

MEMO

To: Board Members
From: Eric Sinclair, GM Finance & Performance
Date: 17 January 2018
Subject: Financial Report for December 2017

Status

This report contains:
 For decision
 Update
 Regular report
 For information

Overview

Financial Result



Budget Variance



Forecast Position



Cash Position



Capital Expenditure

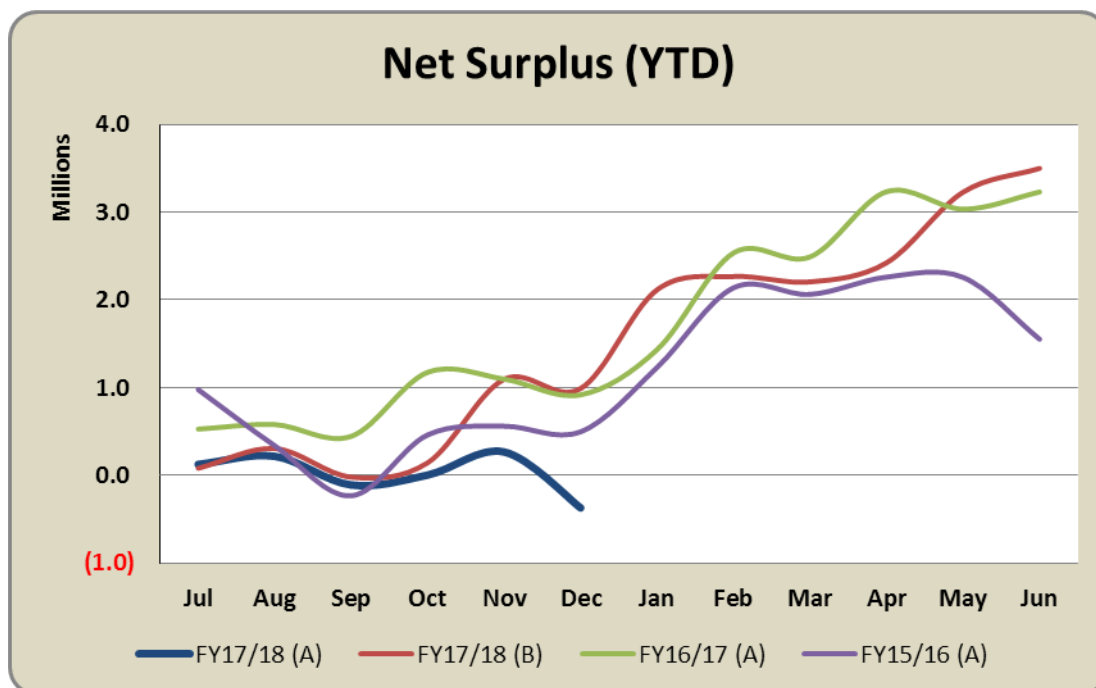


Commentary

A \$635k deficit (against the planned \$107k deficit) for the month has brought the half year result to a deficit of \$367k (against the planned surplus of \$989k). This gives a 6 month adverse variance to the plan of \$1,355k.

Detailed financial statements are included in the Appendix attached to this report.

December 2017 \$Ms				Year to Date \$Ms				Full Year \$Ms	
Actual	Budget	Budget Variance	Last Year Actual	Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
38.20	38.17	0.03	37.27	245.47	244.41	1.05	234.52	493.82	468.24
Revenue				Expenditure					
13.47	13.46	(0.01)	13.49	90.57	90.25	(0.32)	85.87	184.19	175.32
6.71	6.27	(0.44)	5.96	42.41	40.29	(2.12)	37.15	80.32	72.90
13.14	12.99	(0.15)	13.02	79.50	79.54	0.05	77.80	159.11	153.41
3.71	3.69	(0.01)	3.53	22.70	22.16	(0.54)	22.03	44.32	43.41
37.04	36.42	(0.62)	36.00	235.17	232.24	(2.93)	222.85	467.95	445.04
1.16	1.75	(0.59)	1.28	10.29	12.17	(1.88)	11.67	25.86	23.19
1.79	1.86	0.06	1.46	10.66	11.18	0.52	10.75	22.36	19.96
(0.63)	(0.11)	(0.53)	(0.18)	(0.37)	0.99	(1.36)	0.92	3.50	3.23



