

## TRUST BOARD - Thursday 26<sup>th</sup> July 2012

### Finance Update – Key Messages

#### **Income and Expenditure Position**

- *The Trust recorded a deficit at the end of June amounting to £1.530 million; the Trust had planned to record a deficit at this stage in the financial year of £1.201 million.*
- *In the month of June a surplus of £45,000 was recorded, the plan for the month of June was to present a surplus of £33,000.*
- *The financial position at the end of June is made possible because of the release of transitional funding in the first three months of the year amounting to £2.126 million.*

#### **Income**

- *At the end of June the Trust had recorded a under recovery of Income, across both Clinical and Non Clinical areas amounting to £262,000.*
- *Over performance of activity as compared with contracted activity has occurred predominantly within Emergency Care. The under recovery of Income appears attributable to the pricing rules relating to excess Emergency Care*
- *In the period Shropshire County PCT is over performing significantly, whereas Powys UHB is showing a contract under performance.*

#### **Pay**

- *Pay has over spent in the months April – June by £490,000*
- *In the month of June Pay overspending amounted to £295,000.*
- *The overspend in month 3 has occurred because the Trust had planned to employ 4,666.05 WTE staff and instead employed 4836.64 posts, a difference of 170.61 posts.*
- *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 3, the actual number reduced to date amounts to 22.14 WTE posts,*
- *Similarly in the period Month 10 to Month 3, the Trust had planned to reduce its level of Temporary staff by a further 100 posts and has been able to reduce staffing levels by 14.73 WTE posts.*
- *By comparison with Month 10 (the period used for setting the 2012/13 budget) total staffing levels have reduced by 26.18 posts.*
- *In order for the Trust to deliver Pay savings consistent with the Cost Improvement Plan, the Trust is required to reduce monthly Pay spending (when compared with Month 10) by £491,000. At the end of June monthly Pay costs had reduced by £45,000.*

#### **Non Pay**

- *Non Pay under spent against the Budget in the month of June by £315,000.*
- *Over the period April – June Non Pay budgets underspent collectively by £423,000,*
- *The three month average spending covering the period April – June has reduced by comparison with the base period used for setting budgets, at a rate that appears consistent with expectations.*

#### **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 £4.87 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 is expected to result in the delivery of a deficit for the year amounting to*

*£456,000. Corrective actions improve the forecast Outturn position, resulting in a surplus for the year of £1.744 million.*

**Statement of Financial Position**

- *Cash position increased by £687k to £938k*
- *Cash flow based on worst case scenario becomes unmanageable at end September 2012.*
- *Capital expenditure is limited with process and principles of reconfiguration funding phasing agreed with SHA*
- *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.*
- *Total assets employed increased by £0.045m with net current liabilities increasing by £0.036m*

*Neil Nisbet/Jill Price  
Finance Director  
18<sup>th</sup> July 2012*