

## FINANCE DIRECTOR'S REPORT

TRUST BOARD  
Tuesday 28<sup>th</sup> July 2011

### 1. Introduction

The Trust is required to deliver a balanced Income and Expenditure position in the year. This paper provides a description of the performance over the period April – June and provides a forecast outturn for the year.

In addition, in constructing the paper a series of scenarios have been constructed to provide an indication of the risks associated with the delivery of the plan for the 2011/12 year.

Recognising the impact such plans have upon the working capital of the Trust, the paper also contains a description of how the cash position is expected to alter through the year and the impact upon the level of debtor and creditor working balances.

### 2. Month 3 Position

The Income and Expenditure position of the Trust is presented in the table below:

	Months 1- 3 Plan £000s	Months 1 – 3 Actual £000's	Variance £000's		Planned Forecast Outturn £000s	Forecast Outturn £000s	Variance £000s
Income	68,512	68,702	190		281,214	281,214	-
Expenditure							
Pay	48,785	49,297	(512)		195,638	198,138	(2,500)
Non Pay	18,640	18,851	(211)		73,941	74,941	(1,000)
Reserves					4,227	4,227	-
Finance Cost	3,545	3,545	-		13,908	13,908	-
Total Expenditure	70,970	71,693	(723)		287,714	291,214	(3,500)
	(2,458)	(2,991)	(533)		(6,500)	(10,000)	(3,500)
SHA Funding	1,375	1,375	-		6,500	6,500	-
Under / Over spend	(1,083)	(1,616)	(533)		-	(3,500)	(3,500)
Actions to address overspend					-	3,500	3,500
Under / Overspend after management actions					-	-	-

As can be seen from the above at the end of June the Trust had recorded an overspend amounting to £1.616 million. This represents a deficit of £533,000 when compared to the planned position. It is forecast that by the year end, without management actions the Trust will record a deficit amounting to £3.5 million.

### 3. Explanation of Overspend recorded to date

#### 3.1 Income

The Income generated by the Trust in the opening three months of the year is presented in the table below.

	Plan Months 1- 3 £000s	Actual Months 1-3 £000's	Variance	Planned Forecast Outturn £000s	Forecast Outturn £000s
Income					
Shropshire County PCT	31,073	31,175	102	128,014	128,014
Telford and Wrekin PCT	21,462	21,332	(130)	88,299	88,299
Powys LHB	5,097	5042	(55)	21,122	21,122
Other PCTs	1,372	1,488	116	5,744	5,744
Specialised services	2,627	2,735	108	10,501	10,501
Non Contracted Activity	388	486	98	1,559	1,559
Total Clinical Income	62,019	62,258	239	255,239	255,239
Non Clinical Income	6,493	6320	(49)	25,975	25,975
Total Income	68512	68,702	190	281,214	281,214

In the first quarter of the year the Trust had generated a surplus in respect of Income amounting to £190,000. This surplus has occurred because:

- Shropshire County PCT – Surplus generated as a consequence of over performance in respect of Accident and Emergency attendances,
- Telford and Wrekin PCT – Deficit occurs as a consequence of the application of the Non Elective Threshold adjustment.
- Specialised services – Over performance attributable to renal activity provided for Health Commission Wales. It is expected that the over performance will reduce in the remaining months of the year.
- Non Contracted Clinical Activity – The level of over performance is greater than anticipated. The volatility of this income is such however that it is not assumed that the Non Contracted Activity budget will over perform by the year end.

Significantly, in setting the Income budget for the year the Trust had assumed increased income arising from addressing the Pending list and delivering waiting list targets. This sum amounted to £4.2 million. Given the uncertainty over the level of activity associated with the Pending and waiting list target, a potential risk to the Trust is that the actual level of activity recorded in the 2011/12 year is lower than anticipated and as a result the Trust is unable to recover the £4.2 million sum.

Given this risk, an exercise has been undertaken to assess, based upon existing contract performance, whether the Trust is delivering a level of performance in the first quarter of the year consistent with the achievement of increased Income of £4.2 million.

#### Delivery of the £4.2 million Increased Income

	Elective Inpatient and Day Cases £000s	First and Follow up Outpatient £000s
Shropshire County PCT	259	140
Telford and Wrekin PCT	170	26
Powys LHB	(1)	36
Other PCT's	15	50
50% Marginal rate adjustment	(131)	(64)
<b>Total</b>	<b>312</b>	<b>188</b>
Target	249	226

In the first quarter of the year the Trust had planned to generate increased income increased arising from Pending and waiting list target amounting to £475,000. The actual level of increased income generated through additional Elective Inpatient, Day Case and First and Follow up outpatient activity amounted to £500,000. This suggests, that the Trust is presently recording a level of activity consistent with the levels required to generate the £4.2 million increased Income assumed within Trust Income budgets.

