a shortfall in delivery of £0.9m for the year. This shortfall is incorporated within the year to date position.

Capital expenditure at £5.1m is within 94% of the revised plan that was submitted to Monitor at the end of quarter 3 (£5.4m).

#### **4. Conclusion**

The normalised surplus position of £88k represents an improvement to the actual position reported as at the end of month 11 which showed a year to date deficit position of £212k (£214k below plan), the adverse variance against plan has however deteriorated to £387k, which reflects agreed additional investments. The Continuity of Service Risk Rating being delivered at the end of month 12 is level 4, which denotes the lowest level of risk. The capital service cover metric was slightly behind plan at 2.78 compared to a plan of 3.31. Liquidity was above plan at -4.0 days compared to a plan of -5.4 days.

Inpatient NHS activity has shown an improvement in month 12 exceeding plan in month by 10.0% with overall inpatient spells broadly in line with plan on a cumulative basis, the associated income position is £1.6m (3.0%) above plan.

The key adverse impact on EBITDA and net surplus throughout the year has been driven by non-delivery of pay CIPs, above plan agency costs covering vacancies and premium costs to cover additional sessions to manage both the waiting list back log and core capacity.

The draft year end position shows a normalised surplus position of some £88k, which while below the planned surplus for the year of £474k, incorporates the shortfall on CIP of £901k, and delivers a CoSRR of 4.

#### **5. Recommendations**

The Board of Directors are asked to note the financial position of the Trust at the end of month 12.

## 1. Introduction

This paper sets out the Trust's financial performance at the end of March 2015 (month 12) and the delivery against the financial targets set within the annual plan and risk ratings set out by Monitor under the Risk Assessment Framework.

## 2. Key Financial Performance Indicators

The purpose of this paper is to present to the members of the Integrated Performance Committee the Trust's financial position as at 31st March 2015.

Key issues to note on performance at the end of month 12;



Overall Continuity of Service Risk Rating (CoSRR) of level 4 against a plan of 4.



Total income above plan by £6.3m.



A normalised net surplus of £88k against a planned surplus of £475k.



Cash balances at £12.3m are £3.6m above planned balances of £8.7m.



Capital expenditure at £5.1m set against revised profiled plan of £5.4m.



Actual CIP achieved at £4.9m against planned £5.8m.

The Trust is reporting a net normalised surplus of £312k achieved in month 12 compared to a planned surplus of £477k. Performance is slightly below plan in month, and is driven by inpatient related income which was 9% (£0.5m) above plan in month driven by activity spells that were 10.0% above plan. Inpatient activity within the Surgical Division was 5% above plan with performance in Cardiology and Chest Medicine being 12% above plan. This is offset by over spends, being largely pay related.

The position at Month 12 has shown an improvement in actual terms, with a reported year-to-date normalised surplus of £88k, an improvement on the comparable position reported to Month 11 (£212k). A comparison against plan shows an overall deterioration of the in month position by £165k, taking the overall normalised position to be £387k below the planned position for the year.

The key adverse impact on EBITDA and net surplus throughout the year has been driven by non-delivery of pay CIPs, above plan agency costs covering vacancies and premium costs to cover additional sessions to manage both the waiting list back log and core capacity.

However, risk to EBITDA has been mitigated by margins driven on the growth in activity above that catered for in the plan set for 2014/15.

Performance to date delivers a Continuity of Services Risk Rating (CoSRR) of 4. The liquidity rating has maintained strong performance in the final quarter of the year, which is also reflected in a strong cash position. Over-performance previously reflected in accrued income is now realised in cash terms following year end contract settlements. Further work is required to reduce the level of current liabilities, but the outturn liquidity position delivers a strong baseline with which to move into 2015/16.

Inpatient activity performance continues to be above plan in month 12 with the SACC directorate above plan by 5% with a corresponding over performance on income of £0.3m (11%) materially driven by cardiac valves and thoracics. The C&CM directorate was 12% above plan in activity terms and exceeded the income plan by £0.2m (9%) driven by pacing.

Inpatient spells (excluding Private Patients) were 10% above plan in month and are broadly in line with plan cumulatively. By directorate both SACC and C&CM are broadly in line with plan.

