



Report of the Chief Financial Officer

Finance Report – August 2012
(Month 05)



Contents

	Page
Executive Summary	3
Income & Expenditure Account	4
Financial Risk	5
Risks	6
Activity Performance Summary	7
Performance against SLA and Income Targets	8
Acute Performance against PCT Activity and Income Trends	9
Community Performance against PCT Activity and Income Trends	10
Performance against PCT Activity and Income Targets	11
Expenditure by Directorate	12
Expenditure Commentary	13
Expenditure Exception Report	14 - 19
Expenditure Budget Performance - Pay	20 - 21
CIP Monitoring – All Trust Schemes	22- 24
Reserves	25
Capital Expenditure	26 - 27
Statement of Financial Position	28
Trade Receivables	29 - 30
Trade, Other Payables and Borrowings	31
Statements of Cash Flows/ Cash Position against Plan	32

Executive Summary

- The Trusts Income and Expenditure position as at Month 5 is a surplus of £2,068k, which is £770k below the month 5 plan. The detail can be found on page 4.
- The Trust's operating position (Earnings before interest, taxation, depreciation and amortisation – EBITDA) is adverse to plan by (£840k) (6.5%).
- Total income at month 5 is £156,661k which is above plan by £1,564k. This builds in a contingency of £1,667k in respect of emergency readmissions and non elective threshold adjustments. Patient care contract income is showing an under performance of (£1,075k), details are on page 7. Directorate expenditure is adverse to plan by (£2,439k) and is analysed as follows:
 - Pay (£1,752k)
 - Non Pay (£681k)
 - Drugs £23k

Further details on Expenditure, performance against budget, are provided on pages 12 to 21. An analysis of Reserves is provided at page 25.

- The Trust CIP target for 2012/13 is £15,325k. At month 5 £6,335k has been withdrawn from budgets, which represents 41% of the total. Pages 22 to 24 detail the CIP schemes.

- Capital Spend for Month 5 was £1.6m below plan, due to the re-profile of the Combined Heat and Power, (CHP) spend reported last month. Full year Capital Programme Plan is £23,454k (excluding PFI/leases). Capital Resource Limit (CRL) is expected to be £25,195k in line with submitted Plan. This includes PFI (Radiology) £2,541k less (£800k) adjustment for sale of Old Eye Infirmary. Formal SHA notification has been received for £22,654k. CRL for PFI will follow later in the year. Further details are provided on pages 26 and 27.
- The cash balance at £22,531k is £0.4m below plan (prior year closing balance £15,658k). This is mainly due to a high volume of creditors being processed in month offset by the underspend on the capital programme. Details of the Statement of Financial Position, working capital, cashflow, trade receivables and payables are shown on pages 28 to 32.
- Compliance Framework performance against Financial Risk Ratings is shown at Page 5. This shows a risk rating of 3.8, out of a possible 5.

Performance against Financial Targets

	Target	Performance	RAG
I & E Target Month 5	£2,839k	£2,068k	Amber
CRL (Year end forecast, includes PFI related additions)	£25,195k	£25,195k	Green
EFL (Year end forecast)	0	(£3,442k)	Green
Capital Cost Absorption Rate (Year end)	3.50%	3.50%	Green

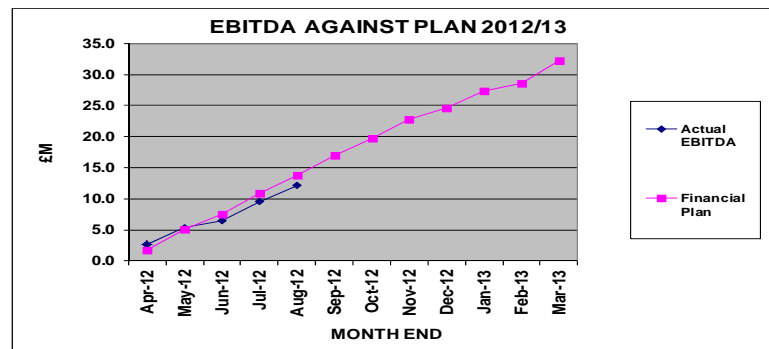
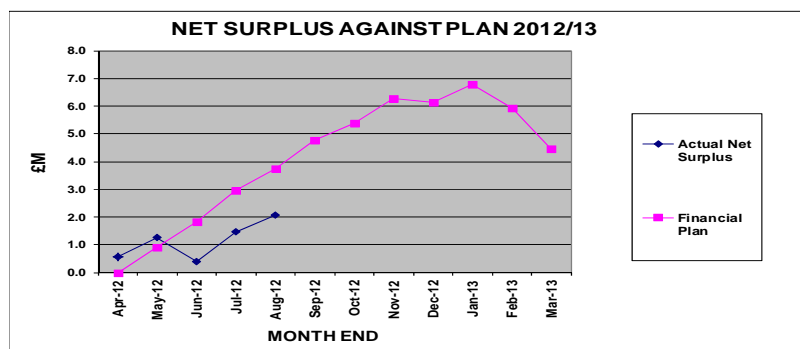
Income & Expenditure Account

Current Month Plan	Current Month Actual	Current Month Variance		Original Plan	Annual Budget	Plan to Date	Actual to Date	Variance to Date
£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
			Income					
29,038	28,421	(616.87)	Patient Activity Income	337,624	344,411	143,036	141,962	(1,075)
(333)	0	333.33	Patient Activity Contingency **	(4,000)	(4,000)	(1,667)	0	1,667
89	112	23.30	Other Patient Care Income	1,640	1,064	444	427	(16)
1,074	1,229	155.12	Education, Training & Research Income	10,953	12,806	5,425	5,818	393
(155)	44	199.75	Non Patient Care Other Income	0	213	213	413	200
88	171	82.29	Private Patient Income	1,059	1,077	459	653	193
1,508	1,556	47.37	Income on Directorate Budgets	15,971	16,189	7,188	7,389	201
31,309	31,533	224	Total Income	363,247	371,760	155,098	156,661	1,564
			Expenditure					
(19,590)	(19,803)	(213)	Directorate Expenditure Budgets - Pay	(223,817)	(230,161)	(96,309)	(98,061)	(1,752)
(6,463)	(6,592)	(129)	Directorate Expenditure Budgets - Non Pay	(73,135)	(78,400)	(33,446)	(34,127)	(681)
(2,597)	(2,544)	53	Directorate Expenditure Budgets - Drugs	(22,922)	(27,024)	(12,336)	(12,314)	23
(76)	0	76	Activity Changes/Service Dev./Cost Pressures Reserves	(17,985)	(9,825)	(2,433)	0	2,433
(155)	0	155	Inflation and Contingency Reserves	(8,452)	(3,078)	(1,266)	0	1,266
457	0	(457)	Cost Improvement Savings - Current Year	15,325	8,990	3,691	0	(3,691)
(28,423)	(28,939)	(516)	Total Expenditure	(330,986)	(339,499)	(142,098)	(144,501)	(2,404)
2,886	2,594	(291)	EBITDA Surplus/(Deficit)	32,262	32,262	13,000	12,160	(840)
0	0	0	Profit/(Loss) on Asset Disposals	0	0	0	0	0
0	0	0	Impairments of Fixed Assets	(3,332)	(3,332)	0	0	0
(1,254)	(1,196)	59	Depreciation	(15,054)	(15,054)	(6,272)	(6,108)	165
8	8	0	Interest Receivable	100	100	42	42	0
(109)	(129)	(19)	Interest Payable	(1,313)	(1,313)	(547)	(643)	(96)
(677)	(677)	0	PDC Dividends (Cost of Capital)	(8,120)	(8,120)	(3,383)	(3,383)	0
0	0	0	Unwinding of Discount	0	0	0	0	0
853	602	(252)	Net Surplus/(Deficit)	4,543	4,543	2,839	2,068	(770)

** Reserve set at budget setting for reduced income due to tariff rules on emergency readmissions and non elective cap

Financial Risk

Financial Risk Rating						
Ratio KPIs	Annual Plan	Rating	Plan to Date	Actual to Date	Rating	Definitions
EBITDA Achieved	100.0 %	5	100.0 %	93.5 %	4	=EBITDA Actual/EBITDA Budget (both year to date)
EBITDA Margin	8.8 %	3	8.3 %	7.8 %	3	=EBITDA/Total Income
Net Return on Financing	3.1 %	5	3.1 %	3.2 % forecast	5	=(I&E Surplus less PDC dividend, Interest, PFI financing other finance lease costs)/divided by(total debt + balance sheetPFI & Finance leases+Taxpayers equity)
I & E Surplus Margin	2.1 %	4	1.8 %	1.3 %	3	=Net Surplus/(Deficit)/Total Income
Liquidity Ratio	24.1 Days	3	24.1 days	25.1 days	4	= prior year cash plus trade debtors less trade creditors plus working capital facility expressed as days of current year operating expenses
		3.8	Overall Rating		3.8	



Potential financial risk indicators	Risk to RWH?	Action required
Unplanned decrease in EBITDA margin in two consecutive quarters	No	N/A
FRR 2 for any one quarter	No	N/A
Debtors > 90 days past due account for more than 5% of total debtor balances	No	N/A
Two or more changes in Finance Director in a twelve month period	No	N/A
Quarter end cash balance < 10 days of operating expenses	No	N/A
Quarterly self-certification by trust that the financial risk rating (FRR) may be less than 3 in the next 12 months	No	N/A
Working capital facility (WCF) agreement includes default clause	No	N/A
Creditors > 90 days past due account for more than 5% of total creditor balances	No	N/A
Interim Finance Director in place over more than one quarter end	No	N/A
Capital expenditure < 75% of plan for the year to date	No	N/A

Risks

The level of financial risk and mitigations have been assessed. The level of slippage and red risk against CIP schemes has been reviewed and replacement schemes put in place. The residual risk of £2m relates to schemes at risk of not being achieved and replacement schemes are being considered.

