

FINANCE UPDATE

TRUST BOARD – 1ST March 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 – January and provides a forecast outcome 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 2011/12 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 10 Cumulative Position

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

	Months 1- 10 Plan £000s	Month 1- 10 Actual £000s	Variance £000s	Planned Forecast Outturn £000s	Forecast Outturn £000s	Variance £000s
Income	235,428	239,976	4,548	284,158	290,294	6,136
Expenditure						
Pay	165,341	165,269	72	199,215	199,712	(497)
Non Pay	63,366	66,979	(3,613)	76,785	81,636	(4,851)
Reserves					1,735	(1,735)
Finance Cost	12,200	12,188	12	14,658	14,658	-
Total Expenditure	240,907	244,436	(3,529)	290,658	297,741	(7,083)
	(5,479)	(4,460)	1,019	(6,500)	(7,447)	(947)
SHA Funding	4,583	4,583	-	6,500	6,500	-
Under / Over spend	(896)	123	1,019	-	(947)	(947)
Actions to address overspend				-	947	947
Under / Overspend after management actions				-	-	-

As can be seen from the above at the end of January the Trust had recorded a cumulative surplus amounting to £123,000. The Trust had planned to record a cumulative deficit at the end of January amounting to £896,000. It is forecast that by the year end, without management actions the Trust will record a deficit amounting to £947,000.

3. Monthly Analysis – January

The “in month” position for the month of January is presented in the table below.

	Planned Position £000s	Actual £000s	Variance £000s
Income	23,774	24,882	1,108
Expenditure			
Pay	16,804	16,513	291
Non Pay	6,220	7,072	(852)
Reserves			
Finance Cost	1,221	1,174	47
Total Expenditure	24,245	24,759	(514)
Planned surplus	(471)	123	594

The Trust planned to deliver a deficit in the month of £471,000 and actually recorded a surplus of £123,000.

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	Aug £000s	Sept £000s	Oct £000s	Nov £000s	Dec £000s	Jan £000s	Total April - Jan £000s
Income	22,078	22,927	23,697	24,502	23,687	24,807	24,364	24,874	24,616	24,424	239,976
Expenditure											
Pay	16,244	16,478	16,575	16,261	16,363	16,709	16,699	16,752	16,675	16,513	165,269
Non Pay	6,613	6,169	6,069	7,023	6,711	6,741	6,495	7,082	7,004	7,072	66,979
Reserves											
Finance Cost	1,146	1,220	1,179	1,185	1,269	1,404	1,224	1,225	1,162	1,174	12,188
Total Expenditure	24,003	23,865	23,825	24,569	24,343	24,854	24,418	25,059	24,841	24,759	219,677
	(1,925)	(938)	(128)	33	(656)	(47)	(54)	(185)	(225)	(335)	(4,460)
SHA Funding	458	458	458	458	459	458	458	459	458	458	4,583
Under / Over spend	(1,467)	(480)	330	491	(197)	411	404	274	233	123	123
Planned Position	(1,486)	(261)	665	338	41	135	277	241	(374)	(470)	(896)
Variation from plan	19	(219)	(335)	153	(238)	276	127	33	607	593	1,019

The table shows that having recorded a deficit in the opening two months of the year of £1.947 million, in the period June – January the Trust has recovered the overspend and is able to post a cumulative surplus at the end of January. In seven of these eight months the Trust has presented a positive run rate.

Income and Expenditure Position – Key Messages

- The Trust recorded a surplus for the first time in the year at the end of January amounting to £123,000; the Trust had planned to record a deficit at this stage in the financial year of £896,000.
- In the month of January a surplus of £123,000 was recorded, an over achievement against plan by £593,000.
- The Trust has recorded a positive run rate in seven of the last eight months

5. Explanation of Position recorded to date

5.1 Income

The Income generated by the Trust in the period April – January is presented in the table below.

	Plan Months 1- 10	Actual Months 1-10	Variance	Planned Forecast Outturn	Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Shropshire County PCT	107,592	108,754	1,162	129,490	131,874	2,384
Telford and Wrekin PCT	74,214	76,000	1,786	89,317	90,969	1,652
Powys LHB	17,574	17,657	83	21,122	21,252	130
Other PCTs	4,786	4,948	162	5,752	5,996	244
Specialised services	8,706	9,424	718	10,502	11,622	1,120
Non Contracted Activity	1,291	1,967	676	1,550	2,615	1,065
Other Clinical Income	3,460	3,182	(278)	4,154	3,719	(435)
Total Clinical Income	217,624	221,932	4,308	261,887	268,048	6,161
Non Clinical Income	17,804	18,044	240	22,271	22,246	(26)
SHA Funding	4,583	4,583	-	6,500	6,500	-
Total Income	240,011	244,559	4,548	290,759	296,794	6,135

In the period April – January the Trust had generated a surplus Income amounting to £4.548 million, and is forecast to increase to £6.135 million by the year end. The forecast outturn has increased by £700,000 because the Shropshire County and Telford and Wrekin PCT's have released further funding to enable the RTT Target to be achieved by the year end.

5.1.1 In month Income performance

The table below provides a description of the performance in the month of January. The level of over recovery in Income increased by comparison with the period ending December by £1.088 million.

	Forecast Outturn Variance £000s	Variance at end of Jan £000s	Variance at end of Dec £000s	Movement in the month £000s
Shropshire County PCT	2,384	1,162	228	934
Telford and Wrekin PCT	1,652	1,786	1,468	318
Total Shropshire / Telford and Wrekin PCT's	4,036	2,948	1,696	1,252
Powys LHB	347	83	242	(159)
Other PCTs	367	162	262	(100)
Specialised services	610	718	426	292
Non Contracted Activity	1,028	676	711	(35)
Other Clinical Income	(390)	(278)	(272)	(6)
Non Clinical Income	137	240	375	(135)
SHA Funding	-	-	-	-
Total other – exc Shropshire/ Telford and Wrekin PCT's	2,099	1,600	1,744	(144)
Total Income	6,135	4,548	3,440	1,088

The Trust has reached agreement with the Shropshire and Telford and Wrekin PCTs in respect of the forecast outturn position, as such risk is limited to income obtained from other sources.

In order to deliver the Trust forecast outturn it is necessary for the Trust to over perform across these Income areas by £2.1 million. At the end of the January the Trust had recorded an over achievement amounting to £1.6 million. It is anticipated that full £2.1 million over performance will be recorded by the year end.

