

Report to	: Trust Board of Directors
Date of Meeting	: 28 January 2014
Subject	: Finance report
Report from	: James Kennedy – Director of Finance
Purpose	: For information

Summary	The Finance paper summarises the year to date financial performance of the Trust.
Risk and Assurance	: As an FT, Financial management, control and compliance with all Monitor requirements is essential.
Financial Implication	As above
Date issued	: 20.01.2014
Review by	: FBDC - 17 January 2013
Originator	: James Kennedy – Director of Finance

South East Coast Ambulance Service NHS Foundation Trust

Trust Board Report

Finance Report - December 2013

1. Executive Summary

- 1.1. The underlying financial performance in December was better than forecast.
- 1.2. The Trust will score the highest score in the new Continuity of Service Risk Ratings of 4 for the foreseeable future and on current projections remains on course to deliver a 3 under the previous Financial Risk Ratings for the current year.

2. Overview

- 2.1. Our results show a profit in the month of £2.0M compared with APR profit of £1.5M and the Monitor 8+4 of £1.1M.
- 2.2. Income in the month was £0.4M ahead of APR and £0.5M ahead of the 8+4.
- 2.3. For Q3 the profit was £0.3M compared with an APR profit of £2.0M and a PY net profit of £1.3M.
- 2.4. YTD we have made a loss of £0.5M. The APR anticipated a net profit of £3.0M and the PY showed a net profit of £2.4M.
- 2.5. The resulting FRR is a risk rating of 3 for the quarter and an anticipated FRR of 3 for the full year. The continuity of service ratings remain 4 for both categories.
- 2.6. The key cost pressures for the year remain:
 - 2.6.1. the costs of meeting the rectification and service levels for 111;
 - 2.6.2. the overspend for PTS, primarily in Surrey;
 - 2.6.3. the costs of meeting activity growth in A&E which manifest in A&E unit hours, incremental cost of private provision and incremental fleet costs; and
 - 2.6.4. the abstraction and training costs of increasing the workforce to meet demand.
- 2.7. Overall CiPs are expected to deliver £9.2M of savings, down £0.5M from the APR. However this includes £1.0M of non-recurring CiPs. This indicates a core productivity increase which should cover our expected

deflator in next year's contract but which will not deliver additional productivity to support investment.

- 2.8. Capital Expenditure is currently broadly in line with the APR. The overall capex in the year will depend on the extent to which we are able to make tangible progress on the Make Ready Centre projects.
- 2.9. The cash balance is £25.5M which represents a £2.1M improvement from the previous month, helped by realising £1.3M from disposals of land and by further reduction in trade debtors.

3. Projection for the year

- 3.1. Our overall outlook for the year has improved slightly from the Monitor 8+4.
- 3.2. Underlying performance in December was for income to be £0.2M below the 8+4 as A&E activity was lower than expected. Expenditure was £0.5M below the 8+4. £0.3M of this was in Clinical Operations as we provided 2,000 fewer unit hours and had less costs of abstraction. In addition we had included a £0.2M 'risk' in costs for December.
- 3.3. Offsetting this in December, we recognised £0.3M of additional income in 111 based on income negotiations with Commissioners and £0.15M of income from Winter Funding.
- 3.4. The projection for the year has been reduced from a loss of £1.0M to a loss of £0.7M reflecting the marginally better performance in December than expected.

4. Risks and Opportunities

- 4.1. At this stage a view of Risks and Opportunities for the next three months becomes very transactional given the extensive work done to establish an accurate Monitor 8+4.
- 4.2. The key uncertainties are in income, which are mainly upside. £1.4M of Winter Funding has been confirmed which is ring-fenced for us. There are very few formal strings to this. In addition we are negotiating the final year position on the A&E contract which will have an impact on our forecast income.
- 4.3. The key uncertainties around costs are in the cost of delivery, especially if additional resources are needed to compensate for weather. We are also aware of potentially £0.2M of fleet and equipment lost to flooding.
- 4.4. The net position is that the outlook is to improve from the current projection and possibly return to a break-even position.

