



Report of the Chief Financial Officer

Finance Report – July 2013
(Month 4)



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 - 22 |
| Expenditure Budget Performance - Pay | 23- 24 |
| CIP Monitoring – All Trust Schemes | 25- 27 |
| Reserves | 28 |
| Capital Expenditure | 29 - 30 |
| Statement of Financial Position | 31 |
| Trade Receivables | 32 - 33 |
| Trade, Other Payables and Borrowings | 34 |
| Statements of Cash Flows/ Cash Position against Plan | 35 |

Executive Summary

- The Trusts Income and Expenditure position as at Month 4 is a surplus of £1,644k which is £312k above the month 4 plan. The detail can be found on page 4.
- The Trust's operating position (Earnings before interest, taxation, depreciation and amortisation – EBITDA) is favourable to plan by £528k.
- Total income at month 4 is £127,520k which is above plan by £603k. This builds in a contingency of £1,003k in respect of emergency readmissions and non elective threshold adjustments. Contract patient care income for month 4 is under performing by (£833k), details can be found on pages 7 – 11. This includes a deduction for emergency threshold at a revised rate yet to be formally agreed by the commissioners.
- Directorate expenditure is adverse to plan by (£480k) and is analysed as follows:
 - Pay - (£612k)
 - Non Pay – £236k
 - Drugs – (£104k)

Further details on expenditure and performance against budget are provided on pages 12 to 24. An analysis of Reserves is provided at page 28.

- The Trust CIP target for 2013/14 is £21,283k. At month 4, £6,088k has been withdrawn from budgets, which represents 28% of the total. However £1,629k of this has been achieved non recurrently. Pages 25 to 27 detail the CIP schemes.
- Phased Plan varies to the TDA original Plan as internally the Trust has revised the position following final contract agreement in May 2013 and updates for other developments and agreed recharges, for example, drugs and devices. Slippage against CIP is the main variance. Below shows the variance to the TDA Plan.

| TDA | TDA Plan £'000 | Actual £'000 | Variance £'000 |
|--------------------|-------------------|-----------------|-------------------|
| Income | 125,081 | 127,520 | 2,439 |
| Expenditure | (120,572) | (125,876) | (5,304) |
| Net Surplus | 4,509 | 1,644 | (2,865) |

- The non cash Depreciation variance shown on the Income and Expenditure Account, found on page 4, is mainly due to the increase in value of the estate based on recognised building indices. Discussions are currently taking place with the valuer regarding a Trust wide revaluation of land and buildings. Although the requirement to engage valuers is not a requirement until 2015/16, Trusts can choose to have more frequent full valuations undertaken. The valuer will consider the remaining life of the assets alongside the financial valuation.
- At the end of July capital spend was 86% of the planned Capital Programme position, with an underspend of £544k, being £3,481k spend against plan of £4,025k. Performance, including PFI Additions, was 69% of plan. As reported last month, the second PFI funded MRI £1,000k has been rescheduled for receipt in September 2013. Full year Capital Programme Plan spend is £18,676k, excluding PFI/leases. The Capital Resource Limit (CRL) is expected to be agreed at TDA Plan level of £20,354k, including PFI (Radiology) additions of £2,478k and an adjustment of (£800k) for the assumed sale of Old Eye Infirmary. Details can be found on pages 29 and 30 and also, within the Head of Estates Development Capital Programme Board Report.
- The closing cash balance of £28,916k is £556k above plan of £28,360k. The Trust has a lower level of payables and debt than planned, although this is offset by higher than planned revenue and capital cash spend. The Statement of Financial Position, working capital, cash flow, and details of the trade receivables and payables are shown on pages 31 to 35.
- Compliance Framework Performance against Financial Risk Ratings is shown at Page 5. The criteria used is taken from the Monitor Compliance Framework document and also, the TDA performance monitoring requirements. The current risk rating is 3.7 out of a possible 5.

| Performance against Financial Targets | Target | Performance | RAG |
|---|-----------|-------------|-------|
| I & E Target Month 4 | £1,332k | £1,644k | Green |
| CIP Target Month 4 | £9,046k | £6,088k | Red |
| CIP Full Year Forecast | £21,283k | £18,083k | Red |
| CRL (Year end forecast, includes PFI related additions) | £20,354k | £20,354k | Green |
| EFL (Year end forecast) | (£5,366k) | (£5,366k) | Green |
| Capital Cost Absorption Rate (Year end) | 3.50% | 3.50% | Green |

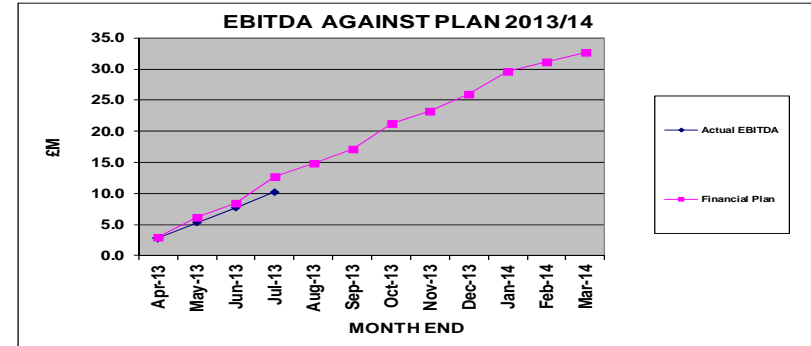
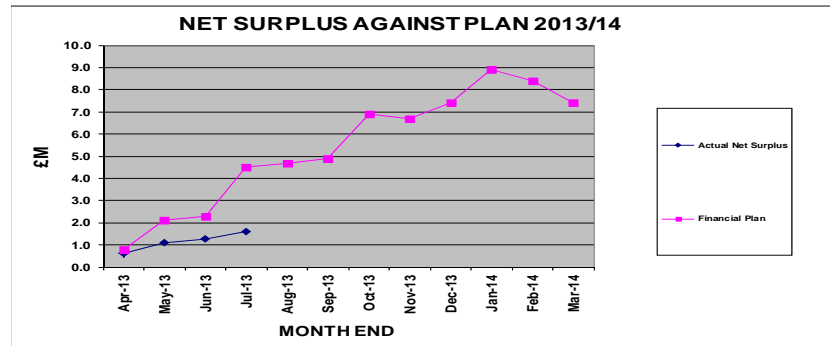
Income & Expenditure Account

| 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 | | | | | |
| 29,949 | 29,257 | (692) | Patient Activity Income | 336,926 | 349,884 | 115,566 | 114,733 | (833) |
| (251) | 0 | 251 | Patient Activity Contingency ** | 0 | (3,010) | (1,003) | 0 | 1,003 |
| 89 | 112 | 23 | Other Patient Care Income | 7,824 | 1,064 | 355 | 413 | 58 |
| 1,024 | 979 | (45) | Education, Training & Research Income | 10,344 | 12,771 | 4,543 | 4,492 | (51) |
| 134 | 232 | 98 | Non Patient Care Other Income | 0 | 265 | 265 | 363 | 98 |
| 94 | 105 | 11 | Private Patient Income | 1,086 | 1,142 | 365 | 357 | (8) |
| 1,859 | 1,947 | 88 | Income on Directorate Budgets | 16,900 | 18,517 | 6,826 | 7,162 | 336 |
| 32,898 | 32,633 | (266) | Total Income | 373,080 | 380,633 | 126,916 | 127,520 | 603 |
| | | | Expenditure | | | | | |
| (20,054) | (19,968) | 86 | Directorate Expenditure Budgets - Pay | (231,438) | (236,296) | (79,678) | (80,290) | (612) |
| (6,910) | (7,216) | (306) | Directorate Expenditure Budgets - Non Pay | (78,266) | (78,430) | (26,912) | (26,676) | 236 |
| (2,808) | (2,896) | (88) | Directorate Expenditure Budgets - Drugs | (27,930) | (28,638) | (10,182) | (10,286) | (104) |
| (475) | 0 | 475 | Activity Changes/Service Dev./Cost Pressures Reserves | (18,505) | (13,722) | (1,952) | 0 | 1,952 |
| (360) | 0 | 360 | Inflation and Contingency Reserves | (5,572) | (5,489) | (1,411) | 0 | 1,411 |
| (153) | 0 | 153 | Cost Improvement Savings - Current Year | 21,284 | 15,196 | 2,958 | 0 | (2,958) |
| (30,760) | (30,080) | 681 | Total Expenditure | (340,427) | (347,379) | (117,177) | (117,252) | (75) |
| 2,138 | 2,553 | 415 | EBITDA Surplus/(Deficit) | 32,653 | 33,254 | 9,739 | 10,267 | 528 |
| 0 | 1 | 1 | Profit/(Loss) on Asset Disposals | 0 | 0 | 0 | 111 | 111 |
| 135 | 0 | (135) | Impairments of Fixed Assets | (539) | (539) | 0 | (2) | (2) |
| (1,300) | (1,382) | (82) | Depreciation | (15,000) | (15,601) | (5,200) | (5,533) | (333) |
| 8 | 10 | 1 | Interest Receivable | 100 | 100 | 33 | 34 | 0 |
| (133) | (134) | (1) | Interest Payable | (1,600) | (1,600) | (533) | (527) | 6 |
| (677) | (677) | 0 | PDC Dividends (Cost of Capital) | (8,120) | (8,120) | (2,707) | (2,706) | 0 |
| 0 | 0 | 0 | Unwinding of Discount | 0 | | | | |
| 171 | 372 | 200 | Net Surplus/(Deficit) | 7,494 | 7,494 | 1,332 | 1,644 | 312 |