Risk	Likelihood of risk	Potential consequence rating	Risk	Current Forecast Risk £000's	Risk after Mitigation £000's	Risk After Mitigation	Mitigating Action
Cost Improvement Programme - underachievement of plans	Likely	Moderate	B3	3,656	2,362	B2	1. The projected slippage and red risk of £3.6m has been reviewed and some replacement schemes put in place. 2. There is a reported potential risk of £2m non achievement of schemes and replacement schemes are currently being considered for approval.
Contract income issues- Penalties, Readmissions, Emergency Threshold	Possible	Moderate	C3	3,980	0	C2	1. The forecast risk is based on current performance, systems are in place to alert when issues occur. 2. Discussions have been held with Commissioners to mitigate the impact of risks by ensuring that funds are utilised appropriately. 3. Reserves are held to mitigate against the risks.

Risk Rating				
Likelihood Rating	Potential Consequence Rating			
	1. Insignificant	2. Minor	3. Moderate	4 Major
A - Almost Certain	Yellow	Orange	Red	Dark Red
B - Likely	Yellow	Orange	Red	Dark Red
C - Possible	Green	Yellow	Orange	Red
D - Unlikely	Green	Yellow	Orange	Red
E - Rare	Green	Yellow	Orange	Red

Overall Rating
Low
Medium
High

The Royal Wolverhampton Hospitals SLA and Income: Actual vs. Plan by Specialty



NHS Trust

The patient activity income as at month 5 is showing an underperformance of 1075k, which is deterioration on the position at month 4 of £618k

Division	Specialty	Month 5 Variance £000	Month 5 Variance %	Month 4 Variance £000	Movement £000	Notes
Division 1	General Surgery	(378)	(4.2)	(90)	(288)	1
	Critical Care	(515)	(11.0)	(586)	71	2
	Drugs & Devices	(33)	(2.5)	(32)	(1)	
	Trauma & Orthopaedics	(887)	(8.4)	(442)	(445)	3
	Head and Neck	95	2.8	(27)	122	
	Ophthalmology	439	7.0	432	8	
	Gynaecology	(347)	(10.5)	(226)	(121)	4
	Obstetrics inc Scans	25	0.5	93	(68)	
	GP Direct Access	175	8.6	149	26	
	Urology	110	4.1	46	65	
	Cardiothoracic/Cardiology	(18)	(0.2)	59	(78)	
	Other	(599)	(24.7)	(596)	(3)	
Total		(1,933)	(3.1)	(1,219)	(713)	
Division 2	General Medicine	1,200	8.2	762	439	5
	Clinical Haematology/Oncology	696	10.9	595	101	
	Cystic Fibrosis	(23)	(6.8)	(16)	(7)	
	Drugs & Devices	35	1.3	57	(22)	
	Paediatrics	343	11.4	192	151	6
	GP Direct Access	6	1.1	24	(18)	
	Nephrology and Dialysis	(482)	(8.9)	(354)	(128)	7
	Accident & Emergency	368	8.1	281	86	8
	Other	(947)	(8.2)	(629)	(318)	
Total		1,197	2.4	912	285	
Other	Drugs & Devices	0	0.0	0	0	
	Other	(250)	(25.3)	(228)	(22)	
Total		(250)	(4.9)	(228)	(22)	
Patient Activity as per SLAM		(985)	(0.8)	(535)	(451)	
NET 2011-12 underperformance		(85)		(85)	0	
Partially completed spells and other		(64)		69	(133)	9
Community Services		59		93	(34)	
Patient Activity Income		(1,075)		(458)	(618)	

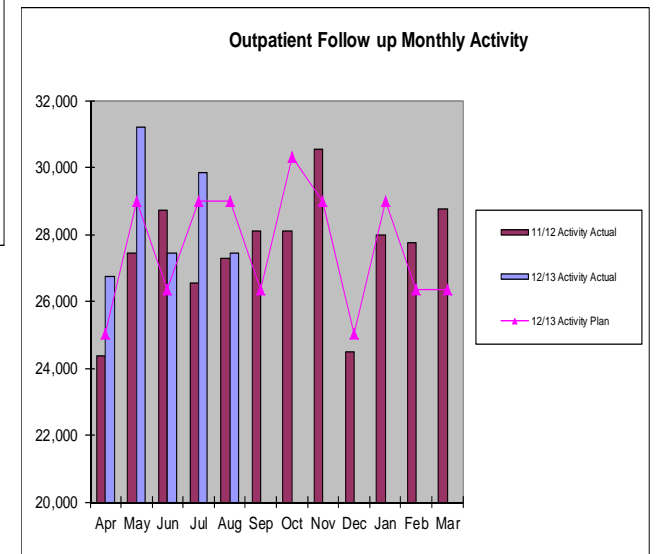
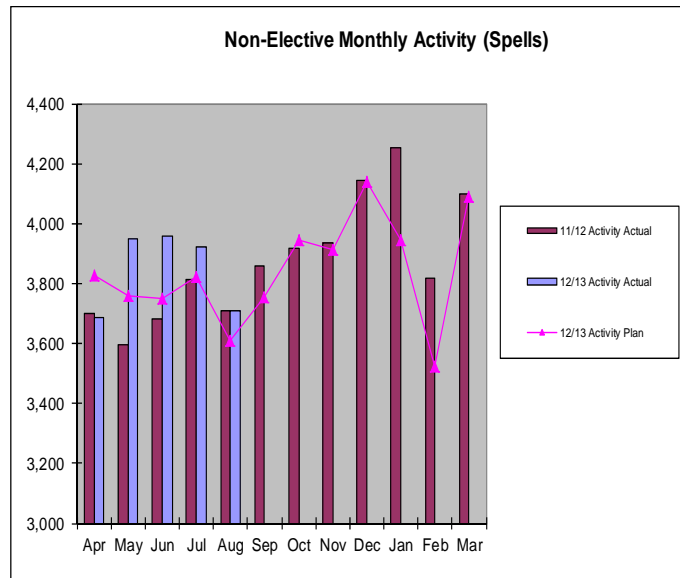
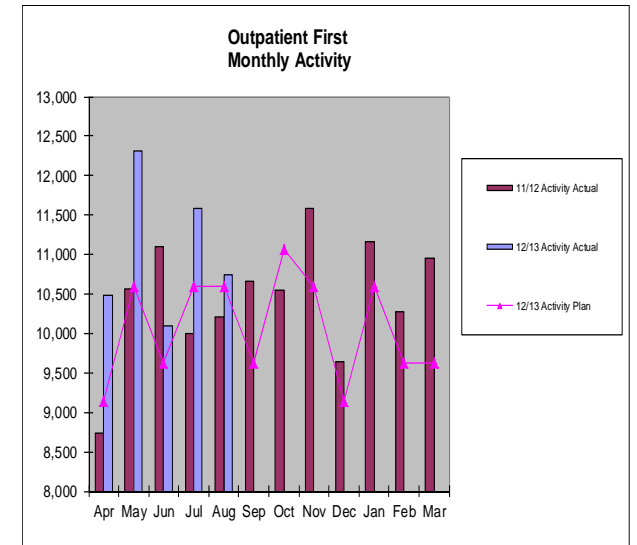
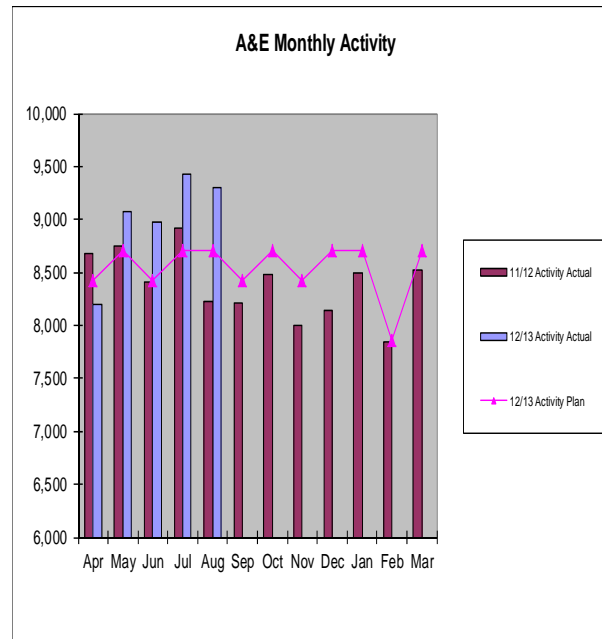
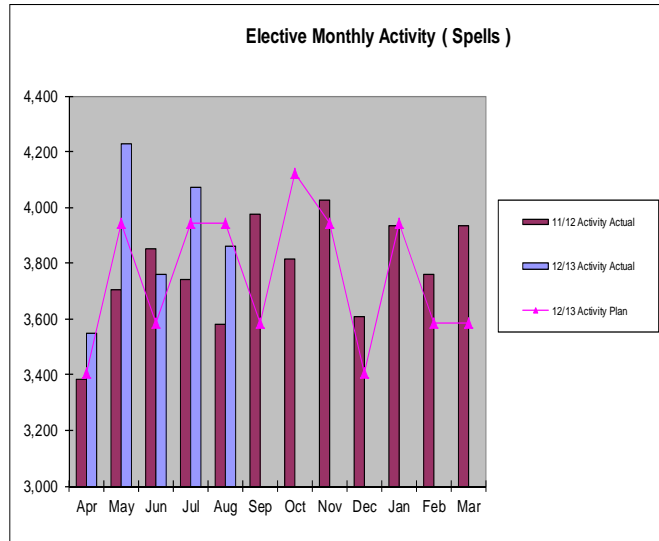
- General Surgery** – The underperformance against the elective plan has increased by £106k (62 cases) bringing the year to date position to -£185k (-82 cases). The activity levels are expected to improve later in the year.
- Critical Care** – The performance against critical care has improved from month 4, though there is still a significant under performance against plan. The reasons for the variance are being investigated by the division.
- Trauma and Orthopaedics** – £348k of the adverse movement is against elective and planned same day activity (119 cases). The activity is down on August last year by 45 cases, due to a locum vacancy in August.
- Gynaecology**- There is a year to date under performance against all areas of gynaecology, non electives (204 cases), electives and planned same day (118 cases), outpatients (347 attendances). Performance is partially affected by more technically difficult cases being seen by the directorate.
- General Medicine** – the performance against non elective general medicine, with an activity over performance of 6% (323 cases) is the main contribution to the increased movement, and reflects the emergency pressures felt within the hospital.
- Paediatrics** – £129k of the movement is due to increased non elective activity . A significant component of which is respiratory infections and viral disorders.
- Nephrology and Dialysis** - £234k of the year to date underperformance relates to lower numbers of patients receiving dialysis at this stage of the year to that anticipated. Also, £125k relates to reduced non elective activity (22 cases) and 300 non elective excess bed days.
- Accident and Emergency** – There is a 5% activity variance in August (2014 attendances) compared to 4% in July. Additional attendances from South Staffordshire commissioners is driving 826 of the attendance variance.
- Partially completed spells and other** –The majority of the movement relates to reduced partially completed spells (-157k) in month 5, compared to month 4.

