

Finance Report



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Director of Finance

Introduction

The financial situation in 2015 remained challenging as service demands increased while additional funding was capped nationally. The budget was initially set at €252.78 million, an increase of €2.72 million from the 2014 final allocation. The final budget allocation for 2015 was €263.33 million.

The significant financial pressures, particularly in working capital, remained from an opening deficit of €17.184 million, the final allocation contributed to reducing the deficit by €3 million. Our commitment to patient care and quality required continued investment in pharmaceutical supplies, medical and surgical supplies, clinical staff and patient support costs.

Financial Outcome

The year culminated in increases in Pay 1%, NonPay 15% and Income 11%, combined with the sustained budget funding the 2011 brought forward deficit closed 2015 at €13.422m.

Gross expenditure in the year increased by €18.727m, this increase was largely attributable to:

- Pay cost increases €1.565m
- Pension and Lump Sums increases €1.124m
- NonPay increases €16.038m

Income increased by €7.304m compared to 2014, €2.591m relating to recouped drug costs under the HSE drug reimbursements scheme, €2.756m private patient charges related to a restatement of our bad debt provision bringing Beaumont in line with HSE methodology. The remaining increase in private patient charges related to increased patient activity in 2015.

Funding

The hospital receives separate allocations from HSE in respect of revenue and capital expenditure.

The revenue allocation for 2015 was €263.325m,

which was up €13.265m from 2014. The 2015 capital allocation, at €9m, was up by €6.01m.

Capital Funding

Capital investment significantly improved in 2015 predominantly in the areas of equipment replacement and infrastructural reconfiguration. The majority of these projects are due to be completed in 2015 or beyond and they still have funds to be drawn down against them. The funding summary of the projects as at 31st December 2015 is contained in the following table.

Project Name	Project Allocation €M	Draw down to date €M	Draw down remaining €M
Minor Capital 2015	€ 0.350	€ 0.350	€ Nil
National Equipment Replacement Programme 2015	€ 2.450	€ 0.739	€ 1.711
Renal Dialysis Unit	€ 6.000	€ 0.274	€ 5.726
Cardiology Refurbishment	€ 0.150	€ 0.150	€ NIL
2 nd Cath Lab	€ 0.105	€ 0.105	€ NIL
St Damians Ward and H&I Ward	€ 3.700	€ 2.960	€ 0.740
Cochlear Implant Expansion	€ 1.000	€ 0.248	€ 0.752

Service Developments

The largest service development for 2015 was the commencement of the Beaumont Improved Performance Plan; this facilitated the opening of the Raheny Day Hospital service for our elderly patients, additional services for frail elderly patients and additional diagnostic capacity for patients accessing Beaumont services.

Significant Issues

The infrastructural redevelopment of the hospital campus will require significant funding to modernise the building, information technology and equipment. The Hospital Board and senior management team continue to actively engage with HSE and RCSI Group to attract the requisite funding and mitigate associated risks.

Finance Developments

The 2015 developments priorities for the Finance function were:

- ❑ Continued implementation of Hospital Procurement Strategy. This ambitious plan to embed compliance and improve value for money for the hospital saw our compliance reach over 80% by year end.
- ❑ The Hospital signed a HSE/VHI Framework Agreement that immediately released payment for pended and unsigned claims to the hospital; on December 4th the Hospital received €8.3M in cash from VHI. This necessitated a speedy and accurate redesign of the associated processes in Patient accounts.
- ❑ Operation of effective cost, revenue and cash management controls remains a key focus for all members of the Finance Team.
- ❑ Activity Based Funding and Patient Level Costing: The Finance function continues to develop the understanding and accuracy of this for the Hospital.

