

Board of Directors

2pm–2.15pm, Tuesday, 25th June 2013

Agenda

Preliminaries

- 1. Chair's opening remarks**
Ms Angela Greatley, Trust Chair
- 2. Apologies for absence**

Reports & Finance

- 3. Finance & Performance Report**
Mr Simon Young, Director of Finance & Deputy CEO *(Report attached)
For information*

Conclusion

- 4. Any other business**
- 5. Notice of future meetings**

Thursday, 27th June 2013: Council of Governors
Tuesday, 23rd July 2013: Board of Directors
Wednesday, 11th September 2013: Directors' Conference, 12noon-5pm*
Thursday, 12th September 2013: Council of Governors
Tuesday, 24th September 2013: Board of Directors
Tuesday, 29th October 2013: Board of Directors
Wednesday, 13th November 2013: Directors' Conference, 10am-5pm*
Tuesday, 26th November 2013: Board of Directors
Thursday, 5th December 2013: Council of Governors

*These are informal meetings and are not open to the public.

Meetings of the Board of Directors will be from 2pm until 5pm, and are held in the Board Room. Meetings of the Council of Governors are from 2pm until 5pm, and are held in the Lecture Theatre. Directors' Conferences are from 12 noon until 5pm, except where stated.

Board of Directors : May 2013

Item : 3

Title : Finance and Performance Report

Summary:

After the second month of the year, a surplus of £476k is reported before restructuring costs, £399k above the planned surplus of £77k. This is partly due to the timing of some expenditure. A surplus above plan is expected for quarter 1, although this will reduce over the year.

The cash balance at 31 May was £2,141k.

For : Information.

From : Simon Young, Director of Finance

1. External Assessments

1.1 Monitor

- 1.1.1 Monitor's assessment on Quarter 4 resulted in a Financial Risk Rating of 4 and the rating for governance remained green.
- 1.1.2 The Annual Plan was submitted to Monitor at the end of May. Following their review, a response is expected in July. The Plan should lead to a Financial Risk Rating of 3.

2. Finance

2.1 Income and Expenditure 2013/14

- 2.1.1 After May the trust is reporting a surplus of £476k before restructuring costs, £399k above budget. Income is £154k below budget, and expenditure £552k below budget.
- 2.1.2 The income shortfall for May of £59k is mainly due a £79k shortfall on Consultancy with TC £34k below target and SAAMHS departmental consultancy being £37k under due to the Pathway Project being £32k below, which is offset by reduced expenditure. "Other Income" is £66k below target due to the Finance CAMHS PbR project and the delayed start to the new Portman service. All the main income sources and their variances are discussed in sections 3, 4 and 5.
- 2.1.3 The favourable variance of £245k on the expenditure budget in May includes an under spend of £51k by the Family Nurse Partnership (FNP) due to vacancies and lower than expected non pay costs. With training and other activity due to increase across the year, it is expected that FNP costs will be close to budget for the year as a whole. Complex Needs £61k under spend in month includes £32k from the Pathway Project (as mentioned in 2.2.2). Portman is £36k under spent in month due to vacant posts for the new project.
- 2.1.4 The remainder of the under spend was mostly vacancies spread across the organisation.
- 2.1.5 As noted in 5.1 below, Tavistock Consulting features on both sides of the May variances, with income and expenditure both below budget. Similarly, the Portman underspend of £28k is because a new project has not yet started; and income is correspondingly below budget.
- 2.1.6 A forecast for the year will be produced after the first quarter.
- 2.1.7 The service line analysis is currently being finalised.

2.2 **Cash Flow**

- 2.2.1 The actual cash balance at 31 May was £2,141k; this is a decrease of £1,645k on the opening April balance of £3,786k. The balance includes the payment for the whole of Q1 – including June - from our NHS education and training commissioners; but there is a £620k shortfall on NHS receipts mainly due to delayed payment for the FNP contract.
- 2.2.2 The full annual cash flow forecast is included in appendix C.