### 3.2 Pay Budgets

#### *Analysis of Pay overspending in the Trust in the period April – June*

	Actual April – June £000s	Budgeted April – June £000s	Variance £000's	Previous month Variance £000s	Movement in the month £000's
Core Pay	46,478	46,270	(208)	(127)	(81)
Premium costs					
Escalation	54	31	(23)	(23)	-
Agency Medical	1,436	644	(792)	(446)	(346)
Agency Nursing	518	247	(271)	(165)	(106)
Agency – Other	68	23	(45)	(30)	(15)
Waiting List Initiative	739	573	(166)	(89)	(77)
	49,293	47,788	(1,505)	(880)	(625)
Pay reserves		994	994	683	311
	49,293	48,782	(511)	(197)	(314)

Pay Budgets continue to overspend. As can be seen in the table above, in the Month of June the level of Pay overspending had increased by £314,000. The level of Pay overspend in the first quarter of the year amounted to £511,000.

In the above table "core spend" is defined as the costs associated with the appointment of staff (either permanently as substantive staff or temporary as Agency or Bank staff). Based upon the number and mix of staff employed in the opening three months of the year, the Trust has recorded an overspend when actual costs are compared with the anticipated or budgeted level amounting to £208,000.

In addition the reliance upon Agency staff as opposed to appointment to substantive positions or the use of Bank staff has also resulted in considerable excess Premium costs. The effect of these premium costs has been to increase the overspend in Pay budgets during this period amounting to £1.505 million. Significantly, a comparison with overspending recorded in the previous month in respect of Agency staff shows an increase of £625,000 of which £346,000 relates to medical staff.

In reconstructing the Pay budgets for the 2011/12 year it had been identified that the Base pay budgets could be expected to overspend because the assumptions in respect of staff numbers employed were under estimated and the mix of Agency to Permanent staff understated. As a result Pay reserves amounting to £3.52 million have been established. A sum amounting to £994,000 has been released from the Pay reserve. In doing so this then reduces the cumulative overspend to £511,000.

### ***Analysis of staffing levels in the period April –June***

In order to understand the Cost position as presented within Pay budgets more fully, it is necessary to understand the numbers of staff employed during this period.

	Actual April WTE	Actual May WTE	Actual June WTE	Budget June WTE	Variance in the month of May
Substantive staff	4344.91	4300.64	4330.54	4357.42	(26.88)
Bank –Nursing	140.70	122.43	135.64	134.07	1.57
Bank – Other	95.80	98.94	112.09	91.01	21.08
<b>Total Bank staff</b>	<b>236.50</b>	<b>221.37</b>	<b>247.73</b>	<b>225.08</b>	<b>22.65</b>
Agency – Medical	59.62	66.37	68.14	56.49	11.65
Agency – Nursing	102.82	129.37	114.18	97.62	16.56
Agency – Other	21.55	15.71	23.27	21.51	1.76
<b>Total Agency</b>	<b>183.99</b>	<b>211.45</b>	<b>205.59</b>	<b>175.62</b>	<b>29.97</b>
<b>Total</b>	<b>4765.40</b>	<b>4733.46</b>	<b>4783.86</b>	<b>4758.12</b>	<b>25.74</b>
<b>Budgeted level WTE</b>	<b>4679.90</b>	<b>4741.50</b>	<b>4758.12</b>		

Key observations from the above table are:

- Numbers employed – the total number of staff employed both permanently and temporarily increased in June by comparison with the month of May by 50.40 posts,
- Comparison with budget – In the month of April the numbers of whole time equivalent staff employed exceeded budgeted levels by 85.50 posts. In the month of May the numbers employed were lower than budgeted levels by 8.04 posts but by June the position had reversed and the numbers exceeded budgeted levels by 25.74 posts.
- Temporary staffing – The numbers of staff employed temporarily either as Bank or Agency members of staff has increased progressively over the first quarter from 421.30 posts in April to 453.32 posts in June.
- Agency staffing – The Trust has throughout the period employed substantial numbers of high cost Agency staff. In the month of June the number of Agency staff exceeded budgeted expectations by 29.97 posts.