5. Service Line Reporting and Productivity

5.1. The cost per unit activity in A&E has fallen from £225 in 12/13 to £220 for 13/14 YTD. The cost per unit activity in PTS has risen from £36 in 12/13 to £37 in 13/14 YTD.

5.2. The picture of profitability by despatch desk is important because it reflects the impact of Make Ready Centres. The table below looks at the cost per unit hour, a measure of our internal productivity in producing unit hours; and the cost per activity, which will also reflect the UHU we are able to deliver in the region.

DD	Dec 13 YTD Cost per UH	var v Lowest	Dec 13 YTD Cost per Unit of Activity	var v Lowest	Comment
Thanet	£95	29.9%	£194	9.8%	Hub & Spoke MRC
Dartford	£92	26.5%	£206	16.7%	Traditional Stations
Medway	£88	21.3%	£203	14.9%	Traditional Stations
Ashford	£73	0.0%	£227	28.5%	Central Reporting MRC
Maidstone	£79	9.1%	£219	24.3%	Central Reporting MRC
Eastbourne	£86	18.0%	£198	12.3%	Traditional Stations
Hastings	£96	31.9%	£235	33.5%	Hub & Spoke MRC
Brighton	£87	18.9%	£176	0.0%	Traditional Stations
Worthing	£89	21.9%	£191	8.4%	Traditional Stations
Chichester	£85	17.2%	£235	33.6%	Traditional Stations
Guildford	£89	22.1%	£217	22.9%	Traditional Stations
Redhill	£88	20.7%	£223	26.2%	Traditional Stations
Crawley	£99	36.1%	£215	22.0%	Traditional Stations
Chertsey	£91	24.8%	£222	25.7%	Hub & Spoke MRC
Average	£88	20.9%	£209	18.5%	

The two central reporting Make Ready Centres are producing the lowest cost unit hours for the Trust, but the UHUs that we can achieve in these areas then pushes them towards the more expensive cost per unit activity.

James Kennedy
Director of Finance
 20 January 2014

Glossary

APR – Annual Planning Return, Plan or Budget.

Q1 – First Quarter (April, May and June); Q2 Second Quarter (July, August, September); Q3 Third Quarter (October, November, December); Q4 Final Quarter (January, February, March).

M1 – Month one, April. The same nomenclature is used for all months up to M12 which is March or Month Twelve. The month numbers follow the financial year of April to March.

EBITDA – Earnings before Interest Tax Depreciation and Amortisation. Equivalent to the profit from core operations.

QTD – Quarter to date

YTD – Year to date

PY – Prior Year – refers to the equivalent period in 2011/12

CIPs – Cost Improvement Programs – Efficiencies and savings measured as year over year savings.

FRR – Monitor Financial Risk Rating

8+4 or Monitor 8+4 – The re-forecast submitted to Monitor in December 2013. 8+4 refers to the fact that it was 8 months of actual data and 4 months of forecast data.

NHS Commercial In Confidence
South East Cost Ambulance Service NHS Foundation Trust
Summary of Financial Performance
December 2013

