

The Newcastle Upon Tyne Hospitals NHS Trust

Q4 09/10 reporting executive summary

EBITDA tracks below plan at year end due to premium costs associated with contract over-performance and higher than expected 'agenda for change' uplifts.

	Q1	Q2	Q3	Q4	Plan
FRR	4	4	4	4	4
Governance	G	A	G	G	G
Mandatory services	G	G	G	G	G

Continue quarterly monitoring.

Liquidity

- At Q4 the Trust had a liquidity rating of 4 (25.6 days).
- Closing cash of £51.7m is £8.5m above plan due mainly to lower than planned capital expenditure of £14.1m partly offset by lower EBITDA of £1.6m and adverse working capital movements of £3.3m.
- Working capital facility of £35.0m remains unutilised.

Long Term Borrowing limit £308.9m

Long Term Borrowing at Q4 was £ 261.2m

Financial Summary £m	Quarter			YTD			FY
	Plan	Actual	Variance	Plan	Actual	Variance	Plan
Revenue (Total)	183.5	186.7	3.2	734.1	742.6	8.5	734.1
Employee Expenses	(107.6)	(107.2)	0.5	(430.3)	(424.8)	5.5	(430.3)
Drugs	(19.8)	(21.1)	(1.3)	(77.8)	(78.3)	(0.5)	(77.8)
PFI operating expenses	(2.0)	(0.7)	1.3	(7.7)	(4.6)	3.1	(7.7)
Other costs	(37.4)	(43.4)	(6.1)	(151.6)	(169.7)	(18.2)	(151.6)
EBITDA	16.7	14.3	(2.4)	66.6	65.0	(1.6)	66.6
Depreciation and amortisation	(6.6)	(6.9)	(0.3)	(25.5)	(26.5)	(1.0)	(25.5)
Net interest	(4.7)	(4.7)	(0.1)	(18.3)	(18.0)	0.4	(18.3)
Other	(4.4)	(47.2)	(42.8)	(18.7)	(66.7)	(48.0)	(18.7)
Net Surplus / (Deficit)	1.0	(44.5)	(45.5)	4.1	(46.1)	(50.2)	4.1
<i>EBITDA as % Income</i>	% 9.1%	7.6%	-1.4%	9.1%	8.8%	-0.3%	9.1%
<i>CIPs</i>	£m 4.5	4.3	(0.2)	17.8	18.6	0.8	17.8
Net Surplus / (Deficit)	1.0	(44.5)	(45.5)	4.1	(46.1)	(50.2)	4.1
Change in working capital	2.9	6.3	3.3	(5.5)	(8.8)	(3.3)	(5.5)
Non cash I&E items	15.3	58.6	43.2	61.2	109.4	48.3	61.2
Cashflow from operations	19.3	20.3	1.0	59.7	54.5	(5.2)	59.7
Cashflow from investing activities	(13.0)	(21.7)	(8.7)	(23.5)	(39.3)	(15.8)	(23.5)
Cashflow before financing	6.2	(1.4)	(7.6)	36.3	15.2	(21.1)	36.3
Cashflow from financing activities	(6.4)	(16.0)	(9.6)	(24.9)	(25.3)	(0.4)	(24.9)
Net increase/(decrease) in cash	(0.2)	(17.4)	(17.2)	11.4	(10.1)	(21.5)	11.4
Cash at period end	43.2	21.7	(21.5)	43.2	21.7	(21.5)	43.2
Cash and Cash equivalents at PE	43.2	51.7	8.5	43.2	51.7	8.5	43.2

Financial

Key risks

- Trust achieved its planned pre-exceptional net surplus of £9.1m.
- Q4 EBITDA is behind plan due to additional costs incurred to deliver activity over-performance and agenda for change pay settlements which more than offsets vacant post savings of £3.6m and slippages on developments of £0.5m.
- Year end EBITDA of £65m and pre impairment net surplus of £9.1m is supported by vacancy savings of £8.7m, slippage on staff development expenditure of c. £3.2m, lower than planned energy costs of £1.9m and delayed planned demolitions £1.2m.
- The Trust has delivered £18.6m of CIPs against planned CIPs of £17.8m, £3.6m of which has been delivered non recurrently.
- The Trust incurred a year end impairment of £78.6m as a result of IFRS revaluations, £55m of which has been charged to the I&E account.
- Capital expenditure is below plan by £14.1m at year end due to slippage against a number of schemes including the building of the Research Centre and an Emerging Infections Unit.

Action /Resolution

- Continue quarterly monitoring.
- An external consultancy firm has been assisting the Trust in the development of efficiency savings. The Trust's focus for 2010/11 will be greater recurrent efficiencies through addressing its cost base as opposed to reliance on income generating schemes and non recurrent measures.

Non financial

- Declaration 1 submitted.

- Continue quarterly monitoring.