The key points to note at the end of month 12 include:

- Total income to date is £6.3m above plan (5.7%) with direct patient related income £4.32m above plan (4.3%) materially driven by the tertiary and secondary contracts that are £3.7m and £0.6m above plan respectively. The Wales contract is below plan by £0.4m and the Isle Of Man contract is £0.27m (10%) above plan.
- Private patient income continues to perform strongly being £72k (28%) above plan in month 12 achieving £330k against a plan of £258k. Cumulatively activity is 38% higher than for the same period last year, and is cumulatively £0.73m above plan (25%).
- The cost improvement programme (CIP) for 2014/15 is £5.8m, against which the Trust has delivered £4.9m cumulative to month 12. The full year delivery includes £4.4m recurrent savings, and £0.5m non recurrent savings. The shortfall in CIP delivery for the year is therefore £0.9m.
- Capital expenditure for the year was £5.1m against a plan of £5.4m (94%). Further detail is included within the main body of the report.
- Cash balances are £3.6m above plan at £12.3m with an increase in balances in month of £3.4m.

### 3. Monitor Metrics Summary

**Table 1 Continuity of Services Risk Rating (CoSRR)**

Continuity of Services Risk Rating (CoSRR)	Plan YTD	Actual YTD	Variance YTD
<b>Debt Service Cover</b>			
Total Revenue for Debt Service	7,455	6,485	(970)
Total Debt Service	(2,254)	(2,330)	(76)
Debt Service Cover Matrix	3.31	2.78	(0.5)
<b>Debt Service Cover Rating</b>	<b>4</b>	<b>4</b>	<b>0</b>
<b>Liquidity</b>			
Cash for CoS Liquidity Purpose	(1,552)	(1,218)	334
Operating Expenses within EBITDA	(103,601)	(110,817)	(7,216)
Liquidity Metric (Days)	(5.4)	(4.0)	1.4
<b>Liquidity Rating</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>CoSRR</b>	<b>4</b>	<b>4</b>	<b>0</b>

The month 12 overall risk rating on the Monitor metrics is level 4.

Although not part of the overall risk rating score, a series of additional indicators to highlight the potential for any future material financial risk have been used historically by Monitor. Whilst now not formally covered in template returns those that remain relevant are shown below for completeness.

Cumulative Performance to month 12

<b>Unplanned decrease in (quarterly) EBITDA margin in two consecutive quarters</b>	Yes
<b>Trust is unable to certify that Board anticipates that the Quarterly CoSRR will be at least 3 over the next 12 months (from Governance Statement)</b>	No
<b>Debtors &gt; 90 days past due account for more than 5% of total debtor balances</b>	Yes
<b>Creditors &gt; 90 days past due account for more than 5% of total creditor balances</b>	Yes
<b>Capital expenditure &gt; 115% of Latest Plan for the year to date</b>	No
<b>Capital expenditure &lt; 85% of Latest Plan for the year to date</b>	No
<b>Quarter end cash balance &lt;10 days of (annualised) operating expenses</b>	No

**Debtors > 90 days past due** - total £1.527m and account for 29% of total debtors.

Within the total over 90 days due: £636k relates to RLBUHT invoices. Further work is required in the first quarter of 2015/16 to reduce as far as possible the respective debtor/creditor positions. Private patient insurance company debt over 90 days continues to increase, further work is required to address this debt either through external debt recovery or recommend for write off.

**Creditors >90 days past due** - total £0.49m and accounts for 13% of total creditor balances. A large proportion of the outstanding debt is with RLBUHT. There are outstanding invoices in respect of energy totalling £114k whilst a price increase for two months is being investigated and clinical waste recharges totalling £34k.

#### 4.Statement of Comprehensive Income (SoCI)

For completeness the SoCI is attached at **Appendix 1**.

#### 4.1 Income and activity

##### Activity & Clinical Income by Point of Delivery

Point of Delivery	Inpatient Activity			Income (£000's)		
	Plan YTD	Actual YTD	Var YTD	Plan YTD	Actual YTD	Var YTD
Day Case	4,485	4,371	-114	9,190	9,472	282
Elective	3,916	3,838	-78	23,411	23,112	-299
Non Elective	4,134	4,340	206	19,275	20,880	1,605
Excess Bed Days	1,898	1,748	-150	412	374	-38
OP First attenders	22,477	24,536	2,059	3,499	3,953	454
OP Follow ups	43,358	46,002	2,644	4,389	4,631	242
Outpatients Radiology	8,411	7,777	-634	1,186	1,092	-94
Outpatient Other (ECG, Oxygen, Pulm Rehab)	8,595	8,736	141	996	1,072	76
Critical Care	11,980	12,405	425	15,800	16,211	411
Critical Care Transition	0	0	0	-54	-1,054	-1,000
Devices	1,759	1,968	209	9,824	12,449	2,626
Drugs	0	0	0	2,966	3,238	271
Cystic Fibrosis	340	333	-7	4,824	4,858	34
PPCI	1,263	1,323	60	159	173	14
Other Adjustments	0	0	0	283	-192	-475
<b>Total</b>	<b>112,616</b>	<b>117,377</b>	<b>4,761</b>	<b>96,160</b>	<b>100,270</b>	<b>4,110</b>

