

2012/13 BUDGET

TRUST BOARD – 29th March 2012

Introduction

The 2012/13 financial year is challenging for the Trust. Significant reductions in Income combined with a requirement to absorb internally all cost inflation in respect of Pay and Non Pay expenditures, result in the Trust having to deliver an ambitious Cost Improvement Programme in order to achieve the statutory duty to achieve an Income and Expenditure Balanced position at the end of the year.

In this context this paper provides a description of the 2012/13 budget, and describes the construction of the:

- Income budgets, in particular describing the changes that have led to the Income budget for the year,
- Pay Expenditure – the assumptions adopted in the creation of the Pay budgets,
- Non Pay Expenditure – the assumptions adopted in the development of the Non Pay Budgets,
- Reserves – the level of funds being held within Trust reserves to underpin the 2012/13 budget; and
- Cost Improvement Programme – the activities being taken forward to deliver Cost reductions in the year.

The paper then progresses to consider how the Plan progresses on a monthly basis through the year and then concludes by considering the impact upon the Medium Term Financial Plan of the Trust.

Overall Income and Expenditure Budget.

The Income and Expenditure budget for the 2012/13 year is presented in the table below

	Recurrent £000s	Non Recurrent £000s	Total £000s	Forecast Outturn 2011/12	% change
Income	298,194	5,326	302,520	298,844	+1.23
Expenditure					
Pay	(199,701)	(620)	(200,321)	(199,338)	+0.49
Non Pay	(95,064)	226	(94,838)	(85,098)	+11.45
Reserves		(6,382)	(6,382)		
Cost Improvement Programme	27,145	(13,559)	13,586		
Total Expenditure	267,620	(19,665)	(287,995)	(284,272)	+1.90
Earnings before Interest, Tax, Dividends and Amortisation (EBITDA)	29,574	(15,009)	14,565	14,408	
Dividends and Amortisation	(14,408)	-	(14,408)	(14,408)	
Surplus / (deficit)	15,166	(15,009)	157	-	

As can be seen the Income and Expenditure budgets as constructed enable the Trust to take forward into the 2013/14 year a surplus amounting to £15.166 million, however in the year because of slippage in the achievement of the CIP programme, a surplus amounting to £157,000 is recorded.

Key messages – Overall Income and Expenditure Position

- Trust to deliver surplus in the year amounting to £157,000
- Required to deliver a Cost Improvement Programme that generates recurrent cost savings amounting to £27.145 million,
- In year savings from the Cost Improvement Programme amount to £13.586 million
- The Trust carries forward into the 2013/14 a recurrent surplus of £15.166 million.

Income Budget

The Changes within the Income budget are presented in the table below:

	Recurrent £000s	Non recurrent £000s	Total £000s
2011/12 Forecast Outturn	290,700	5,444	296,144
Baseline b fwd into 2012/13	290,700		290,700
Income Reductions			
Negative Tariff	(2,731)		(2,731)
Readmissions Adjustment	(2,414)		(2,414)
Accident and Emergency Adjustment	(863)		(863)
Local Commissioners QIPP	(5,288)		(5,288)
	(11,296)		(11,296)
Income Increases			
Agreed Coding Changes	3,505		3,505
2012/13 High Cost Drugs growth	2,761		2,761
CQUIN 1% growth	2,221		2,221
Transitional Funds		4,900	4,900
Demographic growth	3,432		3,432
Department of Health Initiatives	694		694
	12,502	4,900	17,402
Local Commissioners QIPP schemes reversed	5,288		5,288
Income Budget 2012/13	297,194	4,900	302,094

Income Reductions

- Negative Tariff – The Trust has in collaboration with the Local Commissioners computed the impact of the 2012/13 National Tariff upon the forecast Recurrent Outturn Activity. Doing so reduces the level of Income to be payable to the Trust by £2.731 million.
- Readmissions Adjustment – The 2012/13 Operating Framework requires an adjustment to be applied to Trust Income arising from Elective and Non Elective readmissions. Applying the new rules relating to this activity reduces the Trust Income by £2.414 million.