** 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 | 103.5 % | 5 | 103.5 % | 105.4 % | 5 | =prior year achievement/ prior year plan |
| EBITDA Margin | 8.8 % | 3 | 7.6 % | 8.1 % | 3 | =EBITDA/Total Income |
| Net Return on Financing | 3.0 % | 4 | 1.5 % | 1.8 % | 4 | =(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 | 1.0 % | 1.2 % | 3 | =Net Surplus/(Deficit)/Total Income |
| Liquidity Ratio | 33.0 Days | 4 | 33.0 days | 30.9 days | 4 | = prior year cash plus trade debtors less trade creditors plus working capital facility expressed as days of current year operating expenses |
| | | 3.9 | | | Overall Rating | 3.7 |



| Financial Risk Indicators (Note: Updated for Monitor Compliance Framework 2013/14) | Risk Identified | Action required/taken |
|---|-----------------|---|
| 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 (not included in TDA indicators) | Yes | This will be resolved with the settlement of PCT debt in August |
| 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 (not included in TDA indicators) | No | N/A |
| Creditors > 90 days past due account for more than 5% of total creditor balances (not included in TDA indicators) | No | N/A |
| Interim Finance Director in place over more than one quarter end | No | N/A |
| Capital expenditure > 115% of plan for the year to date | No | N/A |
| Capital expenditure < 85% of plan for the year to date | Yes | PFI MRI equipment re scheduled to September |

Risks

The level of financial risk and mitigations have been assessed. The main risks relate to CIP and contractual issues for which actions are being taken to mitigate against.

| 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 | Likely | Major | B4 | 6,213 | 3,200 | B4 | 1. The level of financial risk of £6.2m relates mainly to replacement schemes not yet identified for areas of slippage.. 2. Work is continuing in order to highlight further CIP schemes and this is being monitored through the Change Programme Board |
| Contract income issues- Penalties, Fines, CQUIN, Readmissions, Emergency Threshold | Possible | Moderate | C3 | 4,525 | 480 | C1 | 1. The forecast risk is based on previous performance. 2. Systems and processes are in place to ensure timely action is taken to mitigate against the risk. 3. Discussions in relation to emergency threshold are on-going with Commissioners. 4. Reserves are held to mitigate against some of these risks |

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

| Overall Rating |
|----------------|
| Low |
| Medium |
| High |

SLA and Income: Actual vs. Plan by Specialty

The patient activity income as at month 4 is showing a deficit of £833k , which is a deterioration on the position at month 3 of £693k. Over performance against non elective activity continues to have an impact including the level of emergency threshold “loss” the Trust is experiencing.

| Division | Specialty | Month 4 Variance £000 | Month 4 Variance % | Month 3 Variance £000 | Movement £000 | |
|--------------------------------------|-------------------------------|--------------------------|-----------------------|--------------------------|------------------|---|
| Division 1 | Cardiothoracic/Cardiology | 306 | (1.0) | 357 | (51) | |
| | Critical Care | (248) | (2.6) | (11) | (237) | 1 |
| | Drugs & Devices | (4) | (3.2) | (21) | 17 | |
| | General Surgery | (70) | (6.1) | (97) | 27 | |
| | GP Direct Access | 180 | 3.0 | 206 | (26) | |
| | Gynaecology | (2) | (7.4) | (32) | 30 | |
| | Head and Neck | (140) | 1.8 | (104) | (36) | |
| | Obstetrics inc Scans | (54) | (3.3) | 25 | (79) | 2 |
| | Ophthalmology | 33 | 7.0 | 124 | (91) | 3 |
| | Other | (182) | (15.2) | (105) | (77) | 4 |
| Trauma & Orthopaedics | (531) | (10.1) | (577) | 46 | | |
| Urology | (158) | 3.0 | (82) | (76) | 5 | |
| Total | | (870) | (3.3) | (317) | (554) | |
| Division 2 | Accident & Emergency | (39) | 4.2 | (85) | 46 | 6 |
| | Clinical Haematology/Oncology | (107) | 11.2 | (95) | (12) | |
| | Cystic Fibrosis | 3 | (6.8) | 12 | (9) | |
| | Drugs & Devices | 71 | (1.5) | 26 | 44 | |
| | General Medicine | 892 | 8.9 | 930 | (38) | |
| | GP Direct Access | (49) | 1.9 | (32) | (17) | |
| | Nephrology and Dialysis | (130) | (9.6) | (88) | (42) | 7 |
| | Other | (801) | (10.6) | (802) | 1 | |
| | Paediatrics | 68 | 11.3 | 88 | (20) | |
| Total | | (93) | 1.5 | (46) | (47) | |
| Other | Drugs & Devices | 0 | (0.0) | (0) | 0 | |
| | Other | 88 | (46.9) | 6 | 83 | |
| Total | | 88 | (11.0) | 6 | 83 | |
| Patient Activity as per SLAM | | (875) | (1.6) | (357) | (519) | |
| NET 2012-13 underperformance | | 581 | | 581 | 0 | |
| Partially completed spells and other | | (562) | | (202) | (360) | 8 |
| Community Services | | 23 | | (163) | 186 | 9 |
| Patient Activity Income | | (833) | | (141) | (693) | |

- Critical Care**-There has been an adverse movement in month -£237K (-270 bed days). The occupancy in July was low compared to previous months, but the financial variance is also influenced by under performance against the more complex HRG's.
- Obstetrics** – There has been a £45k adverse movement in variance (-73 spells) against non elective activity, and £46k (1190 attendances) against first outpatients. This is against a cumulative variance of -£54k, due to an over performance of £159k (48) against admissions, offset by a £214k underperformance against outpatients (-1998 attendances).
- Ophthalmology**- £46k of the adverse movement from last month , relates to a funding adjustment against divisional pressures. £30k of the variance is a result of reduced outpatient procedures (-219).
- Other – Div 1**-The main movement of £128k is due to the reduction in income, as a result of the 70% reduction to tariff for emergency activity above the emergency threshold value (based on 2012/13 outturn).
- Urology**-The adverse variance from month 3 of £76k is mainly against elective (£30k), non elective (37k) and Planned Same day activity (19k). The underperformance is influenced by consultant sick leave .
- Accident and Emergency**-There is a positive variance in month of £80k (780 attendances) compared to month 3. This reflects a very busy July in the department.
- Nephrology and Dialysis-Renal Dialysis activity** –Continued low activity at satellite units is the main area of underperformance.
- Partially completed spells and other** -£160k of the adverse movement relates to partially completed spells, which reduced to 5941 bed days in July. £86k of the adverse movement is a result of anticipated fines.
- Community Services** – The occupied bed day performance , against associate commissioner elderly care plans has improved since last month .