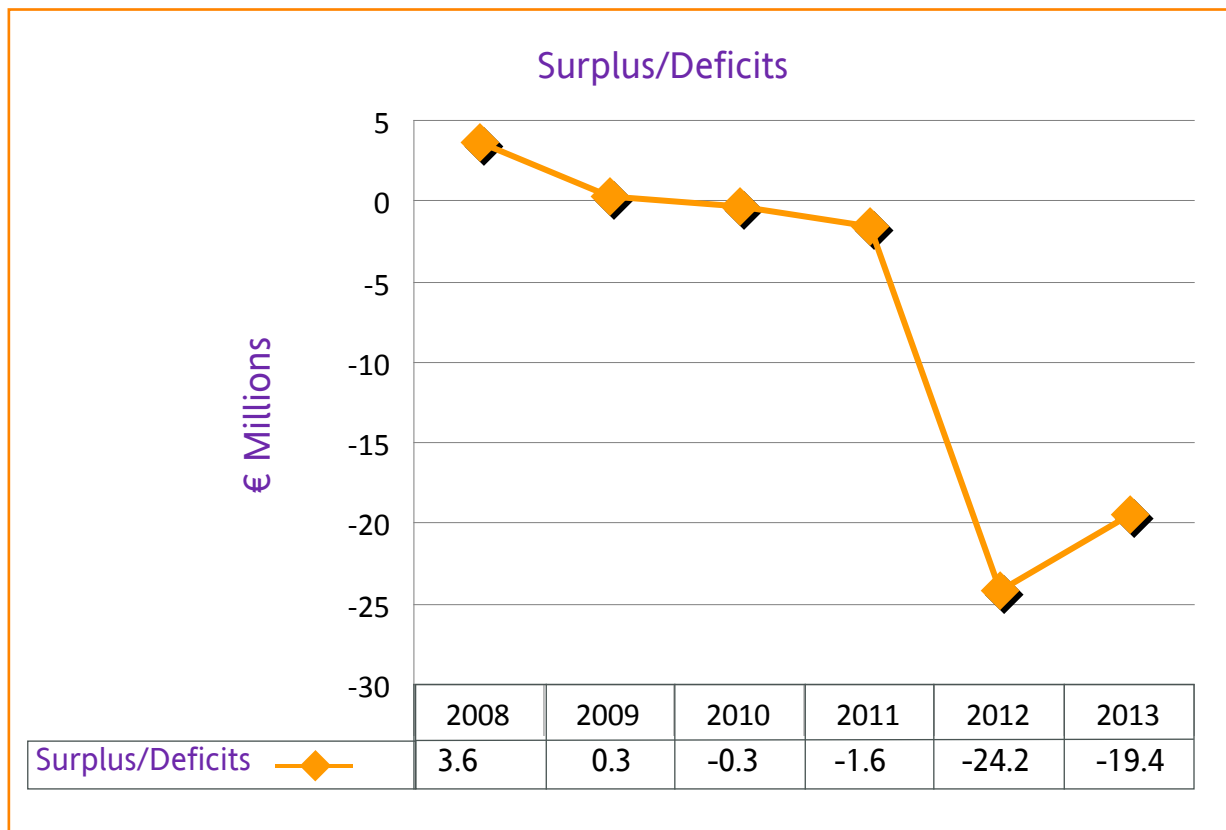
Allocation History

Year	Allocation	€ Variance	% Variance
2008	288.2		
2009	274.9	-13.3	-4.6%
2010	251.8	-23.1	-8.4%
2011	238.3	-13.5	-5.4%
2012	223.9	-14.4	-6.0%
2013	250.5	26.6	11.9%
2014	233.4	-17.1	-6.8%

Performance to Budget

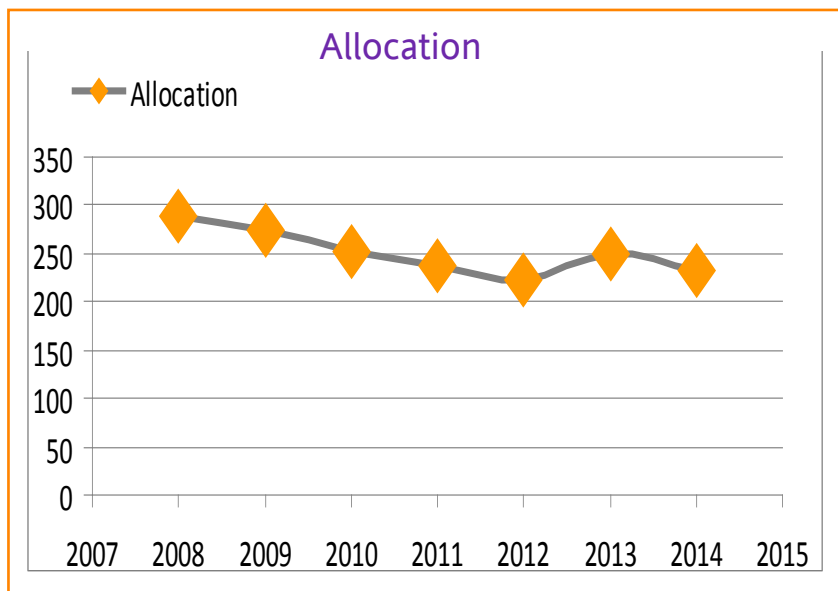
Year	Allocation	Annual Spend	€ Variance to Allocation	Closing Surplus/Deficits
2008	288.2	281.2	7.0	3.6
2009	274.9	276.9	-2.0	0.3
2010	251.8	252.7	-0.9	-0.3
2011	238.3	239.9	-1.6	-1.6
2012	223.9	246.5	-22.6	-24.2
2013	250.5	245.6	4.9	-19.4

Year	Surplus/Deficits
2008	3.6
2009	0.3
2010	-0.3
2011	-1.6
2012	-24.2
2013	-19.4