- Accident and Emergency Activity Adjustment – In the 2011/12 year the level of contractual over performance associated with Accident and Emergency was overstated. In recognition of this situation, the level of funding for the over performance has been rescaled based upon average performance across the North and East Midlands Strategic Health Authority Cluster. This has the effect of reducing Income by £863,000.
- Local QIPP Programme – In February 2012 the Trust was notified by the two Local Commissioners, Shropshire County PCT and Telford and Wrekin PCT, of an intention to reduce activity provided by the Trust amounting to £5.288 million. Discussions with the Local Commissioners have indicated that this sum represents the part year effect of their QIPP schemes. The Trust is awaiting information describing fully the areas where precisely activity is to be reduced and also the Full year effect.

Income Increases

- Coding Changes – Throughout the 2011/12 year the Trust has provided Local Commissioners with performance data, for activities where it believed that a correct application of PBR rules would lead require Commissioners to pay for the work completed. Following negotiations with Commissioners the Trust has secured additional Income from these activities in the 2012/13 year. This is estimated to increase Income in the 2012/13 year by £3.505 million.
- 2012/13 High Cost Drugs growth – The costs attributable to a range of High Cost Drugs are presently excluded from the Tariff and instead passed directly to Commissioners. A review of the level of growth associated with these drugs has been undertaken and it is estimated that this will increase charges to Commissioners by £2.761 million.
- CQUIN – The 2012/13 Operating Framework increased the level of Income associated with specific quality improvements from 1.5%, as in the 2011/12 year to 2.5% for 2012/13. The precise details associated with the CQUIN Income are being finalised. Achieving the additional 1% increases Income to the Trust by £2.221 million.
- Transitional Funds – When presented with the contract offer from the Local Commissioners, the West Mercia PCT Cluster requested information describing the impact of the offer upon the Trusts finances for the 2012/13 year. An estimate of the impact, assuming a requirement to deliver a surplus in the 2012/13 year of £2.5 million was that the contract offer would result in a financial imbalance to the Trust of £7.4 million. In recommending a sum to be made payable to the Trust from Transitional funds held by the Strategic Health Authority Cluster, the PCT Cluster concluded that the sum available to the Trust should be restricted to a level consistent with ensuring that the Trust achieved a break even position in the 2012/13 year. Accordingly a request has been made to the Strategic Health Authority Cluster to provide non recurrent transitional funding for a sum amounting to £4.9 million.
- Demographic growth – As part of the contract negotiations the Trust had been informed by the two Local Commissioners of an expectation that the effect of demography could be expected to increase activity in the 2012/13 year by approximately 1.3 per cent. In establishing a contract figure for the 2012/13 year both of the Local Commissioners removed growth funding from their contract sum. In setting a budget for the 2012/13 year it has been decided to budget for increased Income associated with Demographic growth. Doing so increase the Income available to the Trust by £3.432 million.
- Department of Health Initiatives – A series of Department of Health Initiatives are being taken forward within the Shropshire health economy in the 2012/13 year supported by earmarked Department of Health funding. These initiatives increase the Income of the Trust by £694,000.

Local Commissioner QIPP schemes reversed

The late presentation of the QIPP programme by Local Commissioners and also the limited level of specific data associated with the programme has meant that it is not possible to plan with certainty the effect the Local QIPP programme will have upon the Trusts Income and the levels of activity to be performed. That said, it is clear from both Local Commissioners that there now exists a commitment to reducing significantly Income flowing to the Trust. For these reasons it has been decided that in setting a budget for the 2012/13 year, at this stage it is appropriate to avoid estimating the impact upon activity and Income levels until improved information is made available by the Local Commissioners. Instead it has been decided to recognise the financial impact through the establishment of a negative Income reserve, as greater clarity emerges the activity and income associated with the activity will then be adjusted accordingly.