3. **Patient Services**

3.1 **Activity and Income**

- 3.1.1 All the major contract values have now been agreed. Total contracted income for the year is expected to be in line with or exceed budget. Part of the budgeted income for the year is dependent on meeting our CQUIN¹ targets agreed with commissioners and achievement is reviewed on a quarterly basis.
- 3.1.2 There are more significant variances, both positive and negative, in other elements of clinical income, as shown in the table on the next page. However, the forecast for the year is currently in line with budget in most cases, not in line with the figures shown as “variance based on year-to-date.”
- 3.1.3 The income budget for named patient agreements (NPAs) was reduced this year from £205k to £195k. After two months, actual income is £4k below. This shortfall is expected to recover by the end of the first quarter.
- 3.1.4 Court report income (which is budgeted at £113k for the year, of which £50k is for the Portman and £55k in CAMHS) was £18k below budget after May. This shortfall is expected to be recovered over the course of the year.
- 3.1.5 Day Unit was £28k below target. The service is working to secure the additional income required to meet their revised target.
- 3.1.6 Project income is forecast to be balanced for the year. When activity and costs are slightly delayed, we defer the release of the income correspondingly.

¹ Commissioning for Quality and Innovation

	Budget	Actual	Variance	Full year		Comments
	£000	£000	%	Variance based on y-t-d	Predicted variance	
Contracts - base values	1,863	1,865	0.2%	35	0	
Cost and vol variances	43	43	0.0%	0	0	
NPAs	33	29	-10.5%	-20	0	
Projects and other	248	250		-	0	Income matched to costs, so variance is largely offset.
Day Unit	137	109	-20.3%	-175	0	
FDAC 2nd phase	86	91	5.9%	31	0	Income matched to costs, so variance is largely offset.
Court report	19	1	-92.7%	-105	0	
Total	2,429	2,390		-234	0	

4. Training

- 4.1 Income is presenting a favourable variance at month 2 of £77k with £23k contributed from the Junior Medical and Postgrad Medical income. The remaining £54k above budget is largely due to: CPD and Conference income £20k above plan (£34k above plan at month 1); fee income (mainly retrospective invoicing) £18k above plan; and HEFCE settled at full rate £10k above plan due to additional 10% invoicing in May (8/12th retrospective). The two-day Women, Trauma and Violence conference ran successfully in May with 54 delegates. Numbers on other conferences in May have reached just above 30.
- 4.2 Expenditure is below budget by £80k, comprising £49k pay, £18k visiting lecturers, £6k non-pay and £7k on junior doctors
- 4.3 Income from university partners remains under negotiation. Apart from this, the other key area of uncertainty is, as always, fee income from students and sponsors for the academic year starting in October.

5. Consultancy

- 5.1 TC income was £50k in May, compared to the phased budget of £84k and is £66k below budget cumulatively. The shortfall was offset, however, by savings of £62k, mainly on associates. Our forecast for the year assumes at present that the budgeted contribution will be achieved. Budget revisions will be implemented to reflect the staff and other changes recently approved; but with the net contribution unchanged.

5.2 Departmental consultancy is £62k below budget after two months. The majority of the shortfall is within Portman and the Pathway Project. Actions to recover the shortfall will be required to deliver against plan.