Inpatient activity performance in month was above plan by 110 spells (10%):

- The Surgical Division was 16 spells above plan in month (5%) and £269k (11%) above plan in income terms. Performance by procedure group was:
  - Cardiac surgery 11 spells (6%) above plan and £176k (10%) above income plan, driven by cardiac valve, CABG & valve.
  - Thoracic surgery 7 spells (6%) above plan and £63k (11%) above income plan with strong income performance on complex thoracic.
  - Upper GI was below plan by 2 spells (11%) but above plan on income £30k (30%).
- Cardiology and Chest Medicine Division was 87 spells above plan (12%) and above plan on income by £201k (9%). The main variances by procedure group were:
  - Catheters were 50 spells (45%) above plan and £94k (42%) below income plan.
  - EP Studies were 14 spells above plan (13%) and £24k (7%) above income plan.
  - Pacing was 25 spells above plan (23%) and £126k (24%) above income plan.
- Critical care bed days were reported as 16 (1%) above plan in month and £38k (3%) below the income plan. Cumulatively critical care income is £411k above plan (3%) and 425 bed days above plan (4%) this excludes the impact of the difference in transition tariff compared to plan at month 12 of £1,000k.
- Outpatient activity was 937 (13.0%) above plan in month with income above plan by £158k (18%). Cumulatively to date outpatient attendances are 4,210 (5%) above plan. The over performance continues to be materially driven by unbundled diagnostic tests that were not catered for in the plan.

- High cost devices were 13 below plan in month (6%) and £211k (18%) above income plan offsetting the cost of the devices showing within the clinical supplies budget overspend. Included within this figure, ICDs are 15 above plans with other devices below plan. Drugs recharges were above plan by £161k in month.

## 4.2 Operating Income and Contract Update

The tertiary contract with NHS England overperformed in month by £0.67m and is £3.75m (6%) above plan cumulatively to date. The above plan performance to date is materially driven by recharged devices (£2.6m), non- elective activity (£0.78m) and critical care (£0.57m) offsetting the critical care tariff transition (-£1.0m).

The Secondary contract over performed by £0.20m in Month 12 and is £0.58m above plan cumulatively to date. Materially the over performance is with Wirral CCG and West Lancashire CCG and by point of delivery driven by non-elective activity (£0.46m) and outpatient procedures (0.25m), offset by a large below plan performance with electives (-£0.52m).

The Wales contract was below plan in month 12 by £68k (5%) and is cumulatively £371k below plan (3%). Non-elective non-emergency activity is above plan (£196k), however both non elective (£320k) and critical care (£211k) are below plan.

The Isle of Man contract was below plan in month by £60k (25%). Cumulatively this contract is £274k (10%) above plan in driven by devices (£59k) and elective activity £229k (mainly TAVI £140k).

Private patient income was above plan by £72k (28%) in month 12. Activity to date is 38% higher than the equivalent period in 2013/14. Cumulatively private patient income is £0.73m above plan (25%).

Non patient related income was above plan in month 12 by £619k (103%) materially driven by donated assets via charitable funds (£274k) and other operating revenue (£209k). At the end of month 12 non patient related income is £1,442k above plan (20%) materially driven by SLA/Trust income.

## 4.3 Operating Expenditure

Pay costs were above plan by £1.2m in March and are £3.6m above plan to date.

Overtime costs in month 12 (£365k), were above the monthly trend (£30k) due to the year end provision of the Working Time Directive calculation (£335k). This was also the case for bank spend with spend of £259k in month against a monthly trend of £120k (WTD provision for on call). Agency costs remained high in Month 12 £260k, against an average rate of £142k predominantly driven by nursing which was some £151k in month and cumulatively £856k reflecting issues in key areas of the Trust such as Critical Care £88k, Wards £24k and Cath Labs £20k due to vacancies , sickness levels and increased activity.

As previously reported agency costs continued to be high in the Clinical Coding department in month with historic difficulties in recruiting of posts on a substantive basis. Successful recruitment has recently taken place with recently agreed recruitment and retention premiums having a positive impact.

Other factors contributing to above plan pay expenditure in month include a significant increase in additional sessions for consultants in relation to activity, vacancies and sickness/ Maternity leave cover. In month the total cost of sessions totalled £160k, (£953k YTD), directorate split Cardiology

£45k, surgery £45k and Anaesthesia £70k. Slippage on CIP in respect of Consultant job planning total - £272k year to date.