Key messages for the month

- The key areas that place pressure on achievement against the budgeted results, and for which we continue to monitor closely, are the workforce costs, pharmaceuticals (both within the hospital and in the community), patient transfers (road and air), outsourced radiology and clinical supplies. All these areas contributed to the adverse result in December.
- Inter district flows (IDFs) continue to be monitored closely and we are aware that coding in a couple of our tertiary serving DHBs is running behind and the official MOH results are therefore showing a more favourable position than the true position. At this point we have kept the IDF position on budget. I have included a graph that shows the pattern of IDF inpatient flows (from the formal MOH advice) across the last four fiscal years and the current year position.

Crown Funding Agreement 18th Omnibus Variation

We received a CFA variation covering three items that required signing prior to Christmas. Of the three items the third (as noted below) exceeded the delegation of the Chief Executive. In consultation with the Chair and Deputy Chair the Variation was signed by the Chair and agreed that I would note this and request the endorsement of the Board at its next meeting in January.

The three items are all revenue for NMH as follows:

1. Regional Service Component of the National Sudden Unexpected Death of an Infant (SUDI) Prevention Programme. This equates to \$197k over a 2.5 year period and is a new initiative for NMH to undertake SUDI initiatives (including a regional coordination function).
2. A 1.5% price increase in the funding for Disability Support Services totalling \$1.4M for the financial year.
3. Funding totalling \$8.77M for the Electives and Ambulatory Initiative. This funds and provides the details of the expectations around surgical discharges, first specialist assessments, non-admitted procedures, etc.

Eric Sinclair
GM Finance and Performance

RECOMMENDATIONS:

THAT THE BOARD:

- 1 RECEIVES THE FINANCIAL REPORT**
- 2 ENDORSES THE CROWN FUNDING AGREEMENT 18TH OMNIBUS VARIATION SIGNED BY THE CHAIR IN DECEMBER 2017.**

Appendix A – Detailed Financial Statements

Statement of Financial Performance

December 2017 \$000s				Year to Date \$000s				Full Year \$000s	
Actual	Budget	Budget Variance	Last Year Actual	Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
Revenue									
34,287	34,181	106	33,418	219,737	218,501	1,236	209,881	442,001	418,471
1,671	1,734	(63)	1,599	11,438	11,748	(310)	10,780	23,530	22,090
1,119	1,285	(166)	1,242	7,994	8,021	(27)	7,780	16,007	15,243
1,118	967	151	1,014	6,297	6,144	153	6,077	12,278	12,433
38,195	38,167	28	37,273	245,466	244,413	1,053	234,518	493,817	468,237
Expenditure									
13,129	13,359	231	13,058	88,781	89,596	815	83,862	182,887	171,259
345	102	(243)	429	1,788	654	(1,134)	2,004	1,306	4,060
13,474	13,461	(12)	13,487	90,569	90,250	(319)	85,866	184,193	175,319
1,374	1,310	(64)	1,050	8,031	7,972	(59)	5,537	15,875	10,561
2,852	2,613	(238)	2,806	18,521	16,851	(1,670)	17,557	34,028	35,623
2,488	2,346	(143)	2,107	15,858	15,467	(391)	14,058	30,421	26,718
13,143	12,994	(149)	13,017	79,496	79,543	46	77,800	159,115	153,409
3,706	3,693	(13)	3,528	22,699	22,161	(538)	22,027	44,321	43,412
37,036	36,417	(619)	35,996	235,175	232,243	(2,932)	222,845	467,953	445,043
1,159	1,750	(590)	1,277	10,292	12,171	(1,879)	11,673	25,864	23,194
14	19	6	232	175	126	(49)	1,432	252	1,914
998	1,058	59	1,059	5,791	6,378	588	5,878	12,757	11,631
782	780	(3)	166	4,693	4,677	(15)	3,441	9,355	6,418
1,794	1,857	62	1,456	10,658	11,182	524	10,752	22,364	19,964
(635)	(107)	(528)	(179)	(367)	989	(1,355)	921	3,500	3,230
(1,376)	(1,314)	(62)	(868)	4,926	3,962	964	1,090	12,895	4,560
54	58	(4)	50	316	194	121	(19)	355	(115)
687	1,150	(463)	640	(5,609)	(3,168)	(2,441)	(151)	(9,749)	(1,215)
(635)	(107)	(528)	(179)	(367)	989	(1,355)	921	3,500	3,230