Simon Young
Director of Finance
14 June 2013

THE TAVISTOCK AND PORTMAN NHS FOUNDATION TRUST

APPENDIX A

INCOME AND EXPENDITURE REPORT FOR THE FINANCIAL YEAR 2013-14

		May-13			CUMULATIVE			FULL YEAR 2013-14		
		BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	REVISED BUDGET	FORECAST OUTTURN	BUDGET VARIANCE
		£000'S	£000'S	£000'S	£000'S	£000'S	£000'S	£000	£000	£000
INCOME										
1	CLINICAL	1,216	1,216	0	2,429	2,390	(39)	14,494	14,494	0
2	TRAINING	1,622	1,700	77	3,252	3,329	77	21,169	21,169	0
3	CONSULTANCY	170	90	(79)	292	164	(128)	1,495	1,495	0
4	RESEARCH	17	26	9	34	44	10	196	196	0
5	OTHER	116	50	(66)	174	99	(74)	1,043	1,043	0
TOTAL INCOME		3,141	3,082	(59)	6,180	6,026	(154)	38,397	38,397	0
OPERATING EXPENDITURE (EXCL. DEPRECIATION)										
6	CLINICAL DIRECTORATES	1,530	1,353	178	3,020	2,638	382	17,962	17,962	0
7	OTHER TRAINING COSTS	809	816	(7)	1,625	1,545	80	11,090	11,090	0
8	OTHER CONSULTANCY COSTS	74	34	40	149	87	62	893	893	0
9	CENTRAL FUNCTIONS	603	556	48	1,148	1,105	43	6,889	6,889	0
10	TOTAL RESERVES	2	0	2	(0)	0	(0)	447	447	0
TOTAL EXPENDITURE		3,019	2,758	261	5,942	5,376	566	37,281	37,281	0
EBITDA		122	324	202	238	650	412	1,116	1,116	0
ADD:-										
11	BANK INTEREST RECEIVED	0	1	(0)	1	1	(1)	5	5	0
LESS:-										
12	DEPRECIATION & AMORTISATION	46	60	(14)	92	105	(14)	550	550	0
13	FINANCE COSTS	0	0	0	0	0	0	0	0	0
14	DIVIDEND	35	35	0	70	70	0	421	421	0
SURPLUS BEFORE RESTRUCTURING COSTS		42	230	188	77	476	399	150	150	0
15	RESTRUCTURING COSTS	0	2	(2)	0	4	(4)	0	2	(2)
SURPLUS/(DEFICIT) AFTER RESTRUCTURING		42	228	186	77	472	395	150	148	(2)
EBITDA AS % OF INCOME		3.9%	10.5%		3.9%	10.8%		2.9%	2.9%	

