

TRUST BOARD - 29TH March 2012

Finance Update – Key Messages

Income and Expenditure Position

- The Trust recorded a deficit at the end of February amounting to £724,000; the Trust had planned to record a deficit at this stage in the financial year of £1.497 million.
- In the month of February a deficit of £847,000 was recorded, the plan for the month of February was to present a deficit of £601,000.

Income

- Over achievement by 5.625 million at the end of February, forecast to increase to £6.135 million by the year end
- Trust has end of year agreement with Shropshire County and Telford and Wrekin PCTs which generates an over achievement amounting to £4.036 million.
- To achieve financial balance the Trust is required to over achieve by £2.1 million from all other Income sources, at the end of February an over achievement of £1.861 million had been recorded, an increase of £261,000 by comparison with the previous month.

Pay Expenditure

- Pay over spent against the Budget in the month of February by £208,000.
- In the year to date the Trust has incurred premium costs associated with the employment of Agency staff amounting to £6.15 million. £4.67million of the excess is attributable to the employment of Medical staff. The average annualised cost for Consultant staff amounts to £240,000 and for other medical staff £120,000.
- In February the Trust operated with 61 62 posts in excess of budgeted level.
- In the month of February to support escalation the Trust increased Temporary Nursing Staffing levels by 12.32 posts, in February the number of Temporary Nurse increased by a further 20.84 posts .As a consequence of the bed closure programme the Trust retained 65 nursing posts to support escalation. Given these levels of staffing it is apparent that the Trust has been unable to generate savings from the closing of beds.
- Agency spending amounted to £1.003 million in the month – levels previously recorded in the month of October.

Non Pay Expenditure

- Non Pay over spent against the Budget in the month of February by £1.162 million.
- Non Pay budgets had recorded a cumulative overspend at the end of February as compared with budget of £4.775 million and is projected to increase to £5.849 million.
- Overspending in respect of Specialist High Cost Drugs has exceeded a revised budget level, as agreed with the local PCTs, at the end of February by £970,000.

Forecast Outturn

- The Trust is required to deliver savings amounting to £436,000. Pay underspending in the month of March is expected to be sufficient to enable a balanced Income and Expenditure position to be achieved in the 2011/12 year.
- Given the scale of spending in the month of February the likelihood of achieving a balanced Income and Expenditure position by the year end has reduced to 50 per cent.
- A best case Projection results in the Trust generating a surplus at the end of the year of £764,000
- A worst case projection results in the Trust recording a deficit at the end of the year amounting to £700,000.

Service Line Reporting

- Five centres recorded a loss in the period April – February, these being Musculo- skeletal Head and Neck, Ophthalmology, Women and Children and Emergency and Critical Care.
- Collectively the Centres generated a contribution percentage of 18% of Income. In order to achieve a break even position (without SHA support) requires this percentage to increase to 20%. Benchmarked data recommends a percentage achievement of 25%.
- Emergency and Critical Care failed to deliver a Contribution, whilst Head and Neck achieved less than 1 per cent
- The logic has been revised in January for the recharging of Pharmacy costs with a retrospective adjustment made for all previous Months.

Statement of Financial Position

- Additional £2M CRL reflected within the capital programme. Slippage within Bed Closure Programme enabled an acceleration of the purchase of a replacement Linac machine.
- Cash position higher than forecast due to financial system upgrade. Forecast still to grow cash by £1M
- BPPC for the month deteriorates (as forecast) with small reductions in cumulative performance
- Current liabilities increased in month by £1.0M and an in year reduction of £1.3M.