

Director of Finance:
Mary Farrelly

Finance Report

Introduction

The financial position remained challenging throughout 2016 as service demands and activity increased while additional funding was capped nationally. The budget was initially set at €252.78 million, a decrease of €10.55 million from the 2015 final allocation.

The final budget allocation for 2016 was €278.049 million resulting in a minor deficit position of €402.

The significant financial pressures, particularly in working capital, remained from an opening deficit of €13 million. Our commitment to patient care and quality required continued investment in clinical staff, pharmaceutical supplies, medical and surgical supplies and patient support costs. The initial forecasted expenditure was successfully reduced by over €2 million in the year through active service efficiency and cost management.

Financial Outcome

The year culminated in increases in Pay 5%, NonPay 6% and an Income reduction -2%, combined with the sustained budget funding the 2011 brought forward deficit closed 2016 at €13m.

Gross expenditure in the year increased by €16.667m, this increase was largely attributable to:

- Pay cost increases €10.202m
- NonPay increases €6.465m

Income decreased by -€1.599m compared to 2015, -€4.2m relating to patient income and -€2.018 relating to statutory Pension Levy charges offsetting an increase in other areas most notably recouped drug and other recoverable costs.

Funding

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

The revenue allocation for 2016 was €278.356m, which was up €15.036m from 2015. The 2016 capital allocation, at €11.474m was an increase of €2m from 2015.

Capital Funding

Capital investment significantly improved in 2016 predominantly in the areas of equipment replacement and infrastructural reconfiguration. The majority of these projects were completed in 2016 with some funds to be drawn down against them in 2017. The funding summary of the projects as at 31st December 2016 is contained in Table 35.

Table 35

Project Name	Project Allocation €M	Draw down to date €M	Draw down remaining €M
Minor Capital 2017	€ 0.324	€ 0.324	€ Nil
National Equipment Replacement Programme	€ 3.456	€ 1.577	€ 1.879
Renal Dialysis Unit	€ 11	€ 8.593	€ 2.407
Autoclave Replacement	€ 0.600	€ 0.458	€ 0.142
IT Networks	€ 0.065	€ 0.065	€ NIL
St Damiens Ward and H&I Lab	€ 5.800	€ 4.576	€ 1.224
Cochlear Implant Expansion	€ 1.000	€ 0.279	€ 0.721

Service Developments

The largest service development for 2016 was the continuation 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. During 2016 the hospital hired additional Consultant and Nursing staff to support service delivery.

The hospital engaged with RCSI Hospitals Group to appropriately and cost effectively manage patient services across multiple sites. This initiative will continue into 2017.

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 2016 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 85% by year end.
- Operation of effective cost, revenue and cash management controls remains a key focus for all members of the Finance Team. The hospital achieved over €2 million in costs containment savings in 2016, lead by the Finance team.

- The key objective to move to Zero Based Devolved Budgeting in 2017 commenced in 2016. This programme will require significant changes both in Finance and the broader hospital to ensure we operate a fiscally secure and modern financial model.
- We welcomed new HIPE manager in 2016 to continue the development of Coding and Activity Based Funding: The Finance function continues to develop the understanding and accuracy of this for the hospital.
- Patient registration, the development of training for front line staff by Finance help standardise the processes used and support hospital income.

Beaumont Hospital closes 2016 in a strong position; we continue to focus on improved efficiency across the hospital to ensure a strong financial performance to support investment in our patient care.