Income – Key Messages	
•	<i>Over achievement by 4.548 million at the end of January, forecast to increase to £6.135 million by the year end</i>
•	<i>Trust has end of year agreement with Shropshire County and Telford and Wrekin PCTs which generates an over achievement amounting to £4.036 million. The forecast outturn with the local PCTs has increased by £700,000 as a consequence of the release of further funding to support the delivery of RTT Targets.</i>
•	<i>To achieve financial balance Trust is required to over achieve by £2.1 million from all other Income sources, at the end of January an over achievement of £1.6 million had been recorded, a reduction of £144,000 by comparison with the previous month.</i>

5.2 Pay Budgets

Analysis of Pay overspending in the Trust in the period April – January

	Actual April – January £000s	Budgeted April – January £000s	Variance £000s	Previous month Variance £000s	Movement in the month £000s
Core Pay	156,779	159,381	2,602	1,935	667
Premium costs					
Agency Medical	4,298	1,548	(2,750)	(2,452)	(298)
Agency Nursing	1,009	267	(742)	(684)	(56)
Agency – Other	340	69	(271)	(224)	(47)
Waiting List Initiative	2,842	1,183	(1,659)	(1,374)	(285)
	165,269	162,448	(2,821)	(2,799)	(22)
Pay reserves		2,893	2,893	2,580	313
	165,269	165,341	72	(219)	291

In the month of January the level of overspending decreased from the levels as recorded at the end of the previous month by £291,000.

In the above table “core spend” is defined as the costs associated with the appointment of staff (either permanently as substantive staff or temporary as Agency or Bank staff). In the period to date the Trust has recorded an underspend when actual costs are compared with the anticipated or budgeted level. The underspend amounts to £2.602 million.

The continued reliance upon Agency staff as opposed to appointment to substantive positions or the use of Bank staff has resulted in considerable excess premium costs. The effect of these premium costs has been to generate an overspend in Pay budgets during this period amounting to £3.763 million, an increase by comparison with the previous month of £401,000.

In reconstructing the Pay budgets for the 2011/12 year it had been identified that the assumptions in respect of staff numbers employed and the mix of Agency to permanent staff were both understated. As a result Pay reserves amounting to £3.52 million have been established. A sum amounting to £2.893 million has been released from the Pay reserve.

Analysis of Staffing levels in the period April – January

In order to understand the Cost position as presented within Pay budgets more fully, it is necessary to understand the numbers of staff employed during this period.

	Actual April WTE	Actual May WTE	Actual June WTE	Actual July WTE	Actual August WTE	Actual Sept WTE	Actual Oct WTE	Actual Nov WTE	Actual Dec WTE	Actual Jan WTE	Budget Jan WTE	Variance in the month of Jan WTE
Substantive staff	4344.91	4300.64	4330.54	4322.14	4345.32	4381.63	4427.19	4479.40	4477.89	4497.97	4,782.03	(304.14)
Bank –Nursing	140.70	122.43	135.64	138.32	134.52	153.87	148.58	138.98	133.89	119.27	22.51	111.38
Bank – Other	95.80	98.94	112.09	124.16	133.35	127.60	135.05	126.08	131.18	117.99	48.66	82.52
Total Bank staff	236.50	221.37	247.73	262.48	267.87	281.47	283.63	265.06	265.07	237.26	71.17	193.90
Agency – Medical	59.62	66.37	68.14	68.35	70.43	61.61	65.63	68.44	55.33	42.14	24.92	30.41
Agency – Nursing	102.82	129.37	114.18	80.83	28.90	36.23	27.89	24.75	24.58	51.52	0.24	24.34
Agency – Other	21.55	15.71	23.27	25.81	27.43	27.97	25.34	23.53	23.94	33.93	4.22	19.72
Total Agency	183.99	211.45	205.59	174.99	126.76	125.81	118.86	116.72	103.85	127.59	29.38	74.47
Total	4765.40	4733.46	4783.86	4,759.61	4,739.95	4788.91	4829.68	4861.18	4,846.81	4,862.82	4,882.58	(35.77)
Budgeted level WTE	4679.90	4741.50	4758.12	4803.46	4,788.96	4805.48	4946.29	4946.99	4882.58	4882.58		
(Under) / Over budget WTE	85.50	(8.04)	25.74	(43.85)	(49.01)	(16.67)	(116.61)	(85.81)	(35.77)	(19.76)		

Key observations from the above table are:

- Funded Establishment – The Budgeted establishment reduced by 84.41 wte posts as a result of the closure of beds across the Trust.
- Nursing posts – In reducing the number of funded posts, the Trust aimed to reduce spending through a reduction in Agency and Bank Nursing staff. A comparison with the month of October (before the bed closure programme had been delivered) shows a reduction in the number of temporary nursing staff of 5.68 posts. Accordingly despite closing beds the Trust has been unable to deliver the required levels of associated staff reductions. Further, during this period whilst the number of Nursing staff employed through the Bank reduced by 29.31 posts the number of staff employed through Agencies increased by 23.63 posts. As a result the level of spending in respect of temporary Nursing staff exceeded the levels recorded in the month of October.
- Numbers employed – the total number of staff employed permanently within the Trust has increased by comparison with the month of October (before the beds had been closed) by 70.78 posts. This increase has arisen principally because displaced nursing staff have been appointed into vacant posts.
- Temporary staffing – In the month of January the numbers of staff employed temporarily as Bank and Agency members of staff amounted to 364.85 whole time equivalent posts.
- Vacant posts – The net level of vacancies within the Trust (after allowing for bank and Agency staff) amounts to 35.77 posts.
- Agency staffing – The Trust has introduced tighter controls over the employment of Agency staff. These controls were introduced in respect of Nursing staff from May. Controls in respect of Agency Medical staff have become fully operational in the month of November as a result of the establishment of a dedicated team to support the management of temporary medical staff.