SLA and Income: Actual vs. Plan by POD*

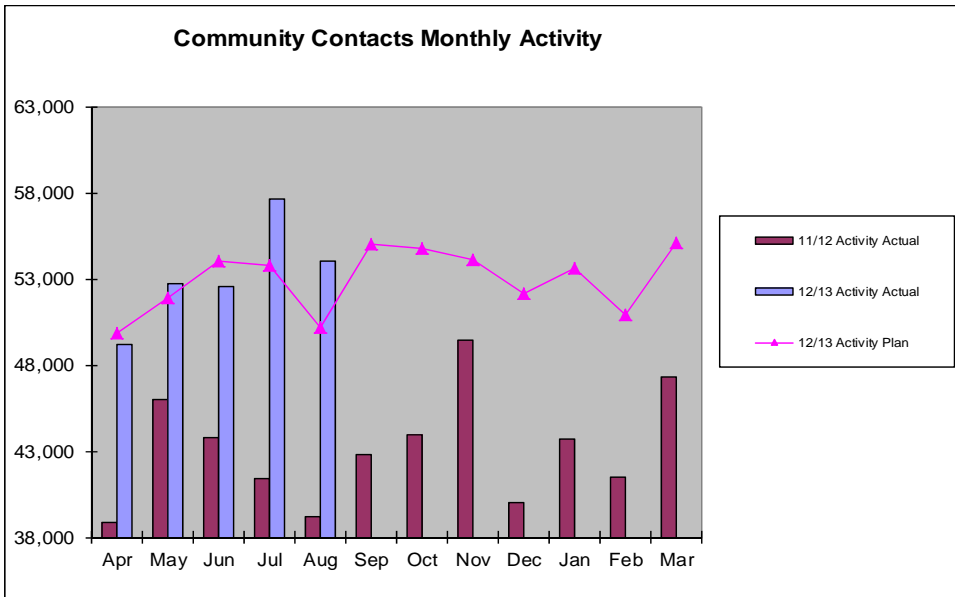
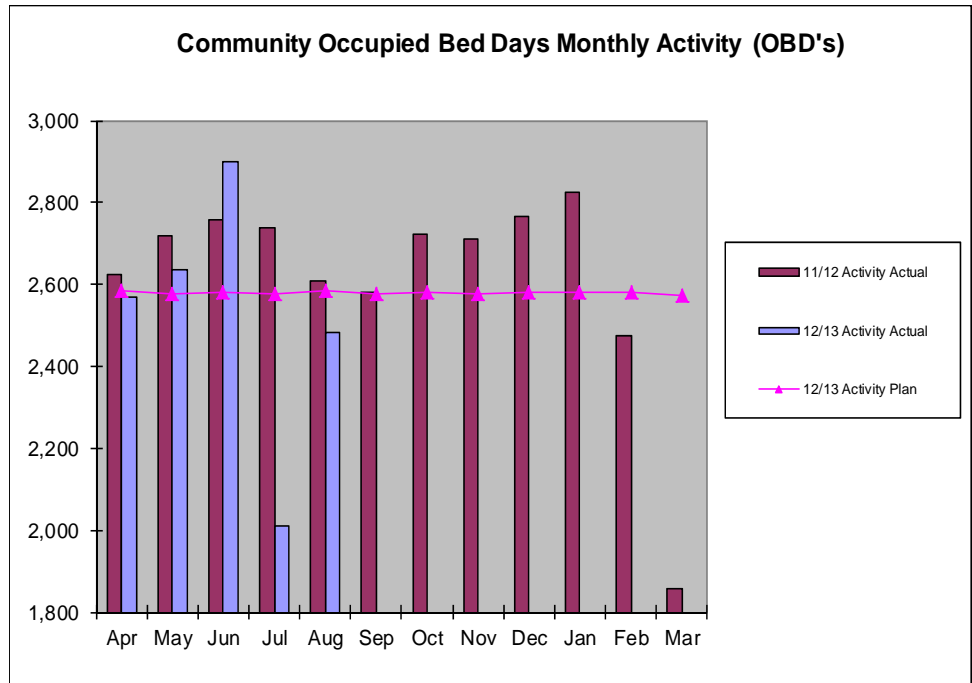
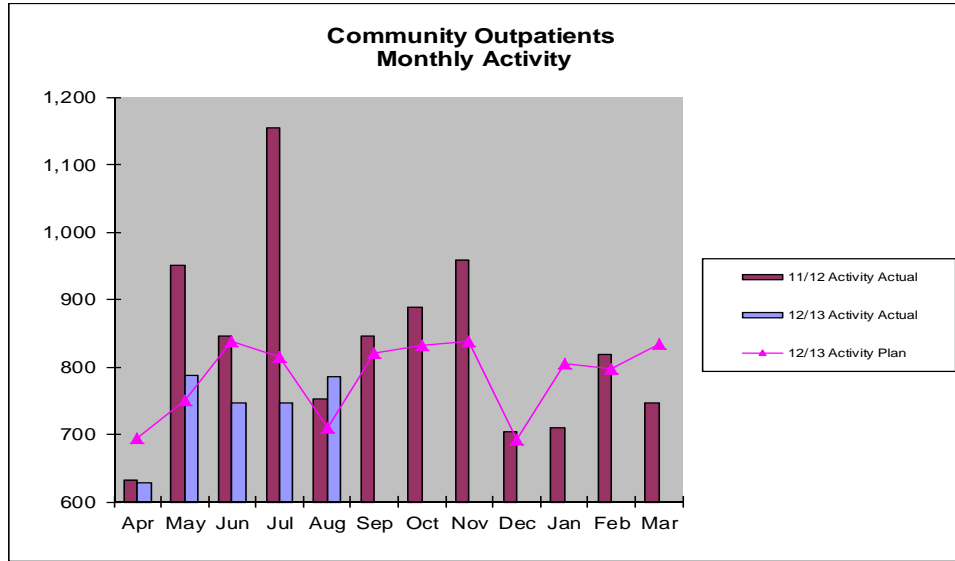
Admission Type	Annual Plan	Variance To Date	% Variance	Annual Price Plan £000	Variance To Date £ £000	% Variance %
Accident and Emergency	102,463	2,014	1.97%	9,624	426	4.43%
Critical Care	20,110	(440)	-2.19%	16,281	(777)	-4.77%
Elective	45,009	644	1.43%	57,832	217	0.38%
Elective Excess Bed Days	2,603	4	0.16%	613	(3)	-0.41%
Direct Access	534,799	7,020	1.31%	4,880	175	3.58%
Non-elective	46,077	454	0.99%	78,358	820	1.05%
Non-elective Excess Bed Days	16,200	(387)	-2.39%	3,821	(99)	-2.59%
Outpatient First	120,836	4,681	3.87%	18,341	824	4.49%
Outpatient Follow Up	330,715	4,331	1.31%	26,779	227	0.85%
Outpatient Procedures	37,114	(37)	-0.10%	6,344	13	0.20%
Renal	87,070	(3,651)	-4.19%	9,568	(303)	-3.16%
Fractions	32,359	445	1.38%	7,836	110	1.40%
Drugs/Devices	3,757	(347)	-9.25%	18,779	3	0.01%
Other	27,529	4	0.01%	20,726	(2,620)	-12.64%
Grand Total	1,406,640	14,735	1.05%	279,784	(985)	-0.35%

*POD = Points of Delivery

Performance against PCT Activity and Income trends



Community Performance against PCT Activity and Income trends



SLA and Income: Actual versus Plan by PCT

The table shows the position in relation to Commissioner plans as at the end of month 5. The overall income is below plan by £926k (-0.67%), with an over performance of £1,907 (2.1%) against the PCT contracts offset by an under performance of £532k against Specialised Services. The anticipated income plan mainly relates to vascular activity, for which the actual activity is attributed to the Specialised Services contract and pass through costs such as drugs and devices. The over performance against the community contract is attributable to Dudley and South Staffordshire PCT's.