Drugs expenditure was above plan in month by £81k and cumulatively is above plan by £368k. In regards to the in month above plan expenditure, this relates to activity for March being 11% above plan, YTD activity is 1% above plan with failing CIP's at £127k.

Clinical supplies are £39k above plan in month and are £2.2m above plan cumulatively reflecting activity related costs.

Overall activity is 11% over plan with Cardiology 12% and Surgery 7%

Cardiology is £260k above plan in month due to;

- ICDs are 15 above plan in month (£11- £12k each) 33%, but are rechargeable with the income included in the income position reported in month.
- Other areas significantly above plan include Catheters 45%, EP 9% and EBUS 44% over plan; however PASD was 50% down on plan, but does not consume high cost devices.

Surgery was £88k over plan due to 7% increase in activity. With TAVI's on plan and valves performance 13 over in the month. Valves carry an average cost of £4k each.

Non-clinical supplies expenditure was £47k below plan in month which includes the additional cost of the Catering & Laundry during March (£12k).

Overhead expenditure was some £600k above plan in month. This is materially driven by in month costs relating to an increase in bad debt provision for £479k, due to the current level of outstanding debt mainly with insurance companies, £105k Capita fee for the scanning of case notes and £105k costs including the fee for Optimise.

The overall income and expenditure position includes the reversal of a previous impairment in month, this is adjusted out of the reported normalised position.

At month 12 achieved CIP's total £4.9m against a plan of £5.8m with corresponding slippage of £0.9m.

The table below illustrates the CIP performance to date by category.

YTD Performance by Category	Plan £'000	Actual £'000	Variance £'000	Additional Schemes Identified £'000	Total Actual £'000	Revised Variance £'000
Income	262	361	99	275	636	374
Pay	2,761	699	-2,062	491	1190	-1,571
Non Pay	2,761	2,836	75	221	3057	296
<b>Total</b>	<b>5,783</b>	<b>3,896</b>	<b>-1,887</b>	<b>986</b>	<b>4,882</b>	<b>-901</b>

The largest area of slippage in CIP schemes continues to feature within pay and relates to the previously reported profiling issue associated with Consultant premium sessions savings, admin & clerical review, purchase of additional annual leave, vacancy control, unallocated CIP's and departmental reviews by external bodies. The total slippage associated with these schemes at month 12 is £1,965k. In addition there is slippage in various schemes across the divisions as outlined in the table below totalling £1,887k. These include income for Echocardiogram tests that



commissioners have refused to accept until 2015/16 (£200k), REAPPRO drug protocol savings (£100k), Estates non pay (£80k) and various ITU consumable savings (£159k).

The table below illustrates the CIP performance to date by Directorate.

YTD Performance by Directorate	Plan £'000	Actual £'000	Variance £'000	Additional Schemes Identified £'000	Total Actual £'000	Revised Variance £'000
Cardiology	1,862	1,394	-468	309	1703	-159
Surgery	1,538	1,035	-503	290	1325	-213
Clinical Support Services	500	494	-6	113	607	107
Non-clinical support Services	273	106	-167	41	147	-126
Corporate Services	700	761	61	234	995	295
CIP to be allocated / Reserves	909	106	-803	0	106	-803
<b>Total</b>	<b>5,783</b>	<b>3,896</b>	<b>-1,887</b>	<b>986</b>	<b>4,882</b>	<b>-901</b>

In Year the directorates have identified additional schemes for £986k, thus reducing the 14/15 CIP shortfall to £0.9M. Additional schemes include pay slippage of £491k and additional private patients & overseas income contribution of £255k.

## 6.Statement of financial Position(SoFP)

For completeness the balance sheet (SoFP) and cash flow (SoCF) statements are attached at **Appendices 2 and 3**.

## 7.Cash

### Cash Balance

In month £000s			Cumulative £000s		
Plan	Actual	Variance	Plan	Actual	Variance
-2,575	3,389	5,964	8,701	12,333	3,632

Cash balances increased by £3.4m in month and stand at £12.3m which is £3.6m above plan. The above plan variance is materially driven by:

- Normalised EBITDA performance is some £1.0m below plan.
- Restructuring costs for the MARS scheme have been paid in year but were not included in the plan of £0.44m.
- Movements in Working Capital are increasing cash balances more than was planned by £1.7m, which includes:
  - Positive cash flows in respect of the level of accruals (£3.1m) and provisions (£1.4m); together with
  - Negative cash flows in respect of the level of receivables (£1.8m), payables (£0.5m), stock (£0.2m), and deferred income (£0.3m).
- Capital expenditure (excluding capital accruals) is below the original plan improving the cash position by £2.7m.

