

FINANCE DIRECTOR REPORT – MONTH 04
TRUST BOARD – 30th AUGUST 2012

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 – July and provides a forecast outturn for the year.

In addition, in constructing the paper a series of scenarios have been provided to indicate the risks associated with the delivery of the plan for the 2012/13 year.

Recognising the impact such plans has 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 04 Cumulative Position**

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

	Months 1- 4 Budget	Month 1- 4 Actual	Variance	Planned Forecast Outturn £000s	Forecast Outturn £000s	Variance £000s
	£000s	£000s	£000s			
Income	97,238	97,508	270	299,809	297,336	(1,253)
Expenditure						
Pay	(66,127)	(67,367)	(1,239)	(192,601)	(201,423)	(8822)
Non Pay	(29,015)	(28,533)	482	(90,586)	(86,427)	2,939
Reserves	(217)	(196)	21	(5,215)	898	6,113
Finance Cost	(4,752)	(4,752)	-	(14,408)	(14,357)	51
Total Expenditure	(100,111)	(100,848)	(737)	(301,590)	(301,309)	281
Under / Over spend	(2,872)	(3,339)	(467)	1,900	928	(972)
Transitional support	2,576	2,576	-	4,900	4,900	-
Phased spending – to agree with SHA Finance Plan	304		(304)			
Actions to address overspend				-	972	972
	8	(763)	(771)	1,900	1,900	-

As can be seen from the above at the end of July the Trust had recorded a cumulative deficit amounting to £763,000. The Trust had planned to record a cumulative surplus at the end of July amounting to £8,000. It is forecast that by the year end, without management actions the Trust will record a surplus amounting to £928,000. Management actions enable the Trust to return a surplus for the year of £1.9 million.

3. **Monthly Analysis – July**

The "in month" position for the month of July is presented in the table below.

	Budget Position £000s	Actual £000s	Variance £000s
Income	25,751	26,283	532
Expenditure			
Pay	16,148	16,898	(750)
Non Pay	7,270	7,211	59
Reserves		196	(196)
Finance Cost	1,302	1,086	216
Phased spend	(178)	126	(304)
Total Expenditure	24,542	25,517	(975)
Planned surplus	1,209	766	(443)

The Trust planned to deliver a surplus in the month of £1.209 million and actually recorded a surplus of £766,000.

4. Month by Month analysis

The table below provides a description of the Income and Expenditure position of the Trust on a monthly basis.

	April £000s	May £000s	June £000s	July £000s	Total April - July £000s
Income	22,817	24,667	24,191	25,833	97,508
Expenditure					
Pay	17,033	16,869	16,567	16,898	67,367
Non Pay	7,241	7,162	6,919	7,211	28,533
Reserves				196	196
Phased spend		(266)	140	126	-
Finance Cost	1,291	1,212	1,163	1,086	4,752
Total Expenditure	25,565	24,977	24,789	25,517	100,848
	(2,748)	(310)	(598)	316	(3,340)
Transitional Funding	774	709	643	450	2,576
Under / Over spend	(1,974)	399	45	766	(764)
Planned Position	(1,566)	332	33	1,209	8
Variation from plan	(408)	67	12	(443)	772

Income and Expenditure Position – Key Messages

- *The Trust recorded a deficit at the end of July amounting to £763,000; the Trust had planned to record a surplus at this stage in the financial year of £8,000.*
- *In the month of July a surplus of £766,000 was recorded, the plan for the month of July was to present a surplus of £1.209 million.*
- *The financial position at the end of July is made possible because of the release of transitional funding in the first four months of the year amounting to £2.576 million.*
- *The Trust is holding reserves amounting to £5.913 million to cover Income losses associated with the Local Health Economy QIPP programme, the Trust plan assumes that such a reduction would not come into effect until the month of August and as such no funds have been released in the period to date.*

5. Explanation of Position recorded to date

5.1 Income

The Income generated by the Trust in the months of April – July is presented in the table below.

	Budget Months 1- 4 £000s	Actual Months 1- 4 £000's	Variance £000s
Shropshire County PCT	42,945	43,229	284
Telford and Wrekin PCT	30,724	30,423	(301)
Powys LHB	7,482	7,164	(318)
Other PCTs	2,237	2,261	24
Specialised services	4,808	5,333	525
Non Contracted Activity	736	859	123
Other Clinical Income	1,298	1,271	(27)
Total Clinical Income	90,230	90,540	310
Non Clinical Income	7,008	6,968	(40)
Transitional support	2,576	2,576	0
Total Income	99,814	100,084	270

In the period April - July the level of Income received was greater than planned by £270,000. The over recovery of Income is explained as follows:

£'s	Variance	April - July	
		Volume	Price
A&E	68,972	33,345	35,628
Consultant Led/Responsible First Attendance	-8,398	-69,641	61,243
Consultant Led/Responsible Follow Up Attendance	164,834	67,093	97,741
Consultant Led/Responsible Outpatient Procedure	949,382	1,582,174	-632,792
Contingency	-143,584	-143,584	0
Elective DC	-65,937	-125,532	59,595
Elective IP	-552,345	-161,953	-390,392
Emergency	1,281,104	2,271,478	-990,374
Maternity	-274,341	-237,909	-36,432
Other Services	-1,085,173	-1,063,173	0
Private Patients / RTA / Overseas Visitors	-67,000	-67,000	0
SaTH Total	267,515	2,085,298	-1,795,783

As can be seen the over recovery is attributable to:

- Volume variation – increased activity beyond planned levels has led to a volume over recovery of Income amounting to £2.086 million. This over recovery is particularly noticeable within Emergency Care and Outpatient Procedures.
- Price variation – conversely despite increasing activity levels, the unit price of activity performed is much lower than planned resulting in an adverse price variation of £1.796 million. This price variation is mainly attributable to Emergency Care and is a reflection of the rules relating to increased emergency activity, where the level of payment for over performance is set at 30% of tariff, and also new rules introduced from the 1st of April that discount for case

The levels of activity recorded in the months April – July is shown in the table below:

Activity Volumes

Activity	YTD Planned	YTD Actual	Variance	% Variance
A&E	35,503	35,841	338	1%
Welsh A&E	2,427	2,442	15	1%
Consultant Led/Responsible First Attendance	35,176	34,609	-567	-2%
Consultant Led/Responsible Follow Up Attendance	61,136	61,817	681	1%
Consultant Led/Responsible Outpatient Procedure	23,652	30,955	7,303	31%
Elective DC	12,928	12,687	-241	-2%
Elective IP	2,695	2,496	-199	-7%
Emergency	14,940	15,582	642	4%
Maternity	2,311	2,231	-80	-3%
SaTH Total	190,767	198,660	7,893	

As can be seen in this period the level of emergency activity has exceeded planned levels by 4%, and the volume of Accident & Emergency attendances has increased beyond contracted levels by 1%. Significantly the volume of Elective Inpatient work is 7% below planned levels.