Financial Performance by Division

December 2017 \$000s				Year to Date \$000s				Full Year \$000s	
Actual	Budget	Budget Variance	Last Year Actual	Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
Revenue									
35,103	34,974	130	34,171	224,900	223,271	1,630	214,398	451,541	427,945
356	354	3	354	2,145	2,140	5	2,149	4,281	4,270
22,366	22,441	(75)	21,238	136,199	136,609	(409)	131,448	273,208	262,585
(19,631)	(19,601)	(29)	(18,489)	(117,778)	(117,606)	(172)	(113,477)	(235,212)	(226,563)
38,195	38,167	28	37,273	245,466	244,413	1,053	234,518	493,817	468,237
Expenditure									
36,479	36,288	(191)	35,039	219,974	219,308	(665)	213,309	438,646	423,385
303	296	(7)	304	1,830	1,946	116	2,167	3,926	4,385
21,679	21,291	(388)	20,598	141,808	139,777	(2,032)	131,598	282,957	263,800
(19,631)	(19,601)	29	(18,489)	(117,778)	(117,606)	172	(113,477)	(235,212)	(226,563)
38,830	38,274	(556)	37,452	245,833	243,425	(2,408)	233,597	490,317	465,006
Net Contribution									
(1,376)	(1,314)	(62)	(868)	4,926	3,962	964	1,090	12,895	4,560
54	58	(4)	50	316	194	121	(19)	355	(115)
687	1,150	(463)	640	(5,609)	(3,168)	(2,441)	(151)	(9,749)	(1,215)
(635)	(107)	(528)	(179)	(367)	989	(1,355)	921	3,500	3,230
Net Surplus/(Deficit)									

Statement of Financial Position

	June 2017	Dec	Dec		Annual
\$000s	Actual	Actual	Budget	Variance	Budget
Current Assets					
Bank	21,561	28,008	25,271	2,737	30,156
Deposits > 3 months	19,301	19,886	18,950	936	18,950
Debtors & Prepayments	18,140	14,561	15,000	(439)	15,000
Stock	2,700	2,752	2,770	(18)	2,770
Assets Held for Sale	465	465	191	274	465
Current Assets	62,167	65,672	62,182	3,490	67,341
Current Liabilities					
Creditors	28,534	33,289	29,805	(3,484)	29,804
Employee Entitlements	33,201	33,115	32,000	(1,115)	32,000
Term Debt - Current Portion	477	482	500	18	500
Current Liabilities	62,212	66,886	62,305	(4,581)	62,304
Working Capital	(46)	(1,214)	(123)	(1,091)	5,037
Non Current Assets					
Property Plant and Equipment	171,589	172,096	171,455	641	168,227
Other Non Current Assets	3,881	3,932	3,961	(29)	3,998
Non Current Assets	175,470	176,028	175,416	612	172,225
Employee Entitlements	9,923	9,923	10,200	277	10,200
Term Debt	8,663	8,419	7,300	(1,119)	7,300
Non Current Liabilities	18,586	18,342	17,500	(842)	17,500
Net Assets	156,838	156,472	157,793	(1,321)	159,762
Equity					
Crown Equity	83,015	83,015	83,014	1	82,467
Revaluation Reserve	53,213	53,213	53,213	0	53,213
Retained Earnings:					
General	19,789	19,023	20,491	(1,468)	23,831
DSS	(52)	223	398	(175)	17
Mental Health	873	998	677	321	234
Total Retained Earnings	20,611	20,244	21,566	(1,322)	24,082
Total Crown Equity	156,838	156,472	157,793	(1,321)	159,762