Key Messages - Income

- Total Income for the year - £302.094 million
- Income reduced by comparison with the previous year by £11.296 million
- Income growth in the year - £12.502 million
- Trust to receive non recurrent Transitional Funds - £4.9 million
- Local Commissioners QIPP Programme - £5.288 million.

Expenditure Budgets

Pay Expenditure

Pay spending in the 2011/12 year has been complicated, as the Trust has sought to:

- introduce additional posts to address recognised quality deficiencies; and
- respond to the requirement to address a serious problem in respect of waiting times performance.

This has meant that consistently throughout the year, the level of Pay spending has increased. In addition the Trust has historically failed to maintain a clearly described funded establishment register to enable control over staffing levels to be enforced.

	April £000s	May £000s	June £000s	July £000s	Aug £000s	Sept £000s	Oct £000s	Nov £000s	Dec £000s	Jan £000s
Monthly Pay spend	16,244	16,478	16,575	16,261	16,363	16,709	16,699	16,752	16,675	16,993
WTE	4765.40	4733.46	4783.86	4759.51	4739.95	4788.91	4829.68	4861.18	4846.81	4862.82

Presented with these issues, it has been decided to reconstruct Pay Budgets for the Trust, based upon the recorded level of Pay spending occurring in the month of January 2012. A decision supported at both the Hospital Executive Committee and Operational Delivery Group meetings in February 2012.

In the month of January 2012, the Trust spent £16.993 million. This month is however distorted by non recurrent spending associated with Arrears repayments (£80,000) and costs incurred in accelerating performance in respect of waiting times. (£127,000).

Adjusting for these two items, the monthly pay spend then amounts to £16.786 million. The annual budget is then computed as follows:

	Monthly January Pay spending £000s	Annualised based on January Pay spend £000s
January Pay spend	16786	201,428
Bank Holidays Adjustment		(1,000)
Pay Awards and Increments		2,000
Bed Closure Programme Phase 1 and 2		(3,815)
Agency Doctor Contract – 20 per cent rate reduction		(1,000)
Department of Health Initiatives		694
Total Budget		198,307

Since constructing this budget the Trust has received notification of spending in the month of February. In this month Pay spending increased to £17.056 million. After adjusting for costs associated with waiting list performance Pay spending then amounted to £16,929 million. When compared with the January this represents an increase of £143,000 in the month. Given the scale of this change, in constructing the budget for the 2012/13 year it has been decided to increase the total budget by £1.72 million to a revised spending level for the year of £200.027 million.

In setting this budget, revised practices are also being introduced to enable the budgets for the 2012/13 year to be more closely managed, these controls being:

- Agency Spending – the “premium” costs associated with staff employed as Agency staff, has been removed from the budgets held by Budgetholders and instead is held centrally. Availability of the budget being approved through a panel comprising the Medical Director and Finance Director. This practice ensures that :
 - (a) Budgetholders are not able to utilise premium costs to increase employed staffing levels within their departments / Centres; and
 - (b) In applying for ongoing access to Agency premium costs, Budgetholders are required to actively satisfy a central panel of the “need” for Agency costs and the actions being taken to avoid such costs into future months.

- Waiting List Initiative – All budgets associated with Waiting List Initiative payments, has been removed from the Budgets held by Budgetholders, and instead is held centrally. Availability of the budget being approved through a panel comprising the Medical Director and Finance Director. This practice ensures that :
 - (a) Decisions over the availability of funds to support Waiting list Initiatives are clearly linked to waiting list performance and allows for scrutiny of activity levels performed within “core” work time; and
 - (b) Budgetholders are not able to utilise waiting list funding to support a growth in staffing levels without clearly validated of impact upon waiting times performance.

Non Pay Budgets

As with Pay spending, the 2011/12 year has been characterised by consistent increases in the level of monthly Non Pay expenditure, with controls over spending being made problematic because of the unreliability of the budgets set for use within the year.