- Other financing cashflows (PDC, interest etc.) contributes a £0.6m improvement in the cash position.

## Investments

At the end of month 12 the Trust had £12.3m deposited in the GBS account. The table below illustrates the interest received associated with the various accounts in the year to date (£38k).

Investment held with:	Interest Rate	Investment £	Interest YTD £	Equivalent Interest	Management Charges
GBS Account	0.25%	12,328,513	11,068	0	
Royal Bank of Scotland Instant Access	0.90%	0	0	0	
Royal Bank of Scotland 30 Day Notice Account	1.00%	0	0	0	
National Loans Fund	0.39%	0	26,569	0	
<b>Total</b>		<b>12,328,513</b>	<b>37,638</b>	<b>0</b>	<b>0</b>

## 8. Working Capital

**Total Receivables** (including accruals) are £6.2m at the end of March and are £2.5m above plan.

	YTD Plan £'000	YTD Actual £'000	Variance £'000
NHS Receivables	1,401	3,571	<b>2,170</b>
Non-NHS Trade Receivables	631	1,708	<b>1,077</b>
Other Receivables	453	1,490	<b>1,037</b>
Provision for the Impairment of Receivables	-223	-677	<b>-454</b>
Accrued Income	1,425	126	<b>-1,299</b>
<b>TOTAL</b>	<b>3,687</b>	<b>6,218</b>	<b>2,531</b>

The main variances are as follows:

**Receivables** – Cash from receivables has seen a reduction of £2.6m, £1.8m less than planned, within this accrued income has reduced and NHS Payables has increased due to an invoice being sent to the tertiary commissioner for the level of overperformance in March. Non NHS receivables continue to increase and largely due to issues with private patient companies.

The table below details actual invoices outstanding (the receivable figures above include accrued income and control account balances that do not involve raising invoices). The unallocated line represents payments received but not yet allocated against invoices outstanding.

Customer Type	Analysis of Aged Debt								% Over 90 Days
	Current £	1 - 30 Days £	31-60 Days £	61 - 90 Days £	91 - 180 Days £	181 - 360 Days £	361+ Days £	Total Debt £	
NHS	6,948	342,768	140,032	175,984	407,616	143,333	132,016	<b>1,348,697</b>	51%
Non-NHS	358,127	377,383	36,195	143,563	222,348	321,379	316,202	<b>1,775,198</b>	48%
Unallocated	-	20,096	1,003	1,447	464	4,248	9,395	<b>36,653</b>	38%
<b>TOTAL</b>	<b>365,075</b>	<b>700,055</b>	<b>175,225</b>	<b>318,100</b>	<b>629,500</b>	<b>460,464</b>	<b>438,824</b>	<b>3,087,242</b>	<b>50%</b>

The Statement of Comprehensive Income, Statement of Financial Position, Statement of Cashflows and a Contribution by Directorate table are appended to the report.

## **9.Capital**

Total capital expenditure as at month 12 was £5.1m representing 94% of the revised plan as submitted at Quarter 2 of £5.4m. The key areas of slippage against the plan include;

- Deferral of the network replacement scheme until 2015/16 (£490k);
- Slippage in the development of the Cystic Fibrosis Unit into 2015/16 (£508k);
- Offset by equipment schemes brought forward from 2015/16.

## **10.Conclusion**

The draft year end position shows a normalised surplus position of some £88k, which while below the planned surplus for the year of £474k, incorporates the shortfall on CIP of £901k, and delivers a planned CoSRR of 4

Activity has shown continued improvement in month 12 with overall inpatient spells now 0.1% above plan, and total outpatient activity some 5% above plan .This activity overperformance delivering strong clinical income levels for the year of £4.3m (4.2%).

EBITDA performance for the year at the end of quarter 4 is £1.0m below plan, with strong income performance offset by over spends mainly on pay, a shortfall in CIP delivery and agreed additional investments.

## **10.Recommendation**

That the Board of Directors are asked to note the financial position of the Trust at the end of Month 12 and that Trust is operating and will continue to operate within the terms of its licence, regulatory requirements and statutory obligations in respect of finance.