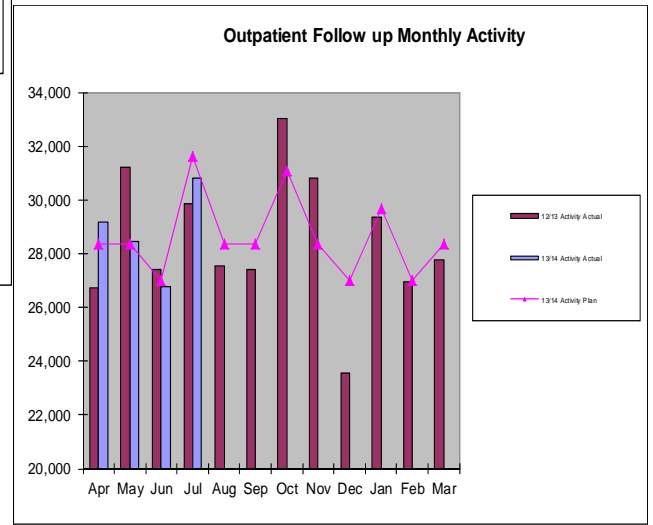
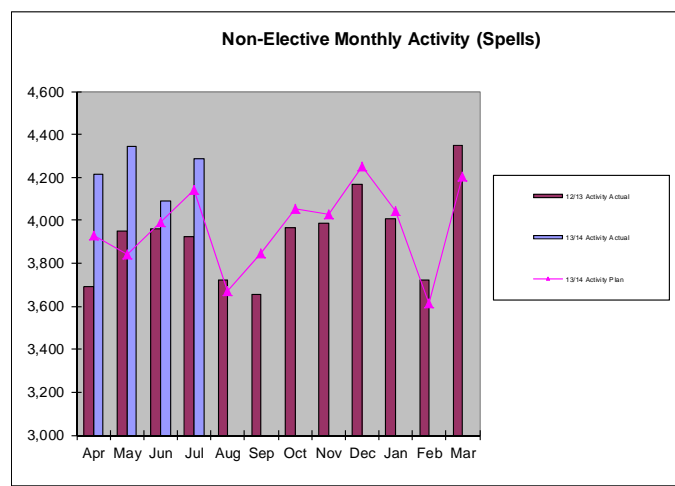
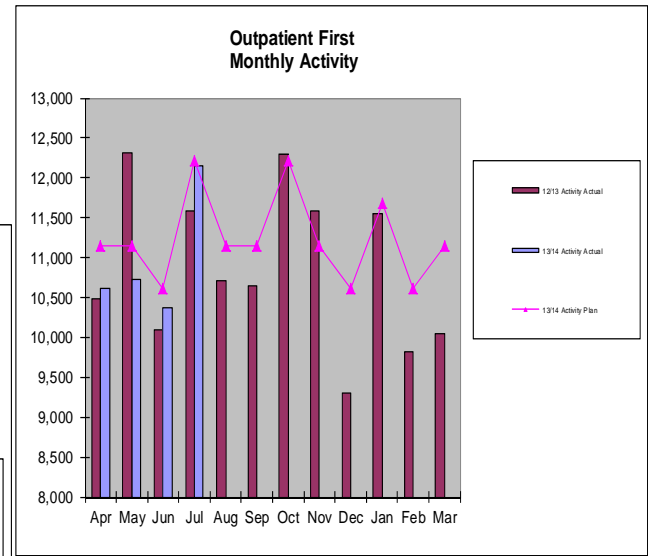
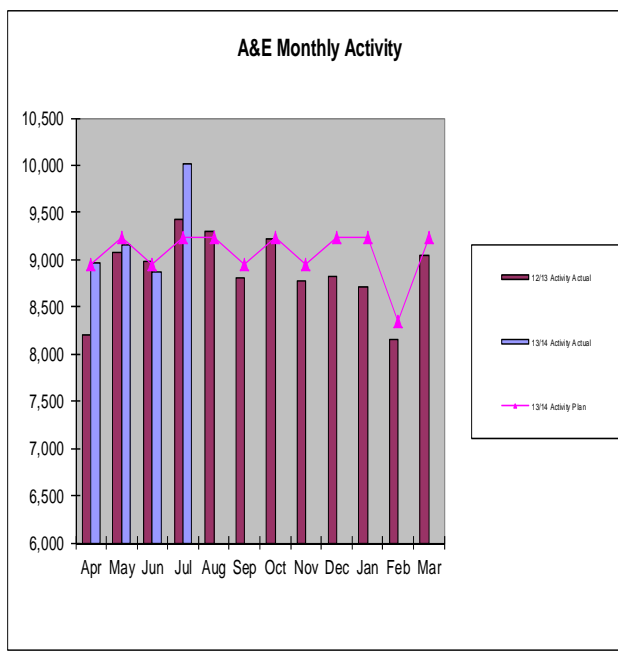
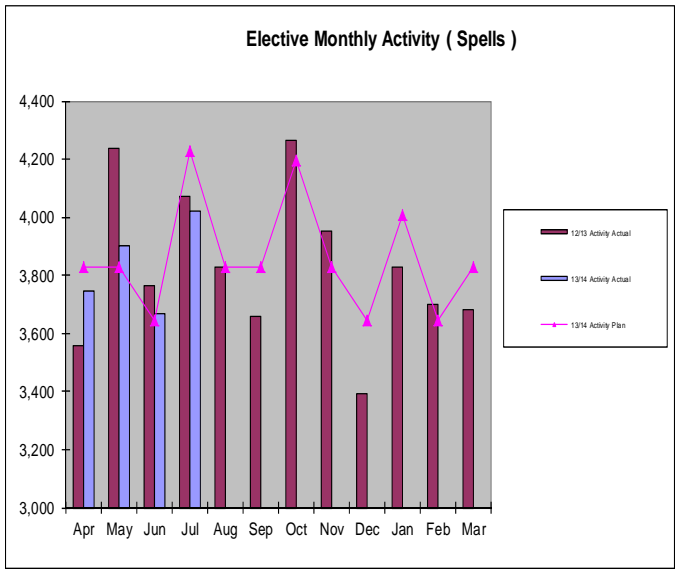
SLA and Income: Actual vs. Plan by POD*

| Admission Type | Annual Plan | Variance To Date | % Variance | Annual Price Plan £000 | Variance To Date £ | % Variance |
|------------------------------|------------------|------------------|--------------|---------------------------|-----------------------|---------------|
| Accident and Emergency | 108,790 | 643 | 0.59% | 10,769 | 63 | 0.58% |
| Critical Care | 20,278 | (747) | -3.69% | 17,289 | (505) | -2.92% |
| Elective | 46,326 | (189) | -0.41% | 57,749 | (1,452) | -2.51% |
| Elective Excess Bed Days | 3,053 | (456) | -14.93% | 717 | (108) | -15.07% |
| Direct Access | 535,904 | 20,146 | 3.76% | 5,947 | 222 | 3.74% |
| Non-elective | 47,615 | 1,031 | 2.17% | 78,269 | 2,579 | 3.30% |
| Non-elective Excess Bed Days | 17,582 | 451 | 2.57% | 4,074 | 118 | 2.89% |
| Outpatient First | 134,734 | (1,240) | -0.92% | 18,294 | 12 | 0.07% |
| Outpatient Follow Up | 343,551 | (112) | -0.03% | 26,249 | 24 | 0.09% |
| Outpatient Procedures | 43,765 | 532 | 1.21% | 7,054 | 157 | 2.23% |
| Renal | 83,412 | (2,429) | -2.91% | 9,195 | (221) | -2.40% |
| Fractions | 37,064 | (2,045) | -5.52% | 6,993 | (489) | -7.00% |
| Drugs/Devices | 2,601 | 80 | 3.07% | 20,760 | (49) | -0.24% |
| Other | 137,975 | (1,048) | -0.76% | 24,602 | (1,226) | -4.98% |
| Grand Total | 1,562,650 | 14,617 | 0.94% | 287,962 | (875) | -0.30% |

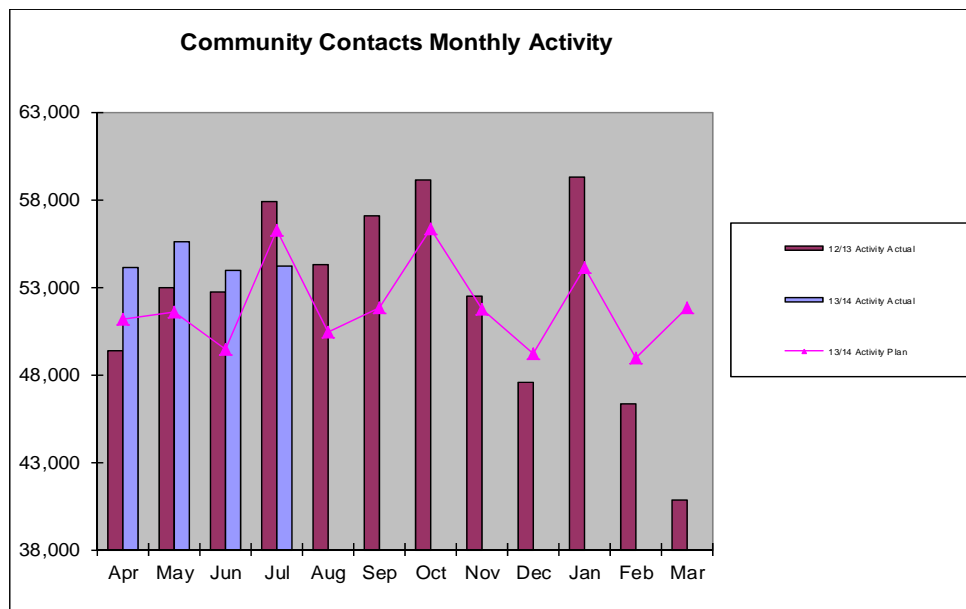
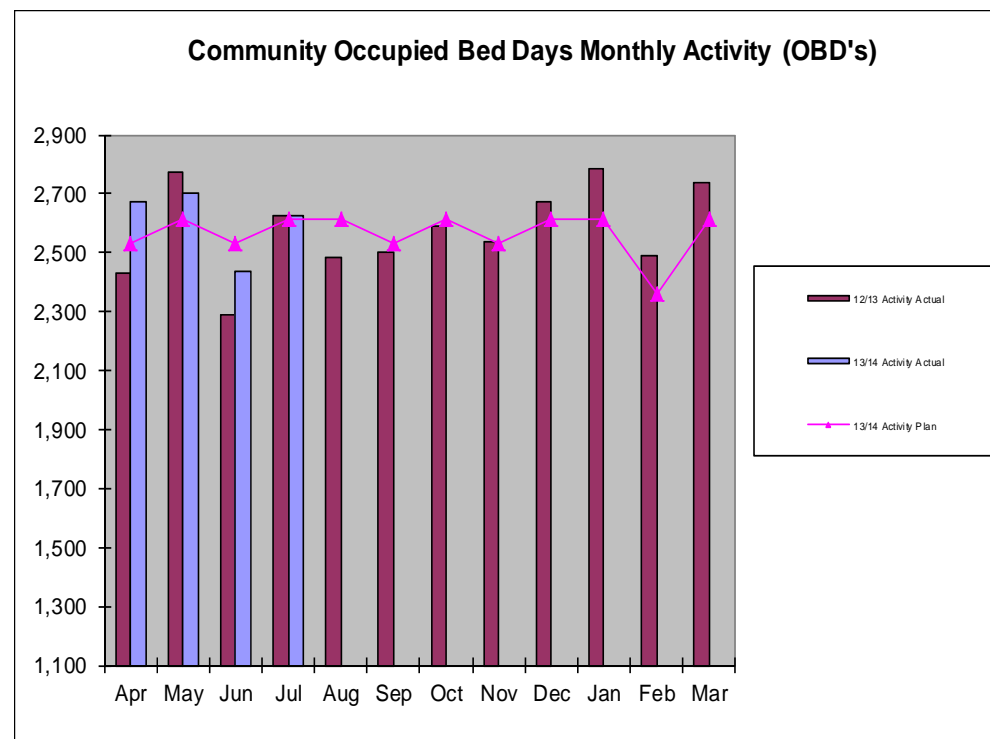
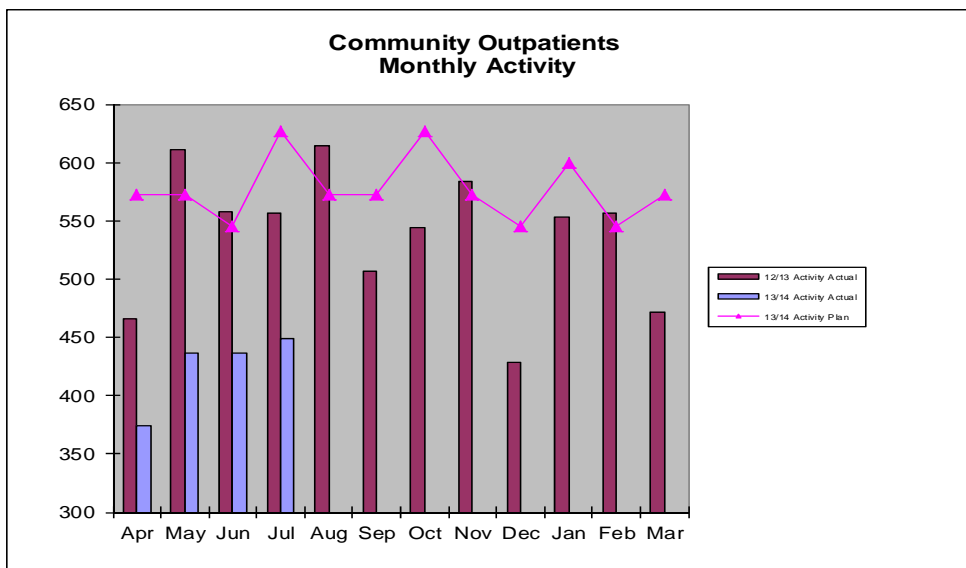
For information, Category 'Other' includes: Chemotherapy, Lucentis, Stepdown Beds and the Non Elective Threshold Adjustment.