Income – Key Messages

- *At the end of July the Trust had recorded an over recovery of Income, across both Clinical and Non Clinical areas amounting to £270,000.*
- *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 £2.086 million would have been received in the period April – July.*
- *Despite the existence of substantial levels of activity over performance however, pricing rules relating to excess emergency care and the introduction of revised tariff which discounts for the existence of co-morbidity has meant that the level of additional Income received in respect of the Increased activity has been reduced by £1.796 million.*
- *In the period Shropshire County PCT and Specialised Services activity is over performing significantly as compared to plan, whereas Powys UHB and Telford and Wrekin PCT are showing a contract under performance.*

5.2 Pay Budgets

In the opening four months of the year the Trust has committed spending amounting to £67.367 million, and had planned to commit funds during the period amounting to £66.127 million.

In setting the plan for the 2012/13 financial year, the Trust put in place a Cost Improvement Programme that is expected to substantially reduce the monthly Pay run rate.

	April		May		June		July	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Plan
£000s	17,033	17,013	16,869	16,674	16,567	16,272	16,898	16,169
WTE	4,937.31	4870.23	4,840.66	4773.26	4,836.64	4658.03	4,804.61	4628.59
Variance £000's		20		195		295		729
Variance WTE		67.08		67.40		178.61		176.02

An examination of the movement of staffing levels between Month 10 (the base month for the construction of budgets) and actual staffing levels in Month 3 has been undertaken to provide an indication of the progress made in reducing the levels of staffing within the Trust.

Month 10 2011/12						
Trust	Net Contracted wte	Bank wte	Agency wte	Add'al Hours wte	Overtime wte	Worked wte
Consultants	(206.25)		(10.70)			(216.95)
Medical Staff	(307.81)		(31.44)			(339.25)
Nursing	(1,916.38)	(119.27)	(51.52)	(39.77)	(17.15)	(2,144.09)
Other Clinical	(650.22)	(16.77)	(5.87)	(7.00)	(2.12)	(681.98)
Non Clinical	(1,321.13)	(101.22)	(28.06)	(22.06)	(8.08)	(1,480.55)
Total	(4,401.79)	(237.26)	(127.59)	(68.83)	(27.35)	(4,862.82)

Month 4						
Trust	Net Contracted wte	Bank wte	Agency wte	Add'al Hours wte	Overtime wte	Worked wte
Consultants	(213.88)		(13.77)	0.29		(227.36)
Medical Staff	(297.19)		(39.12)			(336.31)
Nursing	(1,885.39)	(159.10)	(33.63)	(35.07)	(13.81)	(2,127.00)
Other Clinical	(655.71)	(12.36)	(1.62)	(4.28)	(2.74)	(676.71)
Non Clinical	(1,303.93)	(93.96)	(10.64)	(19.81)	(8.89)	(1,437.23)
Total	(4,356.10)	(265.42)	(98.78)	(58.87)	(25.44)	(4,804.61)

The variation between these two periods is then shown in the table below.

Month 10 to 4 Movement						
Trust	Net Contracted wte	Bank wte	Agency wte	Add'al Hours wte	Overtime wte	Worked wte
Consultants	(7.63)		(3.07)	0.29		(10.41)
Medical Staff	10.62		(7.68)			2.94
Nursing	30.99	(39.83)	17.89	4.70	3.34	17.09
Other Clinical	(5.49)	4.41	4.25	2.72	(0.62)	5.27
Non Clinical	17.20	7.26	17.42	2.25	(0.81)	43.32
Total	45.69	(28.16)	28.81	9.96	1.91	58.21

As can be seen the total level of staffing reduction achieved by comparison with the budget amounts to 58.21 WTE posts. During this period the number of permanent staff reduced by 45.69 posts, the level of Agency staff by 28.81 WTE posts and payments in respect of additional Hours and overtime reduced staffing levels by the equivalent of 11.87 posts. The volume of staff employed through the Trust Bank however increased by 28.16 posts.

In order to have achieved the Trust Cost Improvement Programme, the Trust was required to:

- reduce the number of nursing posts as a consequence of removing escalation beds by approximately 100 WTE's; and
- reduce overall staffing levels by a further 130 posts, through the removal of temporary and Fixed Term employees.

In the month of July, the number of nursing posts had however reduced by comparison with Budget by 17.09 posts, and the level of staffing reductions excluding nursing staff had reduced by 51.53 posts.

How the Whole Time equivalent data reconciles with the level of spending

	Month 10 £000s	Month1 £000s	Month 2 £000s	Month 3 £000s	Month 4 £000s
Consultants	2,905	2,997	2,782	2,834	3,065
Medical staffing	2,291	2,145	2,269	2,191	2,224
Nursing	6,302	6,400	6,366	6,282	6,336
Other Clinical	2,138	2,192	2,155	2,129	2,093
Non Clinical	3,126	3,299	3,257	3,134	3,180
Total	16,763	17,033	16,869	16,567	16,898
Number of WTE	4,862.82	4,937.81	4,840.66	4,836.64	4,804.61

In the above table, the number of WTE staff employed declined by a further 22.03 posts between Month 3 and Month 4, yet spending in the month increased by £331,000.