Allocation History

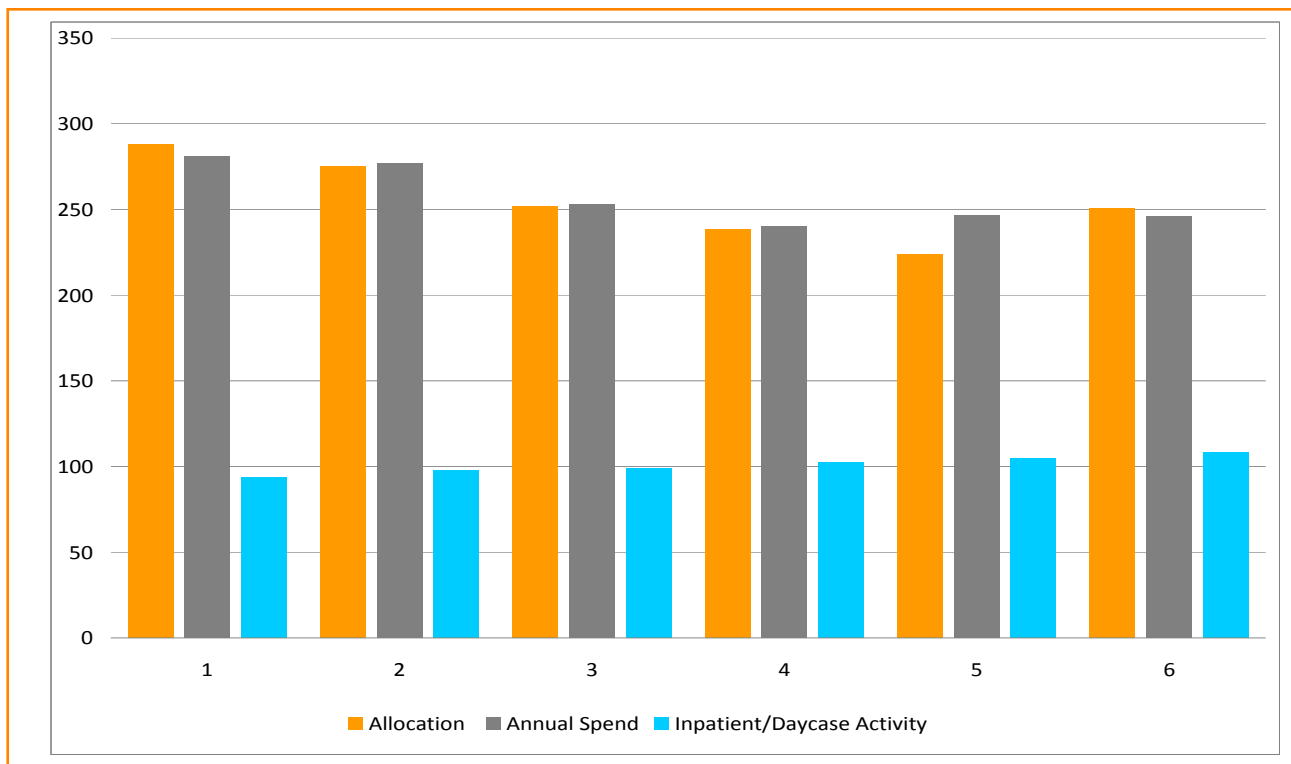
Year	Allocation
2008	288.2
2009	274.9
2010	251.8
2011	238.3
2012	223.9
2013	250.5
2014	233.4