Statement of Cash Flows

Dec			Year to Date			Full Year
Actual	Budget	Variance	Actual	Budget	Variance	AP
Operating Cash Flow			Operating Cash Flow			
Receipts			Receipts			
40,611	37,201	3,410	241,240	238,271	2,969	481,490
150	167	(17)	839	1,000	(161)	2,000
839	967	(128)	5,277	6,141	(864)	12,274
41,600	38,335	3,265	247,356	245,412	1,944	495,764
Payments			Payments			
13,214	13,349	135	88,868	89,559	691	182,783
22,559	19,823	(2,736)	140,707	144,150	3,443	283,291
4,693	4,677	(16)	4,693	4,677	(16)	9,355
53	19	(34)	985	126	(859)	252
40,519	37,868	(2,651)	235,253	238,512	3,259	475,681
1,081	467	614	12,103	6,900	5,203	20,083
Net Cash Inflow/(Outflow) from Operating Activities			Net Cash Inflow/(Outflow) from Operating Activities			
Cash Flow from Investing Activities			Cash Flow from Investing Activities			
Receipts			Receipts			
-	-	-	51	-	51	-
-	-	-	51	-	51	-
Payments			Payments			
1,581	6,800	5,219	6,292	9,800	3,508	17,550
-	-	-	(585)	-	585	-
1,581	6,800	5,219	5,707	9,800	4,093	17,550
(1,581)	(6,800)	5,219	(5,656)	(9,800)	4,144	(17,550)
Net Cash Inflow/(Outflow) from Investing Activities			Net Cash Inflow/(Outflow) from Investing Activities			
Net Cash Inflow/(Outflow) from Financing Activities			Net Cash Inflow/(Outflow) from Financing Activities			
(500)	(6,333)	5,833	6,447	(2,900)	9,347	1,986
28,508	31,604	(3,096)	21,561	28,171	(6,610)	28,171
28,008	25,271	2,737	28,008	25,271	2,737	30,157
Closing Balance			Closing Balance			

12-Month Rolling Cash Forecast

Consolidated 12 Month Rolling Statement of Cash Flows \$000s	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Cash Flow												
Receipts												
Government & Crown Agency Received	45,471	38,713	37,717	39,048	43,600	38,669	40,690	40,690	40,690	40,690	40,690	40,690
Interest Received	167	167	167	167	167	167	167	167	167	167	167	167
Other Revenue Received	1,126	961	965	969	1,133	978	1,034	1,034	1,034	1,034	1,034	1,034
Total Receipts	46,764	39,841	38,849	40,184	44,900	39,814	41,891	41,891	41,891	41,891	41,891	41,891
Payments												
Personnel	18,452	14,633	13,743	14,936	17,023	14,437	15,348	15,348	15,348	15,348	15,348	15,348
Payments to Suppliers and Providers	25,293	23,187	19,322	23,156	25,178	23,004	23,876	23,876	23,876	23,876	23,876	23,876
Capital Charge	-	-	-	-	-	4,677	-	-	-	-	-	4,677
Interest Paid	24	19	19	19	24	19	32	32	32	32	32	32
Total Payments	43,769	37,839	33,084	38,111	42,225	42,137	39,256	39,256	39,256	39,256	39,256	43,933
Net Cash Inflow/(Outflow) from Operating Activities	2,995	2,002	5,765	2,073	2,675	(2,323)	2,635	2,635	2,635	2,635	2,635	(2,042)
Cash Flow from Investing Activities												
Receipts												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital Expenditure	300	2,650	4,400	3,300	1,600	1,100	100	500	500	700	250	1,100
Increase in Investments	300	2,650	4,400	3,300	1,600	1,100	100	500	500	700	250	1,100
Total Payments	(300)	(2,650)	(4,400)	(3,300)	(1,600)	(1,100)	(100)	(500)	(500)	(700)	(250)	(1,100)
Net Cash Inflow/(Outflow) from Investing Activities	-	-	-	-	-	(547)	-	-	-	-	-	-
Net Cash Inflow/(Outflow) from Financing Activities												
Net Increase/(Decrease) in Cash Held	2,695	(648)	1,365	(1,227)	1,075	(3,970)	2,535	2,135	2,135	1,935	2,385	(3,142)
Plus Opening Balance	28,008	30,703	30,055	31,420	30,193	31,268	27,298	29,833	31,968	34,103	36,038	38,423
Closing Balance	30,703	30,055	31,420	30,193	31,268	27,298	29,833	31,968	34,103	36,038	38,423	35,281