	SLA Annual Plan	Plan to Date	Actual to date	Variance to Plan	% Variance
	£000	£000	£000	£000	
Commissioner					
South Birmingham	135	57	72	15	27.4%
Shropshire	4,201	1,751	1,680	(71)	-4.0%
Walsall	20,765	8,631	8,396	(235)	-2.7%
Telford	1,541	643	655	12	1.9%
Wolverhampton City	144,585	59,895	61,046	1,151	1.9%
Heart of Birmingham	143	60	94	34	57.2%
Dudley	8,310	3,458	3,638	180	5.2%
Sandwell	2,240	932	847	(85)	-9.1%
Birmingham East and North	286	119	87	(32)	-26.9%
North Staffs	28	12	20	8	67.6%
Stoke	80	33	43	10	29.8%
South Staffs	33,479	13,897	14,829	933	6.7%
Worcester	923	384	371	(13)	-3.4%
Acute Services Total	216,717	89,871	91,778	1,907	2.1%
Anticipated Income	3,237	2,316	0	(2,316)	-100.0%
Specialised Services	57,869	24,232	23,700	(532)	-2.2%
NCA	1,961	814	770	(44)	-5.4%
Sub Total	279,784	117,234	116,248	(985)	-0.8%
Community Services	53,355	22,030	22,089	59	0.27%
Overall income	333,139	139,264	138,337	-926	-0.67%

Expenditure by Directorate

Trust Wide Summary

(£289k) overspend in month, (£2411k) overspend ytd

	Manpower WTEs This Month			VARIANCES Cumulative Against Budget											Patient income against budget		Expenditure variance Previous Month		Income Variance Previous Month	
				Pay		Non Pay		Drugs		Total (pre CIP)		CIP	Total (incl CIP)		Variance		Total		Variance	
	Budget	Actual	% var	£'000	%	£'000	%	£'000	%	£'000	%	£'000	£'000	%	£'000	%	£'000	%	£'000	%
Division 1	2,128	2,068	2.8%	(1,130)	(2.9%)	(495)	(3.7%)	172	5.9%	(1,453)	(2.6%)	(1,504)	(2,957)	(5.5%)	(1,933)	(3.1%)	(2,569)	(6.0%)	(1,219)	(2.4%)
Division 2	2,473	2,441	1.3%	(962)	(2.4%)	(66)	(0.9%)	(148)	(1.6%)	(1,176)	(2.1%)	(1,433)	(2,609)	(4.7%)	1,197	2.4%	(2,174)	(5.0%)	912	2.3%
Estates and Facilities	617	595	3.6%	122	1.9%	118	2.1%	(11)		230	1.9%	(624)	(394)	(3.4%)			(387)	(4.2%)		
Chief Operating Officer	5	5	4.2%	2	0.8%	16	95.4%	0		17	7.5%	(0)	17	7.5%			13	7.2%		
Total Operations Directorate	5,223	5,109	2.2%	(1,969)	(2.3%)	(426)	(1.6%)	13	0.1%	(2,382)	(1.9%)	(3,561)	(5,943)	(4.9%)	(736)	(0.7%)	(5,117)	(5.3%)	(307)	(0.1%)
Corporate Directorates & Other	764	710	7.0%	217	2.1%	(255)	(3.5%)	10	43.2%	(29)	0.4%	(130)	(159)	(0.9%)	(250)	(4.9%)	(238)	(1.7%)	(228)	(5.6%)
Total Directorate Expenditure	5,987	5,820	2.8%	(1,752)	(1.8%)	(681)	(1.7%)	23	0.2%	(2,411)	(1.6%)	(3,691)	(6,102)	(4.3%)	(986)	(0.8%)	(5,355)	(4.8%)	(535)	(0.6%)

Monthly Manpower Figures in WTEs:-	Budget	Actual
April	5,965	5,877
May	6,002	5,788
June	5,984	5,800
July	5,982	5,804
August	5,987	5,820
September		
October		
November		
December		
January		
February		
March		

Note: Wte's are now adjusted to reflect vacancy factor

Memorandum:

Net Trading Position (Income and Cost)

	This Month		Last Month	
	Pre CIP	Post CIP	Pre CIP	Post CIP
	£'000	£'000	£'000	£'000
Division 1	(3,386)	(4,890)	(2,596)	(3,788)
Division 2	21	(1,412)	3	(1,262)
	(3,365)	(6,302)	(2,593)	(5,050)

Expenditure Commentary

Trust Wide Summary

(£289k) overspend in month, (£2411k) overspend ytd

- The expenditure exception report on pages 13 to 23 provide details on the main areas of adverse movement. An exception is defined as an adverse monthly movement of £100k or more and/or 10%, but above a minimum of £20k.

Total Operations Expenditure

- The pay overspend includes overspends for Division 1 (£1,130k) and Division 2 (£962k) being slightly offset by an under spend in Estates & Facilities of £122k. Division 1 over spend relates to the use of Waiting List Initiatives to meet Referral To Treatment targets in Orthopaedics, Head and Neck and General Surgery along with Nurse Bank usage covering sickness and maternity leave. Division 2 overspend reflects costs of additional bed capacity, Oncology & Clinical Haematology and Respiratory due to medical agency and overspending on wards due to use of nurse bank covering vacancies, maternity leave and sickness.
- On non pay, Division 1 is over spent by (£495k) this is caused mainly due to increased diagnostic examinations in Radiology along with case mix in Cardiology, Orthopaedics and Head and Neck. These over spends are offset by underspends caused by underperformance on Haemophilia Contracts in Pathology and Community Head and Neck. The non pay position in Division 2 shows an over spend of (£66k), due to additional bed capacity also, Paediatrics and Respiratory due to increased activity. Estates & Facilities are under spent by £118k and COO is under spent by £16k.
- The drugs overspend relates to £172k in Division 1, (£148k) in Division 2 and (£11k) in Estates & Facilities.

Total Corporate and trading accounts

- The pay under spend is due to vacancies across several directorates
- The non-pay over spend mainly relates to the Trading Accounts which is off set by income and also to Bad Debts which relates to the increase provision required in respect of ICR (activity against ICR income) and Trust Debts (against non NHS income).
- Further details and actions are on the following pages.

Operations Divisions Expenditure

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	(1,676)	(1,969)	(292)	(2.29%)
Non pay	(403)	(426)	(23)	(1.63%)
Drugs	(39)	13	53	0.11%
Total	(2,119)	(2,382)	(263)	(1.91%)

Corporate and Trading Accounts Expenditure

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	137	217	79	2.11%
Non pay	(149)	(255)	(106)	(3.46%)
Drugs	9	10	1	43.16%
Total	(3)	(29)	(26)	(0.02%)

Total	(2,122)	(2,411)	(289)	(1.70%)
--------------	----------------	----------------	--------------	----------------

Expenditure Exception Report

Total Operational Directorate (£263k) overspend in month, (£2382k) overspend ytd

Division 1 (£76k) overspend in month, (£1453k) overspend ytd

Both the month only and year to date variances of Division 1 are made up of a number of smaller variances spread across several directorates.

▪ Cardiology

Current Position

- The non pay underspend has been caused by a £120k stock adjustment. Following a stock take it was found that stock levels had increased and the financial position now reflects the value of the products used to date.

Actions

- We are now in a position to be able to review these stock levels on a monthly basis through the new cabinet system which is now in use.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	4	13	8	0.4%
Non Pay	160	55	(105)	3.1%
Drugs	0	(0)	(0)	(12.0%)
Total	164	67	(97)	1.4%

▪ Pathology

Current Position

- Following receipt of managed service contract reconciliations for the first quarter, additional expenditure has been included due to activity rises for internal and GP work (£85k).
- An increase in Haemophilia patients has also caused a £25k overspend, this increase is charged to commissioners through contract income.