### *Analysis of Pay overspending by Division*

As a basis for improving understanding of pay budgets, the Pay analysis has also extended to incorporate a review of Pay spending at both a Divisional and speciality level. The results of this analysis are presented in the tables below.

	April – June Actual spend £000s	Budget – April – June £000s	Variance £000s	% as compared with budget £000s
Division 1	17,607	16,199	(1,408)	(8.69)
Division 2	14,535	14,699	164	1.10
Division 3	11,240	11,049	(191)	(1.73)
Corporate Services	3,448	3,334	(114)	(3.42)
Facilities	2,463	2,507	44	1.76
Reserves		994	994	

It can be seen from the table above that Pay overspending is occurring predominantly within Division 1 of the Trust. The overspending within Division 1 has therefore been disaggregated to speciality level.

	Critical Care £000s	Emergency Care £000s	General Medicine £000s	Management £000s	Total £000's
Core Pay	81	(168)	(348)	(5)	(440)
Agency – Medical	(147)	(303)	(244)		(694)
Agency – Nursing	(41)	(61)	(77)		(179)
Agency – Other		(3)	6		3
Waiting List Initiative Payments	(33)	(35)	(30)		(98)
	(140)	(570)	(693)	(5)	(1408)
Total Previous month	(226)	(314)	(324)	19	846

In the month overspending within Critical care had reduced from £226,000 to £140,000 as a result of a reduction in the number of employed Agency medical staff. Emergency Care and General Medicine both recorded a sizeable increase in the level of overspending in the month.

### *Staffing levels within Division 1 – June 2011*

	Critical Care Actual wte	Budget wte	Emergency Care wte	Budget wte	General Medicine Wte	Budget wte	Management Wte	Budget wte	Total wte	Total Budget	Total Wte last month
Substantive staff	459.12	469.08	420.50	423.57	429.69	434.10	3.00	4.40	1312.31	1341.14	1298.65
Agency – Medical	4.98	10.33	24.33	13.16	18.30	13.12			47.61	36.61	55.50
Agency – Nursing	18.98	6.28	27.71	17.61	45.32	20.16			92.01	44.05	104.81
Agency – Other			1.00						1.00	0.00	
Bank - Nursing	20.13	18.25	24.42	23.98	40.26	35.61			84.81	77.84	77.66
Bank - other	1.08	2.74	3.28	1.15	3.72	1.75			8.08	5.64	7.08
Total	504.29	506.68	501.24	489.46	537.29	504.74	3.00	4.40	1545.82	1505.28	1538.70

An examination of spending and whole time equivalents in the Month compared with budgeted levels reveals:

- The total number of staff working within Division 1 exceeded budgeted levels by 40.54 staff, during this period the number of Agency Medical staff exceeded budgeted levels by 11.00 posts and Agency Nursing exceeded budget by 45.96 posts. The level of vacancies within substantive posts amounted to 28.83.
- within Division 1, General Medicine employed 32.55 staff in excess of budget, of which 29.81 of these staff were attributable to Nursing staff employed either as Agency or Bank Nurses,
- Emergency care in the month of June employed 24.33 Agency medical staff as compared with a budgeted level of 13.16 staff.

The examination of Pay budgets within Division 1, indicate that actions need to be taken to introduce greater controls over the number of staff employed, and in particular the employment of Agency staff.

### 3.3 Non Pay

A thorough examination of non pay spending has been completed. Doing so has identified an overspend within Non Pay budgets at the end of quarter 1 amounting to £211,000. This overspend arises because:

Renal Patients – Increased activity within Renal care has led to an overspend in respect of CAPD Fluids. Overspending in this area amounts to £37,000. Further work is being undertaken to determine whether such an overspend can be recovered from commissioners.

Orthopaedic Implants – An examination of spending in respect of Implants has identified overspending amounting to £56,000. The overspending appears to relate to the cost of the implants.

Energy costs – Increased tariff rates have increased costs of energy bills paid by the Trust in the quarter by £41,000.

Clinical consumables – The level of purchasing across the Trust, in respect of clinical consumables on a monthly basis has increased substantially by comparison with the previous financial year. Doing so has increased costs by £63,000 over the period April to June.