The variability of spending across non pay areas is such that, in order to obtain a satisfactory view of the level of non pay spending it is necessary to smooth out random variation by applying a moving average to the monthly spending levels. Applying a three month moving average provided the following results.

	April – June £000s	May – July £000s	June – Aug £000s	July – Sept £000s	Aug – Oct £000s	Sept – Nov £000s	Oct – Dec £000s	Nov – Jan £000s	Dec – Feb £000's
Average monthly spending	6,491	6,730	6,966	7,074	6,980	7,159	7,322	7,598	7,731
Movement	-	231	236	38	(94)	179	173	276	184

In setting a budget for the 2012/13 year it had been decided to base the construction of the budget upon the three month moving average associated with the period November 2012 to January 2012. The highest level within the year.

	3 month moving average – Nov to January £000s	Annualised based on 3 month average spend £000s
3 month moving average – Nov to Non Recurrent monthly spend in the period	7,598	
Professional Advisors	(145)	
Waiting times performance – Nuffield Hospital	(134)	
Revised Moving average – excluding excess payments	7,319	87,828
Remove seasonality – associated with Utility costs		(786)
Revised 3 month Moving average Annualised budget		87,042
Total Budget High Cost Drugs growth – estimated 2012/13		2,761
Inflation – at 4.5 per cent		3,805
Capitalisation of revenue costs		(226)
		93,881

Since constructing this budget, the Trust received notification of Non pay spending levels in the month of February. In February Non Pay spending in the month amounted to £7.929 million. As a consequence the moving average monthly spend for the period December through to February increased to £7.731 million. Adjusting for the non recurrent excess payment to professional advisors and achievement of waiting list performance reduces the monthly moving average to £7.44 million.

Given the scale of this change, it has been decided to adjust the budget to reflect the increased spending in February. Doing so increases non pay budgets in total by £1.35 million, to a revised level of £94.706 million.

April – Continuation of Waiting Times Performance Programme.

Given the position of the Trust in respect of its waiting list performance, it has been agreed that the activities being undertaken to improve the performance should be extended by a further month into April. Doing so will mean that the Trust will incur additional Pay costs, beyond the levels described above, amounting to £294,000 and Non Pay costs amounting to £132,000. Undertaking such levels of activity will result in an over performance as compared with the contracted Income. Prudently it has been assumed that the increased Income will equate to the increased Pay and Non Pay costs.

Reserves

In recognition of the risks facing the Trust in the 2012/13 year, the Trust has established contingency reserves amounting to £6.382 million. These reserves are being held to cover:

- Lost Income – from Local Commissioners as they implement their QIPP programme and enforce contractual penalties – sum £5.288 million; and
- Demography – Unachieved Income growth as a consequence of demographic changes – sum £1.094 million.

Key Messages - Expenditure budgets and Reserves
<ul style="list-style-type: none"> - Pay Budgets set based upon Month 10 level of spending - £198.307 million, increased by further £1.72 million as a consequence of spending level in February - Non Pay set based upon a 3 month moving average covering the period November to Jan - £93.881 million – increased to £94.706 million as a consequence of increased spending recorded in February. - Contingency reserves – held to cover lost Income associated with QIPP and Demographic growth amounting to £6.382 million.

Cost Improvement Programme

The Trust has set an ambitious Cost Improvement Programme for delivery in the 2012/13 year.

In order for the Trust to successfully deliver it's budget for the 2012/13 year, it is critical for these levels of cost savings to be released. Whilst the Trust delivers recurrent savings from this programme amounting to £27.145 million, after allowing for the implementation dates for each of these respective schemes, the level of savings released in the year reduces to £14.256 million.