*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 at the end of month 4. Commissioner contracts have outstanding CVO's which are currently included in Anticipated Income, these changes are within the Trusts plans. The revised purchaser analysis reflects the new commissioners for 13-14.

| | SLA Annual Plan | Anticipated Income Annual Plan | Plan to Date | Anticipated Income Plan to Date | Actual to date | Anticipated Income Actual to Date | Variance to Plan | % Variance |
|---------------------------------|-----------------|--------------------------------------|----------------|---------------------------------------|----------------|---|------------------|---------------|
| Commissioner | £000 | £000 | £000 | £000 | £000 | £000 | £000 | |
| Wolves CCG | 137,527 | 47 | 46,107 | 123 | 46,453 | 288 | 511 | 1.1% |
| South Staffs CCG's | 17,441 | (45) | 5,789 | 33 | 6,088 | 12 | 278 | 4.8% |
| Walsall CCG | 19,559 | 24 | 6,514 | 22 | 6,795 | 8 | 267 | 4.1% |
| Dudley CCG | 7,563 | (41) | 2,519 | (7) | 2,298 | 1 | (213) | -8.5% |
| Other CCG's | 24,343 | 39 | 8,094 | 252 | 8,307 | 14 | (25) | -0.3% |
| CCG Acute Services Total | 206,433 | 24 | 69,023 | 423 | 69,941 | 323 | 818 | 1.2% |
| Local Authorities | 1,773 | 0 | 593 | 0 | 527 | 0 | (66) | -11.1% |
| Shared Care agreements | 504 | 0 | 169 | 0 | 172 | 0 | 3 | 1.7% |
| Anticipated Income | 471 | (471) | 875 | (875) | 320 | (320) | 0 | 0.0% |
| NCA | 1,699 | 0 | 565 | 0 | 676 | 0 | 111 | 19.6% |
| Public Health England | 2,818 | (8) | 785 | (3) | 743 | (3) | (43) | -5.42% |
| Specialised services | 74,263 | 455 | 24,813 | 455 | 23,569 | 0 | (1,699) | -6.8% |
| Sub Total Acute Services | 287,962 | 0 | 96,823 | 0 | 95,947 | (0) | (876) | -0.91% |
| Community Services | 49,490 | | 16,359 | | 16,382 | | 23 | 0.14% |
| GRAND TOTAL | 337,451 | 0 | 113,182 | 0 | 112,329 | (0) | (853) | 0 |

Expenditure by Directorate

Trust Wide Summary

(£308k) overspend in month, (£481k) overspend ytd

| | Manpower WTEs This Month | | | VARIANCES Cumulative Against Budget | | | | | | | | | | | Patient income against budget Variance | |
|--------------------------------------|-----------------------------|--------------|-------------|--|---------------|--------------|---------------|--------------|---------------|-----------------|---------------|----------------|------------------|---------------|--|----------------|
| | | | | Pay | | Non Pay | | Drugs | | Total (pre CIP) | | CIP | Total (incl CIP) | | | |
| | Budget | Actual | % var | £'000 | % | £'000 | % | £'000 | % | £'000 | % | £'000 | £'000 | % | £'000 | % |
| Division 1 | 2,151 | 2,055 | 4.5% | (557) | (1.7%) | (353) | (3.3%) | 102 | 4.4% | (808) | (1.8%) | (1,220) | (2,028) | (4.6%) | (317) | (0.85%) |
| Division 2 | 2,613 | 2,467 | 5.6% | (541) | (1.6%) | (97) | (1.8%) | (199) | (2.5%) | (837) | (1.8%) | (1,462) | (2,299) | (5.1%) | (46) | (0.05%) |
| Estates and Facilities | 642 | 604 | 6.0% | 218 | 3.9% | 239 | 5.1% | (17) | | 440 | 4.3% | (416) | 25 | 0.2% | | |
| Chief Operating Officer | 5 | 4 | 15.6% | 6 | 3.3% | 6 | 84.9% | 0 | | 12 | 6.7% | 65 | 77 | 31.6% | | |
| Total Operations Directorate | 5,412 | 5,130 | 5.2% | (875) | (1.2%) | (204) | (1.0%) | (114) | (1.1%) | (1,192) | (1.2%) | (3,033) | (4,225) | (4.3%) | (363) | (0.90%) |
| Corporate Directorates & Other | 765 | 738 | 3.6% | 262 | 3.0% | 440 | 7.5% | 10 | 48.4% | 712 | 5.3% | 75 | 786 | 5.4% | | |
| Total Directorate Expenditure | 6,176 | 5,868 | 5.0% | (612) | (0.8%) | 236 | 1.1% | (104) | (1.0%) | (481) | (0.4%) | (2,958) | (3,439) | (3.0%) | | |

| Monthly Manpower Figures in WTEs:- | Budget | Actual |
|------------------------------------|--------|--------|
| April | 6,029 | 5,914 |
| May | 6,054 | 5,841 |
| June | 6,135 | 5,891 |
| July | 6,172 | 5,868 |
| August | | |
| September | | |
| October | | |
| November | | |
| December | | |
| January | | |
| February | | |
| March | | |

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

| Memorandum: Net Trading Position (Income and Cost only) | | | | |
|--|----------------|----------------|----------------|----------------|
| | This Month | | Last Month | |
| | Pre CIP | Post CIP | Pre CIP | Post CIP |
| | £'000 | £'000 | £'000 | £'000 |
| Division 1 | (1,125) | (2,345) | (706) | (2,226) |
| Division 2 | (883) | (2,345) | (844) | (2,020) |
| | (2,008) | (4,690) | (1,550) | (4,246) |

Expenditure Commentary

- The expenditure exception report on pages 14 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 (£557k), Division 2 (£541k) and being slightly offset by an underspend in Estates & Facilities of £218k. Division 1 over spend relates primarily to Waiting List Initiatives in Cardiothoracic, Orthopaedics, and Ophthalmology. In addition Nurse Bank usage covering sickness and maternity leave and agency medical staff covering on call rotas. Division 2 overspend relates to the additional capacity wards and continued use of agency staff to backfill vacancies and long term sick and on the wards the use of nurse bank covering vacancies, maternity leave and sickness. Estates and Facilities underspend relates to vacant posts in Estates Management, and Medical Physics.
- On non pay, Division 1 is over spent by (£353k) this is caused mainly by double running costs experienced when moving into the New Pathology Building in month 1 (£86k), in addition to smaller overspends in other Directorates, most notably Cardiology (detailed on page 14). The non pay position in Division 2 shows an over spend of (£97k), this is mainly due to increased spend on consumables Gastro and A&E. Estates & Facilities are under spent by £239k.
- The drugs underspend relates to £102k in Division 1, partially offset by overspends in Division 2 (£199k) and Estates and Facilities (£17k).