THE TAVISTOCK AND PORTMAN NHS TRUST							APPENDIX B	
INCOME AND EXPENDITURE REPORT FOR THE FINANCIAL YEAR 2013-14								
All figures £000								
		May-13			CUMULATIVE			2013-14
		BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	REVISED BUDGET
INCOME								
1	CENTRAL CLINICAL INCOME	517	552	35	1,034	1,070	35	6,207
2	CAMHS CLINICAL INCOME	337	333	(4)	671	635	(36)	4,008
3	SAAMHS CLINICAL INCOME	362	331	(31)	724	686	(38)	4,279
4	NHS LONDON TRAINING CONTRACT	605	605	0	1,209	1,209	0	7,254
5	CHILD PSYCHOTHERAPY TRAINEES	176	191	15	358	349	(9)	2,148
6	JUNIOR MEDICAL STAFF	91	104	13	183	196	13	1,098
7	POSTGRADUATE MED & DENTL EDUC	7	27	20	14	33	19	84
8	DET TRAINING FEES & ACADEMIC INCOME	55	59	4	110	116	6	2,201
9	CAMHS TRAINING FEES & ACADEMIC INCOME	544	550	6	1,088	1,109	21	6,506
10	SAAMHS TRAINING FEES & ACADEMIC INCOME	124	139	16	247	269	22	1,584
11	TC TRAINING FEES & ACADEMIC INCOME	22	25	4	43	48	5	293
12	TC INCOME	84	50	(34)	167	102	(66)	1,004
13	CONSULTANCY INCOME CAMHS	11	2	(9)	21	13	(8)	107
14	CONSULTANCY INCOME SAAMHS	75	39	(37)	103	49	(55)	384
15	R&D	17	26	9	34	44	10	196
16	OTHER INCOME	116	50	(66)	174	99	(74)	1,043
TOTAL INCOME		3,141	3,082	(59)	6,180	6,026	(154)	38,397
EXPENDITURE								
17	COMPLEX NEEDS	344	283	61	635	563	72	3,462
18	PORTMAN CLINIC	127	91	36	255	186	69	1,527
19	GENDER IDENTITY	96	69	27	192	145	46	1,151
20	BIG WHITE WALL & DEV PSYCHOTHERAPY UNIT	18	21	(3)	39	39	0	221
21	NON CAMDEN CAMHS	337	339	(3)	681	658	23	4,003
22	CAMDEN CAMHS	312	309	3	624	645	(21)	3,703
23	CHILD & FAMILY GENERAL	10	5	5	20	8	12	449
24	FAMILY NURSE PARTNERSHIP	287	237	51	574	395	179	3,446
25	JUNIOR MEDICAL STAFF	85	80	5	168	161	7	1,006
26	NHS LONDON FUNDED CP TRAINEES	176	190	(15)	358	348	10	2,148
27	TAVISTOCK SESSIONAL CP TRAINEES	3	3	0	6	5	0	34
28	FLEXIBLE TRAINEE DOCTORS & PGMDE	30	41	(11)	60	71	(10)	361
29	EDUCATION & TRAINING	185	179	6	372	332	40	3,779
30	VISITING LECTURER FEES	132	129	3	264	247	18	1,374
31	CAMHS EDUCATION & TRAINING	122	118	4	244	233	11	1,466
32	SAAMHS EDUCATION & TRAINING	77	75	1	153	149	4	921
33	TC EDUCATION & TRAINING	0	0	0	0	0	(0)	0
34	TC	74	34	40	149	87	62	893
35	R&D	13	(1)	14	27	14	14	169
36	ESTATES DEPT	174	176	(2)	348	343	5	2,088
37	FINANCE, ICT & INFOMATICS	194	159	34	329	312	18	1,976
38	TRUST BOARD, CEO, DIRECTOR, GOVERN'S & PPI	81	82	(0)	163	156	7	978
39	COMMERCIAL DIRECTORATE	56	61	(5)	112	116	(4)	672
40	HUMAN RESOURCES	52	52	(0)	104	103	0	622
41	CLINICAL GOVERNANCE	39	34	4	76	71	5	452
42	PROJECTS CONTRIBUTION	(6)	(6)	(0)	(11)	(11)	(1)	(69)
43	DEPRECIATION & AMORTISATION	46	60	(14)	92	105	(14)	550
44	IFRS HOLIDAY PAY PROV ADJ	0	0	0	0	0	0	0
45	PRODUCTIVITY SAVINGS	0	0	0	0	0	0	0
46	INVESTMENT RESERVE	1	0	1	0	0	0	152
47	CENTRAL RESERVES	0	0	0	(0)	0	(0)	294
TOTAL EXPENDITURE		3,065	2,819	245	6,034	5,482	552	37,831
OPERATING SURPLUS/(DEFICIT)		76	263	186	146	545	398	566
48	INTEREST RECEIVABLE	0	1	0	1	1	1	5
49	DIVIDEND ON PDC	(35)	(35)	0	(70)	(70)	0	(421)
SURPLUS/(DEFICIT)		42	228	186	77	476	399	150
50	RESTRUCTURING COSTS	0	2	(2)	0	4	(4)	0
SURPLUS/(DEFICIT) AFTER RESTRUCTURING		42	227	185	77	472	395	150