Revised CIP Plan	Apr 000s	May 000s	Jun 000s	Jul 000s	Aug 000s	Sept 000s	Oct 000s	Nov 000s	Dec 000s	Jan 000s	Feb 000s	Mar 000s	Total 000s
Total	200	321	866	906	945	984	1190	1230	1394	1892	2073	2254	14256

In addition to these sums the Trust is also required to deliver savings that commenced in the 2011/12 year in full within the 2012/13 year these schemes being:

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total	Plan Saving	Var
Phase 1 and 2 Bed Closures	107	187	266	292	318	318	318	318	318	318	318	318	3395	3815	(420)
Locum Doctor Agency savings	42	42	67	67	67	67	67	67	67	67	67	67	750	1000	(250)
Total 000s	149	229	343	359	395	395	395	395	395	395	395	395	4145	4815	(670)

The total level of savings being delivered in the 2012/13 year amount to £13.586 million.

Key Messages – Cost Improvement Programme

- New schemes introduced in the 2012/13 year generate recurrent costs savings amounting to £27.145 million, and “in year” £14.256 million
- Slippage on schemes carried forward from the 2011/12 year reduces the total level of savings by £670,000 to £13.586 million.
- £11.1 million of the £14.256 million savings are delivered in the last six months of the 2012/13 financial year.

Income and Expenditure Account over the 2012/13 year on a monthly basis

The Income and Expenditure Account over the twelve months April 2012 to March 2013 is presented in the table below.

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Planned Surplus / (deficit) £000s	(1528)	(533)	1029	661	(194)	359	389	156	(533)	(302)	(764)	1417
Cumulative surplus / (deficit) £000s	(1528)	(2061)	(1033)	(372)	(566)	(207)	182	338	(194)	(496)	(1260)	157

As can be seen the Trust expects to record a deficit in the month of April amounting to £1.528 million and complete the first quarter of the year with a cumulative deficit amounting to £1.033 million. By the end of the second quarter the cumulative overspend is planned to reduce to £207,000 and by Quarter 3 the planned deficit amounts to £194,000.

During the period a negative run rate is recorded in the months of April and May, followed by positive run rates in five of the months between June and December.

Significantly over this period the Pay spend per month declines from £17.052 million in April to £14.98 million in March 2013.

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Pay Cost £000s	17052	16641	16202	16163	16124	16111	15915	15902	15764	15293	15139	14984
WTE	4881	4764	4638	4627	4616	4612	4556	4552	4513	4378	4334	4289

Key Messages – Monthly Income and Expenditure Plan

- Trust suffers a deficit in the first month of the year amounting to £1.528 million,
- End of Quarter 1 cumulative deficit 31.033 million, by quarter end of quarter 2 cumulative deficit £207,000 and by quarter 3 cumulative deficit £194,000.
- To achieve plan total Pay spend has to decline from £17.052 million in April 2012 to £14.984 million by March 2013.

Risks associated with the 2012/13 Plan

Income – Demographic growth – In setting the Plan it has been assumed that the Trust will increase Income as a consequence of demographic growth by 1.3%, and in doing so generate Income amounting to £3.432 million. A contingency reserve has been established to partially cover this risk amounting to £1.094 million.

Local QIPP – Local Commissioners have indicated that local QIPP schemes will reduce Income by 5.288 million; little detail exists in respect of the activities being introduced to reduce the Income. Discussions with Commissioners suggest that the full year effect of their plans will reduce the Income to the Trust by £8.0 million. A contingency reserve has been established to cover lost Income from QIPP schemes amounting to £5.288 million.

Commissioning intention of Powys Health Board – No information has been provided to the Trust by the Trust that details the commissioning intentions of the Powys Local Health Board.

Pay Spending – As described in the above the Trust is required to substantially reduce spending. Doing so is dependant upon the delivery of CIP schemes and controlling expenditures in respect of Waiting List Initiatives and Agency Costs. No contingency reserve exists to cover this risk.

Non pay spending – As with Pay spending the underlying level of Non Pay spending (excluding Inflation and growth in High Cost Drugs) is expected to reduce in the year as a consequence of the delivery of Cost Improvement Targets. No contingency reserve exists to cover this risk.