Actions

- Increased levels of managed service activity will be estimated monthly.
- Haemophilia activity continues to be monitored rigorously on a monthly basis in terms of blood product usage and contract income.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	(84)	(73)	12	(2.7%)
Non Pay	(170)	(74)	96	(3.4%)
Drugs	5	19	14	7.6%
Total	(250)	(128)	122	(2.5%)

Division 2

(£267k) overspend in month, (£1176k) overspend ytd

▪ Divisional Management

Current Position

- The over spending against pay budgets is due to the cost of maintaining additional bed capacity to manage demand.

Actions

- Additional capacity is reviewed and flexed with demand. Increased spending to be managed within the agreed allocation and total funding for the Division.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	(279)	(314)	(35)	(19.4%)
Non Pay	(28)	(30)	(2)	(13.4%)
Drugs	(37)	(40)	(3)	
Total	(344)	(383)	(40)	(20.8%)

▪ Dermatology

Current Position

- The pay overspending is due to additional payments to medical staff to maintain activity and waiting list targets.

Actions

- The non recurrent costs of providing additional activity is to be negotiated with commissioners. The level of increased payments to be reviewed within the directorate.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	(113)	(145)	(32)	(38.6%)
Non Pay	(0)	0	0	1.0%
Drugs	19	22	3	17.9%
Total	(95)	(123)	(29)	(23.8%)

Division 2

(£267k) overspend in month, (£1176k) overspend ytd

Rehabilitation

Current Position

- The pay overspending results from the use of agency medical staff covering Staff Grade sickness and leave.
- The positive movement in non pay reflects an adjustment for the psychology service recharge.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	(59)	(121)	(62)	(4.3%)
Non Pay	6	27	21	4.0%
Drugs	(3)	(5)	(2)	(4.4%)
Total	(56)	(99)	(43)	(2.8%)

Actions

- The member of staff is scheduled to return to work in October.

Clinical Haematology

Current Position

- The pay overspend in month relates to use of agency medical consultant to cover long term sickness within the department.

Actions

- It is planned to use the agency consultant until the end of October allowing a phased return to work for the staff member.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	(55)	(84)	(29)	(7.9%)
Non Pay	15	9	(6)	2.5%
Drugs	7	7	(1)	0.4%
Total	(32)	(68)	(36)	(2.2%)

Division 2

(£267k) overspend in month, (£1176k) overspend ytd

▪ **Paediatrics**

Current Position

- The overspend on non pay consumables in month is due to increased activity.

Actions

- The group is over performing in non elective admissions and outpatient attendances generating increased income to the Trust.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	(14)	(4)	10	(0.1%)
Non Pay	(51)	(74)	(22)	(31.1%)
Drugs	(23)	(19)	5	(6.1%)
Total	(89)	(96)	(8)	(2.2%)

Estates and Facilities

£76k underspend in month, £230k underspend ytd

Medical Physics

Current Position

- An increase in the internal recharge for mattress usage and bed maintenance due to increased activity has resulted in the reduction of non pay against the Clinical Resource Centre.

Actions

- No action required.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	51	63	13	5.1%
Non Pay	88	122	34	38.8%
Drugs	(5)	(11)	(5)	
Total	133	174	41	11.1%

Site Services Management

Current Position

- The under spend on non pay relates to tightly controlled budget management within this area.

Actions

- The budget will continue to be monitored to ensure that it is in balance at year end.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	6	3	(3)	1.7%
Non Pay	19	44	25	37.7%
Total	24	47	23	15.5%

Finance & Information

£73k underspend in month, £159k underspend ytd

Information Technology

Current Position

- The under spend on non pay is due to the funding of posts for the "Integrated Electronic Patient Record", "ePrescribing" and "eDischarge" projects as well as funding for on call protection.

Actions

- No further action to be taken.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	(93)	(13)	80	(0.4%)
Non Pay	101	91	(10)	8.9%
Total	8	78	70	1.8%

Procurement

Current Position

- The non pay overspend relates to the final stage of the "Materials Management Project".

Actions

- The procurement budget will continue to be monitored to ensure that it breaks even at year end.

	YTD Variances £000			YTD % Var
	Month 4	Month 5	Movement	
Pay	(16)	(12)	4	(2.8%)
Non Pay	12	(10)	(22)	(12.0%)
Total	(4)	(23)	(18)	(4.3%)

Pay Reporting

Budget and worked WTE include agency, locum and bank staff. The below table shows the ytd WTE variance by division together with an analysis of ytd pay costs by division.

	Budget WTE	Actual Paid WTE	Pay (Over)/Under £000s	Pay Spend by Category (cumulative to date £000s)						Total Pay
				Agency	Medical Locums	Bank	Employed	Overtime	WLI	
Division 1	2,128	2,068	(1,130)	430	253	466	38,190	445	522	40,305
Division 2	2,473	2,441	(962)	1,561	541	931	37,689	351	6	41,078
Facilities & Estates	617	595	122	4	0	361	5,719	337	0	6,421
Chief Operating Officer	5	5	2	0	0	0	213	0	0	213
Total Operations Directorate	5,223	5,109	(1,969)	1,995	794	1,757	81,811	1,133	528	88,018
Corporate Directorate & Other	764	710	217	448	0	(33)	9,485	144	0	10,043
Total Directorate Pay Expenditure	5,987	5,820	(1,752)	2,442	794	1,724	91,295	1,277	528	98,061

- Division 1 – Overall Division 1 has a positive variance on WTE of 60 WTE. However, this has not resulted in savings. The key reasons for the overspend are a) agency and bank usage; and b) Waiting List Initiatives which do not attract WTE.
- Overall Division 2 has a positive manpower variance of 32 WTE. However, pay is over spending in total due to the additional costs of using agency, locums, bank staff and payments for overtime.

Agency / Locum / Bank Spend

	CURRENT YEAR		PREVIOUS YEAR			
	YTD Spend 12/13		YTD Spend 11/12		Total Spend 11/12	
	£000s	£000s	£000s	£000s	£000s	£000s
	Bank	Agency	Bank	Agency	Bank	Agency
Medical	14	1,771		1,234		3,117
Nursing - qual	796	48	734	2	1,905	19
Nursing - other	550		565		1,444	
PAMS	(1)			156		482
Scientific & technical		194				
Non-clinical	366	429	357	268	834	860
Total	1,724	2,442	1,657	1,660	4,183	4,478

Analysis of Agency in Non Clinical

	Current Year £000s	Last Year £000s
Operations		
Division 1	11	7
Division 2	42	
Community Services		
Estates & Facilities	1	1
Chief Operating Officer		
Sub-total	53	8
Corporate		
Chief Executive	78	
Finance Director	252	199
Nurse Director		1
Medical Director	()	30
HR		(7)
Estates Development	5	7
R&D	42	29
Sub-total	376	259
Total Non-Clinical agency	429	268

Pay reporting

Budget and worked WTE include agency, locum and bank staff. The table below takes the current WTE Actual (worked) vs budget for the month and analyses this by category (employed, overtime, agency, locum etc.) together with the month and ytd spend and compares this to the same month last year.

Pay Category	CURRENT YEAR 2012/13				LAST YEAR 2011/12				% YTD Month 5 Spend Increase Between Years
	WTE Budget in Month	WTE Actual (Worked) in Month	Current Month Spend £000	YTD Spend £000	Average Worked WTE	Month 5 Spend £000	YTD Spend to Month 5 £000	Average Monthly Spend £000	
Employed	5,962	5,642	18,508	91,295	5,591	17,889	89,028	17,908	3%
Overtime	0	2	249	1,277	(0)	205	1,105	226	16%
Agency Staff	17	45	459	2,442	44	322	1,660	373	47%
Medical Locum Staff	5	13	158	794	17	228	1,226	208	-35%
Bank	4	117	335	1,724	122	351	1,681	352	3%
WLI	0	0	94	528	0	71	297	65	78%
Total	5,987	5,820	19,803	98,061	5,775	19,066	94,997	19,131	3%

CIP Monitoring All Trust Schemes

The Trust CIP target is £15,325k. The table below summarises the target CIP for each Division and the actual achieved. The position for August shows a withdrawal of CIP from annual budget of £6,335 representing 41% of the total.

CIP MONITORING	2012/13					
	Annual Plan	Blue (withdrawn from budgets)	Still to be achieved			
			Categorised by Risk Rating			
2012/13 Schemes	£000	£000	Total £000	Green £000	Amber £000	Red £000
Estates & Facilities	2,093	516	1,578	(18)	587	1,009
Division 1	5,013	1,298	3,715	0	3,331	383
Division 2	5,996	2,602	3,395	156	3,101	138
Corporate	2,222	1,920	303	0	149	154
Trust Wide	0	0	0	0	0	0
Total 2012/13 Schemes	15,325	6,335	8,990	138	7,167	1,684

Non recurrent element withdrawn from budget	£000
	99
	442
	42
	377
	0
	960

Notes:
RAG Status

Blue = achieved.