As explained in the previous board paper, the Month 3 spending position was distorted because of the number days worked as premium time (particularly weekend working). As such in order to understand the underlying level of Pay spend at Month 3 it was necessary to take an average based upon Months 2 and 3 spending. This then produces an average monthly Pay spend of £16.718 million. By adopting this figure and then acknowledging a reduction in workforce numbers of 22.03 posts, this would then have suggested that the level of spending in Month 4 would have been £16.642 million. By applying this number the level of unanticipated cost increase then between Months 3 and 4 is £256,000.

Two main reasons exist to explain this increase, notably :

- Agency Spending; and
- Waiting List Initiative commitments.

Agency Spending

A key area targeted for greater financial control over the past twelve months has been with regard to Agency spending.

The table below shows that between Month 4 and Month 3 the level of Agency spend increased by £94,000.

	Average – April – June 2011 £000's	Average July – Sept 2011 £000's	Average Oct – Dec 2011 £000's	Average Jan – March 2012 £000's	April 2012 £000's	May 2012 £000's	June 2012 £000's	July 2012 £000's
Consultants	302	267	288	204	182	134	147	210
Medical staff	538	583	394	428	424	492	456	462
Nursing	375	206	109	178	115	109	140	140
Other Clinical	54	72	51	52	28	12	14	7
Other	26	60	86	130	77	45	43	75
Total Agency staff spending	1,295	1,188	927	993	826	793	800	894

This increase occurred in the following areas :

- Medicine – where costs increased by £76,000 as a consequence of employing a further 4.16 WTE's; and
- Ophthalmology – where costs increased by £36,000 following the appointment of 2.65 WTE's.

Waiting List Initiative Payments

Between Months 3 and 4 the level of Waiting List Initiative Payments increased by £149,000.

WLI Payments	2011/12	Average Mthly spd	2012/13			
			Mth1	mth 2	mth3	mth4
Womens and children	49707	4142	2485	773	-11	
Emertgency	-				683	1000
Ophthalmology	95921	7993	12833	16525	13327	11000
Head and Neck	590483	49207	25548	-72365	-9559	11000
Oncology	974	81				
Medicine	296467	24706	20428	26948	5038	97000
Surgical	1457939	121495	144099	11667	50622	96000
MSK	709505	59125	109289	114236	82462	70000
Diagnostics	238792	19899	22673	17227	7591	13000
	3439788	286649	337355	115011	150153	299000

Between Months 4 and Months 3, the level of spending in respect of Waiting List Initiative commitments increased by £149,000. A review of the systems and processes underpinning Waiting list Initiative payments is presently being undertaken by the Trust's Internal Auditors. Immediately, however, it has been identified that:

- MSK has continued to perform Waiting list Initiatives without gaining the prior approval of the established Waiting list Initiative group, established to review and control Waiting List Initiative Payments; and
- Medicine has performed a significant level of Waiting list Initiatives. The Centre has requested approval for WLIs through the WLI group and the requests have been rejected pending the receipt of a clear financial plan from the Centre. The financial plan remains outstanding yet the Centre has continued to undertake activity funded through WLIs.

Pay Expenditure – Key Messages

- *Pay has over spent in the months April – July by £1.239 million.*
- *In the month of July Pay overspending amounted to £729,000.*
- *The overspend in Month 4 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 both Agency spending and Waiting List Initiative Payments.*
- *In the month of July the Trust planned to employ 4,628.59 WTE staff and instead employed 4804.61 posts, a difference of 176.02 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 4, the actual number reduced to date amounts to 17.09 WTE posts,*
- *Similarly in the period Month 10 to Month 4, the Trust had planned to reduce its level of Temporary staff by a further 130 posts and has been able to reduce staffing levels by 51.53 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 the month of July Agency spending increased by £94,000 when compared with Month 3, principally within two centres Ophthalmology and Medicine.*
- *In the month of July spending increased by £149,000 when compared with Month 3 in respect of Waiting List Initiatives. It has been identified that Centres are continuing to take forward such initiatives without gaining the approval of the Waiting List Initiative group established to review and authorise these commitments.*

5.3 Non Pay

Spending in respect of Non Pay over the last seven months has reduced significantly.

	Total Non Pay Spend £000s
November	7,523
December	7,518
January	7,607
February	7,917
March	7,826
April	7,257
May	7,162
June	6,919
July	7,211

The budget for the month of July assumed spending at a rate of £7.270 million, as can be seen in the month the actual level of spending amounted to £7.211 million. Over the period April – July Non Pay budgets underspent by £482,000.

In setting the budget for the year, the Trust adopted an approach based upon the use of a three month moving average. In particular budgets for the 2012/13 year were based upon a three month moving average based upon the period Month 8 – 10 in the 2011/12 year. The table below provides a description of spending across key spending areas, by applying a moving average to the period Month 2 – Month 4 and then comparing with the period used as part of budget setting.

Centre	Sum of Moving Average M8, 9 & 10	Sum of Moving Average M2, 3 & 4	Variance
Chief Executive	(65,644)	(36,134)	29,510
Clinical Coding	(1,509)	(1,293)	216
Contracting	(362)	(619)	(258)
Diagnostics	(653,034)	(661,604)	(8,569)
DISUSED COST CENTRES	21,826	(1,157)	(22,982)
Emergency and Critical Care	(205,827)	(258,355)	(52,528)
Estates and Facilities Centre	(1,057,523)	(1,012,398)	45,125
Financial Accounting	(53,473)	(41,637)	11,835
Financial Performance	(1,141,880)	(819,979)	321,901
Financial Planning	(22,142)	(21,452)	690
Flow Management and Unscheduled Care	33	(97)	(130)
Head and Neck	(131,739)	(119,219)	12,520
Information Management and Technology	(98,300)	(113,109)	(14,809)
Innovation, Research and Development	(1,865)	(10,393)	(8,528)
Legal Services and Security	(45,121)	(42,289)	2,831
Medical Education and Training	(48,322)	(47,351)	971
Medical Staffing	(5,055)	(5,652)	(597)
Medicine Centre	(772,964)	(863,121)	(90,157)
Musculoskeletal	(216,784)	(177,189)	39,595
Oncology & Haematology Centre	(1,004,201)	(1,003,921)	280
Ophthalmology and Patient Access Centre	(275,957)	(282,940)	(6,984)
Pharmacy	36,437	78,734	42,297
Professional Leadership and Development for the Medical Workforce	(60)	(929)	(869)
Quality and Safety/Chief Nurse	(98,104)	(61,494)	36,611
Risk and Compliance	(25,729)	(24,993)	736
Service Delivery Director	(11,623)	(23,416)	(11,793)
Shared Services.	(7,568)	(7,231)	337
Strategic Workforce Planning	(44,428)	(57,472)	(13,044)
Strategy Centre	(1,138)	(3,371)	(2,233)
Surgical	(1,287,359)	(1,152,193)	135,166
Therapy Centre	(28,415)	(24,803)	3,612
Womens and Childrens	(295,409)	(319,352)	(23,942)
Workforce Development, Redesign and Management	(6,044)	(2,199)	3,845
Grand Total	(7,549,285)	(7,118,628)	430,657