### 3.4 Actions to address the Projected Overspend

Without management action it is projected that the Trust based upon existing spending behaviour will overspend in the year by a sum amounting to £3.5 million. A detailed review of spending across Pay budgets has been undertaken, and identified actions to address the overspend. These actions being:

***Agency Medical staffing*** – The establishment of a dedicated medical staffing team, operational from August, with the task of reviewing all requests for Medical Agency staff, securing more appropriate Pay rates and more actively managing the employment practices in respect of vacant medical staffing positions is calculated to generate full year savings amounting to £3.0 million. The introduction of the dedicated team from August in the 2011/12 year is predicted to lead to cost reductions amounting to £1.25 million. In addition the Trust is actively working with PricewaterhouseCoopers to introduce new contractual arrangements to allow VAT recovery in respect of Agency staff. These arrangements are planned to commence from November 2011.

**Nursing staffing** – It has been determined that the Trust is presently employing in excess of 60 whole time equivalent nurses to perform “bed watching “ across the Trust wards. Such staff are typically employed through agencies. The monthly cost of staff performing this role amounts to £140,000 per month or £7 million per year. The Trust has not budgeted for such staff. It is proposed to reduce the scale of staff employed to undertake this work substantially from the beginning of August. Reducing the level of staffing by 80 per cent reduces costs in the year by £1.1 million.

**Overtime working** – Within a range of both clinical and non clinical areas it has been identified that administrative and clerical staffing have been offered opportunity to undertake overtime working. A decision to halt overtime working immediately can be expected to reduce costs by £200,000 in the 2011/12 year.

**Tighter budgetary control practices** – Revised budgets have been produced for all ward managers within the Trust. Tighter review mechanisms are being introduced over spending practices and it is expected that by doing so this will reduce the level of over establishment within budgets. Immediate opportunities have been identified to reduce circa 37 over established posts, leading to cost savings amounting to £145k.

#### 4. Scenario Analysis

Within the financial position of the Trust there exist substantial risks to the delivery of the Income and Expenditure position. As a basis for describing the risk within the Trust, scenario analysis has been undertaken to enable a *best* and *worst* case position to be plotted against the Forecast balanced Income and Expenditure position. The results of which are presented below.

	Forecast Outturn £000s	Best Case Scenario £000s	Worst Case £000s
Income	281,214	281,964	278,414
Expenditure			
Pay	(198,138)	(198,138)	(199,138)
Non Pay	(76,941)	(76,941)	(77,591)
Reserves	(2,227)	(227)	(2,227)
EBITDA	3,908	6,658	542
Finance charges	(13,908)	(13,908)	(13,908)
Contribution from SHA	6,500	6,500	6,500
Management Actions	3,500	3,500	1,500
Surplus / deficit	-	2,750	(6,450)
Probability	55%	10%	35%

Within the *Best* and *Most likely* scenarios, the following assumptions are made:

##### 4.1 *Best Case scenario*

- Income – the Trust is able to secure over performance as recorded in quarter 1 continues throughout the financial year generating increased Income of £500,000.
- Reserves – Plans are delivered within the Trust that enable contingency funds to be unused and the level of cost associated with the management reorganisation to be contained within a sum of £500,000.

#### 4.2 *Worst Case scenario*

- Income – the Trust is unable to deliver activity beyond a level presently assumed by the PCTs and as a consequence total Income reduces by £2.7 million. Delays in the decision to increase charges for non clinical services by two months reduce Income by £100,000.
- Pay – Ward closures scheduled for August and January are delayed by three months resulting in a loss of cost savings amounting to £1.0 million.
- Non Pay – Delays in ward closures result in an inability to secure non pay savings amounting to £150,000. Cost Improvement Targets amounting to £1.6 million, fail to deliver savings amounting to £500,000.
- Management Actions – The Trust fails to deliver actions on a timely basis – reducing savings from Management actions by £2.0 million.

Based upon these assumptions, in the *Best Case* scenario a surplus for the year is presented amounting to £2.5 million. In the *Worst case* scenario a deficit amounting to £6.45 million occurs.

#### 5. Impact upon the External Financing Limit

The cash position of the Trust is forecast to grow by c£1M by the end of 2011/12. This is achieved through a breakeven income and expenditure position and a planned reduction in the capital programme by c£1M. The cash received at the start of the financial year relating to 2010/11 deferred income has now been exhausted but does explain the good performance within the BPPC (see below).

However, as forecast and reported in the prior month, an element of creditor smoothing has occurred in month 3. The level of smoothing is higher than forecast due to the adverse variance in the cumulative I&E position of £500k. Total smoothing at the end of June was £1,376k, split between non-NHS suppliers of £933k and NHS suppliers of £443k. Due to the timing of the monthly cash mandate receipt from the main commissioners at the last payment date of 14 July all approved creditors have been paid. The forecast for the month end July would indicate a creditor smoothing requirement of 2 weeks supplier payments equal to an estimated amount of £2,000k. Consistent with prior month forecasting and in anticipation of the receipt of the SHA cash backed support this smoothing has been estimated at £1,000k for July and £500k for August. The Trust will endeavour to secure 100% cash backed support in July but for forecasting purposes it is assumed this will be received 25% each quarter starting with receipt in July then September, December and March.

