

Oxleas NHS Foundation Trust Executive Summary

Monitor

Independent Regulator
of NHS Foundation Trusts

The Trust has achieved an FRR 5 at Q3. The Trust's I&E surplus is £0.7m ahead of plan principally as a result of additional interest income earned in the first half of the year.

Risk ratings

	AP	YTD	
Financial	4	5	▶ Continue Quarterly Monitoring
Governance	G	G	
Mandatory services	G	G	

Liquidity:

- There are no immediate liquidity concerns apparent from this review.
- At Q3 the Trust has a liquidity rating of 5 (97 days).
- Closing cash is £40.7m which is £15.9m higher than planned due mainly to cash received in advance from PCTs (£0.3m), under spend on capital (£6m), increased interest receivable (£0.5m) and other changes in working capital which are principally an increase of accruals of £6.4m.
- The Trust has a working capital facility of £10m provided by Lloyds TSB.

Financial summary £m

	Quarter			YTD			FY	
	Plan	Actual	Var	Plan	Actual	Var	Plan	Plan
Total income	32.4	33.9	1.6	97.1	100.7	3.6		129.5
Pay costs	(22.1)	(21.9)	0.2	(66.3)	(65.1)	1.1		(88.3)
Drug costs	(0.7)	(0.6)	0.1	(2.1)	(1.9)	0.2		(2.8)
Other costs	(7.5)	(8.9)	(1.4)	(21.6)	(26.5)	(4.8)		(30.2)
EBITDA	2.0	2.5	0.4	7.1	7.2	0.1		8.2
Depreciation	(0.6)	(0.5)	0.0	(1.7)	(1.6)	0.1		(2.3)
Net interest	0.1	0.2	0.1	0.3	0.8	0.5		0.3
Other	(1.0)	(1.0)	0.0	(3.1)	(3.1)	0.0		(4.1)
	0.5	1.0	0.5	2.6	3.3	0.7		2.1
Exceptional items	0.0	0.0	0.0	0.0	0.0	0.0		(3.9)
Net surplus/(deficit)	0.5	1.0	0.5	2.6	3.3	0.7		(1.9)
<i>EBITDA % Income</i>	<i>6.3</i>	<i>7.2</i>		<i>7.3</i>	<i>7.2</i>			<i>6.3</i>
<i>I&E CIP</i>	<i>0.5</i>	<i>0.4</i>	<i>(0.1)</i>	<i>1.3</i>	<i>1.1</i>	<i>(0.2)</i>		<i>1.8</i>
EBITDA	2.0	2.5	0.4	7.1	7.2	0.1		8.2
Change in WC	(1.1)	(2.7)	(1.5)	(8.4)	0.9	9.2		(10.7)
Non cash I&E items	0.0	0.0	0.0	0.0	0.0	0.0		0.0
CF from operations	0.9	(0.2)	(1.1)	(1.2)	8.1	9.3		(2.5)
Capital expenditure	(3.6)	(0.6)	3.0	(8.4)	(2.4)	6.0		(9.4)
Financing and other	0.1	0.2	0.1	(1.8)	(1.3)	0.5		(4.0)
Net cash flow	(2.7)	(0.7)	2.0	(11.4)	4.4	15.8		(15.9)
Period end cash	24.8	40.7	15.9	24.8	40.7	15.8		20.4

AHC Quality of services = Excellent LT borrowing limit = £29.7m Loans drawn = £nil

	Key points	Action /Resolution
Financial	<ul style="list-style-type: none"> • Year to date EBITDA is £0.1m above plan due to EMI and TILT funding (£0.9m) and other additional income from the Greenwich PCT contract (£0.3m), Greenwich S75 (£0.3m) and forensic services (£0.4m) as well as an under spend in pay costs (£1.1m) relating to Trust vacancies partially offset by the overspending relating to the un-contracted additional activity (£2.3m) and £1.2m of additional provisions. • The I&E surplus is ahead of plan (£0.7m) as higher than planned cash balances generate £0.5m additional interest. • The CIP is £0.2m behind plan relating to Cross Directorate and Bexley. The Trust does not anticipate meeting the plan by year end. 	
Non financial	<ul style="list-style-type: none"> • A Declaration 1 for governance was signed by the Trust indicating the Trust has met all relevant targets and standards at Q3. • The Trust is in negotiations with both Bromley and Bexley PCTs over the transfer of the PCTs' provider arms to the Trust. Bexley PCT have invited Oxleas to take on the Adult Community Provider Unit from 1st November 2009. These two transactions are likely to meet Monitor's thresholds for material and significant transactions. • Bromley PCT have yet to decide how to proceed with divesting their provider services. 	<ul style="list-style-type: none"> • The Trust are embarking on a Due Diligence process with a view to the consultation period beginning on 1st August. • The Trust will continue to update Monitor on progress in relation to these negotiations.