Actual in month 31st Mar 2014 £'000	YTD Actual in month 31st Mar 2014 £'000	Description	2014/15 Plan version £'000	Month			Year to Date		
				Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000
1,131	13,314	Inpatient Activity	13,234	1,142	1,261	119	13,234	13,334	100
5,811	65,758	Outpatient Activity	65,835	5,725	6,590	865	65,835	70,485	4,650
21	254	Number of Working Days	253	21	21	0	253	253	0
1,376	1,376	FTE's	1,449	1,455	1,370	(85)	1,455	1,370	(85)
7,949	101,115	Direct Patient related Revenue	101,466	9,119	10,131	1,012	101,466	105,780	4,315
331	2,855	Private Patients Revenue	2,865	257	330	72	2,865	3,592	728
623	7,326	Non Patient Related Revenue	6,687	558	903	345	6,687	7,953	1,266
<b>8,903</b>	<b>111,296</b>	<b>Total operating income</b>	<b>111,018</b>	<b>9,934</b>	<b>11,364</b>	<b>1,429</b>	<b>111,018</b>	<b>117,326</b>	<b>6,308</b>
(5,055)	(61,109)	Employee Expenses	(60,114)	(4,967)	(6,175)	(1,207)	(60,114)	(63,681)	(3,567)
(606)	(6,121)	Drugs	(5,799)	(510)	(591)	(81)	(5,799)	(6,167)	(368)
(2,901)	(29,935)	Clinical supplies	(28,496)	(2,612)	(2,651)	(39)	(28,496)	(30,680)	(2,184)
(90)	(2,409)	Non-clinical supplies	(2,467)	(208)	(161)	47	(2,467)	(2,568)	(101)
<b>(8,652)</b>	<b>(99,573)</b>	<b>Total Direct Costs</b>	<b>(96,876)</b>	<b>(8,298)</b>	<b>(9,578)</b>	<b>(1,280)</b>	<b>(96,876)</b>	<b>(103,096)</b>	<b>(6,220)</b>
251	11,723	Gross Profit	14,141	1,637	1,785	149	14,141	<b>14,230</b>	88
2.8%	10.5%	Gross Profit Margin	12.7%	0	0		12.7%	12.1%	
		<b>Overheads</b>							
(172)	(1,312)	Establishment expense	(1,265)	(106)	(348)	(241)	(1,265)	(1,609)	(345)
(429)	(3,785)	Premises & Fixed Plant expense	(4,070)	(338)	(211)	128	(4,070)	(3,959)	111
(5)	(418)	Consultancy fees expense	(350)	(31)	(13)	18	(350)	(556)	(206)
(36)	(436)	CNST Contributions	(476)	(40)	(39)	1	(476)	(465)	11
1,341	1,217	Misc. other Operating Expenses	(564)	(43)	(548)	(505)	(564)	(1,196)	(633)
0	0	CIP	-	-	0	0	0	0	0
<b>698</b>	<b>(4,733)</b>	<b>Total overhead expenses</b>	<b>(6,724)</b>	<b>(558)</b>	<b>(1,158)</b>	<b>(600)</b>	<b>(6,724)</b>	<b>(7,786)</b>	<b>(1,061)</b>
<b>949</b>	<b>6,990</b>	<b>EBITDA</b>	<b>7,417</b>	<b>1,079</b>	<b>628</b>	<b>(451)</b>	<b>7,417</b>	<b>6,444</b>	<b>(973)</b>
10.7%	6.3%	EBITDA Margin	6.7%	10.9%	0		6.7%	5.5%	
(455)	(5,054)	Depreciation and amortisation	(5,521)	(475)	(383)	92	(5,521)	(5,039)	482
4	40	Interest Receivable	37	3	3	0	37	38	1
(4)	(47)	Interest Payable on Loans & Leases	(48)	(4)	(3)	1	(48)	(37)	11
(25)	(1,868)	PDC dividend	(2,011)	(168)	(249)	(81)	(2,011)	(2,095)	(84)
2,622	2,622	Reversal Previous Impairment	0	0	3,502	3,502	0	3,502	3,502
(1,291)	(1,291)	Impairments & Restructuring	0	0	0	0	0	(422)	(422)
0	0	Other non-operating items	0	0	0	0	0	0	0
(17)	45	Income from Donated Assets	600	42	315	274	600	777	177
<b>1,785</b>	<b>1,437</b>	<b>Net Surplus / (Deficit)</b>	<b>475</b>	<b>477</b>	<b>3,814</b>	<b>3,337</b>	<b>475</b>	<b>3,168</b>	<b>2,693</b>
20.0%	1.3%	Net Surplus Margin	0.4%	4.8%	33.6%		0.4%	2.7%	
<b>453</b>	<b>105</b>	<b>Normalised Net Surplus / (Deficit)</b>	<b>475</b>	<b>477</b>	<b>312</b>	<b>(165)</b>	<b>475</b>	<b>88</b>	<b>(387)</b>