A dividend payment of £2,600k will be required to be made in mid-September.

	2010/11	2011/12												2011/12
	M12 £000	M1 £000	M2 £000	M3 £000	M4 £000	M5 £000	M6 £000	M7 £000	M8 £000	M9 £000	M10 £000	M11 £000	M12 £000	Net Movement £001
Fixed Assets	157,193	156,491	155,868	155,460	154,984	155,242	155,760	155,602	155,128	155,110	154,913	154,400	155,104	(2,089)
Current Assets	16,837	14,329	14,176	14,992	14,992	14,992	14,992	14,992	14,992	14,992	14,992	14,992	15,209	(1,628)
Current Liabilities	(26,102)	(23,637)	(24,014)	(22,864)	(22,364)	(22,364)	(22,364)	(22,364)	(22,364)	(22,364)	(22,364)	(22,364)	(25,042)	1,060
Cash pre creditor smoothing	233	140	353	(1,153)	(834)	1,417	392	699	828	1,187	1,166	1,042	1,200	967
Creditor smoothing				1,376	1,000	500								
Cash	233	140	353	223	166	1,917	392	699	828	1,187	1,166	1,042	1,200	967



## 6. Better Payment Practice Code

**Non-NHS** – As forecast the month on month performance shows a reduction in compliance. The reasons for non-compliance relate to creditor smoothing of £993k worth 3% points and the remaining amounts around two key areas within the Trust's own internal approval process: (i) a 'one-off' delay in the approval of power related invoices to Gazprom (over 60 days) and (ii) continued delay in the approval processes within agency staff (nursing and medical within various periods). This process continues to be reviewed by the Finance team with the following updates: Medical agency spend to follow the standard process if and when the 'centralised' medical staffing model is adopted and a reduction in nursing agency shifts to allow effective administration within Oracle.

<b>NON NHS</b>	<b>YTD</b>	<b>M1</b>	<b>M2</b>	<b>M3</b>	<b>YTD</b>
	<b>2010/11</b>	<b>2011/12</b>	<b>2011/12</b>	<b>2011/12</b>	<b>2011/12</b>
<b>By Volume</b>					
Total Volume	79,843	7,781	6,254	8,164	<b>22,199</b>
BPPC compliant volun	28,605	6,994	5,261	6,641	<b>18,896</b>
BPPC compliant %	36%	90%	84%	81%	<b>85%</b>
<b>By Value</b>					
Total value (£000)	77,157	7,997	6,437	8,282	<b>22,716</b>
BPPC compliant value	33,104	7,039	4,943	6,203	<b>18,185</b>
BPPC compliant %	43%	88%	77%	75%	<b>80%</b>

<b>Current Month</b>	<b>Quantity</b>		<b>Value</b>	
<b>Payment made</b>	<b>Quantity</b>	<b>Quantity %</b>	<b>Value</b>	<b>Value %</b>
0-30 days	6,641	81%	6,203	75%
31-35 days	294	4%	596	7%
36-40 days	500	6%	411	5%
41-45 days	246	3%	185	2%
46-50 days	131	2%	92	1%
51-55 days	50	1%	55	1%
56-60 days	46	1%	130	2%
over 60 days	256	3%	610	7%
<b>Total invoices paid</b>	<b>8,164</b>	<b>100%</b>	<b>£8,282</b>	<b>100%</b>

**NHS** – As forecast the month on month performance shows a reduction in compliance. The reasons for non-compliance relate to creditor smoothing of £443k worth 5% points and the remaining amount primarily around the internal approval process of the Trust's laundry invoice of £70k (41-45 days) and to Telford and Wrekin PCT of £36k for the Wrekin Commissioning Clinic.