Appendix C

2013/14 Plan	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening cash balance	3,176	3,901	3,061	1,627	2,940	1,844	1,585	3,408	2,134	1,133	3,540	2,648	3,176
Operational income received													
NHS (excl SHA)	315	1,942	1,380	1,421	1,314	1,283	1,273	1,315	1,283	1,274	1,314	1,283	15,397
General debtors (incl LAs)	1,073	403	556	562	459	1,618	571	483	480	829	565	482	8,081
SHA for Training	2,567	142	79	2,567	143	79	2,567	142	79	2,567	143	79	11,156
Students and sponsors	325	150	150	100	0	200	800	250	100	750	100	100	3,025
Other	18	18	18	18	18	18	18	18	18	18	18	18	216
	4,298	2,655	2,183	4,668	1,934	3,198	5,229	2,208	1,960	5,438	2,140	1,962	37,875
Operational expenditure payments													
Salaries (net)	(1,427)	(1,527)	(1,453)	(1,427)	(1,327)	(1,327)	(1,327)	(1,327)	(1,327)	(1,327)	(1,327)	(1,327)	(16,450)
Tax, NI and Pension	(932)	(981)	(981)	(981)	(981)	(981)	(980)	(981)	(981)	(981)	(981)	(981)	(11,722)
Suppliers	(847)	(988)	(1,074)	(874)	(723)	(799)	(1,099)	(1,174)	(724)	(723)	(725)	(723)	(10,473)
	(3,206)	(3,496)	(3,508)	(3,282)	(3,031)	(3,107)	(3,406)	(3,482)	(3,032)	(3,031)	(3,033)	(3,031)	(38,645)
Capital Expenditure	0	0	(100)	(72)	0	(340)	0	0	(530)	0	0	(1,275)	(2,317)
Loan	0	0	0	0	0	200	0	0	600	0	0	900	1,700
Interest Income	0	1	0	1	0	1	0	0	1	0	1	0	5
Payments from provisions	0	0	(9)	(2)	0	0	0	0	0	0	0	0	(11)
PDC Dividend Payments	(367)	0	0	0	0	(211)	0	0	0	0	0	(210)	(788)
Closing cash balance	3,901	3,061	1,627	2,940	1,844	1,585	3,408	2,134	1,133	3,540	2,648	995	995
2013/14 Actual/Forecast	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening cash balance	3,176	3,786	2,141	1,627	2,940	1,843	1,585	3,408	2,134	1,133	3,540	2,648	3,176
Operational income received													
NHS (excl SHA)	572	1,065	2,000	1,421	1,314	1,283	1,273	1,315	1,283	1,274	1,314	1,283	15,397
General debtors (incl LAs)	861	433	556	562	459	1,618	571	483	480	829	565	482	7,899
SHA for Training	2,465	17	279	2,567	143	79	2,567	142	79	2,567	143	79	11,129
Students and sponsors	291	108	150	100	0	200	800	250	100	750	100	100	2,949
Other	39	30	18	18	18	18	18	18	18	18	18	18	249
	4,228	1,653	3,003	4,668	1,934	3,198	5,229	2,208	1,960	5,438	2,140	1,962	37,623
Operational expenditure payments													
Salaries (net)	(1,329)	(1,308)	(1,453)	(1,427)	(1,327)	(1,327)	(1,327)	(1,327)	(1,327)	(1,327)	(1,327)	(1,327)	(16,133)
Tax, NI and Pension	(932)	(998)	(981)	(981)	(981)	(981)	(980)	(981)	(981)	(981)	(981)	(981)	(11,739)
Suppliers	(964)	(962)	(974)	(874)	(723)	(799)	(1,099)	(1,174)	(724)	(723)	(725)	(723)	(10,464)
	(3,225)	(3,268)	(3,408)	(3,282)	(3,031)	(3,107)	(3,406)	(3,482)	(3,032)	(3,031)	(3,033)	(3,031)	(38,336)
Capital Expenditure	(28)	(31)	(100)	(72)	0	(340)	0	0	(530)	0	0	(1,275)	(2,376)
Loan	0	0	0	0	0	200	0	0	600	0	0	900	1,700
Interest Income	1	1	0	1	0	1	0	0	1	0	1	0	6
Payments from provisions	0	0	(9)	(2)	0	0	0	0	0	0	0	0	(11)
PDC Dividend Payments	(366)	0	0	0	0	(211)	0	0	0	0	0	(210)	(787)
Closing cash balance	3,786	2,141	1,627	2,940	1,843	1,585	3,408	2,134	1,133	3,540	2,648	995	995