Cost Improvement Programmes – The Target for the 2012/13 is to deliver a recurrent CIP plan of £27.145 million, and after allowing for slippage savings in year amounting to £14.256 million. In achieving this sum, the Trust is required to deliver the savings to specific deadlines. Delay in the delivery of the programme by one month will reduce the scale of savings by £2.3 million; delay of the programme reduces the scale of saving by £6.3 million. No contingency reserves exist to cover this risk.

Key Messages – Risks and Contingencies

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| <ul style="list-style-type: none">- Contingency reserves exist to cover the impact of Local QIPP schemes and Demographic growth upon Income- No contingency reserves exist to cover the failure to deliver the 2012/13 CIP Programme.- Delay in the delivery of the 2012/13 CIP programme creates a cost pressure of £2.3 million; delay by three months creates a cost pressure of £6.3 million. |
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Impact upon the Medium Term Financial Plan

In setting the medium term financial plan for the Trust, a series of assumptions have been applied, notably:

- Negative Tariff – Applies across the years 2012/13 to 2016/17. In the years 2013/14 to 2016/17 at the rate of 1.8 per cent.
- Demographic growth – Increases Income each year by 1.3 per cent.
- QIPP schemes – Over the two years 2012/13 and 2013/14 Income reduces as a result of QIPP schemes recurrently by £8 million.
- Pay Costs – Rise in each year by 2 per cent; and
- Non Pay costs – Rise in each year by 4.5 per cent.

Given these assumptions, the successful delivery of the Cost Improvement Plan in the 2012/13 financial year, is critical if the Trust is to progress sustainably over the period 2012/13 to 2016/17 as illustrated in the table below. More specifically, by delivering the 2012/13 CIP Plan, the Trust is then able to carry forward into the 2013/14 year a recurrent surplus amounting to £15.0 million. Doing so ensures that the Trust is required to generate savings of £4.3 million in the 2013/14 year in order to deliver a surplus consistent with the requirements as presented by Monitor. In future years the levels of savings to be achieved amount to £6.8 million to £7.6 million per year.

	Recurrent £million's	Non Recurrent £million's	Total £million's	New Recurrent CIP £million's	Savings achieved “ in year” £millions	% “in year” CIP as compared with turnover
2012/13	15.0	(14.8)	0.2	27.1	14.3	4.7%
2013/14	2.5	(0.3)	2.2	4.3	17.1	5.9%
2014/15	2.1	-	2.1	6.8	6.8	2.4%
2015/16	2.1	-	2.1	7.5	7.5	2.6%
2016/17	2.0	-	2.0	7.6	7.6	2.6%

Key Messages – Medium Term Financial Plan

- 2012/13 CIP – Successful delivery of the 2012/13 Plan critical for the Medium Term Financial sustainability of the Trust, achieving this sum enables the Trust to achieve its CIP requirements in the 2013/14 year.