As can be seen over the period the level of spending, has reduced substantially, when compared with the Month 8 – 10 period. This is to be expected because, the Month 8 -10 period incorporated significant non recurrent sums in respect of professional advisors and also energy and utility costs, amounting to approximately £390,000 per month. That said, it appears that a number of areas across the Trust have altered their spending over the last three months, notably Surgery where costs on average per month have reduced by £135,166 whereas Medicine has increased costs by £90,157.

Non Pay Expenditure – Key Messages

- *Non Pay under spent against the Budget in the month of July by £59,000.*
- *Over the period April – June Non Pay budgets underspent collectively by £482,000,*
- *The three month average spending covering the period May – July has reduced by comparison with the base period used for setting budgets, at a rate that appears consistent with expectations.*

6. Cost Improvement Programme - progress

The delivery of the financial position for the 2012/13 is dependant upon the successful achievement of the Cost Improvement Programme, as presented in the schedule below.

Revised CIP Plan	April	May	June	July	August	September	October	November	December	January	February	March	Total	REC	NREC	TOTAL
Medical Consultants					125	125	125	126	125	125	125	125	1000	1000		1000
WLI Payments	43	43	91	91	91	91	91	91	91	91	91	91	1000	1000		1000
Nursing	-87	-62	-62	-62	-62	-62	-60	92	92	92	92	92	0	1100	-1100	0
Bed Reductions										0	0	1	0	3500	-3500	0
Theatres							83	83	84	83	83	83	500	1000	-500	500
Admin and outpatients												0	0	1700	-1700	0
Pathology reconfiguration													0	1300	-1300	0
Allied Health Professionals													0	700	-700	0
On Call Payments	6	13	19	26	32	38	45	51	58	64	71	77	500	1000	-500	500
Estates and Corporate services								67	67	67	67	67	400	800	-400	400
Temporary staff reduction	0	-10	310	310	310	310	310	310	310	310	310	310	3088	3828	-740	3088
Temporary staff reduction - Medical			110	110	110	110	110	110	110	110	110	110	1212	1212		1212
Diagnostic tests													0	600	-600	0
Coding alterations	0	0	18	36	55	73	91	109	127	145	164	182	1000	1000		1000
Procurement	13	26	38	51	64	77	90	103	115	128	141	154	1000	2000	-1000	1000
Centre identified Non Pay savings				102	102	102	102	102	102	101	102	102	1019	1019		1019
VAT Changes - Locum Doctors			30	30	30	30	30	30	30	30	30	30	300		300	300
Reduce Non Pay to Month 10 level	110	110	110	110	110	110	110	110	110	110	110	110	1325	1325		1325
Nuffield / Prof Fees Redn	58	58	58	58	58	58	58	58	58	58	58	58	700	700		700
MARS Scheme						100	100	100	100	100	100	100	700	1200	-500	700
Slippage 2011/12 CIP	-253	-173	-69	-43	-17	-17	-17	-17	-17	-17	-17	-17	-670		-670	-670
Total	-108	116	757	820	1009	1146	1335	1526	1563	1598	1637	1675	13074	25984	-12910	13074

Delivery against the revised CIP plan

An examination has then been made of each of the areas within the programme, to determine the level of confidence in achieving the levels of savings "in year" and recurrently. This is presented in the table below.

Revised CIP Plan	REC	NREC	TOTAL	Status	Rec	Status	Rec	
				In year		In year		
Medical Consultants	1000		1000	Red	Red	5088	6128	Red
WLI Payments	1000		1000	Red	Green	3000	7500	Amber
Nursing	1100	-1100	0	Green	Green	4986	12356	Green
Bed Reductions	3500	-3500	0	Amber	Amber	13074	25984	
Theatres	1000	-500	500	Amber	Green			
Admin and outpatients	1700	-1700	0	Amber	Amber			
Pathology reconfiguration	1300	-1300	0	Red	Red			
Allied Health Professionals	700	-700	0	Amber	Amber			
On Call Payments	1000	-500	500	Amber	Amber			
Estates and Corprate services	800	-400	400	Green	Green			
Temporary staff reduction	3828	-740	3088	Red	Red			
Temporary staff reduction - Medical	1212		1212	Green	Green			
Diagnostic tests	600	-600	0	Amber	Amber			
Coding alterations	1000		1000	Amber	Green			
Procurement	2000	-1000	1000	Green	Green			
Centre identified Non Pay savings	1019		1019	Green	Green			
VAT Changes - Locum Doctors		300	300	Amber	Green			
Reduce Non Pay to Month 10 level	1325		1325	Green	Green			
Nuffield / Prof Fees Redn	700		700	Green	Green			
MARS Scheme	1200	-500	700	Amber	Green			
Slippage 2011/12 CIP		-670	-670	Green	Not Applic			
Total	25984	-12910	13074					

Expected level of savings from the CIP schemes

In order to gauge an understanding of the level of risk associated with the CIP programme, each element of the programme has been considered based upon the three scenarios *Most Likely*, *Worst Case* and *Best Case* the results of which are summarised in the table below:

Revised CIP Plan	REC	NREC	TOTAL	Most Likely Case		Worst Case		Best Case	
				Rec	In year	Rec	In Year	Rec	In year
Medical Consultants	1000		1000	300	200	0	0	300	200
WLI Payments	1000		1000	1000	0	500	0	1000	0
Nursing	1100	-1100	0	1100	0	1100	0	1100	200
Bed Reductions	3500	-3500	0	3500	0	1500	-300	3500	200
Theatres	1000	-500	500	1000	400	1000	200	1000	500
Admin and outpatients	1700	-1700	0	1700	0	1000	0	1700	200
Pathology reconfiguration	1300	-1300	0	0	0	0	0	0	0
Allied Health Professionals	700	-700	0	700	0	300	0	700	100
On Call Payments	1000	-500	500	1000	300	300	0	1000	500
Estates and Corprate services	800	-400	400	800	400	800	400	800	400
Temporary staff reduction	3828	-740	3088	800	300	200	0	1000	600
Temporary staff reduction - Medical	1212		1212	1212	1212	1212	1212	1212	1212
Diagnostic tests	600	-600	0	600	0	200	0	600	100
Coding alterations	1000		1000	1000	800	1000	300	1000	1000
Procurement	2000	-1000	1000	2000	1000	1500	500	2000	1000
Centre identified Non Pay savings	1019		1019	1019	1019	1019	1019	1019	1019
VAT Changes - Locum Doctors		300	300	0	300	0	100	0	300
Reduce Non Pay to Month 10 level	1325		1325	1325	1325	1325	1325	1325	1325
Nuffield / Prof Fees Redn	700		700	700	700	700	700	700	700
MARS Scheme	1200	-500	700	1200	700	1200	400	1200	700
Slippage 2011/12 CIP		-670	-670		-670		-670		-670
Total	25984	-12910	13074	20956	7986	14856	5186	21156	9586
Revised CIP Level				25984	13074	25984	13074	25984	13074
Variance				-5028	-5088	-11128	-7888	-4828	-3488

As can be seen it is presently estimated (in the *Most likely* scenario) that the level of savings achieved in the 2012/13 year will amount to £7.986 million, and in doing so this underachieves against the in year targeted position by £5.088 million. Recurrently based upon this scenario the level of savings amounts to £20.956 million a shortfall when compared with Plan of £5.028 million.

7. Scenario Analysis

Given the Income and Expenditure position in the month of July and an analysis of the progress of the Cost Improvement Programme, 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

	Planned Outturn £000s	Forecast Outturn £000s	Best Case Scenario £000s	Worst Case £000s
Income	304,709	302,236	302,736	300,736
Expenditure				
Pay	(192,601)	(201,423)	(199,323)	(205,323)
Non Pay	(90,586)	(86,427)	(86,427)	(86,427)
Reserves	(5,215)	898	898	898
EBITDA	16,308	15,284	17,884	9,884
Finance charges	(14,408)	(14,357)	(14,357)	(14,357)
Management Actions	-	972	-	-
Surplus / deficit	1,900	1,900	3,572	(4,473)
Probability		60%	20%	20%

Within the *Most Likely*, *Best* and *Worst Case* scenarios, the following assumptions are made:

7.1 *Most Likely Case scenario*

- Income – Income in the year under achieves by £2.5 million, as a consequence of QIPP achievement (£1.0 million), Penalties (£0.5 million) and transfer of Orthopaedic activity in respect of Powys Patients (£1.0 million).
- Pay – Overspends as a consequence of failing to achieve the CIP plan as described in the Most Likely scenario and Pay budgets overspend in the year by £2.4 million.
- Non Pay – Spending levels as recorded in the months of April to July continue, generating an underspend in the year of £4.1 million.
- Reserves – the Trust is able to write off from the Balance sheet reserves generating a gain of £898,000.
- Management Actions – Controls are put in place in respect of Nursing Bank and Agency usage to reduce spending by £500k, Controls are put in place to deliver a further £200k in respect of Overtime and On Call Payments and actions are taken to reduce the number of temporary staff to release further savings amounting to £270,000.

7.2 *Best Case scenario*

- Income – Income in the year under achieves by £2.5 million, as a consequence of QIPP achievement (£1.0 million), Penalties (£0.5 million) and transfer of Orthopaedic activity in respect of Powys Patients (£0.5 million).
- Pay – Overspends as a consequence of failing to achieve the CIP plan as described in the Best Case scenario and Pay Budgets overspend in the year by £1.9 million..
- Non pay - Spending levels as recorded in the months of April to July continue, generating an underspend in the year of £4.1 million.
- Reserves – the Trust is able to write off from the Balance sheet reserves generating a gain of £898,000.

7.3 *Worst Case scenario*

- Income – Income in the year under achieves by £4.0 million, as a consequence of QIPP achievement (£2.0 million), Penalties (£1.0 million) and transfer of Orthopaedic activity in respect of Powys Patients (£1.0 million).
- Pay – Overspends as a consequence of failing to achieve the CIP plan as described in the Worst Case scenario and Pay Budgets overspend in the year by £4.1 million.
- Non Pay – Spending levels as recorded in the months of April to July continue, generating an underspend in the year of £4.1 million.
- Reserves – the Trust is able to write off from the Balance sheet reserves generating a gain of £898,000.

Adopting these assumptions, the *most likely* scenario, following the implementation of management actions, leads to a surplus in the year amounting to £1.9 million, in the *Best Case* scenario a surplus for the year is presented amounting to £3.572 million. In the *Worst case* scenario a deficit amounting to £4.473 million occurs.

It is important to note that when setting the budget the Trust had assumed an ability to achieve a surplus of £1.9 million, based upon a reduction in activity levels consistent with the Local Health QIPP programme. Accordingly, in circumstances where the Local Health QIPP failed to result in activity level reductions, it was believed that the level of surplus achievable in the year would amount to £150,000.

Forecast Outturn – Key Messages

- *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 £5.088 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 £972,000. Corrective actions improve the forecast Outturn position, resulting in a surplus for the year of £1.9 million.*

8. **Service Line Reporting**

The Trust is, through the use of its Patient Level Costing system, now able to provide Income and Expenditure positions for each of the Clinical Centres. In producing this information, because of time constraints associated with the apportionment of service charges and central overheads is presently producing this information in arrears by one month. The table below therefore produces a Clinical Centre financial position reconciled to the deficit as presented at Month 3.