	April £000s	May £000s	June £000s	July £000s	August £000s	Sept £000s	Oct £000s	Nov £000s	Dec £000's	Jan £000's	Total spend Apr – Jan £000s	Average Annualised cost per WTE
Consultants	283	253	370	274	249	277	274	294	295	187	2,755	240k
Medical staff	453	620	540	617	527	606	514	340	327	246	4,789	120k
Nursing	338	405	381	300	153	165	154	100	72	124	2,194	44k
Other Clinical	78	36	47	73	77	66	52	52	48	28	557	81k
Other	18	30	31	46	43	92	68	92	99	137	656	44k
Total Agency staff spending	1,171	1,344	1,369	1,309	1,049	1,206	1,062	878	840	722	10,951	

- Principal users of Agency Medical staff – The main users of Agency Medical staff in the month of January are :

	Whole Time Equivalents
Ophthalmology	3.40
Emergency and Critical Care	10.01
Head and Neck	1.15
Surgery	5.41
Medicine	7.67
Musculoskeletal	9.40
Womens and Children	1.15
Oncology	3.11
Diagnostics	0.84
	42.14

Pay Expenditure – Key Messages

- Pay under spent against the Budget in the month of January by £291,000.
- In the year to date the Trust has incurred premium costs associated with the employment of Agency staff amounting to £5.65 million. £4.30million 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 the month of December the Trust reduced the number of beds and disestablished 84.41 nursing posts. Nursing staff displaced have been redeployed into vacant nursing posts across the Trust.
- Temporary Nursing Staffing levels in the month increased by 12.32 posts, reflecting the effect of escalation and indicating that savings associated with the bed closure programme have not been realised.
- Agency spending amounted to £722,000 in the month – the lowest monthly level recorded in the year.

5.3 Non Pay

The level of Non Pay spending (after discounting for the phased write off of deferred Income) has increased significantly during the course of the year. In order to obtain an understanding of the underlying level of growth in Non Pay spending, a three monthly average has been computed. The results of which are presented below:

	April – June £000s	May – July £000s	June – Aug £000s	July – Sept £000s	Aug – Oct £000s	Sept – Nov £000s	Oct – Dec £000s	Nov – Jan £000s
Average monthly spending	6,491	6,730	6,966	7,074	6,980	7,159	7,322	7,549
Movement	-	231	236	38	(94)	179	173	227

As can be seen Non Pay spending increased progressively at the beginning of the year and then stabilised. Significantly it now appears that the rate of Non Pay has begun to increase. Spending in the last two periods has increased principally because of:

- High Cost Drugs - particularly in respect of Cancer and Neurology drugs.
- Referral to Treatment Times – to deliver improved performance in waiting times; and
- External Consultancy support – to support the achievement of Cost Improvement Programmes; and
- Utility Costs.

At the end of January Non pay budget s had recorded a cumulative overspend amounting to £3.613 million.

The main areas identified to explain the non pay overspend are:

High Cost Drugs – The Trust has an agreement to provide new highly specialised drugs within a budgeted envelope for the year, inclusive of a budgetary overspend in the year amounting to £680,000. The cumulative level of overspend at the end of January in respect of these drugs amounted to £1.347 million. Adjusting for an increased budget of £567,000 generates an overspend relating to High Cost Drugs of £780,000. In addition to High Cost Drugs the Trust has also recorded overspending in the year to date, in respect of general drugs, amounting to £161,000.

Renal Patients – Increased activity within Renal care has led to an overspend in respect of CAPD Fluids and Consumables. – Overspend to date - £108,000.

Renal Patient Transport – The Trust has introduced bespoke transport arrangements to support travelling arrangements for Renal Patients requiring ongoing hospital treatment. These travel arrangements are presently being reviewed – Overspend to date - £75,000.

Orthopaedic Implants – New NICE guidance has been released in respect of Orthopaedic Implants. The overspending appears to relate to the cost of following this guidance. Overspend to date - £334,000

Energy costs – Increased consumption across the Trust has resulted in increased costs of energy bills. Work is being undertaken to determine options for reducing consumption levels. – Overspending to date - £285,000

Clinical consumables – An examination of spending across the theatres has identified a substantial increase in the level of spending in respect of Clinical consumables. Discussions are taking place with the Theatre managers to determine the basis for the increased level of spending – Overspending to date - £317,000.

Ophthalmology products – The combination of increased activity and a variation in case mix, arising from the employment of additional Consultant staffing has resulted in increased spending in respect of Ophthalmology consumables – Overspending to date - £78,000.

Blood Products – Over the period April – January the consumption of blood products has increased significantly – overspend to date - £69,000,

Procurement savings – Contained within the Trust Cost Improvement Programme is a requirement to deliver cost savings through price reductions in respect of services and consumables procured by the Trust. At the end of January the Trust had failed to deliver targeted savings amounting to £103,000.

Patient Transport Services – The level of usage of the Non Emergency Ambulance services has increased significantly in the year, resulting in a cost pressure to date of £174,000.

Consultancy Costs – During the year the Trust has commissioned external consultancy support to assist in the improvement of operational services and in the implementation of Cost Improvement Programmes; these services commissioned have resulted in overspending amounting to £712,000.

Postage – In delivering the RTT programme increased postage costs have been incurred, - overspend to date - £119,000.

Replacement equipment – the Trust has been required to purchase essential replacement equipment for use within Theatres and Diagnostic departments – overspend to date - £102,000.

Non Pay Expenditure – Key Messages

- Non Pay over spent against the Budget in the month of January by 852,000.
- Non Pay budgets had recorded a cumulative overspend at the end of January as compared with budget of £3.613 million and is projected to increase to £4.851 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 January by £780,000.

5.4 Forecast outturn

The forecast Outturn position for the Trust is presented in the table below.

	Planned Forecast Outturn £000s	Forecast Outturn £000s	Variance £000s
Income	284,158	290,294	5,436
Expenditure			
Pay	199,215	199,712	(748)
Non Pay	76,785	81,636	(3,741)
Reserves		1,735	(2,035)
Finance Cost	14,658	14,658	-
Total Expenditure	290,658	297,741	(6,524)
	(6,500)	(7,447)	(1,088)
SHA Funding	6,500	6,500	-
Under / Over spend	-	(947)	(1,088)
Actions to address overspend	-	947	1,088
Under / Overspend after management actions	-	-	-

The assumptions contained within the forecast outturn are as follows:

Income - The Trust maintains a level of over performance with commissioners (excluding Shropshire PCT and Telford and Wrekin PCT) in the remaining two months of the year at a rate consistent with the levels recorded in the year to date, and in doing so the Trust over recovers as compared with the base budget for the year by £2.1 million. The outturn position for the two local commissioners is contained within a capped level as agreed earlier in the year.

Pay – The level of Pay spending is assumed to increase to £17.233 million per month over the period February – March. The table below shows actual spending recorded during the year.

	Average Actual April – June £000s	Average Actual July – Sept £000s	Average Actual Oct - Dec £000s	Actual Spend Jan £000s	Average Monthly spend Jan - March £000s	Est Total £000s
Monthly Pay spend	16425	16445	16,708	16,513	17,233	199,712

Non Pay - Non-Pay budgets is assumed to increase to £6.941 million per month over the period January – March. The table below shows actual spending recorded during the year.