Green = Ontrack to achieve

Amber = Some delay in achieving

Red = Significant delay / risk / detailed plan to be

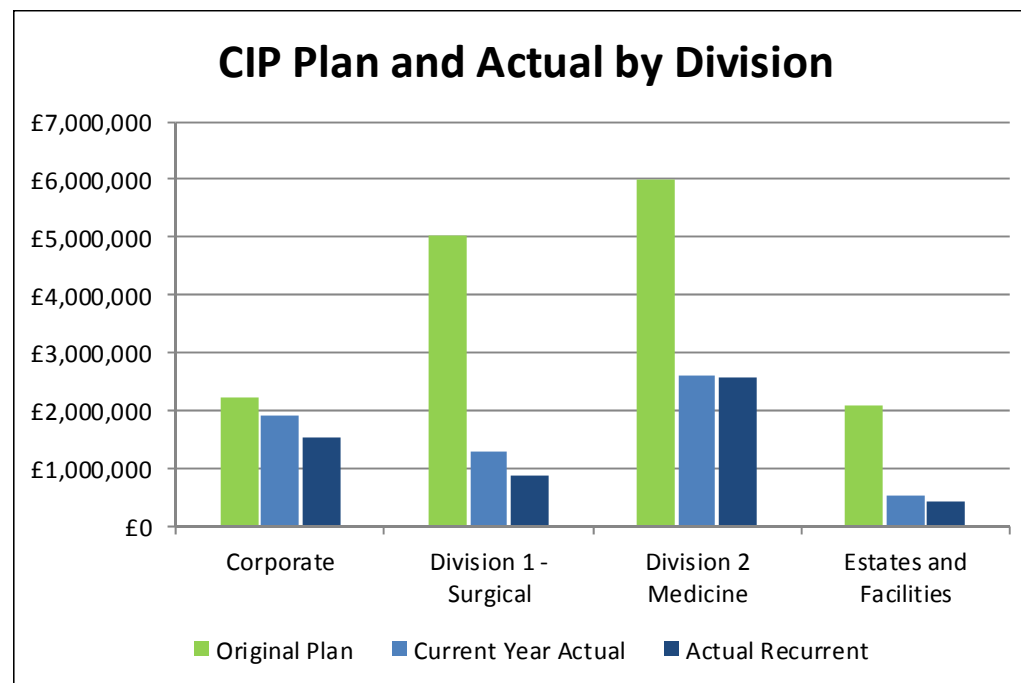
Memorandum - Procurement CIP included in above table

	Annual Plan	Blue (withdrawn from budgets)	Still to be achieved			
			Total	Green	Amber	Red
2012/13 Schemes	1,347	632	715	0	715	0
Total Procurement CIP	1,347	632	715	0	715	0

	12
	12

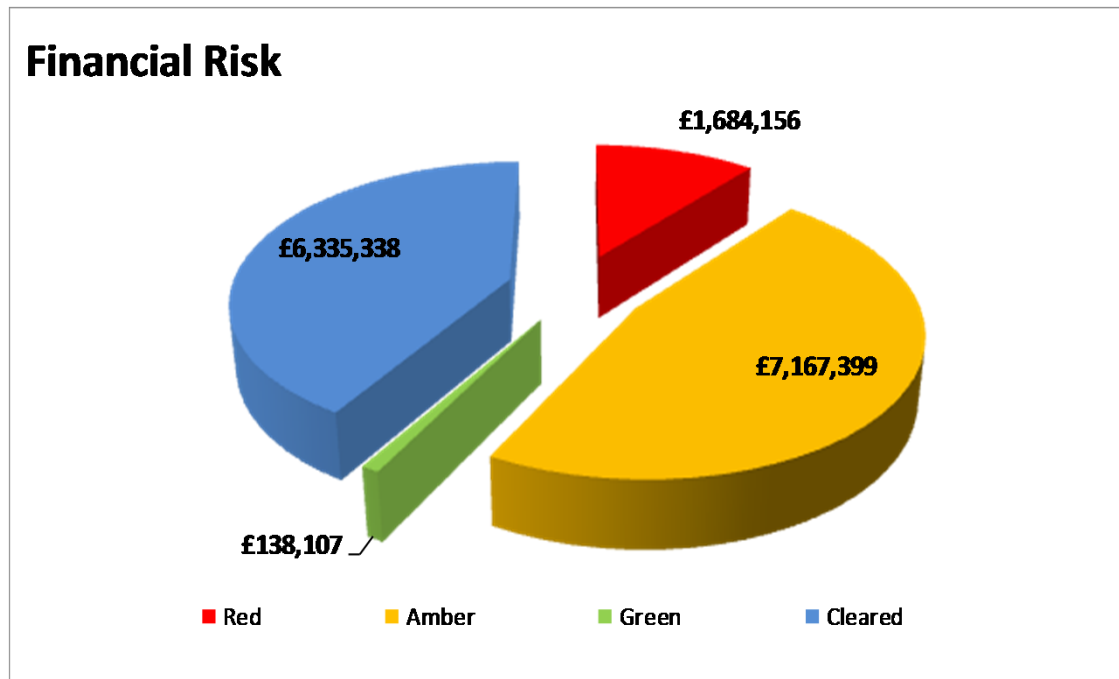
CIP Monitoring by Division

	CIP Target	Current Year Actual	Actual Recurrent
Corporate	£2,222,488	£1,919,626	£1,542,684
Division 1 - Surgical	£5,012,863	£1,298,343	£856,095
Division 2 Medicine	£5,996,422	£2,601,771	£2,560,013
Estates and Facilities	£2,093,227	£515,598	£416,284
	£15,325,000	£6,335,338	£5,375,076



CIP Risks and Programme Status

Financial Risk Summary	Red	Amber	Green	Cleared	Total
Corporate	£154,162	£148,700	£0	£1,919,626	£2,222,488
Division 1 - Surgical	£383,430	£3,331,090	£0	£1,298,343	£5,012,863
Division 2 Medicine	£138,000	£3,100,844	£155,807	£2,601,771	£5,996,422
Estates and Facilities	£1,008,564	£586,765	-£17,700	£515,598	£2,093,227
Totals	£1,684,156	£7,167,399	£138,107	£6,335,338	£15,325,000