Metrics	Surgical	Musculo-skeletal	Head and Neck	Ophthalmology and Patient Access	Women and Childrens	Emergency and Critical Care Centre	Medicine	Oncology	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Total Income	£13,750	£6,567	£3,125	£3,037	£12,339	£5,954	£19,518	£7,384	£71,675
Total Direct/Indirect Cost									
Direct Costs									
Direct Pay Costs									
Nursing	£1,402	£622	£193	£160	£3,858	£1,766	£4,984	£447	£13,433
Consultants	£1,307	£904	£589	£499	£1,030	£751	£1,454	£312	£6,846
Other Clinical	£1,768	£1,139	£715	£434	£1,779	£1,062	£2,725	£484	£10,106
Non-clinical	£444	£121	£201	£154	£450	£323	£673	£314	£2,681
Total: Direct Pay Costs	£4,921	£2,786	£1,698	£1,247	£7,117	£3,902	£9,836	£1,557	£33,065
Direct Non Pay Costs									
Drug Costs	£692	£170	£52	£85	£315	£77	£1,937	£2,858	£6,185
Supplies	£174	£115	£256	£78	£294	£269	£907	£241	£2,333
Other Direct Costs	£116	£136	£33	£99	£143	£125	£340	£39	£1,033
Total: Direct Non Pay Costs	£983	£421	£341	£261	£752	£470	£3,184	£3,138	£9,550
Total: Direct Costs	£5,904	£3,207	£2,039	£1,508	£7,869	£4,373	£13,020	£4,696	£42,615
Indirect Costs									
Allied Healthcare Professionals	£284	£260	£41	£31	£92	£246	£968	£200	£2,121
Radiology	£598	£462	£113	£67	£249	£898	£984	£184	£3,554
Pathology	£381	£135	£95	£99	£263	£215	£606	£111	£1,904
Theatre	£1,662	£914	£457	£353	£464	£88	£255	£42	£4,236
Other Services	£1,198	£400	£200	£358	£309	£195	£654	£140	£3,454
Prosthetics	£18	£124	£5	£4	£4	£0	£3	£0	£158
Hotel Services	£0	£0	£0	£0	£0	£0	£0	£0	£0
Pharmacy	£146	£51	£22	£16	£170	£14	£407	£178	£1,006
Other Costs	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total: Indirect Costs	£4,287	£2,346	£934	£927	£1,551	£1,657	£3,877	£854	£16,433
Total: Total Direct/Indirect Cost	£10,190	£5,553	£2,973	£2,435	£9,420	£6,030	£16,897	£5,549	£59,048
Contribution	£3,560	£1,014	£152	£602	£2,920	£-76	£2,621	£1,835	£12,627
Contribution %	26%	15%	5%	20%	24%	-1%	13%	25%	18%
Overhead Costs									
Site Costs	£917	£497	£297	£332	£948	£836	£1,447	£446	£5,520
Corporate Costs	£852	£582	£320	£309	£963	£597	£1,588	£443	£5,654
CNST Contribution	£200	£109	£26	£24	£1,049	£106	£48	£7	£1,569
Total: Overhead Costs	£1,969	£1,188	£643	£665	£2,959	£1,339	£3,083	£897	£12,743
Cost	£12,160	£6,741	£3,616	£3,101	£12,379	£7,368	£19,981	£6,446	£71,791
EBITDA	£1,590	£-173	£-491	£-63	£-39	£-1,415	£-463	£938	£-116
EBITDA %	12%	-3%	-16%	-2%	0%	-24%	-2%	13%	0%
Finance Costs	£640	£329	£219	£160	£652	£432	£885	£349	£3,666
Total Profit	£950	£-502	£-709	£-224	£-691	£-1,847	£-1,347	£589	£-3,782
Profitability	6.91%	-7.65%	-22.70%	-7.37%	-5.60%	-31.03%	-6.90%	7.98%	-5.28%
SHA Support and Rephasing									2,252
Trust Surplus/(Deficit)									(1,530)

Service Line Reporting – Key Messages

- Six centres recorded a loss in the period April – June, these being Musculoskeletal, Head and Neck, Ophthalmology and Patient Access, Women and Childrens, Emergency and Critical Care and Medicine.
- 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 23%. Benchmarked data recommends a percentage achievement of 25%.
- Emergency and Critical Care failed to deliver a Contribution, whilst Head and Neck achieved less than 6 per cent
- 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.

9. Underlying financial sustainability

In order to understand the underlying financial sustainability of the Trust it is necessary to be aware of the recurrent financial position of the Trust. The table below provides a summary of the financial position of the Trust over the period 2012/13 to 2017/18 updated to reflect:

- amendments made to the 2012/13 budget and incorporated within the most recent Long Term Financial Model (LTFM)
- the month 4 Income and Expenditure position; and
- the Most Likely scenario view of delivering the 2012/13CIP Programme

The updated financial model is compared with the position as presented within the most recent LTFM for the 2012/13 year and is presented below.

	LTFM Revised Budget Recurrent Surplus /(deficit) £000s	LTFM Budget Non Recurrent Surplus/ (deficit) £000s	LTFM Budget Total Surplus /(deficit) £000s	Revised Recurrent Surplus /(deficit) £000s	Revised Non Recurrent Surplus/ (deficit) £000s	Revised Total Surplus /(deficit) £000s
2010/11	(14,400)	14,426	26	(14,400)	14,426	26
2011/12	-	-	-	200	(200)	-
2012/13	15,700	(13,800)	1,900	11,300	(9,400)	1,900
2013/14	8,600	(2,300)	6,300	4,200	(2,300)	1,900
2014/15	8,900	(600)	8,300	4,500	(600)	3,900
2015/16	8,900	(600)	8,300	4,500	(600)	3,900
2016/17	7,600	(600)	7,000	3,200	(600)	2,600
2017/18	3,300	(1,300)	2,000	(1,100)	(1,300)	(2,400)

As can be seen incorporating the assumptions contained within *Most Likely* scenario, has the effect of reducing the level of:

- recurrent surplus carried forward into the 2013/14 year from £15.7 million to £11.3 million, and
- Cumulative surpluses generated over the period 2012/13 to 2017/18 by £22.0 million.

The above position however continues to assume that the Health Economy QIPP savings amounting to £8.0 million will occur in the 2013/14 year. Such an assumption is however questionable given the level of activity presently being performed by the Trust.