	Average Actual April – June £000s	Average Actual July – Sept £000s	Average Actual Oct - Dec £000s	Actual Spend Jan £000's	Average Monthly spend Jan - March £000s	Est Total £000s
Monthly Non Pay spend	6,524	6,584	6,860	7,073	7,430	81,636

Reserves – The Trust has established a reserve to cover the costs associated with introducing further capacity to enable the RTT target to be delivered. At the end of December the reserve amounted to £2.735 million. It is assumed that commitment against the reserve will amount to £1.735 million in the remaining two months of the year.

Applying these assumptions then produces a forecast deficit for the year amounting to £947,000.

5.4.1 Actions to address the Projected Overspend

Agency Medical staffing – In constructing the Estimated Monthly Pay spend no allowance has been made for savings in each of the months February and March from the revised management arrangements in respect of medical staffing. Reduced Agency spending recorded in the months of November to January indicate that further savings will be realised in the remaining months of the year. A prudent estimate of savings delivered over this period amount to £250,000.

Nursing staffing – In the month of July actions were taken to reduce the level of nursing support provided across wards in respect of “bed watching”. The effect of doing so led to a reduction in costs in the month as compared with the previous months in the year. In addition the Trust had closed 84 beds at the end of December, allowing for the need to temporarily escalate into these beds, it is anticipated that this will ensure that further Nursing staff cost savings will occur in this financial year. A prudent estimate suggests savings amounting to £250,000 will be achieved in the remaining two months of the year.

Reserves – In setting a plan to deliver improved performance in respect of RTT the Trust established a reserve amounting to £2.63 million. This reserve has since been increased by a further £700,000. The programme commenced in October and spending amounting to £596,000 has been committed against the reserve. (It is recognised however that this may be understated – and almost certainly explains the sizeable increase in Non Pay spending in the last three months of the year). In the forecast outturn it has been assumed that spending in the last two months of the year will amount to £1.735 million. A less prudent assumption reduces the spending to £1.3 million, so increasing the reserve underspend by £450,000.

6. Scenario Analysis

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

	Forecast Outturn £000s	Best Case Scenario £000s	Worst Case £000s
Income	290,294	290,694	290,094
Expenditure			
Pay	(199,712)	(199,712)	(199,712)
Non Pay	(81,636)	(81,036)	(81,636)

	Forecast Outturn £000s	Best Case Scenario £000s	Worst Case £000s
Reserves	(1,735)	(1,735)	(1,735)
EBITDA	7,211	8,211	7,011
Finance charges	(14,658)	(14,658)	(14,658)
Contribution from SHA	6,500	6,500	6,500
Management Actions	947	1,947	697
Surplus / deficit	-	2,000	(450)
Probability	70%	20%	10%

Within the *Best* and *Most likely* scenarios, the following assumptions are made:

6.1 *Best Case scenario*

- Income – the level of over performance increases in the remaining three months of the year, generating additional Income amounting to £400,000.
- Management Actions – Controls in respect of Medical and Nursing Pay spending generate additional savings of £600,000, and the level of spending in respect of the RTT in the remaining months of the year reserve amounts to £900,000, so increasing the level of underspend within the reserve by £400,000.
- Non Pay – Review of stock levels across the Trust identifies further savings amounting to £600,000.

6.2 *Worst Case scenario*

- Income – the level of over performance in the year reduces in the remaining two months resulting in Income losses of £200,000.
- Management Actions – The level spending in respect of the delivery of RTT amounts to £1.55 million in the remaining two months of the year, so reducing the level of underspend within the reserve by £250,000.

Based upon these assumptions, in the *Best Case* scenario a surplus for the year is presented amounting to £2.0 million. In the *Worst case* scenario a deficit amounting to £450,000 occurs.

Forecast Outturn – Key Messages

- *The Trust is required to deliver savings amounting to £947,000, through management actions, in order to achieve a balanced Income and Expenditure position in the 2011/12 year.*
- *The Trust expects to achieve the savings associated with management actions from reduced pay spending in respect of Agency Medical and Nursing staff and through an under spend of the Trust RTT reserve.*
- *The likelihood of achieving a balanced Income and Expenditure position by the year end has increased to 70 per cent.*
- *A best case Projection results in the Trust generating a surplus at the end of the year of £2.0 million.*
- *A worst case projection results in the Trust recording a deficit at the end of the year amounting to £450,000.*

7. **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 9.

Metrics	Surgical	Musculo-skeletal	Head and Neck	Ophthalmology	Women and Childrens	Emergency and Critical Care Centre	Medicine	Oncology	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total Income	42,390	22,475	10,381	8,592	35,343	16,035	59,387	20,950	215,554
Total Direct/Indirect Cost									
Direct Costs									
Direct Pay Costs									
Nursing	4,426	2,046	459	222	11,181	5,167	13,890	1,305	38,696
Consultants	4,662	2,590	2,026	1,194	2,802	1,217	3,927	1,007	19,424
Other Clinical	5,224	3,493	2,609	1,729	5,098	3,021	9,059	1,425	31,658
Non-clinical	1,249	412	300	401	1,323	1,087	2,132	810	7,714
Total: Direct Pay Costs	15,562	8,540	5,394	3,545	20,403	10,492	29,009	4,547	97,492
Direct Non Pay Costs									
Drug Costs	2,320	297	163	1,151	1,094	646	3,707	7,014	16,391
Supplies	708	383	833	216	1,195	870	2,261	654	7,119
Other Direct Costs	376	672	99	201	461	470	869	111	3,258
Total: Direct Non Pay Costs	3,404	1,352	1,094	1,568	2,750	1,985	6,837	7,778	26,768
Total: Direct Costs	18,965	9,892	6,488	5,113	23,153	12,477	35,845	12,325	124,260
Indirect Costs									
Allied Healthcare Professionals	784	406	349	319	432	446	1,388	960	5,085
Radiology	1,516	1,693	405	262	572	2,690	2,162	391	9,691
Pathology	2,658	759	637	400	1,533	1,069	2,587	804	10,447
Theatre	4,351	3,627	1,509	978	1,030	1	129	18	11,643
Other Services	3,631	1,258	829	848	1,154	677	2,149	524	11,071
Prosthetics	46	1,155	9	158	41	19	54	3	1,485
Hotel Services	10	6	2	2	7	4	19	3	52
Pharmacy	572	141	54	161	262	16	1,086	912	3,205
Other Costs	0	0	0	0	0	0	0	0	0
Total: Indirect Costs	13,569	9,046	3,795	3,129	5,032	4,922	9,574	3,615	52,680
Total: Total Direct/Indirect Cost	32,534	18,938	10,283	8,242	28,185	17,399	45,419	15,940	176,940
Contribution	9,856	3,537	98	350	7,158	(1,364)	13,968	5,010	38,614
Overhead Costs									
Site Costs	2,212	1,177	665	660	1,941	1,094	3,404	1,011	12,163
Corporate Costs	3,525	1,907	1,160	858	3,905	2,023	5,180	1,982	20,539
Total: Overhead Costs	5,737	3,083	1,825	1,518	5,845	3,117	8,584	2,993	32,702
EBITDA	4,119	454	(1,727)	(1,168)	1,313	(4,481)	5,385	2,017	5,912
Finance Costs	1,749	1,084	433	419	1,466	1,209	2,615	1,061	10,036
Total Profit	2,370	(630)	(2,160)	(1,587)	(153)	(5,689)	2,770	956	(4,124)
Profitability	5.59%	-2.80%	-20.81%	-18.47%	-0.43%	-35.48%	4.66%	4.56%	-1.91%
SHA Support									4,125
Trust Surplus/(Deficit)									1

