

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

TRUST BOARD – 26TH May 2011

2011/12 Budget Update

Executive Lead	Neil Nisbet, Finance Director
Author	As above
Corporate Objective	Financial Strength: We will develop and deliver robust services that generate surpluses to reinvest in quality
Goal	Develop and grow services which make a positive financial contribution.
Executive Summary	<p>This paper provides a description of the performance at the Trust in responding to the key financial targets to achieve a balanced income and expenditure position and its External Financing Limit.</p> <p>The Trust has overspent in the first month of the 2011/12 financial year by a sum amounting to £532,000.</p> <p>Pay budgets are estimated to overspend in the year by £5.423 million as a consequence of :</p> <ul style="list-style-type: none"> - the Trust employing greater levels of staff in each of the months of the year than assumed in setting the budget; and - the conversion rate from Agency staffing into Permanent staff being slower than anticipated. <p>The Trust has entered into discussions with the Nuffield hospital to increase activity to achieve waiting list targets. In doing so this will result in an overspend within Trust Non pay budgets in the year of £834,000.</p> <p>Given the overspend the Trust is presently undertaking work to reduce the scale of the deficit, this work comprises:</p> <ul style="list-style-type: none"> - the reviewing of planned developments, - improving the conversion rate of Agency staff into permanent posts; and securing additional income as a consequence of the activity pressures being handled by the Trust <p>The effect of this work could be expected to generate savings amounting to £2.3 million and doing so reduce the deficit in the year to £8.2 million. The Trust is undertaking further work to enable a break-even position to be achieved by the year-end.</p> <p>The Trust has also engaged PricewaterhouseCoopers to develop a cash releasing efficiency savings programme. The task is to deliver a programme that releases savings of £10 million and is to be completed by the end of July.</p>
Recommendations	The Trust Board is asked NOTE and APPROVE the contents of the paper.