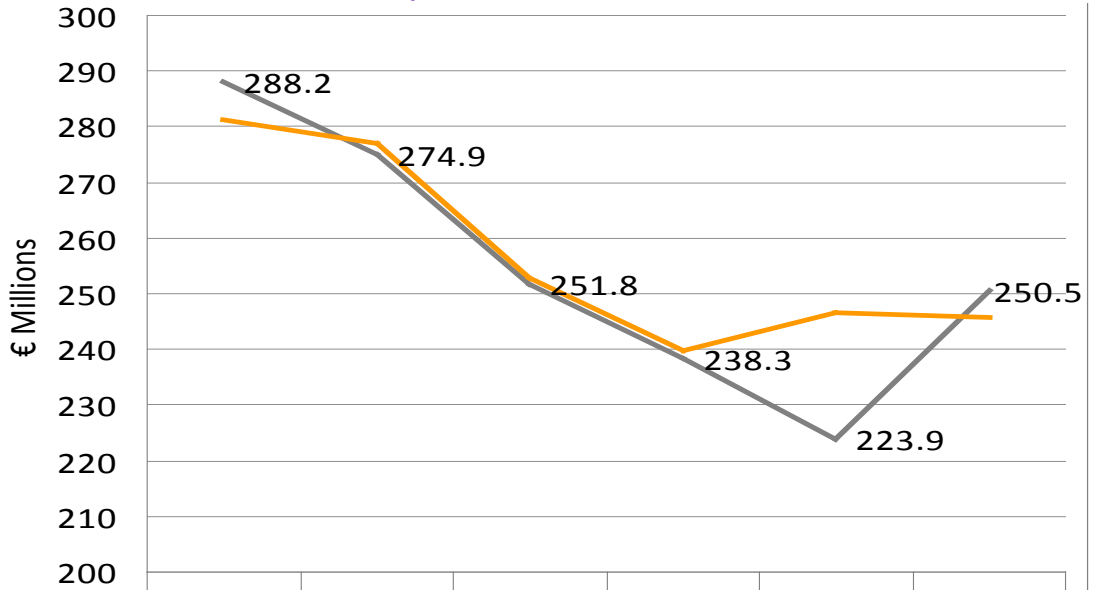
Performance to Budget

2008	Allocation	Annual Spend	Surplus/Deficits
2009	288.2	281.2	3.6
2010	274.9	276.9	0.3
2011	251.8	252.7	-0.3
2012	238.3	239.9	-1.6
2013	223.9	246.5	-24.2
	250.5	245.6	-19.4

Year	Allocation	Annual Spend	Inpatient/Daycase Activity
	€'000	€'000	
2008	288.2	281.2	93.733
2009	274.9	276.9	97.936
2010	251.8	252.7	99.142
2011	238.3	239.9	102.63
2012	223.9	246.5	104.769
2013	250.5	245.6	107.945

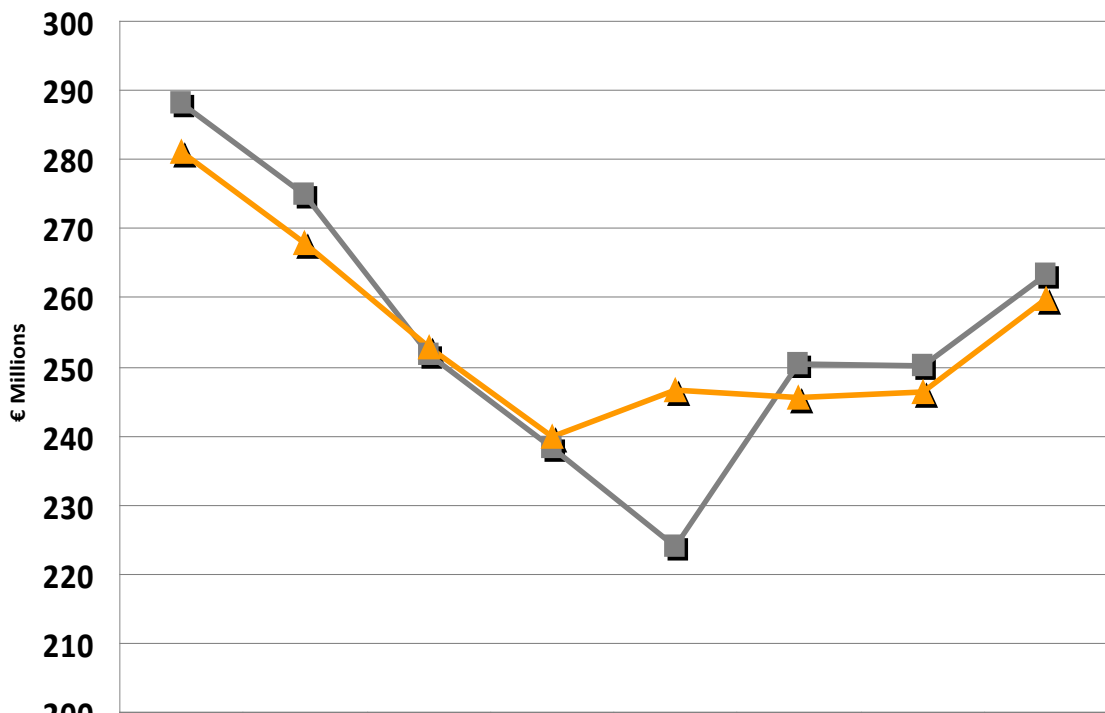


Allocation Spend 2008 to 2013



	2008	2009	2010	2011	2012	2013
Allocation	288.2	274.9	251.8	238.3	223.9	250.5
Annual Spend	281.2	276.9	252.7	239.9	246.5	245.6

Allocation Spend 2008 - 2015



	2008	2009	2010	2011	2012	2013	2014	2015
Allocation	288.2	274.9	251.8	238.3	223.9	250.5	250.1	263.3
Annual Spend	281.2	267.9	252.7	239.9	246.5	245.6	246.4	259.9