Service Line Reporting – Key Messages

- Five centres recorded a loss in the period April – January, these being Musculo-skeletal Head and Neck, Ophthalmology, Womens and Childrens 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.

8. 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 2011/12 to 2016/17 updated to reflect:

- the month 10 Income and Expenditure position; and
- recent discussions with commissioners; and
- the phasing of the achievement of recurrent savings programmes.

The updated financial model is compared with the position as presented at the recent Board Development session.

	Recurrent Surplus /(deficit) £000s	Non Recurrent Surplus/(deficit) £000s	Total Surplus /(deficit) £000s	Recurrent Surplus /(deficit) £000s	Non Recurrent Surplus/(deficit) £000s	Total Surplus /(deficit) £000s
2010/11	(14,400)	14,426	26	(14,400)	14,426	26
2011/12	(1,200)	1,200	-	200	(200)	-
2012/13	11,200	(9,900)	1,300	7,800	(5,300)	2,500
2013/14	2,700	-	2,700	7,100	-	7,100
2014/15	(200)	-	(200)	2,500	-	2,500
2015/16	3,900	-	3,900	2,400	-	2,400
2016/17	8,000	-	8,000	2,100	-	2,100

Copy of Cost Improvement Programme for 2012/13 – 2014/15 is attached as Appendix 1.

As can be seen the Trust is now expected to end the year with a recurrent deficit of £1.2 million. This is a reflection of the substantial increase in non pay spending over the last three months. In the 2012/13 financial year the Trust is presently forecasting a surplus amounting to £1.3 million. The required level of surplus for the year, in order to satisfy the Trust Foundation Application, is £2.5 million.

Within the 2012/13 financial year the Trust is taking forward a Cost Improvement Programme, with the objective to deliver recurrent savings in the year amounting to £21.1 million. It is recognised however that such schemes will not deliver fully in the year, and as a consequence the programme is estimated to generate “in year” savings of £8.1 million. This is described in the table below.

	Recurrent £000's	In year £000's	Commencement date
Medical Staffing – Job Planning review	3,500	1,000	Progressively through the year
Waiting List Initiative Payments	2,000	2,000	1 st April 2012
Nursing staffing review	3,000	2,000	1 st August 2012
Further 100 - Bed reduction	3,500	585	1 st February 2013
Procurement / Non PAY Spending	2,000	1,000	Progressively through the year
Theatre Review	1,000	167	1 st February 2013
Diagnostic test review	600	150	1 st January 2013
Pathology reconfiguration	1,300	-	1 st April 2013
Administration and Outpatients review	1,700	200	1 st February 2013
Allied Health Professionals review	700	117	1 st February 2013
On Call Payments – review	1,000	500	Progressively through the year
Corporate services and Estates services	800	400	Progressively through the year
	21,100	8,117	

Despite achieving this level of savings, in order for the Trust to deliver a surplus in the 2012/13 year of £1.3 million, it is necessary for the Trust to generate further non recurrent savings amounting to £2.9 million.

It is apparent from the above that considerable risk exists in relation to the delivery of the Cost Improvement Programme. It is therefore necessary to also plan to deliver from the 1st of April savings to allow for a contingency reserve to be established. Accordingly in setting a plan for the year, it has been determined that the Trust needs to allow for the delivery of a further level of saving amounting to £150,000. Such a sum would then be reinvested as confidence emerges during the year in respect of the achievement of the Cost Improvement Programme.

In setting a plan for the 2012/13 year no allowance has been made for actions taken by local Commissioners to reduce their levels of spending with the Trust following the implementation of QIPP Schemes. In the last month the Trust has been presented with information by the two local PCTs indicating that their plans for the 2012/13 year assume a reduction of spending with the Trust amounting to £8.8 million. Further work is being undertaken between the Trust and the local Commissioners to identify the strength of plans being put in place to deliver these savings.

A recent exercise undertaken within the Trust, which considered the cost structure of the Trust into its Variable, Semi Fixed and Fixed cost components, has identified that the level of savings that the Trust could realistically release from a reduction in activity of this scale would amount to £3 million. As such in the event that the local Commissioner schemes were to successfully deliver its QIPP schemes, doing so would serve to create a £5.8 million recurrent difficulty for the Trust. In these circumstances the Trust would need to recover the funding gap, through:

- seeking agreement from Commissioners to repatriate activity into the Trust from other Acute providers,
- taking actions , in agreement with Commissioners, to redefine the manner in which existing services are provided by the Trust (or receive compensation beyond tariff) so as to enable costs particularly, estate and double running costs to be reduced,
- receipt of share of cost savings through the implementation of more cost effective integrated Secondary, Community and Primary Care service provision.

Run Rate April 2012

The table below profiles the run rate for spending across the 2012/13 year.