Post Audit 31st March 2014 £000		Previous Month			Current Month			
		28th Feb 2015 Plan YTD £000	28th Feb 2015 Actual YTD £000	Variance YTD £000	31st Mar 2015 Plan YTD £000	31st Mar 2015 Actual YTD £000	Variance to Plan YTD £000	Movement for Year YTD £000
	<b>Non Current Assets</b>							
857	Non-Current Assets - Intangible Assets	1,031	718	(313)	1,031	790	(241)	(67)
69,340	Non-Current Assets - Tangible Assets	69,445	67,244	(2,201)	69,361	75,030	5,669	5,690
6	Non-Current Assets - Financial Assets	0	6	6	0	24	24	18
<b>70,203</b>	<b>Total Non Current Assets</b>	<b>70,476</b>	<b>67,968</b>	<b>(2,508)</b>	<b>70,392</b>	<b>75,843</b>	<b>5,451</b>	<b>5,640</b>
	<b>Current Assets</b>							
2,541	Inventories	3,223	2,928	(295)	2,571	2,380	(191)	(161)
	<b>Trade and Other Receivables:</b>							
1,285	NHS Receivables	1,066	2,230	1,164	1,401	3,601	2,200	2,316
1,447	Non NHS Trade Receivables	632	968	336	631	1,708	1,077	261
544	Other Receivables	523	1,045	522	453	1,490	1,037	946
(223)	Provision for the Impairment of Receivables	(223)	(223)	0	(223)	(677)	(454)	(454)
637	Accrued Income	514	3,562	3,048	1,425	126	(1,299)	(511)
145	PDC Dividend overpayment	0	0	0	0	0	0	(145)
386	Prepayments	464	697	233	424	425	1	39
10,906	Cash & Cash Equivalents	11,276	8,944	(2,332)	8,701	12,333	3,632	1,427
6	Non Current Assets Held for Sale	0	6	6	0	6	6	0
<b>17,674</b>	<b>Total Current Assets</b>	<b>17,475</b>	<b>20,157</b>	<b>2,682</b>	<b>15,383</b>	<b>21,391</b>	<b>6,008</b>	<b>3,717</b>
<b>87,877</b>	<b>Total Assets</b>	<b>87,951</b>	<b>88,125</b>	<b>174</b>	<b>85,775</b>	<b>97,235</b>	<b>11,460</b>	<b>9,358</b>
	<b>Trade and Other Payables:-</b>							
(2,082)	Deferred Income	(1,889)	(1,603)	286	(818)	(1,380)	(562)	702
(358)	Provisions	(1,297)	(324)	973	(1,297)	(1,743)	(446)	(1,385)
(3,748)	NHS Payables - Revenue	(2,905)	(1,396)	1,509	(2,779)	(1,571)	1,207	2,177
(2,393)	Non NHS Trade Payables - Revenue	(1,936)	(2,460)	(523)	(1,852)	(3,396)	(1,544)	(1,003)
(2,002)	Other Payables (Tax,payroll deductions)	(1,796)	(2,020)	(224)	(1,849)	(2,020)	(171)	(18)
(653)	Non NHS Trade Payables - Capital	(645)	(799)	(154)	(524)	(2,536)	(2,012)	(1,883)
(5,076)	Accruals	(5,574)	(7,707)	(2,133)	(5,110)	(7,363)	(2,253)	(2,287)
(195)	Borrowings	(135)	(134)	1	(135)	(135)	0	60
-	PDC Dividend	(838)	(838)	0	0	(80)	(80)	(80)
<b>1,167</b>	<b>Net Current Assets/ (Liabilities)</b>	<b>460</b>	<b>2,877</b>	<b>2,418</b>	<b>1,019</b>	<b>1,168</b>	<b>149</b>	<b>1</b>
<b>71,370</b>	<b>Total Assets less Current Liabilities</b>	<b>70,936</b>	<b>70,845</b>	<b>(90)</b>	<b>71,411</b>	<b>77,011</b>	<b>5,600</b>	<b>5,641</b>
(982)	Deferred Income	(492)	(983)	(491)	(492)	(983)	(491)	(1)
(103)	Provisions	(71)	(123)	(52)	(71)	(88)	(17)	15
(537)	Borrowings	(403)	(414)	(11)	(403)	(403)	0	134
<b>69,748</b>	<b>Total Assets Employed</b>	<b>69,970</b>	<b>69,325</b>	<b>(644)</b>	<b>70,445</b>	<b>75,538</b>	<b>5,093</b>	<b>5,790</b>
62,799	Public Dividend Capital	63,023	63,023	0	63,023	63,322	299	523
11,836	Revaluation Reserve	11,866	11,836	(30)	11,866	13,886	2,020	2,050
	<b>Income and Expenditure Account</b>							
(4,887)	Retained Earnings	(4,924)	(5,533)	(609)	(4,444)	(1,670)	2,774	3,217
<b>69,748</b>	<b>Total Taxpayers Equity</b>	<b>69,965</b>	<b>69,325</b>	<b>(640)</b>	<b>70,445</b>	<b>75,538</b>	<b>5,093</b>	<b>5,790</b>