Key Performance Indicators

	Current Month					Quarter to Date					YTD					Full Year					
	£'000s Plan	£'000s Actual	£'000s Prior Year	£'000s Variance	£'000s PY Var	£'000s Plan	£'000s Actual	£'000s Prior Year	£'000s Variance	£'000s PY Var	£'000s Plan	£'000s Actual	£'000s Prior Year	£'000s Variance	£'000s PY Var	£'000s Plan	£'000s Projection	£'000s Prior Year	£'000s Variance	£'000s PY Var	
SOCIE SUMMARY																					
INCOME	16,817	17,182	15,828	365	1,355	46,610	47,930	44,967	1,320	2,963	136,191	140,300	128,695	4,109	11,605	181,295	187,744	174,002	6,450	13,742	
PAY	10,057	10,816	9,938	(759)	(878)	30,302	33,766	30,693	(3,464)	(3,074)	91,714	99,493	88,927	(7,779)	(10,566)	122,019	131,782	120,297	(9,763)	(11,485)	
NON-PAY	4,143	2,924	3,366	1,219	442	10,853	10,325	9,998	529	(327)	31,306	31,470	28,535	(165)	(2,936)	42,031	43,562	38,683	(1,532)	(4,879)	
OPERATING EXPENDITURE	14,200	13,740	13,304	459	(436)	41,155	44,091	40,690	(2,936)	(3,401)	123,020	130,963	117,461	(7,944)	(13,502)	164,050	175,344	158,979	(11,295)	(16,365)	
EBITDA	2,617	3,442	2,523	825	919	5,455	3,839	4,277	(1,615)	(437)	13,172	9,337	11,233	(3,835)	(1,896)	17,245	12,400	15,023	(4,845)	(2,623)	
FINANCING COSTS	1,143	1,411	999	269	412	3,472	3,529	2,969	57	560	10,135	9,790	8,820	(345)	970	13,739	13,127	11,970	(612)	1,157	
TOTAL PROFIT/(LOSS)	1,475	2,031	1,524	556	506	1,982	310	1,308	(1,672)	(998)	3,036	(453)	2,413	(3,490)	(2,866)	3,506	(727)	3,053	(4,233)	(3,780)	
A&E ACTIVITY																					
A&E ACTIVITY	64,086	65,718	61,534	1,632	4,184	181,538	187,556	173,338	6,018	14,218	523,614	544,269	498,013	20,655	46,256	699,516	727,797	670,588	28,281	57,209	
Percentage variance				2.5%	6.8%				3.3%	8.2%				3.9%	9.3%				4.0%	8.5%	
Capped Marginal Rate @ £137 per unit over/(under)				4,112					202,644					1,036,255					1,478,564		
MONITOR RISK RATINGS																					
EBITDA MARGIN	5	5	5	✓	5	3	4	✓	4	3	3	✓	4	3	3	✓	4	3	3	✓	
EBITDA % ACHIEVED	5	5	5	✓	5	3	5	✓	5	3	5	✓	5	3	5	✓	5	3	4	✓	
NET RETURN AFTER FINANCING RATING	5	5	5	✓	5	4	5	✓	5	3	5	✓	5	2	5	✗	5	2	5	✗	
I&E SURPLUS MARGIN	5	5	5	✓	5	2	4	✗	4	2	3	✗	4	2	3	✗	3	2	3	✗	
LIQUIDITY RATIO	5	5	5	✓	5	5	5	✓	5	5	5	✓	5	5	5	✓	5	5	5	✓	
OVERALL COMPLIANCE RISK RATING	5	5	5	✓	5	4	5	✓	5	3	4	✓	4	3	4	✓					
CONTINUITY OF SERVICE RISK RATINGS																					
LIQUIDITY RATING	4	4	4	✓	4	4	4	✓	4	4	4	✓	4	4	4	✓	4	4	4	✓	
CAPITAL SERVICE CAPACITY	4	4	4	✓	4	4	4	✓	4	4	4	✓	4	4	4	✓	4	4	4	✓	
OVERALL RISK ASSESSMENT RISK RATING	4	4	4	✓	4	4	4	✓	4	4	4	✓	4	4	4	✓					
CIPS																					
COST IMPROVEMENT PROGRAMMES	914	899	889	✓	1,991	2,192	2,897	✓	6,180	6,024	7,627	✓	9,716	9,166	10,461	✓					
CAPITAL	673	556	2,821	✗	2,131	2,014	5,520	✓	7,256	7,139	6,211	✓	9,750	10,393	10,703	✓					
CASH POSITION	21,894	25,548	22,905	✓	21,894	25,548	22,905	✓	21,894	25,548	22,905	✓	27,600	27,600	30,317	✓					
WTE	3,387	3,623	3,174	✓	3,403	3,680	3,186	✓	3,410	3,602	3,057	✓	3,410	3,602	3,106	✓					