<b>NHS Spend</b>	<b>YTD</b>	<b>M1</b>	<b>M2</b>	<b>M3</b>	<b>YTD</b>
	<b>2010/11</b>	<b>2011/12</b>	<b>2011/12</b>	<b>2011/12</b>	<b>2011/12</b>
<b>By Volume</b>					
Total Volume	2,259	179	188	206	<b>573</b>
BPPC compliant volume	798	166	180	159	<b>505</b>
BPPC compliant %	35%	93%	96%	77%	<b>88%</b>
<b>By Value</b>					
Total value (£000)	22,361	1,196	3,034	952	<b>5,182</b>
BPPC compliant value (£)	9,412	1,125	3,007	797	<b>4,929</b>
BPPC compliant %	42%	94%	99%	84%	<b>95%</b>

### Current Month

<b>Payment made</b>	<b>Quantity</b>	<b>Quantity %</b>	<b>Value</b>	<b>Value %</b>
0-30 days	159	77%	£797	84%
31-35 days	9	4%	£12	1%
36-40 days	4	2%	£2	0%
41-45 days	28	14%	£96	10%
46-50 days	0	0%	£0	0%
50-55 days	0	0%	£0	0%
56-60 days	2	1%	£8	1%
over 60 days	4	2%	£37	4%
<b>Total invoices paid</b>	<b>206</b>	<b>100%</b>	<b>£952</b>	<b>100%</b>

## 7. Capital Expenditure

The table below represents the current position of live capital expenditure projects:

Project	Total Approved Sum (including prior years)	Expenditure to date (including prior years)	Expenditure committed - ordered	Total expenditure/ committed to date	Expenditure committed - to be ordered	Forecast Outturn	Variance - (Overspend) / Underspend
	a	b	c	d=( b + c)	e	f=(d+e)	(a-f)
	£	£	£	£	£	£	£
<b>Outstanding Commitments from 2010/11</b>							
Breast Screening - Phase 3 b/f PRH Static Unit - Enabling Works	85,000	47,836	0	47,836	37,164	85,000	0
Sanitary Facilities and Ward Kitchens Priority 1	113,000	116,410	(644)	115,766	0	115,766	(2,766)
MenuMark	67,000	62,557	0	62,557	4,443	67,000	0
Pharmacy Aseptic	3,251,000	3,159,292	0	3,159,292	4,708	3,164,000	87,000
Offsite accommodation	293,000	296,714	116	296,831	1,365	298,196	(5,196)
PSAG	500,000	0	26,615	26,615	473,385	500,000	0
Other less than £50k per individual project	136,400	49,656	41,949	91,605	44,795	136,400	0
<b>Agreed Commitments for 2011/12</b>							
Decontamination	7,616,000	6,979,232	361,503	7,340,734	275,266	7,616,000	0
Patient Monitoring	300,000	0	0	0	300,000	300,000	0
Project Management Fees - Reconfiguration	1,000,000	8,655	0	8,655	991,345	1,000,000	0
Telecoms Upgrade	431,000	2,215	218,046	220,261	210,739	431,000	0
PRH Dishwasher	90,000	0	0	0	90,000	90,000	0
Capital Salaries	125,000	15,525	0	15,525	109,475	125,000	0
Additional Obstetric Theatre (Under Discussion)	714,000	8,383	10,582	18,965	695,035	714,000	0
<b>Contingency Funds - Delegated</b>							
Contingency Fund Estates Issues/DDA	500,000	875	110,191	111,066	388,934	500,000	0
Contingency Fund for Medical Equipment Replacement	250,000	20,741	54,614	75,355	174,645	250,000	0
Contingency Fund for IT Equipment Replacement	250,000	79,485	3,660	83,145	166,855	250,000	0
Contingency Fund for Non-Patient Connected Equipment Replacement	45,000	4,047	18,412	22,459	22,541	45,000	0
<b>Corporate Contingency</b>							
Corporate Contingency Fund	1,000,000	0	54,524	54,524	945,476	1,000,000	0
Contingency for Capital additions identified through the budget process	992,000	10,260	0	10,260	981,740	992,000	0
<b>Total</b>	<b>17,758,400</b>	<b>10,861,881</b>	<b>899,569</b>	<b>11,761,450</b>	<b>5,917,912</b>	<b>17,679,362</b>	<b>79,038</b>

Due to the timing of the approval of the capital programme the approved projects to date have limited progress and the forecast outturn of the majority of the projects is still believed to be equal to the approved value with the exception of the following:

- (i) Sanitary facilities and ward kitchens – overspend £3k. Majority of works complete with outstanding quality issue around one bathroom.
- (ii) Offsite accommodation – overspend £5k. Scope change to enable wireless networking in meeting rooms.
- (iii) Aseptic unit – underspend £87k. Larger than anticipated VAT reclaim following finalisation of HMRC VAT claim and a Procure 21 gain share.

Neil Nisbet  
Finance Director  
18<sup>th</sup> July 2011