Total Corporate and Trading accounts

- The pay under spend is due to vacancies across several directorates,
- The non-pay under spend mainly relates mainly to underspends in IT and other areas in Finance

Operations Divisions Expenditure

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|----------------|--------------|----------------|
| | Month 3 | Month 4 | Movement | |
| Pay | (844) | (875) | (31) | (1.23%) |
| Non pay | 76 | (204) | (280) | (0.97%) |
| Drugs | (22) | (114) | (92) | (1.12%) |
| Total | (790) | (1,192) | (402) | (1.17%) |

Corporate and Trading Accounts Expenditure

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|------------|-----------|--------------|
| | Month 3 | Month 4 | Movement | |
| Pay | 146 | 262 | 116 | 3.05% |
| Non pay | 466 | 440 | (26) | 7.49% |
| Drugs | 6 | 10 | 4 | 48.39% |
| Total | 617 | 712 | 95 | 0.61% |

| | | | | |
|--------------|--------------|--------------|--------------|----------------|
| Total | (173) | (481) | (308) | (0.41%) |
|--------------|--------------|--------------|--------------|----------------|

Expenditure Exception Report

Total Operational Directorate (£402k) overspend in month, (£1192k) overspend ytd

Division 1 (£419k) overspend in month, (£808k) overspend ytd

Of the (£808k) overspend the pay overspend (£557k) mainly relates to locum and agency costs for medical staff covering vacancies to ensure compliant rotas (£125k), Waiting List Initiatives (£330k). There are also overspends on nursing (£125k) due to bank staff covering sickness and maternity leave, being offset by vacancies elsewhere.

The non pay overspend position (£353k) relates to a number of areas where smaller overspends have occurred. The most significant is in Cardiology (£130k) relating to activity mix.

The Pay and Non Pay overspends are partially offset by an underspend on drugs (£102k).

▪ Cardiology

Current Position

- Non Pay and Drugs were overspent in month due to the activity case mix. During the first four months of the year we have seen expenditure fluctuate each month due to changes in activity undertaken.

Actions

- Ongoing monitoring continues and work has commenced to ensure that bulk purchases are all being notified correctly.

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|--------------|--------------|---------------|
| | Month 3 | Month 4 | Movement | |
| Pay | (29) | (44) | (14) | (1.9%) |
| Non Pay | 9 | (130) | (139) | (7.6%) |
| Drugs | 17 | 20 | 3 | 9.8% |
| Total | (3) | (153) | (150) | (3.7%) |

Division 1

(£419k) overspend in month, (£808k) overspend ytd

▪ **Orthopaedics**

Current Position

- The in month overspend on Non Pay is related to increased Theatre Costs due to a higher than expected number of Non Elective Trauma cases. This continues to put pressure on delivering the Elective activity

Actions

- The Division is meeting with the Directorate Management team and monitoring their plans for bringing activity back to plan and meet Referral to Treatment targets whilst also ensuring budgets are controlled.

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|--------------|-------------|---------------|
| | Month 3 | Month 4 | Movement | |
| Pay | (135) | (167) | (31) | (7.2%) |
| Non Pay | 65 | 19 | (45) | 1.5% |
| Drugs | 6 | (3) | (9) | (3.5%) |
| Total | (65) | (150) | (86) | (4.1%) |

Division 2

(£38k) overspend in month, (£837k) overspend ytd

Of the (£837k) overspend £541k relates to pay expenditure. This is mainly attributable to the costs of staffing the additional capacity within the Division (£345k). In addition to this agency has been required to cover medical vacancies, sick leave and maternity leave in A&E, Rehabilitation, Oncology and Divisional Management (£341k). The division is also reporting nursing costs of (£62k) in relation of the Clinical Decision Unit. These overspends are being supported by underspends in Children's group £142k, Medical Group £51k, Therapies £71k and Pharmacy £41k.

Non pay is overspent by (£97k) this is mainly attributable to overspends within Gastro & Endoscopy for scope maintenance and consumables (£100k) and high spend on blood and consumables in the Emergency Group (£74k). These overspends have been partially offset by an underspend in Renal due to lower than planned activity within the satellite units, £184k.

The drugs position is an overspend of (£199k), occurring mainly in Oncology, Clinical Haematology and Paediatrics.

▪ A&E

Current Position

•The overspend on pay is mainly due to costs associated with running the Clinical Decision Unit. Non pay expenditure is reflective of the high level of A&E attendances that have been witnessed in the month.

Actions

- The utilisation of the Clinical Decision Unit will be discussed with Commissioners.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 3 | Month 4 | Movement | |
| Pay | (102) | (174) | (72) | (7.3%) |
| Non Pay | (44) | (74) | (30) | (52.6%) |
| Drugs | (11) | (18) | (7) | (42.1%) |
| Total | (158) | (266) | (108) | (10.3%) |

Division 2

(£38k) overspend in month, (£837k) overspend ytd

Capacity Management

Current Position

- The under spend is due to several vacancies within the service.

Actions

- None required

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 3 | Month 4 | Movement | |
| Pay | (3) | 17 | 20 | 5.7% |
| Non Pay | 0 | 1 | 1 | 0.3% |
| Drugs | 0 | 0 | 0 | 21.1% |
| Total | (3) | 18 | 21 | 2.6% |

Divisional Management

Current Position

- The overspend in month relates to expenditure on the additional capacity wards B7 and Junior Medical staffing vacancies backfilled by agency which is in excess of agreed funding.

Actions

- The expenditure on additional capacity continues to be monitored against activity levels. Ward B7 closed on the 19th July 2013.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 3 | Month 4 | Movement | |
| Pay | (372) | (442) | (70) | (38.6%) |
| Non Pay | (6) | (28) | (22) | (56.6%) |
| Drugs | (17) | (20) | (3) | |
| Total | (396) | (491) | (95) | (41.0%) |

Division 2

(£38k) overspend in month, (£837k) overspend ytd

Central Drugs

Current Position

- The overspend on drugs relates to the excess on an insurance claim that has been submitted due to damaged stock.

Actions

- Ensure financial loss is recovered through the insurance claim.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 3 | Month 4 | Movement | |
| Non Pay | (0) | (0) | (0) | 0.0% |
| Drugs | (11) | (38) | (27) | (6.8%) |
| Total | (11) | (38) | (27) | (6.9%) |

Dermatology

Current Position

- The pay overspend is due to additional payments to consultants for clinics to accommodate community activity.

Actions

- The expenditure for additional payments continues to be monitored against activity performance. The impact relating to Wolverhampton CCG is to be quantified and the funding stream agreed the WCCCG.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 3 | Month 4 | Movement | |
| Pay | (64) | (91) | (27) | (30.2%) |
| Non Pay | (8) | (7) | 1 | (50.5%) |
| Drugs | 6 | 6 | 0 | 5.7% |
| Total | (67) | (92) | (25) | (21.8%) |

Division 2

(£38k) overspend in month, (£837k) overspend ytd

▪ **Paediatrics**

Current Position

- The pay underspend relates to vacancies within the group, vacancies have been approved and recruitment is underway. The drug overspend relates to Nitric Oxide usage on the Neonatal Unit.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 3 | Month 4 | Movement | |
| Pay | 16 | 48 | 32 | 1.6% |
| Non Pay | (12) | (9) | 3 | (3.9%) |
| Drugs | (4) | (30) | (26) | (13.7%) |
| Total | (0) | 9 | 9 | 0.3% |

Actions

- Nitric Oxide usage is being investigated by the Directorate and Finance teams

▪ **Therapies**

Current Position

- The underspend in the period relates to vacancies within the service and funding has been input for the rapid response service.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 3 | Month 4 | Movement | |
| Pay | 7 | 71 | 64 | 6.0% |
| Non Pay | 1 | 7 | 6 | 15.4% |
| Drugs | (0) | (0) | (0) | |
| Total | 8 | 78 | 70 | 6.3% |

Actions

- None required

Division 2

(£38k) overspend in month, (£837k) overspend ytd

▪ **Rehab**

Current Position

- The pay underspend is being driven by vacancies and the receipt of year to date funding for the Wolverhampton Early Supportive Discharge contract.
- Increases in activity levels have resulted in an increase in the spend on Wheelchairs within the service.

Actions

- Monitor spend to ensure it is in line with activity trends

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|------------|-----------|---------------|
| | Month 3 | Month 4 | Movement | |
| Pay | 9 | 48 | 39 | 5.2% |
| Non Pay | (33) | (55) | (21) | (18.3%) |
| Drugs | 1 | 0 | (1) | 0.1% |
| Total | (23) | (7) | 17 | (0.5%) |

▪ **Community Services**

Current Position

- The non pay underspend relates to the Chiroprody service due to the use of free stock while a tendering process is being completed.

Actions

- No actions

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|-----------|-----------|-------------|
| | Month 3 | Month 4 | Movement | |
| Pay | (11) | (4) | 7 | (0.1%) |
| Non Pay | 10 | 41 | 30 | 8.2% |
| Drugs | 0 | 0 | 0 | 10.4% |
| Total | (1) | 37 | 38 | 1.0% |

Estates and Facilities

£47k underspend in month, £440k underspend ytd

Of the £440k underspend year to date, £218k relates to underspend on pay, and is mainly due as a result of vacancies, in a number of areas including Estates Management, £95k, Medical Physics £66k, Hotel Services £27k, and Site Services Management £19k.

Non Pay is underspent by £222k and is due to underspends in Commercial Services £35k, Estates £82k, Hotel Services £26k, Medical Physics £38k and Site Services Management £41k.