## Current Trading - Cashflow Statement as at 31st March 2015

Appendix 3

Post Audit 31st March 2014	Cashflow Statement Month	In Month			Year to Date		
		Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
14,790	Opening Balance	11,276	8,944	-2,332	10,882	10,907	25
6,990	EBITDA	1,120	946	-174	8,020	6,799	-1,221
45	Charitable investment	-42	-315	-274	-600	-777	-177
7,035	Operating Cashflows before movements in working Capital	1,078	631	-448	7,420	6,022	-1,398
	<b>Movements in Working Capital:</b>						
16	(Increase)/Decrease in Inventories	652	548	-104	380	161	-219
-367	(Increase)/Decrease in Receivables (including accrued income)	-1,176	1,334	2,510	-748	-2,557	-1,809
107	(Increase)/Decrease in Prepayments	40	272	232	4	-39	-43
394	Increase/(Decrease) in Payables	-157	1,112	1,269	-731	-1,156	-425
-481	Increase/(Decrease) in Accruals	-464	-344	120	-778	2,287	3,065
1,540	Increase/(Decrease) in Deferred Income	-1,070	-223	847	-449	-701	-252
-1,371	(Increase)/Decrease in Current Provisions	0	1,419	1,419	318	1,385	1,067
-162	Increase/(Decrease) in Working Capital	-2,175	4,119	6,294	-2,004	-621	1,384
0	Increase/(Decrease) in Non Current Provisions	0	-35	-35	-324	-15	309
6,873	Net Cash Inflow/(Outflow) from Operating Activities	-1,097	4,715	5,812	5,092	5,387	295
-8,657	Capital Expenditure (including capital payables)	-513	-920	-407	-5,880	-3,194	2,686
-8,657	Net Cash Inflow/(Outflow) from Investing Activities	-513	-920	-407	-5,880	-3,194	2,686
-1,784	Cashflow before Financing	-1,610	3,795	5,405	-788	2,193	2,981
-1,874	PDC Dividends Paid	-1,005	-1,007	-2	-2,011	-1,870	141
	PDC Dividends Capital received	0	299	299	224	523	299
40	Interest received on Cash Balances	3	3	0	37	38	1
-47	Interest element of Finance Leases	-4	-3	1	-48	-37	11
	Interest on Non Commercial Loans	0	-3		0	-3	
-218	Repayment of Loans & Leases	0	-11	-11	-195	-194	1
	Donations received in cash	42	315	274	600	777	177
-2,099	Net Cash Inflow/(Outflow) from Financing	-964	-406	561	-1,393	-767	629
-3,883	Net Cash Inflow/Outflow	-2,574	3,389	5,966	-2,181	1,426	3,610
10,907	Closing Balance	8,702	12,333	3,634	8,701	12,333	3,635

## Current Trading - Contribution Analysis for the period to 31st March, 2015.

Contribution by Directorate	Income			Expenditure			Contribution		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
Cardiology & Chest Medicine	-56,964	-61,694	<b>-4,730</b>	40,384	42,949	<b>2,565</b>	-16,580	-18,746	<b>-2,166</b>
Surgery, Anaesthesia & Critical Care	-49,189	-50,210	<b>-1,021</b>	36,170	37,759	<b>1,589</b>	-13,019	-12,451	<b>568</b>
Support Services	-888	-973	<b>-85</b>	16,519	16,622	<b>103</b>	15,631	15,648	<b>17</b>
Corporate Services	-3,977	-4,448	<b>-471</b>	11,503	12,516	<b>1,013</b>	7,526	8,067	<b>542</b>
Reserves, unallocated CIP's	0	0	<b>0</b>	-975	1,037	<b>2,012</b>	-975	1,037	<b>2,012</b>
<b>Total EBITDA</b>	<b>-111,018</b>	<b>117,326</b>	<b>-6,308</b>	<b>103,601</b>	<b>110,882</b>	<b>7,281</b>	<b>-7,417</b>	<b>-6,444</b>	<b>973</b>

*SoCI Reported EBITDA*