A&E	Current Month					Quarter to Date					YTD					Full Year				
	Plan	Actual	Prior Year	Variance	PY Var	Plan	Actual	Prior Year	Variance	PY Var	Plan	Actual	Prior Year	Variance	PY Var	Plan	Projection	Prior Year	Variance	PY Var
PRIVATE AMBULANCE PROVIDERS (PAPs)	0	384	452	(384)	68	0	1,890	1,401	(1,890)	(489)	1,882	5,674	3,513	(3,792)	(2,161)	2,224	6,893	4,640	(4,669)	(2,253)
VOLUNTARY AMBULANCE PROVIDERS (VAS)	40	140	139	(100)	(1)	231	691	489	(460)	(202)	688	2,075	1,520	(1,387)	(555)	462	2,521	2,088	(2,059)	(433)
TOTAL	40	524	591	(484)	67	231	2,581	1,890	(2,350)	(691)	2,570	7,749	5,033	(5,179)	(2,716)	2,686	9,414	6,728	(6,728)	(2,686)
PTS																				
PRIVATE AMBULANCE PROVIDERS (PAPs)	45	224	312	(179)	88	134	760	652	(626)	(108)	384	2,565	743	(2,181)	(1,822)	607	3,121	1,548	(2,514)	(1,573)
VOLUNTARY AMBULANCE PROVIDERS (VAS)	0	12	0	(12)	(12)	0	92	0	(92)	(92)	0	146	0	(146)	(146)	0	195	67	(195)	(128)
TOTAL	45	236	312	(191)	76	134	852	652	(718)	(200)	384	2,711	743	(2,327)	(1,968)	607	3,316	1,615	(2,709)	(1,701)

Full Year	Full Year Financial Performance by Service Line																			
	A&E					PTS					111					Total				
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Plan	Projection	Prior Year	Variance	PY	Plan	Projection	Prior Year	Variance	PY	Plan	Projection	Prior Year	Variance	PY	Plan	Projection	Prior Year	Variance	PY	
INCOME	161,206	166,050	160,355	4,845	5,695	15,739	16,802	13,304	1,063	3,498	4,350	4,892	344	542	4,548	181,295	187,744	174,002	6,450	13,742
PAY	109,100	116,112	109,092	(7,012)	(7,020)	10,060	10,657	10,368	(597)	(289)	2,859	5,013	837	(2,154)	(4,176)	122,019	131,782	120,297	(9,763)	(11,485)
NON PAY	37,241	35,164	31,997	2,076	(3,167)	4,409	7,708	6,306	(3,299)	(1,402)	381	690	380	(309)	(310)	42,031	43,562	38,683	(1,532)	(4,879)
OPERATING EXPENDITURE	146,341	151,276	141,089	(4,936)	(10,188)	14,469	18,365	16,674	(3,896)	(1,691)	3,240	5,703	1,217	(2,463)	(4,486)	164,050	175,344	158,979	(11,295)	(16,365)
EBITDA	14,865	14,774	19,266	(91)	(4,493)	1,270	(1,563)	(3,370)	(2,833)	1,807	1,110	(811)	(873)	(1,921)	62	17,245	12,400	15,023	(4,845)	(2,623)
FINANCING COSTS	12,604	11,910	11,754	694	(156)	464	464	57	0	(407)	671	753	159	(82)	(594)	13,739	13,127	11,970	612	(1,157)
TOTAL PROFIT/(LOSS)	2,261	2,864	7,513	(785)	(4,649)	806	(2,027)	(3,427)	(2,833)	1,400	439	(1,564)	(1,032)	(2,003)	(532)	3,506	(727)	3,053	(4,233)	(3,780)

	PTS Plan				PTS Projection				PTS Prior Year			
	Sussex	Surrey	Kent	Total	Sussex	Surrey	Kent	Total	Sussex	Surrey	Kent	Total
INCOME	8,490	6,822	427	15,739	9,289	7,077	436	16,802	8,197	3,309	1,354	12,860
OPERATING EXPENDITURE	(8,115)	(5,674)	(679)	(14,468)	(9,476)	(8,142)	(747)	(18,365)	(9,109)	(4,510)	(3,056)	(16,675)
EBITDA	375	1,148	(252)	1,271	(187)	(1,065)	(311)	(1,563)	(912)	(1,201)	(1,702)	(3,815)
FINANCING COSTS	(244)	(221)	-	(465)	(243)	(221)	-	(464)	(36)	(7)	(14)	(57)
TOTAL PROFIT/(LOSS)	131	927	(252)	806	(430)	(1,286)	(311)	(2,027)	(948)	(1,208)	(1,716)	(3,872)