Estates

Current Position

- Pay underspend is due to vacancies and budget changes relating to operational budgets for former PCT properties

Actions

- No actions to be taken

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 3 | Month 4 | Movement | |
| Pay | 67 | 95 | 27 | 11.6% |
| Non Pay | 47 | 82 | 36 | 4.3% |
| Total | 114 | 177 | 63 | 6.5% |

Total Corporate & Other Directorates

£80k underspend in month, £769k underspend ytd

▪ **Information Technology**

Current Position

- New CIP schemes have been formulated for areas which are projected to underspend. Year to date savings have been removed during the month, reducing the level of underspend. This has had a corresponding increase in CIP achievement for the month.

Actions

- None

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|-----------|-------------|-------------|
| | Month 3 | Month 4 | Movement | |
| Pay | (16) | 3 | 19 | 0.1% |
| Non Pay | 122 | 68 | (54) | 7.8% |
| Total | 107 | 72 | (35) | 2.0% |

▪ **Procurement**

Current Position

- Materials management posts have now been funded in line with the agreed business case

Actions

- None

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|-----------|-----------|-------------|
| | Month 3 | Month 4 | Movement | |
| Pay | (9) | 12 | 21 | 3.2% |
| Non Pay | (1) | 2 | 3 | 1.9% |
| Total | (9) | 14 | 24 | 2.9% |

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 | 2,151 | 2,055 | (557) | 235 | 288 | 502 | 30,598 | 423 | 386 | 32,432 |
| Division 2 | 2,613 | 2,467 | (541) | 1,187 | 444 | 1,067 | 30,983 | 262 | 0 | 33,942 |
| Facilities & Estates | 642 | 604 | 218 | 3 | 0 | 272 | 4,840 | 293 | 0 | 5,407 |
| Chief Operating Officer | 5 | 4 | 6 | 0 | 0 | 0 | 166 | 0 | 0 | 166 |
| Total Operations Directorate | 5,412 | 5,130 | (875) | 1,425 | 732 | 1,840 | 66,586 | 978 | 386 | 71,948 |
| Corporate Directorate & Other | 765 | 738 | 262 | 203 | 0 | 0 | 8,033 | 106 | 0 | 8,343 |
| Total Directorate Pay Expenditure | 6,176 | 5,868 | (612) | 1,628 | 732 | 1,841 | 74,619 | 1,084 | 386 | 80,290 |

- Division 1 – Overall Division 1 has a positive variance of 96 WTE. However, this has not resulted in savings. The key reasons for the overspend are a) nurse bank usage; and b) Bank Locum / Waiting List Initiatives which do not attract WTE.
- Overall Division 2 has a positive manpower variance of 142WTE. 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 13/14 | | YTD Spend 12/13 | | Total Spend 12/13 | |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| | Bank | Agency | Bank | Agency | Bank | Agency |
| Medical | 180 | 1,241 | 5 | 1,417 | 99 | 4,063 |
| Nursing - qual | 777 | 2 | 663 | 40 | 2,057 | 74 |
| Nursing - other | 612 | | 426 | | 1,522 | |
| PAMS | | | | | | |
| Scientific & technical | | 103 | | 170 | | 640 |
| Non-clinical | 272 | 281 | 297 | 355 | 823 | 925 |
| Total | 1,841 | 1,628 | 1,390 | 1,983 | 4,501 | 5,701 |

Analysis of Agency in Non Clinical

| | Current Year £000s | Last Year £000s |
|----------------------------------|--------------------|-----------------|
| Operations | | |
| Division 1 | 46 | |
| Division 2 | 32 | 34 |
| Community Services | | |
| Estates & Facilities | 3 | 1 |
| Chief Operating Officer | | |
| Sub-total | 81 | 34 |
| Corporate | | |
| Chief Executive | | 59 |
| Finance Director | 149 | 224 |
| Nurse Director | | |
| Medical Director | 9 | 0 |
| HR | 21 | |
| Estates Development | 4 | 5 |
| R&D | 18 | 34 |
| Sub-total | 201 | 321 |
| Total Non-Clinical agency | 281 | 355 |

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 2013/14 | | | | LAST YEAR 2012/13 | | | | % YTD Month 3 Spend Increase Between Years |
|---------------------|----------------------|------------------------------|--------------------------|----------------|--------------------|--------------------|---------------------------|----------------------------|--|
| | WTE Budget in Month | WTE Actual (Worked) in Month | Current Month Spend £000 | YTD Spend £000 | Average Worked WTE | Month 3 Spend £000 | YTD Spend to Month 3 £000 | Average Monthly Spend £000 | |
| Employed | 6,133 | 5,692 | 18,557 | 74,619 | 5,656 | 18,179 | 72,787 | 18,326 | 3% |
| Overtime | 0 | (0) | 266 | 1,084 | 1 | 248 | 1,028 | 246 | 5% |
| Agency Staff | 17 | 35 | 432 | 1,628 | 42 | 565 | 1,983 | 475 | -18% |
| Medical Locum Staff | 3 | 15 | 201 | 732 | 13 | 154 | 636 | 153 | 15% |
| Bank | 23 | 125 | 431 | 1,841 | 131 | 385 | 1,389 | 379 | 32% |
| WLI | 0 | 0 | 82 | 386 | 0 | 159 | 434 | 92 | -11% |
| Total | 6,176 | 5,868 | 19,968 | 80,290 | 5,843 | 19,690 | 78,258 | 19,671 | 3% |

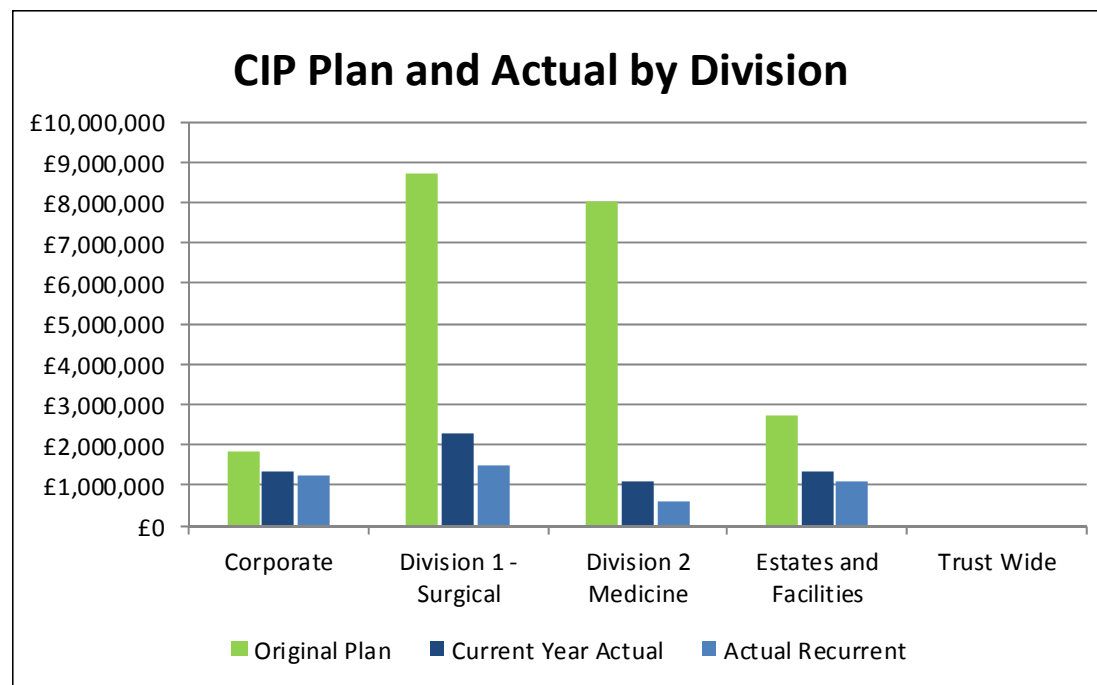
CIP Monitoring All Trust Schemes

The Trust CIP target is £21.28m, which comprises of £14.74m for 2013/14 and £6.54m brought forward from 2012/13. The table below summarises the target CIP for each Division and the actual achieved. The position for July shows a withdrawal of CIP from annual budget of £6.088m representing 28% of the total.

| CIP MONITORING | 2013/14 | | | | | | | Non recurrent element withdrawn from budget £000 |
|------------------------------|---------------------|---------------------------------------|--|---------------|----------------|---------------|--------------|---|
| | Annual Plan £000 | Blue (withdrawn from budgets) £000 | Still to be achieved Categorised by Risk Rating | | | | | |
| | | | Total £000 | Green £000 | Yellow £000 | Amber £000 | Red £000 | |
| 2013/14 Schemes | | | | | | | | |
| Corporate | 1,774 | 1,359 | 414 | 0 | 63 | 123 | 228 | 113 |
| Division 1 | 8,550 | 2,279 | 6,270 | 0 | 2,021 | 1,022 | 3,228 | 789 |
| Division 2 | 7,867 | 1,098 | 6,770 | 30 | 582 | 3,971 | 2,187 | 486 |
| Estates & Facilities | 2,692 | 1,351 | 1,341 | 37 | 150 | 583 | 571 | 241 |
| Trust Wide | 400 | 0 | 400 | 0 | 0 | 400 | 0 | 0 |
| Total 2013/14 Schemes | 21,283 | 6,088 | 15,196 | 67 | 2,816 | 6,099 | 6,213 | 1,629 |