REVENUE INCOME AND EXPENDITURE ACCOUNT
Year Ended 31st December 2015

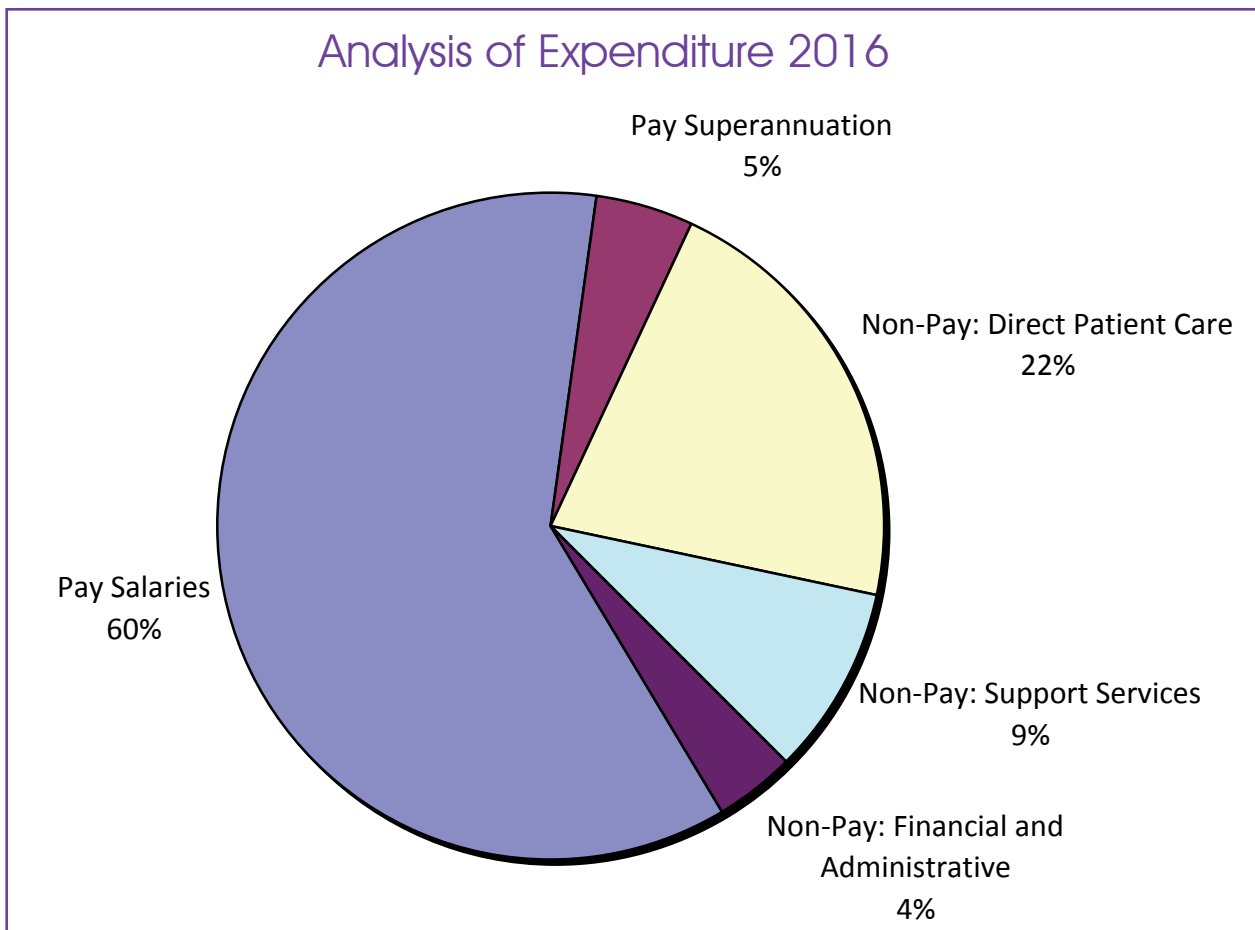
Table 36

	2016 €'000	2015 €'000	'16 - '15 %
STAFF COSTS			
Salaries	222,490	213,529	4%
Superannuation	16,767	15,084	11%
NON-PAY EXPENDITURE			
Direct Patient Care	78,783	71,832	10%
Support Services	33,043	31,648	4%
Financial & Administrative Costs	14,347	16,748	-14%
Expenditure for the Year	365,430	348,841	5%
Income for the Year	-71,659	-71,694	0%
Taxation	-	-	
Net Expenditure for the Year	293,771	277,147	6%
Allocation for the Year	-287,782	-275,073	5%
DEFICIT FOR THE YEAR (Before Fairdeal)	5,989	2,074	189%
Cumulative Revenue Deficit (Surplus) from Previous Year	13,422	17,184	-22%
Fair Deal Funding	-5,675	-5,836	-3%
CUMULATIVE REVENUE DEFICIT/ (SURPLUS) AT END OF YEAR	13,736	13,422	2%

Table 37

ANALYSIS OF EXPENDITURE 2016 - 2015		
	2016 € '000	2015 € '000
Pay Salaries	222,490	213,529
Pay Superannuation	16,767	15,084
Non-Pay: Direct Patient Care	78,783	71,832
Non-Pay: Support Services	33,043	31,648
Non-Pay: Financial and Administrative	14,347	16,748
Total Expenditure € '000	365,430	348,841
Pay Salaries	61%	58%
Pay Superannuation	5%	4%
Non-Pay: Direct Patient Care	22%	20%
Non-Pay: Support Services	9%	9%
Non-Pay: Financial and Administrative	4%	5%
Total Expenditure %	100%	95%

Table 38



BALANCE SHEET AS AT
31st DECEMBER 2016

Table 39	2016 €'000	2015 €'000
FIXED ASSETS		
Tangible Assets	147,028	135,080
Financial Assets	0	0
	147,028	135,080
CURRENT ASSETS		
Debtors	47,757	45,445
Stocks	8,454	7,980
Investments	0	0
Cash in Hand and Bank Balances	1,025	514
	57,236	53,939
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR		
Creditors	43,133	46,416
Bank loans and overdraft	24,977	17,997
Obligations under Finance Leases	-	-
Taxation	3	3
NET CURRENT ASSETS / (LIABILITIES)	-10,877	-10,477
TOTAL ASSETS LESS CURRENT LIABILITIES	129,853	124,603
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Financing Obligations	-	-
Deferred Creditors	-	-
	-	-
TOTAL ASSETS LESS CREDITORS	135,968	124,603
CAPITAL AND RESERVES		
Non-Capital Income & Expenditure Account (Deficit) / Surplus	-13,736	-13,422
Capital Income & Expenditure Account (Deficit) / Surplus	2,859	2,945
Capitalisation Account	140,730	135,080
	129,853	124,603