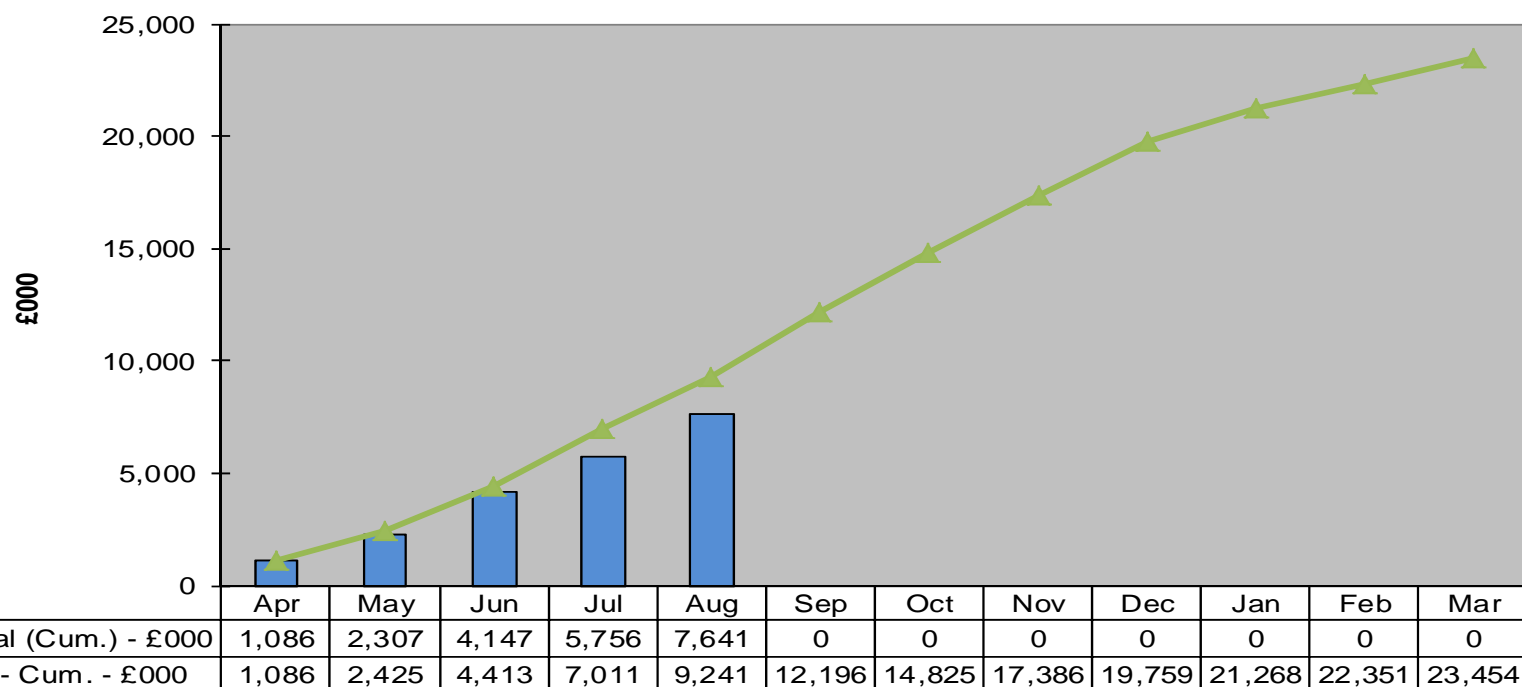
Reserves

Reserve	Current Month £'000	Month 4 £'000	Movement £'000	
Cost Pressure	3,166	3,431	(265)	Includes funding into budgets for Clinical Coding Audit & Train £4.7k, ePrescribing £9k Community Cost Pressures £134k, FT Costs £85k, Appointment O/Time DNA Health Records £1.6k, Scanners Maint-Health Records £6k and eDischarge Day Case & Phase 2 £24k.
Activity and Developments	1,844	2,276	(431)	Includes funding into budgets for Robotic Surgery £5.9k, Community Corporate Charges £13.9k, Trauma & Orthopaedics £48k, Stroke Business Case £13k, A&E Expansion £30k, assisted APD Renal £24k, IMRT Business Case £6.6k, Trauma & Orthopaedics Non Recurring Business Case £7.6k, Electrophysiology £2.7k, Impact of Patient Activity £115k, Materials Management £43.5k, Procurement SLA Additional Post £9k, Breast Feeding £25k, Young Moms Coordinator £25k, Lucentis Anticipated Income £20.4k, ICD Anticipated Income £41k
Quality	658	703	(45)	Includes funding into budgets for the Intravenous BC £1k and Surgical Site £44k..
Drugs and Devices	892	1,217	(325)	Includes funding into budgets for Excluded Drugs £31.4k, Step Down Beds £23.5k and Drugs Growth £270k.
Non Recurrent Support	3,265	2,900	365	Includes income into reserves for Palliative Care £93k, Safety Thermometer £ 2.2k, PCT non recurrent income £613k Less funding into budgets for Locum and Agency costs £33.3k, Health Records £6.7k, Equal Pay Settlement £1k, On Call Protection £128.5k, Reablement Funding £12k, Cough Check £13.4k, Pathology Project £25k, Interim COO £19k, Integrated Electronic Patient Record Business Case £43k and 7 Day Working £61.4k.
	9,825	10,527	(701)	
Inflation and Contingency	3,078	3,387	(308)	Includes income into reserves for Incremental Drift £13.4k, less funding into budgets for Vascular Services £292.6k, Energy £4.2k, Procurement £1.8k and JMS Flex Trainees/Contract Adj £23k.
Patient Activity Contingency	4,000	4,000	0	
Grand Total Reserves	16,904	17,913	(1,010)	

Capital Expenditure

The Trust Capital Programme for 2012/13 is £23,454k, excluding PFI (Radiology) additions. Capital Resource Limit (CRL) is likely to be set at the Plan level submitted to the SHA of £25,195k. This includes £2,541k for PFI less £800k due to assumed funding being available with the sale of the Old Eye Infirmary. Formal notification has been received for £22,654k; CRL for PFI will follow later in the year.

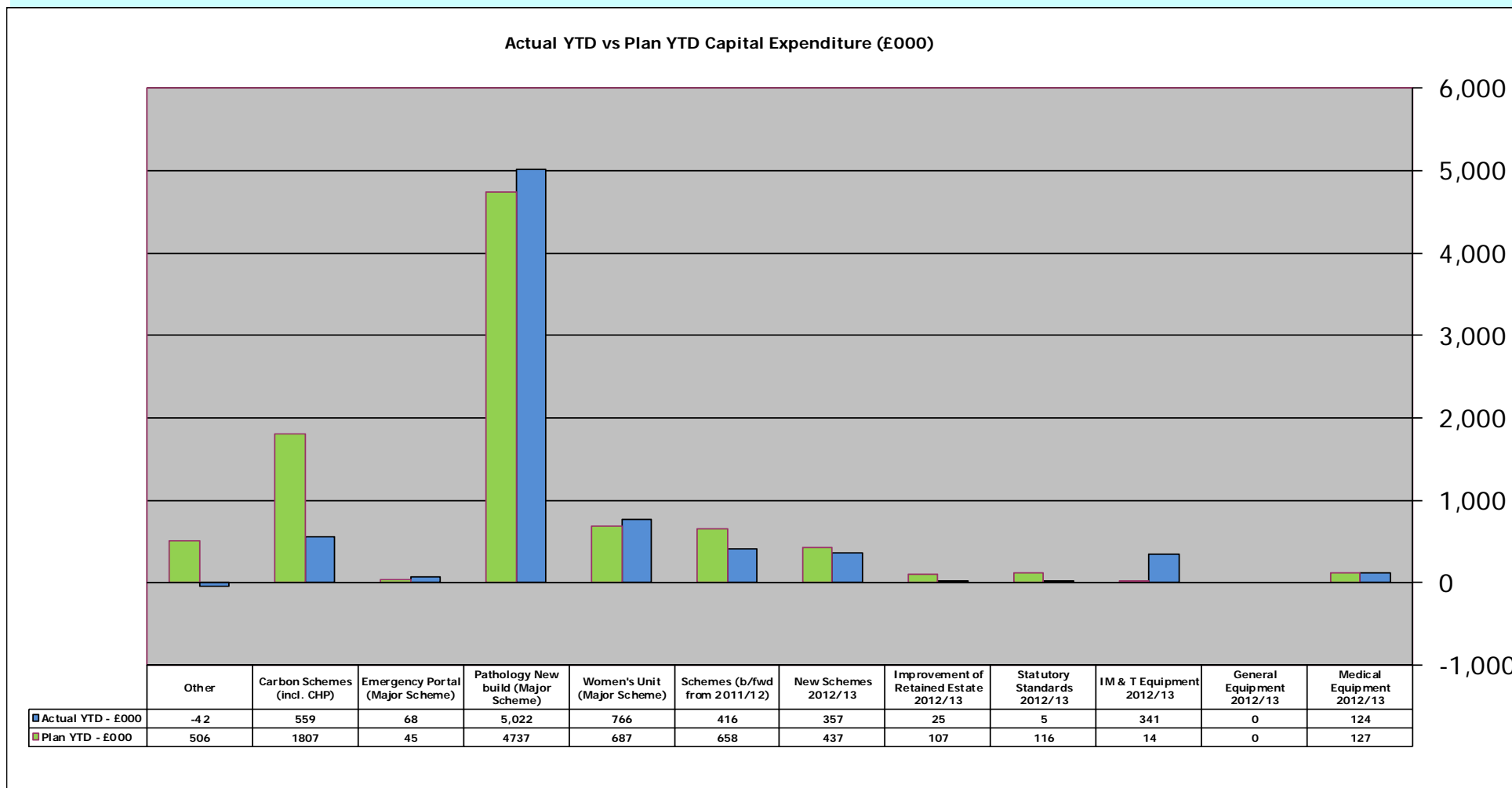
Capital Plan vs Capital Expenditure 2012/13 (Cumulative)



At the end of August 2012 Capital Spend was 83% on target with spend of £7,641k against plan of £9,241k. The underspend was mainly due to re-profiling of capital spend on the Combined Heat and Power Scheme resulting in a slippage of £1.2m against original plan at the end of Aug 2012. The project will now be completed by December 2012; two months later than original plan.

Capital Expenditure by Scheme

The Capital programme is managed on a project by project basis by the Capital Division within the Estates Development Department. The chart below details actual vs. planned expenditure per the Capital Programme categories and, within those categories, schemes of significant value.



Statement of Financial Position as at 31st August 2012

Trade and Other Receivables as at 31 August 2012 are £12,346 a breakdown is provided on page 29.

This includes invoiced NHS £2,966k and gross Non-NHS £1,042k receivables. A more detailed analysis of the invoiced receivables is shown on page 30.

Calculated debtor days for the year to date are 5.39 days compared to a plan of 7.91 days.

A more detailed analysis of Trade & Other Payables is provided on page 31.

The Public Sector Payment Policy sets out a target for payment of 95%, in value and volume, to be paid within 30 days of receipt. The Trust's cumulative performance against this target is:

- Value 91%
- Volume 88%

	<u>August 2012</u> <u>Plan £000</u>	<u>August 2012</u> <u>Actual £000</u>	<u>July 2012</u> <u>Actual £000</u>	<u>Movement in</u> <u>Month £000</u>	<u>March 2012</u> <u>Actual £000</u>
NON CURRENT ASSETS					
Property, Plant and Equipment	254,904	254,155	253,441	714	251,189
Intangible Assets	0	622	647	(25)	746
Other Non Current Assets	1,491	606	606	0	1,916
TOTAL NON CURRENT ASSETS	256,395	255,383	254,693	690	253,851
CURRENT ASSETS					
Inventories	5,703	5,144	5,091	53	5,703
Trade and Other Receivables	12,066	12,346	11,010	1,336	18,780
Cash and cash equivalents	22,938	22,531	26,083	(3,552)	15,658
TOTAL CURRENT ASSETS	40,707	40,021	42,184	(2,163)	40,141
Non Current Assets Held for Sale	800	800	800	0	800
TOTAL ASSETS	297,902	296,204	297,677	(1,473)	294,792
CURRENT LIABILITIES					
Trade & Other Payables	(36,023)	(34,288)	(36,208)	1,920	(34,016)
Borrowings	(1,720)	(1,844)	(1,844)	0	(1,844)
Provisions for Liabilities and Charges	(3,193)	(3,042)	(3,042)	0	(3,193)
TOTAL CURRENT LIABILITIES	(40,936)	(39,174)	(41,094)	1,920	(39,053)
NET CURRENT ASSETS / (LIABILITIES)	(229)	847	1,090	(243)	1,088
TOTAL ASSETS LESS CURRENT LIABILITIES	256,966	257,030	256,583	447	255,739
NON CURRENT LIABILITIES					
Other Liabilities	(7,373)	(7,310)	(7,464)	154	(8,085)
Provision for Liabilities and Charges	(457)	(457)	(457)	0	(457)
TOTAL NON CURRENT LIABILITIES	(7,830)	(7,767)	(7,921)	154	(8,542)
TOTAL ASSETS EMPLOYED	249,136	249,263	248,662	601	247,196
FINANCED BY TAXPAYERS EQUITY					
Public Dividend Capital	170,082	170,082	170,082	0	170,082
Retained Earnings	9,834	9,962	9,361	601	7,894
Revaluation Reserve	69,030	69,029	69,029	0	69,030
Other Reserves	190	190	190	0	190
TOTAL TAXPAYERS EQUITY	249,136	249,263	248,662	601	247,196