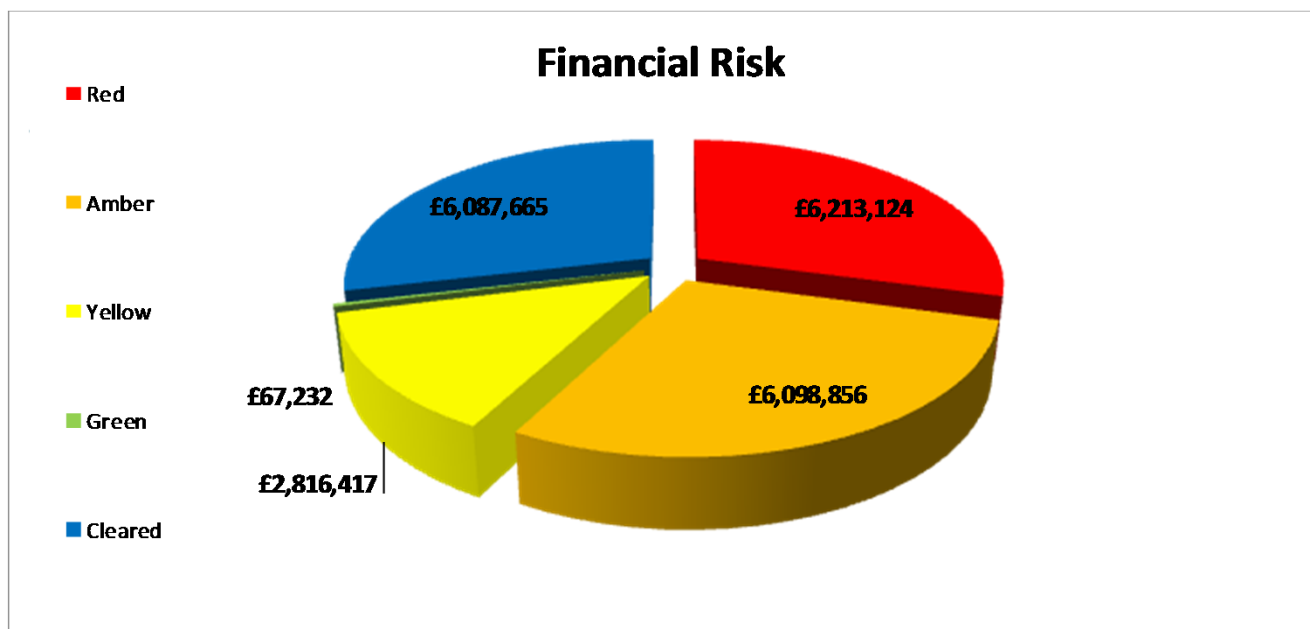
CIP Monitoring by Division

| | Original Plan | CIP Target | Current Year Actual | Actual Recurrent |
|------------------------|--------------------|--------------------|---------------------|-------------------|
| Corporate | £1,818,161 | £1,773,820 | £1,359,420 | £1,246,365 |
| Division 1 - Surgical | £8,717,100 | £8,549,920 | £2,279,423 | £1,490,657 |
| Division 2 Medicine | £8,022,095 | £7,867,301 | £1,097,556 | £611,213 |
| Estates and Facilities | £2,725,938 | £2,692,252 | £1,351,266 | £1,110,092 |
| Trust Wide | £0 | £400,000 | £0 | £0 |
| | £21,283,294 | £21,283,294 | £6,087,665 | £4,458,327 |



CIP Risks and Programme Status

| Financial Risk Summary | Red | Amber | Yellow | Green | Cleared |
|------------------------|-------------------|-------------------|-------------------|----------------|-------------------|
| Corporate | £228,154 | £123,331 | £62,915 | £0 | £1,359,420 |
| Division 1 - Surgical | £3,227,510 | £1,021,855 | £2,021,132 | £0 | £2,279,423 |
| Division 2 Medicine | £2,186,850 | £3,970,711 | £581,952 | £30,232 | £1,097,556 |
| Estates and Facilities | £570,610 | £582,958 | £150,418 | £37,000 | £1,351,266 |
| Trust Wide | £0 | £400,000 | £0 | £0 | £0 |
| Totals | £6,213,124 | £6,098,856 | £2,816,417 | £67,232 | £6,087,665 |

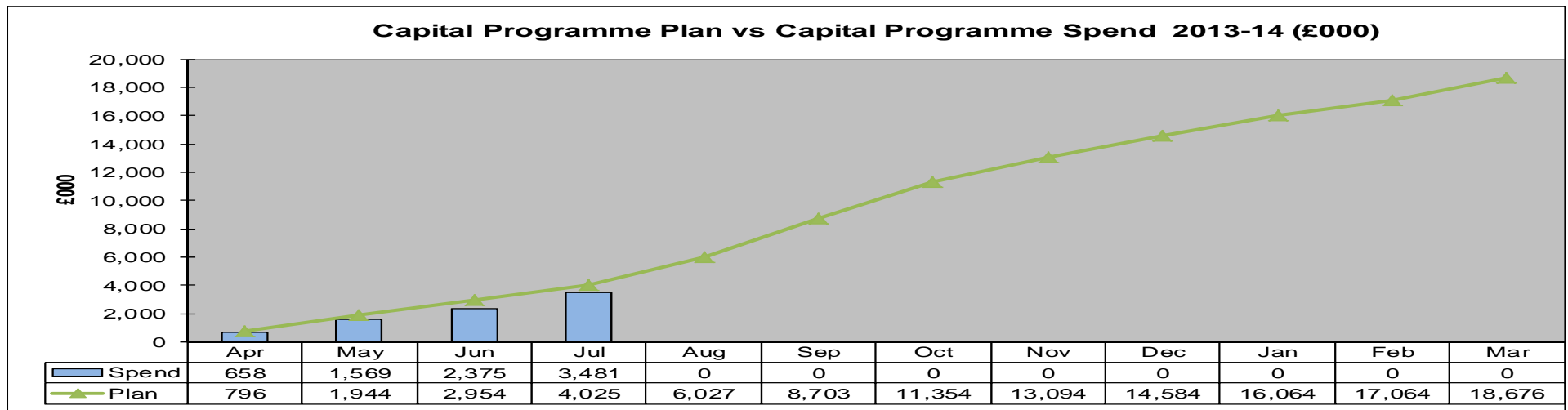


Reserves

| Reserve | Current Month £'000 | Month 03 £'000 | Movement £'000 | |
|------------------------------|------------------------|-------------------|-------------------|---|
| Cost Pressure | 1,971 | 2,380 | (408) | Main movements Include funding into budgets for SIFT £258k, Activity Pressures £111k, Community Pressures £13k |
| Activity and Developments | 9,446 | 10,831 | (1,385) | Main movements Include funding into budgets for Nursing Workforce £306k, Pathology Cytology Testing £211k, Early Support Discharge £153k, Winter Pressures £125k, E&F activity £53k |
| Quality | 736 | 736 | 0 | |
| Drugs and Devices | 689 | 783 | (94) | Includes funding into reserves for Excluded Drugs £65k; less Funding into budgets for Cancer drugs £107k, Step Down beds £41k, Insulin Pumps £11k |
| Non Recurrent Support | 880 | 774 | 107 | Minor movements |
| | 13,722 | 15,503 | (1,781) | |
| Inflation and Contingency | 5,489 | 5,244 | 245 | Movement for Incremental Drift £204k, Education Funding £53k |
| Patient Activity Contingency | 3,010 | 3,010 | 0 | |
| Grand Total Reserves | 22,222 | 23,757 | (1,535) | |

Capital Expenditure

The Trust Capital Programme for 2013-14 is £18,676k. Capital Resource Limit (CRL) is likely to be agreed at TDA Plan level of £20,354k, this includes PFI (Radiology) £2,478k and (£800k) adjustment for sale of Old Eye Infirmary. Formal notification has been received for £17,705k, having adjusted for the potential land sale and £171k for Maternity PDC, but notification is expected for an amendment to the Maternity adjustment and, later in the year, for the PFI Additions of £2,478k.