Annex 1 – Monthly Income and Expenditure Position 2012/13

Income and Expenditure - Monthly Analysis													
	April	May	June	July	August	September	October	November	December	January	February	March	Total
Income without actions and reprofiling	23429	24341	25489	25342	24723	25485	25569	25664	25161	25144	24750	26998	302094
Coding gain	0	0	18	36	55	73	91	109	127	145	164	182	1000
Reprofiling £4.9 million based on CIP dly	366	300	235	41	-17	-26	-61	-70	-179	-188	-196	-205	0
Continuation of RTT	426												426
Revised Income	24221	24641	25742	25420	24760	25532	25598	25703	25109	25101	24717	26975	303520
Pay (Exc CIP)	-16536	-16562	-16588	-16613	-16639	-16664	-16673	-16699	-16725	-16750	-16776	-16802	-200027
Pay CIP	380	386	392	399	655	662	735	741	873	1337	1486	1634	9680
Undelivered Pay CIP	-557	-378	95	120	-104	-104	-4	-4	-4	-4	-4	-4	-949
VAT Locums change			30	30	30	30	30	30	30	30	30	30	300
Posts in Pipeline	-76	-152	-227	-227	-227	-227	-227	-227	-227	-227	-227	-227	-2500
Recruitment controls	32	64	96	128	160	192	224	256	288	321	353	385	2500
Continuation of RTT and waiting list payments	-294												-294
Total Pay	-17052	-16641	-16202	-16163	-16124	-16111	-15915	-15902	-15764	-15293	-15139	-14984	-191290
Non Pay	-7488	-7454	-7539	-7623	-7707	-7791	-7875	-8077	-8162	-8246	-8330	-8414	-94706
Non Pay CIP	15	29	44	59	74	88	103	118	133	147	162	177	1150
Further CIP	110	110	110	110	110	110	110	110	110	110	110	110	1325
Non Pay savings identified by Centres			108	108	108	108	108	108	108	108	108	108	1080
Continuation of RTT	-132												-132
Total Non Pay	-7495	-7314	-7276	-7345	-7415	-7484	-7554	-7741	-7811	-7880	-7949	-8019	-91283
Reserves	-2	-18	-35	-51	-214	-377	-540	-703	-866	-1029	-1192	-1355	-6382
Total Expenditure	-24549	-23974	-23512	-23559	-23753	-23972	-24009	-24346	-24441	-24202	-24280	-24358	-288956
EBITDA	-328	667	2230	1861	1007	1560	1590	1357	668	899	437	2617	14564
Depreciation and Dividends	-1201	-1201	-1201	-1201	-1201	-1201	-1201	-1201	-1201	-1201	-1201	-1201	-14408
Planned Surplus/ (Deficit)	-1528	-533	1029	661	-194	359	389	156	-533	-302	-764	1417	157
Cumulative Position	-1528	-2062	-1033	-372	-566	-207	182	338	-194	-496	-1260	157	

Annex 2 – Income and Expenditure Position 2012/13 to 2016/17

Income and Expenditure	2012/13			2013/14			2014/15			2015/16			2016/17		
	Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	Recurring	Non Recurring	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income (1) and (2)	297.2	5.3	302.5	288.4		288.4	287.6		287.6	286.4		286.4	285.2		285.2
Pay	-199.7	-0.6	-200.3	-202.0	-0.3	-202.3	-204.2		-204.2	-206.5		-206.5	-208.8		-208.8
Non Pay	-94.9	0.1	-94.8	-99.6		-99.6	-104.4		-104.4	-109.5		-109.5	-114.7		-114.7
Finance Costs	-14.4		-14.4	-14.4		-14.4	-14.4		-14.4	-14.4		-14.4	-14.4		-14.4
Reserves	-0.3	-6.1	-6.4	-0.3		-0.3	-0.3		-0.3	-0.3		-0.3	-0.3		-0.3
Expenditure (3)	-309.3	-6.6	-315.9	-316.3	-0.3	-316.6	-323.3	0.0	-323.3	-330.7	0.0	-330.7	-338.2	0.0	-338.2
Deficit before CIP	-12.1	-1.3	-13.4	-27.9	-0.3	-28.2	-35.7	0.0	-35.7	-44.3	0.0	-44.3	-53.0	0.0	-53.0
CIP															
Trust Schemes			0.0	2.3		2.3	9.1		9.1	12.0		12.0	19.6		19.6
Other schemes	3.4	0.3	3.7	5.4		5.4	5.4		5.4	10.0		10.0	10.0		10.0
2011/12 cip slippage		-0.6	-0.6												
PwC Schemes	23.7	-13.2	10.5	24.3		24.3	25.3		25.3	26.3		26.3	27.3		27.3
Surplus after CIP	15.0	-14.8	0.2	4.1	-0.3	3.8	4.0	0.0	4.0	4.0	0.0	4.0	3.9	0.0	3.9
Revenue Consequence of Service Reconfiguration			0.0	-1.6		-1.6	-1.9		-1.9	-1.9		-1.9	-1.9		-1.9
Surplus after Service Improvements	15.0	-14.8	0.2	2.5	-0.3	2.2	2.1	0.0	2.1	2.1	0.0	2.1	2.0	0.0	2.0