Trade Receivables

<u>Trade & Other Receivables</u>	<u>August</u>	<u>July Movement</u>		<u>%</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	
NHS Receivables - Revenue	2,966	1,455	1,511	103.8%
NHS Partially Completed Spells	1,438	1,596	(158)	-9.9%
NHS Accrued Income	2,760	2,603	157	6.0%
Non NHS Sales Ledger	1,036	1,131	(95)	-8.4%
Provision for Impairments of Receivables	(526)	(536)	10	-1.9%
TCS Receivables & Prepayments	75	38	37	97.4%
Non NHS Accrued Income	981	773	208	26.9%
Prepayments	2,024	2,122	(98)	-4.6%
RTA / Injury Claims due within 1 year	1,210	1,197	13	1.1%
VAT	250	516	(266)	-51.6%
Other	132	115	17	14.8%
Total Trade & Other Receivables	12,346	11,010	1,336	12.1%

- NHS receivables has increased due to periodic and one off invoices being raised in August. Further analysis of invoiced NHS and Non-NHS Receivables is provided on page 35.
- The increase in NHS Accrued Income mainly relates to drugs recharges and other recharges to commissioners.

Receivables by Category

The overall debt position has increased by £1.4m in month, mainly due to invoices raised to the Commissioners for income outside the normal patient activity contract.

Debt has increased as noted above mainly for PCTs being £1.5m following the raising of a number of non patient activity contract invoices. This includes £0.6m to Wolverhampton City PCT.

Discussion continues with insurance companies in respect of outstanding Private Patient debt. Although some debt has been agreed to be settled there are five significant cases totalling £155k remaining outstanding. The Trust is looking to resolve the reason for non payment and agree interim part payment of the non disputed parts of the charges. However, provision has already been made in the financial position against any non receipt of income for all older debt.

August 2012

Customer Type	Customer Type	Total Balances due	Within Term	Over Term	Over Term	Over Term	Over Term
				0-1 Months	1-2 Months	2-3 Months	>3 Months
		£'000	£'000	£'000	£'000	£'000	£'000
NHS	OTHER	225	63	90	57	0	15
	PCT	2,279	975	521	177	184	422
	SHA	15	0	15	0	0	0
	TRUST	446	91	281	46	13	15
NHS Total		2,965	1,129	907	280	197	452
NON	OTHER	399	195	121	3	3	77
	PRIVATE PATIENTS	533	212	79	6	5	231
	IRISH/SCOTT/WELSH	110	35	45	0	2	28
	Sub Total	1,042	442	245	9	10	336
	Bad Debt Provision	-346				-10	-336
NON Total		696	442	245	9	0	0
Grand Total		3,661	1,571	1,152	289	197	452

Of the Non NHS debt currently outstanding for greater than 1 month £0.2m has been agreed to be paid in September.

JULY 2012

Customer Type	Customer Type	Total Balances due	Within Term	Over Term	Over Term	Over Term	Over Term
				0-1 Months	1-2 Months	2-3 Months	>3 Months
		£'000	£'000	£'000	£'000	£'000	£'000
NHS	OTHER	231	19	136	54	17	5
	PCT	749	263	283	431	-454	226
	SHA	18	0	15	0	0	2
	TRUST	457	141	216	82	10	8
NHS Total		1,455	424	650	567	-428	242
NON	OTHER	577	357	93	32	5	91
	PRIVATE PATIENTS	464	199	16	12	36	200
	IRISH/SCOTT/WELSH	90	46	11	3	1	30
	Sub Total	1,131	602	120	47	42	321
Bad Debt Provision	-363				-42	-321	
NON Total		768	602	120	47	0	0
Grand Total		2,224	1,025	770	615	-428	242

Of the NHS debt outstanding for greater than 1 month £0.6m has been paid in September.

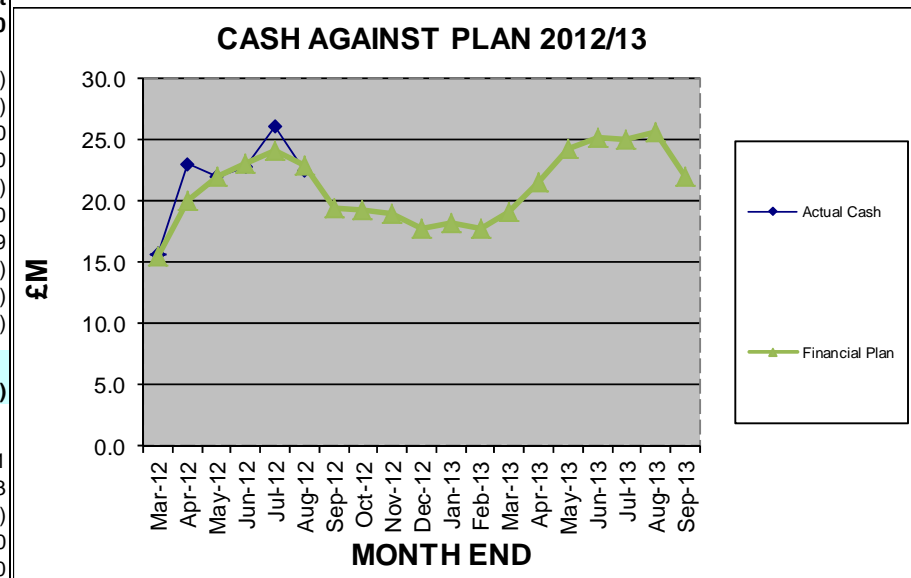
Trade & Other Payables

<u>Trade & Other Payables</u>	<u>August</u>	<u>July</u>	<u>Movement</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
NHS Payables - Revenue	(1,056)	(2,223)	1,167	-52.5%
Non NHS Trade Payables - Revenue	(3,277)	(4,283)	1,006	-23.5%
Non NHS Trade Payables - Capital	(3,178)	(3,286)	108	-3.3%
Dividend and Interest Accrual	(3,383)	(2,707)	(676)	25.0%
Tax & Social Security	(4,876)	(4,829)	(47)	1.0%
Pensions	(2,921)	(2,919)	(2)	0.1%
Accruals	(9,564)	(9,357)	(207)	2.2%
Deferred Income (inc. Trading Accounts)	(5,709)	(6,248)	539	-8.6%
Other	(324)	(356)	32	-9.0%
Total Trade & Other Payables	(34,288)	(36,208)	1,920	-5.3%

Non NHS payables have increased this month by a total of £2.2m due to a greater volume of interest being paid in month. Deferred income has increased due to the MaDEL funding which is utilised quarterly in advance and referred to in the month report.

Cash Flow Statement - period ending 31st July 2012

	August Plan £000	August Actual £000	August Variance £000
OPERATING ACTIVITIES			
Total Operating Surplus/(Deficit)	6,728	6,052	(676)
Depreciation	6,272	6,108	(164)
Fixed Asset Impairments	0	0	0
Transfer from Donated Asset Reserve	0	0	0
Interest Paid	(630)	(643)	(13)
Dividends Paid	0	0	0
(Increase)/Decrease in Inventories	0	559	559
(Increase)/Decrease in Trade/Receivables	6,715	6,433	(282)
Increase/(Decrease) in Trade/Payables	(1,875)	(2,650)	(775)
Increase/(Decrease) in Provisions	0	(151)	(151)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17,210	15,708	(1,502)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	31	42	11
Payment for Property, Plant and Equipment	(9,241)	(7,978)	1,263
Payment for Intangible Assets	0	(124)	(124)
Payment for Other Assets	0	0	0
Proceeds from Disposals	0	0	0
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(9,210)	(8,060)	1,150
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	8,000	7,648	(352)
FINANCING			
Capital Element of Finance Lease and PFI	(720)	(775)	(55)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	(720)	(775)	(55)
INCREASE/(DECREASE) IN CASH	7,280	6,873	(407)
CASH BALANCES			
Opening Balance 1st April 2012	15,658	15,658	0
Closing Balance at 31 August 2012	22,938	22,531	(407)



CASH AGAINST PLAN:-

- The cash balance at £22.5m is £0.4m below plan. This is mainly due to slippage in the capital programme offsetting a decrease in the value of creditors.