	Pay £000s	Non Pay £000s
April	15,622	7,050
May	15,661	7,083
June	15,699	7,115
July	15,738	7,148
August	15,526	7,181
September	15,565	7,213
October	15,903	7,246
November	15,941	7,279
December	15,855	7,311
January	15,727	7,344
February	15,232	7,377
March	15,268	7,409
	187,736	86,756
January 2012	16,513	7,072

As can be seen in order for the Trust to deliver the plan for the 2012/13 financial year it is necessary for the pay run rate to reduce significantly by the month of April. The achievement of this reduction is dependent upon the following:

	£000s
January 2012 pay run rate	16,513
April pay award	35
Reduction in Waiting list Initiative payments	(167)
Reduction in Nurse Bank spending – as a consequence of bed closures	(249)
Medical staffing Agency spend reductions	(120)
Non Recurrent Pay reduction	(390)
April 2012 run rate	15,622

- April Pay award – Immediately the Trust will be required to cover an increase in its pay costs from the 1st of April as a consequence of pay awards to staff earning less than £21,000 per year, and for staff qualifying for an incremental increase in their pay.
- Reduction in waiting list Initiative payments – The effect of reducing the overall waiting list, and particularly the backlog of patients waiting in excess of 18 weeks makes it possible for the Trust to substantially reduce the scale of Waiting list Initiative payments. It is estimated that the

level of payments should reduce by £2 million as compared with the levels paid in the 2011/12 year. To deliver this level of saving however will require the introduction of tight controls over the level of patients appearing upon waiting lists. Such controls will need to be closely managed at a speciality level. Control over waiting list initiative monies will also need to be transferred to a central panel comprising the Director of Operations, Medical Director and Director of Finance.

- Reduction in Bank Nurse spending – As stated above, despite closing 84 beds at the end of December, the Trust has not seen a reduction in the level of spending in respect of temporary Nursing staff. It is critical, for the Trust to realise these savings by the 1st of April. The Director of Operations and Director of Quality and Safety/Chief Nurse need to provide detailed plans by the end of February describing how staffing levels will reduce from the 1st of April, and the controls being placed upon the use of Bank and Agency staff from thereafter.
- Medical staffing Agency spend – The Trust has recently signed a contract with four Agencies. This contract reduces the rates paid to these agencies by 20 per cent. Based upon existing levels of Agency spend, this will save the Trust £1 million in the 2012/13 financial year. In addition the Medical Director has put in place arrangements that will transfer an increased number of Medical staff onto local Trust contracts.
- Non Recurrent pay reductions – A review of spending in respect of Bank and Agency staff (Clinical and Non Clinical) has been undertaken, this review identified :
 - (a) the ability to reduce the number of temporary staff (excluding Nursing and Medical staff) by 53.50 posts generating monthly savings of £115,000,
 - (b) the Medical Director has reviewed medical staffing, and through a combination of staffing reductions and further transfers of staff onto local contracts (beyond those already planned) identified further savings amounting to £178,000 per month,
 - (c) Making a decision to dispense with the use of Agencies to provide temporary nursing support would reduce costs by £23,000 per month; and
 - (d) Introducing new working arrangements in respect of the employment of Agency medical staff, would enable the Trust to avoid Value Added Tax Payments, leading to savings amounting to £35,000 per month.

Introducing these four actions reduces total monthly spending by £351,000. A further reduction of £39,000 is still to be identified.

<i>Underlying Financial Stability – Key Messages</i>

- | |
|---|
| <ul style="list-style-type: none"> • <i>The Trust entered the 2011/12 financial year with an underlying recurrent financial deficit of £14.4 million.</i> • <i>The combination of – (1) Savings programmes, particularly ward closures and controls over Agency spending, (2) in year contract over performance and (3) obtaining funding from PCTs consistent with PBR guidance results in the Trust carrying forward into the 2012/13 year a recurrent deficit of £1.2 million,.</i> • <i>Successful delivery of a recurrent Cost Improvement savings Programme in the 2012/13 year amounting to £21.1 million allows the Trust to take forward into the 2013/14 year a recurrent surplus of £11.2 million, and deliver its financial target for the 2013/14 financial year.</i> • <i>In the 2012/13 year the Trust is presently planning to record a surplus of £1.3 million, this is so because the Trust expects to obtain savings “in year” from the Cost Improvement Programme of £8.1 million. A further £2.9 million of non recurrent cost savings are also to be realised. The Trust is required to set a plan for 2012/13 year that produces a surplus for the year of £2.5 million.</i> • <i>Local Commissioners have recently notified the Trust of an intention to reduce spending in the 2012/13 year Trust by £8.8 million. A loss of Income equivalent to this sum has not been incorporated into the Trusts financial plan.</i> • <i>A loss of Income amounting to £8.8 million is expected to generate a cost pressure to the Trust of £5.8 million.</i> • <i>In order to achieve the 2012/13 plan, the Trust is required to reduce its pay run rate from</i> |
|---|

£16.513 million in January to £15.622 million in April 2012. To achieve the required run rate, the Trust will need to reduce spending in respect of Waiting List Initiative Payments, secure in full the planned savings from Temporary Nursing costs arising from the closure of beds in the 2011/12 year, reduce Medical Agency spend and introduce a series of non recurrent cost pay savings actions.

9. Impact upon the External Financing Limit

The cash position of the Trust is forecast to grow by c£1M by the end of 2011/12. This was planned to be achieved through a breakeven income and expenditure position and a planned reduction in the capital programme by c£1M.

The Trust's request for an additional £1M CRL has been approved at SHA level with formal transfer completed by DH in December 2011. This additional CRL was required for the planned bed closure programme, however discussions held within the month have indicated that this level of expenditure will not be required in this financial year but will be required in 2012/13 (subject to business case preparation and approval). Therefore, and following discussions at the January Capital Planning Group the Trust is planning to revert to the original plan and generate a cash release of £1M against the capital programme 2011/12. At this meeting a review of the Centre Aspirations was made and this review will form the basis of a draft capital programme for 2012/13 and shall include the required capital to complete the bed closure programme. It is also anticipated within this paper but is subject to Trust Board approval that the acceleration of the Linac machine will be pursued in order to release some pressure from the capital programme next year – a separate business case has been prepared for the Trust Board and the Finance and Performance Committee to review this proposal.

In addition, the Trust has been encouraged to accelerate the preparation of the Reconfiguration FBC in order to secure PDC funding. As such, an increase in CRL of £2M has been recognised within this paper taking the overall CRL to £10.2M. In order to deliver a £1M cash release the Trust is therefore forecasting a capital spend in the year of £9.2M.

The cash received at the start of the financial year relating to 2010/11 deferred income has now been exhausted and explains the good performance at the start of the year within the better payment practice code (BPPC) (see below).

