

TRUST BOARD - Thursday 27th September 2012

Finance Update – Key Messages

Income and Expenditure Position

- *The Trust recorded a deficit at the end of August amounting to £801,000; the Trust had planned to record a deficit at this stage in the financial year of £8,000.*
- *In the month of August a deficit of £37,000 was recorded, the budget for the month of August was to present a deficit of £8,000.*
- *The financial position at the end of August is made possible because of the release of transitional funding in the first five months of the year amounting to £2.967 million.*

Income

- *At the end of August the Trust had recorded an over recovery of Income, across both Clinical and Non Clinical areas amounting to £318,000.*
- *Over performance of activity as compared with contracted activity has occurred predominantly within Emergency Care. If the Trust had received full compensation for the activity performed an additional £3.072 million would have been received in the period April – August.*
- *Despite the existence of substantial levels of activity over performance the level of additional Income received in respect of the increased activity has been reduced by £1.221 million.*
- *In the period Shropshire County PCT, Telford and Wrekin PCT and Powys LHB are each under performing, this is being compensated by Specialised Services activity which is over performing significantly as compared to plan..*

Pay

- *Pay has over spent in the months April – August by £1.974 million.*
- *In the month of August Pay overspending amounted to £735,000.*
- *The overspend in Month 5 has occurred because the Trust had failed to reduce its staffing levels at a rate consistent with its CIP Programme, and has increased costs in respect of particularly Medical and Nursing Agency spending.*
- *In the month of August the Trust planned to employ 4,582 WTE staff and instead employed 4851 posts, a difference of 269 posts, though this is in part distorted by the effect of Junior Medical staff rotation..*
- *The inability to close escalation beds has meant that whilst the Trust had planned to reduce Nursing staffing levels by circa 100 WTE posts, over the period Month 10 to Month 4, the actual number increased by reduced to date amounts to 3.95 WTE posts,.*
- *In the month of August Agency spending amounted to £935,000 a rise of £135,000 when compared with the month of June.*
- *Average monthly spending in respect of WLI payments is presently exceeding budgeted levels, as a consequence of increased spending within the MSK Clinical Centre.*

Non Pay

- *Non Pay under spent against the Budget in the month of August by £322,000.*
- *Over the period April – August Non Pay budgets under-spent collectively by £804,000,*
- *The three month average spending covering the period June – August has reduced by comparison with the base period used for setting budgets.*

Forecast outturn

- *The Trust is required to deliver a surplus for the year amounting to £1.9 million,*
- *A review of the status of the Cost Improvement Programme, suggests that the Trust will underachieve against the targeted level of savings by £3.138 million,*
- *A most likely forecast outturn position that recognises the under achievement of CIP savings and the impact of financial penalties arising as a consequence of failure to achieve National Performance levels and a continuation of existing budgetary performance is expected to result in the delivery of a surplus for the year amounting to £1.1 million. Corrective actions improve the forecast Outturn position, resulting in a surplus for the year of £1.9 million.*

Service Line Reporting

- *Six centres recorded a loss in the period April – July, these being Musculoskeletal, Head and Neck, Ophthalmology and Patient Access, Women and Children, Emergency and Critical Care and Medicine.*
- *Collectively the Centres generated a contribution percentage of 19% of Income. In order to achieve a break even position (without SHA support) requires this percentage to increase to 23%. Benchmarked data recommends a percentage achievement of 25%.*
- *Emergency and Critical Care achieved a small contribution of less than 1% , whilst Head and Neck achieved less than 6%..*
- *The logic has been revised from last year for the recharging of Pharmacy and Therapy costs. The format has also changed to allow the separate identification of CNST costs.*

Statement of Financial Position

- *Cash position decreased £1,148k to £401k.*
- *Pressure within the cash position to be experienced over the coming months and mitigated through working capital management and deferrals within the capital programme*
- *PDC dividend confirmed as £2,885k and to be paid 17 September 2012.*
- *Reconfiguration funding phasing agreed with SHA and submitted to DH Treasury team.*
- *Capital expenditure plan is limited to generate cash surplus of £1.0m.*
- *BPPC for the year to date remains strong and consistent with prior year performance.*
- *The in month movement of Total Assets Employed is a negative £107k, with net current liabilities increasing by £1,209k.*

Neil Nisbet
Finance Director
20th September 2012