10. Impact upon the External Financing Limit (EFL)

The Trust had a £2m drawdown of PDC within 2011/12 to support the initial stages of the reconfiguration programme with a further drawdown of £33m planned for 2012/13 and 2013/14. The timing and phasing of this drawdown has been clarified with the SHA to enable a phasing in-line with the capital expenditure profile of the capital works over the two years of 2012/13 and 2013/14. This phasing has been updated for the latest cash flow forecast received from the principle supply chain partner (Balfour Beatty) and has been submitted to the treasury team of the Department of Health to facilitate the drawdown of PDC. This drawdown will commence from September 2012.

As detailed last month, the cash position remains under pressure due to the depressed position within the I&E statement. This will increase significantly over the coming months as the Trust has confirmed the PDC dividend payment of £2,885k will be made on 17 September 2012. This pressure is being partially offset by a cash receipt of £1,500k in the last week of August representing 50% of the financial support from Shropshire County PCT with discussions ongoing to secure the same 50% portion from Telford and Wrekin PCT (c£900k).

The Trust is taking further action to mitigate this situation through the slow-down of capital expenditure and through the management of working capital to grow the cash position.

Although the Better Payment Practice Code (BPPC) performance remains strong and consistent with prior year performance it is anticipated that performance will decline from August given the position highlighted above.

Within the month the overall cash balance increased by £611k to £1,549k, with a forecast outturn closing balance of £2,200k in line with the EFL.

11. Statement of Financial Position

	March 12 £000	June 12 £000	July 12 £000	Variance to March 12 £000	Variance to June 12 £000
Total Non Current Assets	170,545	168,903	169,400	(1,145)	497
Inventories	5,349	5,463	5,376	27	(87)
Current Trade and Other Receivables	12,827	15,042	17,310	4,483	2,268
Cash and Cash Equivalents	1,202	938	1,549	347	611
Total Current Assets	19,378	21,443	24,235	4,857	2,792
Current Trade and Other Payables	(29,735)	(30,475)	(32,708)	(2,973)	(2,233)
PDC dividend Payable accrual	(111)	(1,498)	(1,960)	(1,849)	(462)
Provisions	(434)	(384)	(362)	72	22
Total Current Liabilities	(30,280)	(32,357)	(35,030)	(4,750)	(2,673)
Net Current Liabilities	(10,902)	(10,914)	(10,795)	107	119
Total Assets less Current Liabilities	159,643	157,989	158,605	(1,038)	616
Provisions	(512)	(388)	(388)	124	0
Total Assets Employed	159,131	157,601	158,217	(914)	616
Total Taxpayers' Equity	159,131	157,601	158,217	(914)	616

Total Assets Employed

The in month movement of Total Assets Employed is a positive £616k, with net current liabilities decreasing by £119k.

Total Non Current Assets

The increase in non-current assets relates to an increase of £296k within fixed assets and an increase in long term receivables of £201k.

Limited capital expenditure has occurred to date (as forecast) with the table below detailing the position for month 4 with forecasts for 2012/13 and future years.

	Total authorised	Pre 12/13 expenditure	Budget 12/13	Forecast				Forecast final cost
				13/14	14/15	15/16	16/17	
Projects ≥£250k								
Reconfiguration	35,000	1,654	15,985	17,315				34,490
Patient monitoring	1,500	306	300	350	200			1,156
Telecoms	516	430	86					516
Acute Surgery (Bed Reconfiguration)	2,176	492	1,684					2,176
Linac	2,810	2,277	535					2,812
Mammography	1,862	629	524					966
PSAG	500	453	30					483
Contingency Funds								
Vitalpac	126		126	100	100	100	100	
Medical Equipment	300		300	350	350	500	500	
Other Equipment Replacement Fund	100		100	100	100	100	100	
Estates	500		500	250	250	250	250	
IT Contingency	325		325	325	325	325	325	
Corporate General	1,000		1,000	925	925	925	925	
Capitalised O/H	500		500	500	500	500	500	
Capital additions identified	625		625	625	625	625	625	
Projects ≤ £250k								
Outstanding from previous year			370					
Other			145	6,275	6,125	6,175	6,175	
TOTAL			23,135	27,115	9,500	9,500	9,500	

	Total Authorised		Expenditure				Expenditure and Commitments 2012/13	Estimated Final cost	Forecast Expenditure 12/13
	Pre 12/13	12/13	Pre 12/13	12/13 budget	12/13 actual	Total to date			
Projects ≥£250k									
Reconfiguration	2,000	15,985	1,654	15,985	389	2,043	2,692	34,490	15,521
Patient monitoring	300	300	306	300	0	306	63	1,156	300
Telecoms	430	86	430	86		430	14	516	86
Acute Surgery (Bed Reconfiguration)	492	1,684	492	1,684	418	910	1,431	2,176	1,684
Linac	2,277	535	2,277	535	0	2,277	438	2,812	535
Mammography	1,338	524	629	524	3	632	307	966	337
PSAG	470	30	453	30	10	463	10	483	30
Projects ≤ £250k									
Vitalpac				126	0	0	0		126
Medical Equipment				300	107	107	122		300
Other Equipment Replacement Fund				100	23	23	44		100
Estates				500	9	9	70		500
IT Contingency				325	21	21	206		325
Corporate General				1,000	0	0	0		1,000
Capitalised O/H				500	175	175	175		500
Capital additions identified				625		0	230		625
Projects ≤ £250k									
Outstanding from previous year				370	41	41	329		390
Other				145	77	77	255		505
TOTAL				23,135	1,273	7,514	6,386		22,864

As consistent with the previous year the capital plan has been prepared on the basis of generating a further £1m cash release from under-spending against internally generated funds.

Total Current Assets

Inventories remained relatively static within the month.

Debtors have increased by £2,268k in the areas of NHS accrued revenue. This increase has been offset by an equivalent increase in trade payables and other creditors.

Total Current Liabilities and the Better Payment Practice Code

Non-NHS – Year to date performance has improved due to a strong in month performance, with cumulative performance continuing to be in line with 2011/12.