The £6,500k cash backed support was invoiced with the cash received on 22 August and has removed the requirement for the Trust to 'smooth' any approved for payment creditors at the month end.

The month end actual cash balance was £2.1M against a prior month forecast of £1.1M, this growth in cash is primarily driven by the financial system upgrade (Oracle R11 to R12) making payments within the last week of January unavailable. It is anticipated that this will have a significant effect within the BPPC for February and March.

The current forecast for the year end is detailed below:

	2010/11	2011/12												2011/12 Net Movement £001
	M12 £000	M1 £000	M2 £000	M3 £000	M4 £000	M5 £000	M6 £000	M7 £000	M8 £000	M9 £000	M10 £000	M11 £000	M12 £000	
Fixed Assets	157,193	156,491	155,868	155,460	155,449	155,228	155,025	154,096	154,419	155,381	156,375	155,875	156,175	(1,018)
Current Assets	16,837	14,329	14,176	14,992	17,302	15,877	17,281	16,583	17,527	19,063	19,470	18,500	17,000	163
Current Liabilities	(26,102)	(23,637)	(24,014)	(22,864)	(25,433)	(28,028)	(26,299)	(26,502)	(26,594)	(26,910)	(27,185)	(26,685)	(27,000)	(898)
Cash pre creditor smoothing	233	140	353	(1,153)	(1,672)	4,603	1,988	3,258	2,761	1,440	2,125	640	1,200	967
Creditor smoothing				1,376	1,849									
Cash	233	140	353	223	177	4,603	1,988	3,258	2,761	1,440	1,440	640	1,200	967

£6,500k SHA support received 22 August

10. **Statement of Financial Position**

	March 11 £000	December 11 £000	January 12 £000	Variance to December 11 £000
Total Non Current Assets	159,582	155,381	156,375	994
Inventories	4,652	4,976	4,918	(58)
Current Trade and Other Receivables	12,757	14,087	14,552	465
Cash and Cash Equivalents	233	1,440	2,125	685
Total Current Assets	17,642	20,503	21,595	1,092
Current Trade and Other Payables	(26,667)	(25,604)	(27,181)	(1,577)
Finance Lease	(4)	(4)	(4)	0
PDC dividend Payable accrual	(3)	(1,306)	(1,741)	(435)
Provisions	(832)	(230)	(181)	49
Total Current Liabilities	(27,506)	(27,144)	(29,107)	(1,963)
Net Current Liabilities	(9,864)	(6,641)	(7,512)	(871)
Total Assets less Current Liabilities	149,718	148,740	148,863	123
Provisions	(478)	(478)	(478)	0
Total Assets Employed	149,240	148,262	148,385	123
Total Taxpayers' Equity	149,240	148,262	148,385	123

Total Assets Employed

The in month movement of Total Assets Employed is a positive £0.1M.

Total Non Current Assets

The positive movement in the month reflects the increase in the capital spend that is normally witnessed in the last quarter of the year. A continued increase is expected in this area.

The District Valuer will be instructed in the coming weeks to prepare the year end valuation report and should be available in early April.

The table below represents the month 10 position against the 2011/12 capital plan:

Scheme	Budget	Allocations	Revised	Total	Forecast
	2011/12	2011/12	Plan	Expenditure	Outturn
	£000	£000	2011/12	to Date	2011/12
			£000	£000	£000
Schemes carried forward from old year	120		120	33	40
Decontamination	883		883	584	654
Capitalised Salaries	125		125	68	82
Patient Monitoring	300		300	295	300
Telecoms Upgrade	431		431	386	431
PRH Dishwasher	90		90	83	90
PSAG	500		500	123	490
Additional Maternity Theatre	714	(495)	219	141	171
Corporate Contingency	1,929	(534)	1,395	386	2,783
Bed Closure Schemes		1,808	1,808	381	381
Endoscopy Washers	63		63	87	87
Capital Additions identified through the budget process	1,000	(8)	992	656	776
Project Management fees relating to Reconfiguration	2,000		2,000	544	1,677
Unallocated/Underspend					40
Contingency Funds - Medical Equipment	250		250	240	250
Contingency Funds - Information Technology	250		250	203	250
Contingency Funds - Vital PAC		129	129	100	129
Contingency Funds - Estates	500		500	390	500
Contingency Funds - Non Patient Connected Equipment	45		45	27	27
Contingency Fund - RTT		100	100	43	43
Agreed Commitments/Recurring Contingencies Total	9,200	1,000	10,200	4,768	9,200
Additional CRL	1,000	(1,000)	0	0	0
Total Revised CRL	10,200	0	10,200	4,768	9,200

Following from the opening comments within section 10 there is some uncertainty around the forecast outturn position of the bed closure scheme. It is likely this project will underspend and enable the £1M cash release to be realised. The proposed purchase of the Linac machine (£2.3M) is included within the Corporate Contingency forecast outturn, whilst the additional £2M CRL relating to the PDC for reconfiguration increases the total CRL to £10.2M.

The table below details the status of all live capital projects and includes total expenditure over the life of the project:

Project	Total Approved Sum (including prior years)	Expenditure to date (including prior years)	Expenditure committed ordered	Total expenditure/ committed to date	Expenditure committed - to be ordered	Forecast Outturn	Variance - (Overspend) / Underspend	Actual or Estimated Project Completion Date
	a	b	c	d=(b + c)	e	f=(d+e)	(a-f)	
	£000	£000	£000	£000	£000	£000	£000	
Outstanding Commitments from 2010/11								
Breast Screening - Phase 3 b/f PRH Static Unit - Enabling Works	85	59	0	59	0	59		26 Est - January 2012
Sanitary Facilities and Ward Kitchens Priority 1	113	115	3	118	0	118	(5)	Est - January 2012
Menumark	67	63	0	63	0	63	4	Est - December 2011 Fully operational
Pharmacy Aseptic	3,251	3,160	0	3,160	0	3,160		91 January 2011
Offsite accommodation	293	300	(0)	300	0	300	(7)	June 2011
PSAG	500	92	31	123	367	490		10 Est - March 2012
Other less than £50k per individual project	140	60	3	63	7	71		70 Est - January 2012
Agreed Commitments for 2011/12								
								RSH moved August 2011 - Receipts & Distribution
Decontamination	7,616	7,311	6	7,317	70	7,387		229 outstanding
Patient Monitoring	300	189	106	295	5	300		0 Est - March 2012
Project Management Fees - Reconfiguration	2,000	404	140	544	1,133	1,677		323 On-going
Telecoms Upgrade	431	274	112	386	45	431		0 Est - December 2011
PRH Dishwasher	90	75	8	83	7	90		0 Est - March 2012
Capital Salaries	125	68	0	68	14	82		43 On-going
Additional Obstetric Theatre - Build Element - deferred pending outcome of R	0	1	0	1	0	1		(1) Est - November 2011
Additional Obstetric Theatre - Equipment	219	104	35	139	30	169		50 Est - March 2012
Neonates Storage Solution (awaiting decision re source of funding)				0		0		0 Awaiting Decision
Bed reconfiguration plan (awaiting approval verification)	1,808	170	212	381	0	381		1,427 Est - March 2012
Contingency Funds - Delegated								
Contingency Fund Estates Issues/DDA	500	207	184	390	110	500		0 On-going
Contingency Fund for Medical Equipment Replacement	250	232	7	240	10	250		0 On-going
Contingency Fund for IT Equipment Replacement	250	202	1	203	47	250		0 On-going
Contingency Fund for Non-Patient Connected Equipment Replacement	45	25	2	27	0	27		18 On-going
Corporate Contingency								
Corporate Contingency Fund	471	342	130	472	2,398	2,870	(2,399)	On-going
Contingency for Capital additions identified through the budget process	992	640	16	656	120	776		216 On-going
Referral To Treatment (RTT) Contingency Fund	100	28	15	43	0	43		57 On-going
VitalPac Contingency Fund	129	36	63	100	29	129		0 On-going
Total	19,775	14,157	1,074	15,231	4,392	19,623	152	
Cancer Centre	4,862	2,060	2,802	4,862	0	4,862		

The following projects are forecast to generate the following variances:

- (i) Offsite accommodation – overspend £5k. Scope change to enable wireless networking in meeting rooms.
- (ii) Aseptic unit – underspend £91k. Larger than anticipated VAT reclaim following finalisation of HMRC VAT claim and a Procure 21 gain share.
- (iii) Additional Obstetric Theatre – Removal of build element has released £464k which has been reallocated towards the bed closure scheme, see previous comments.
- (iv) Cancer Centre approval is based on GMP with furniture and fixture items outstanding and subject to review. The equipment list has been prepared and final costings were discussed at the December Cancer Centre Project Board. Further work was completed with meetings arranged with the procurement team to progress further and confirm actual costs.
- (v) Bed reconfiguration is planning to underspend within the year by £1.4M.
- (vi) The proposed purchase of the Linac machine £2.3M is currently shown as an overspend within the Corporate Contingency fund.

Total Current Assets

Inventories remain relatively static with stock counts currently being finalised within Theatres as part of an operational efficiency programme and is to be recognised within the last quarter. Trust wide physical stock counts are due to be performed as part of the normal year end process in March 2012, with communication being sent towards the end of February.

Debtors are aged as per the profile below:

Total debtors have decreased by £465k primarily in the area of non-NHS current debtors.

Total Current Liabilities and the Better Payment Practice Code

Non-NHS – The month on month performance shows static performance for cumulative volume and value statistics.

As stated in previous months the Finance team continue to work with the relevant teams and will monitor the profiling of agency approvals and spend.

NON NHS	YTD	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	YTD
	2010/11	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12
By Volume												
Total Volume	79,843	7,781	6,254	8,164	7,597	10,015	7,697	7,368	7,229	6,108	5,815	74,028
BPPC compliant volume	28,605	6,994	5,261	6,641	5,916	7,426	6,514	6,675	6,515	5,499	5,300	62,741
BPPC compliant %	36%	90%	84%	81%	78%	74%	85%	91%	90%	90%	91%	85%
By Value												
Total value (£000)	77,157	7,997	6,437	8,282	7,031	9,845	11,173	7,259	7,206	8,100	7,646	80,976
BPPC compliant value	33,104	7,039	4,943	6,203	5,501	6,816	9,566	5,783	5,968	6,798	6,244	64,861
BPPC compliant %	43%	88%	77%	75%	78%	69%	86%	80%	83%	84%	82%	80%

Current Month				
Payment made	Quantity	Quantity %	Value	Value %
0-30 days	5,300	91%	£6,244	82%
31-35 days	164	3%	£493	6%
36-40 days	113	2%	£432	6%
41-45 days	47	1%	£115	1%
46-50 days	19	0%	£60	1%
51-55 days	31	1%	£106	1%
56-60 days	29	0%	£41	1%
over 60 days	112	2%	£156	2%
Total invoices paid	5,815	100%	£7,646	100%

NHS – The cumulative performance shows a static position compared to last month.

NHS Spend	YTD	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	YTD
	2010/11	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12
By Volume												
Total Volume	2,259	179	188	206	90	207	175	184	156	217	143	1,745
BPPC compliant volume	798	166	180	159	73	158	163	169	151	203	116	1,538
BPPC compliant %	35%	93%	96%	77%	81%	76%	93%	92%	97%	94%	81%	88%
By Value												
Total value (£000)	22,361	1,196	3,034	952	1,449	1,543	1,464	1,303	1,406	1,531	1,267	15,145
BPPC compliant value (£)	9,412	1,125	3,007	797	1,221	1,262	1,218	1,280	1,395	1,392	1,199	13,896
BPPC compliant %	42%	94%	99%	84%	84%	82%	83%	98%	99%	91%	95%	92%

Current Month				
Payment made	Quantity	Quantity %	Value	Value %
0-30 days	116	81%	£1,199	95%
31-35 days	3	2%	£0	0%
36-40 days	3	2%	£11	1%
41-45 days	9	6%	£23	2%
46-50 days	0	0%	£0	0%
50-55 days	0	0%	£0	0%
56-60 days	6	4%	£27	2%
over 60 days	6	4%	£6	0%
Total invoices paid	143	100%	£1,267	100%

Provisions

Current provisions have reduced in the month by £49k inline with the expected utilisation.

Statement of Financial Position – Key Messages

- Additional £2M CRL reflected within the capital programme. Slippage within Bed Closure Programme enables a proposed acceleration of the purchase of a replacement Linac machine – subject to business case approval.
- Cash position higher than forecast due to financial system upgrade. Forecast still to grow cash by £1M
- BPPC for the month remains strong with consistent cumulative performance however anticipated drop in compliance within February and March due to system upgrade.
- Current liabilities increased in month by £0.9M and an in year reduction of £2.4M.

Neil Nisbet, Finance Director 17th February 2012.