The areas of non-compliance primarily relate to:

- Over 60 days - £34k Radiotherapy Support Contract; £30k patient transport contractor; £16k orthopaedic supplies.
- All other categories – £156k drugs at home suppliers; £60k radiology managed service contract; £30k patient transport contractor. In addition, the Trust is still experiencing delays within the internal approval process of agency staffing invoices.

Following work with the Finance team and central procurement teams the temporary staffing department are aiming to move locum/agency booking onto the Oracle iProc solution for electronic purchase order and goods receipting, This process change has been delayed from the initial schedule date of end July 2012 to 1 September.

Non NHS Spend	YTD 2010/11	YTD 2011/12	M1 2012/13	M2 2012/13	M3 2012/13	M4 2012/13	YTD 2012/13
By Volume							
Total Volume	79,843	89,887	7,245	7,465	8,159	6,891	29,760
BPPC compliant volume	28,605	75,177	6,173	6,493	6,639	6,283	25,588
BPPC compliant %	36%	84%	85%	87%	81%	91%	86%
By Value							
Total value (£000)	77,157	98,915	10,174	9,878	8,590	7,761	36,403
BPPC compliant value (£000)	33,104	78,743	8,890	8,402	6,530	6,894	30,716
BPPC compliant %	43%	80%	87%	85%	76%	89%	84%

Current Month Payment made	Quantity	Quantity %	Value	Value %
0-30 days	6,283	91%	£6,894	89%
31-35 days	161	2%	£184	2%
36-40 days	67	1%	£100	1%
41-45 days	127	2%	£267	3%
46-50 days	37	1%	£48	1%
51-55 days	20	0%	£18	0%
56-60 days	33	0%	£32	0%
over 60 days	163	2%	£217	3%
Total invoices paid	6,891	100%	£7,761	100%

NHS – In month performance has been exceptional and has improved the year to date performance but this remains below the 2011/12 year end position.

There were no significant areas of non-compliance.

NHS Spend	YTD	YTD	M1	M2	M3	M4	YTD
	2010/11	2011/12	2012/13	2012/13	2012/13	2012/13	2012/13
By Volume							
Total Volume	2,259	2,170	209	152	211	187	759
BPPC compliant volume	798	1,921	143	135	161	177	616
BPPC compliant %	35%	89%	68%	89%	76%	95%	81%
By Value							
Total value (£000)	22,361	19,505	684	961	644	1,704	3,993
BPPC compliant value (£000)	9,412	17,716	414	635	489	1,692	3,230
BPPC compliant %	42%	91%	61%	66%	76%	99%	81%

Current Month	Quantity	Quantity %	Value	Value %
Payment made				
0-30 days	177	95%	£1,692	99%
31-35 days	0	0%	£0	0%
36-40 days	1	1%	£0	0%
41-45 days	3	2%	£1	0%
46-50 days	0	0%	£0	0%
50-55 days	0	0%	£0	0%
56-60 days	0	0%	£0	0%
over 60 days	6	3%	£12	1%
Total invoices paid	187	100%	£1,704	100%

Provisions have moved as expected within the month including reclassifications within short and long term.

12. Statement of Cash flow

The cash flow, as detailed below, demonstrates significant pressure will be felt over the coming months through the delay in making creditor payments (a net positive movement within working capital). The PDC dividend payment is due for payment on the 17 September 2012 of £2,885k but as the I&E position continues to put pressure on the cash position the following additional actions are being taken to mitigate the effects of the dividend payment:

- Closer management of working capital positions to create a cash 'buffer'. As mentioned previously although the BPPC is still performing when compared to prior year performance this is expected to reduce significantly over the coming months.
- Confirmation gained of a cash receipt of £1,500k in the last week of August representing 50% of the financial support from Shropshire County PCT with discussions ongoing to secure the same 50% portion from Telford and Wrekin PCT (c£900k). The remaining 50% from both PCTs will be pursued within the coming weeks.
- The Trust is taking further action to slow-down the commitments of the capital expenditure programme.
- Continued monitoring of the rolling 13 week cash flow forecast and sensitised against any deviations in the forecast outturn position. Significant deviations will be reviewed with the Finance Director and appropriate cash management actions will take place.

Within the month the overall cash balance increased by £611k to £1,549k, with a forecast outturn closing balance of £2,200k in line with the EFL.

Forecast Outturn	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Apr 12 £000	May 12 £000	June 12 £000	July 12 £000	Aug 12 £000	Sep 12 £000	Oct 12 £000	Nov 12 £000	Dec 12 £000	Jan 13 £000	Feb 13 £000	Mar 13 £000
<u>Opening Balance</u>	1,202	871	251	938	1,549	1,276	257	1,224	2,425	2,135	2,556	2,568
EBITDA	(644)	1,982	1,268	1,853	1,202	1,388	2,781	1,844	629	1,326	221	2,456
Sub - total	(644)	1,982	1,268	1,853	1,202	1,388	2,781	1,844	629	1,326	221	2,456
Working Capital Movement	1,141	(1,396)	(294)	243	500	750	(1,500)	(1,000)	(500)	(500)		1,340
Non Current Asset Movement	1,335	(140)	(90)	(201)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)
Capex spend	(2,123)	(936)	(196)	(1,263)	(1,876)	(1,873)	(1,715)	(1,805)	(2,330)	(2,316)	(2,420)	(4,795)
Movement in Provisions	(41)	(131)	(2)	(22)	(10)	(10)	(10)					(330)
Interest (paid) on loans and leases												
Interest received	1	1	1	1	1	1	1	1	1	1	1	1
Public Dividend Capital received						1,700	1,500	2,250	2,000	2,000	2,300	3,935
Public Dividend Capital repaid												
Dividends paid						(2,885)						(2,885)
Net cash inflow/outflow	(331)	(620)	687	611	(273)	(1,019)	967	1,200	(290)	421	12	(368)
Closing Balance	871	251	938	1,549	1,276	257	1,224	2,425	2,135	2,556	2,568	2,200

Statement of Financial Position – Key Messages

- *Cash position increased £611k to £1,549k.*
- *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 positive £616k, with net current liabilities decreasing by £119k.*

Neil Nisbet
Finance Director
23rd August 2012