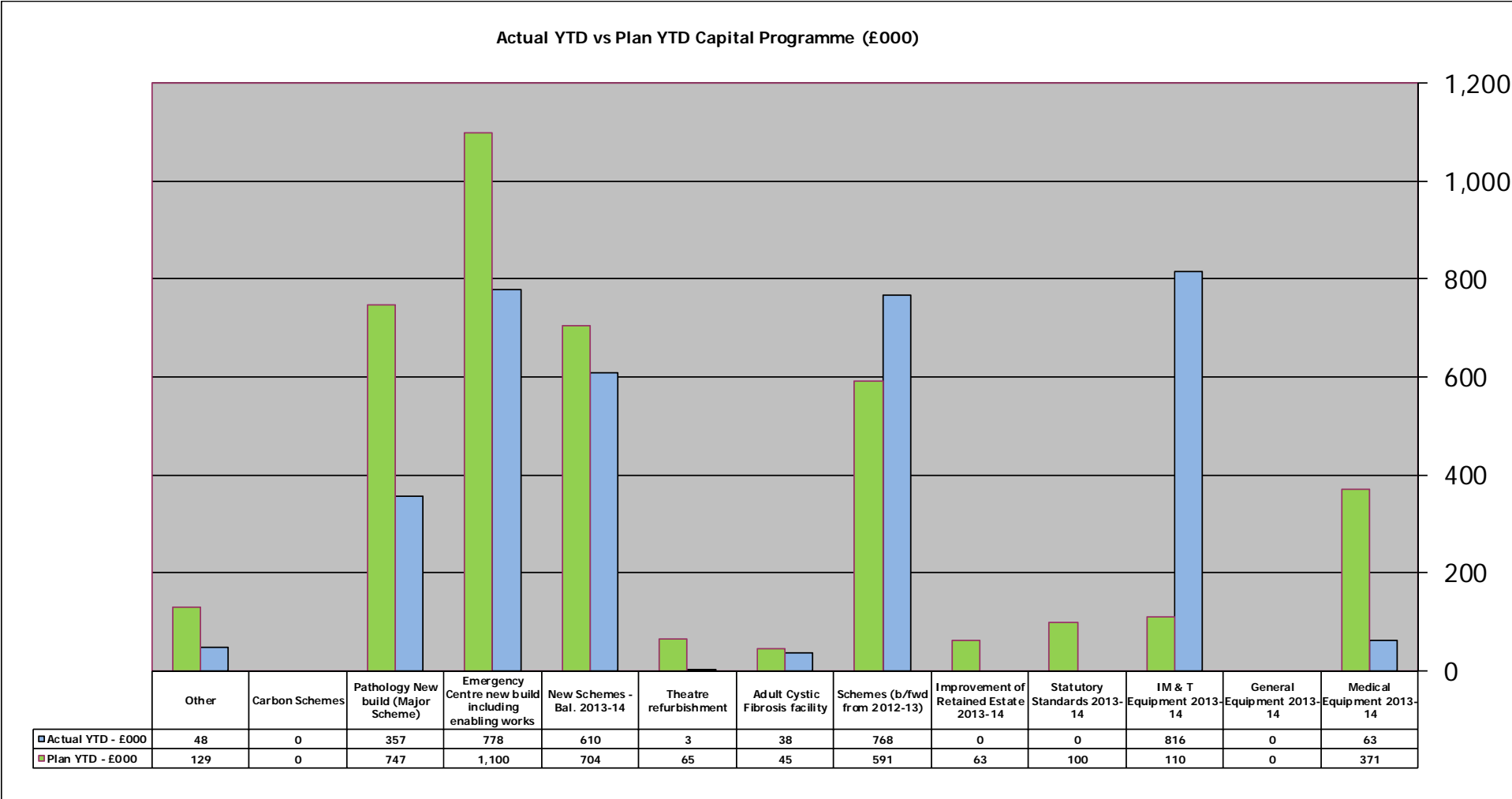
| Capital Expenditure | Capital Programme £000 | PFI Additions £000 | Total £000 |
|----------------------------|---------------------------|-----------------------|---------------|
| Spend | 3,481 | 0 | 3,481 |
| Plan | 4,025 | 1,000 | 5,025 |
| Underspend | 544 | 1,000 | 1,544 |
| Percentage of Plan to Date | 86% | 0% | 69% |

Reasons for Underspend:-

- Capital Programme – The underspend of £544k includes the Pathology New Build Scheme, £390k, previously reported, where expenditure was incurred ahead of schedule in March 2013. There have been underspends on other schemes, more significantly Medical Equipment and the Emergency Centre, but these have been offset by accelerated spend in other areas, more significantly IT. (Refer to Page 30 for detail).
- PFI Additions – With the Trust having negotiated an improved MRI replacement specification, the second MRI is due to be delivered in September 2013.

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 July 2013

Trade and Other Receivables as at 31 July 2013 are £14,170k, a breakdown is provided on page 32. This includes invoiced NHS £3,648k and gross Non-NHS £2,425k receivables. A more detailed analysis of the invoiced receivables is shown on page 33.

Calculated Debtor Days for the year to date are:-

| | M4 Actual | M4 Plan |
|-------|-----------|---------|
| Total | 7.24 | 10.89 |

Being:-

| | NHS | Non NHS |
|--|-------|---------|
| | 5.46 | 11.42 |
| | 19.56 | 5.86 |

The movement of services commissioned by the PCT to Wolverhampton City Council has resulted in a movement in Debtor Days between NHS and non NHS.

A more detailed analysis of Trade & Other Payables is provided on page 34.

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 performance against this target is:

| | M4 | Cumulative |
|----------|-----|------------|
| - Value | 95% | 94.4% |
| - Volume | 95% | 93.2% |

| | M3 | Cumulative |
|----------|-----|------------|
| - Value | 95% | 94.3% |
| - Volume | 93% | 92.4% |

| | <u>July 2013</u> <u>Plan £000</u> | <u>July 2013</u> <u>Actual £000</u> | <u>June 2013</u> <u>Actual £000</u> | <u>Movement in</u> <u>Month £000</u> | <u>March 2013</u> <u>Actual £000</u> |
|--|--------------------------------------|--|--|---|---|
| NON CURRENT ASSETS | | | | | |
| Property, Plant and Equipment | 264,506 | 263,751 | 263,902 | (151) | 253,588 |
| Intangible Assets | 455 | 691 | 718 | (27) | 459 |
| Other Non Current Assets | 1,916 | 2,646 | 2,646 | (0) | 2,646 |
| TOTAL NON CURRENT ASSETS | 266,877 | 267,088 | 267,267 | (179) | 256,693 |
| CURRENT ASSETS | | | | | |
| Inventories | 5,096 | 5,533 | 5,255 | 278 | 5,823 |
| Trade and Other Receivables | 16,993 | 14,170 | 13,607 | 563 | 14,362 |
| Cash and cash equivalents | 28,360 | 28,916 | 24,813 | 4,103 | 22,566 |
| TOTAL CURRENT ASSETS | 50,449 | 48,619 | 43,675 | 4,944 | 42,751 |
| Non Current Assets Held for Sale | 800 | 800 | 800 | 0 | 800 |
| TOTAL ASSETS | 318,126 | 316,507 | 311,742 | 4,765 | 300,244 |
| CURRENT LIABILITIES | | | | | |
| Trade & Other Payables | (37,121) | (37,669) | (32,777) | (4,892) | (33,547) |
| Borrowings | (1,774) | (1,737) | (1,746) | 9 | (1,771) |
| Provisions for Liabilities and Charges | (2,840) | (2,389) | (2,907) | 518 | (3,730) |
| TOTAL CURRENT LIABILITIES | (41,735) | (41,795) | (37,430) | (4,365) | (39,048) |
| NET CURRENT ASSETS / (LIABILITIES) | 8,714 | 6,824 | 6,246 | 578 | 3,703 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 276,391 | 274,712 | 274,312 | 400 | 261,196 |
| NON CURRENT LIABILITIES | | | | | |
| Other Liabilities | (6,926) | (6,970) | (7,120) | 150 | (7,545) |
| Provision for Liabilities and Charges | (539) | (457) | (457) | 0 | (539) |
| TOTAL NON CURRENT LIABILITIES | (7,465) | (7,427) | (7,577) | 150 | (8,084) |
| TOTAL ASSETS EMPLOYED | 268,926 | 267,285 | 266,735 | 550 | 253,112 |
| FINANCED BY TAXPAYERS EQUITY | | | | | |
| Public Dividend Capital | 173,253 | 173,253 | 173,253 | (0) | 173,082 |
| Retained Earnings | 30,694 | 33,686 | 33,136 | 550 | 19,623 |
| Revaluation Reserve | 64,789 | 60,156 | 60,156 | 0 | 60,217 |
| Other Reserves | 190 | 190 | 190 | 0 | 190 |
| TOTAL TAXPAYERS EQUITY | 268,926 | 267,285 | 266,735 | 550 | 253,112 |

Trade Receivables

| <u>Trade & Other Receivables</u> | <u>July</u> | <u>June</u> | <u>Movement</u> | |
|---|---------------|---------------|-----------------|-------------|
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>%</u> |
| NHS Receivables - Revenue | 3,648 | 4,097 | (449) | -11.0% |
| NHS Partially Completed Spells | 1,384 | 1,543 | (159) | -10.3% |
| NHS Accrued Income | 2,203 | 2,037 | 166 | 8.1% |
| Non NHS Sales Ledger | 2,425 | 2,527 | (102) | -4.0% |
| Provision for Impairments of Receivables (inc RTAs) | (735) | (735) | 0 | 0.0% |
| Non NHS Accrued Income | 521 | 613 | (92) | -15.0% |
| Prepayments | 2,695 | 2,050 | 645 | 31.5% |
| RTA / Injury Claims due within 1 year | 948 | 959 | (11) | -1.1% |
| VAT | 729 | 294 | 435 | 148.0% |
| Other | 352 | 222 | 130 | 58.6% |
| Total Trade & Other Receivables | 14,170 | 13,607 | 563 | 4.1% |

- Further analysis of NHS and Non NHS Sales Ledger Receivables is provided on page 33.

Receivables by Category

The overall debt position has decreased by £0.6m in month, due mainly to the decrease in NCB debt £0.9m offset by increases in other areas of debt.

The remaining £371k PCT debt relates almost entirely to Wolverhampton PCT. This is due to be resolved by the end of August.

Of the £666k Trust debt, £375k relates to Walsall Healthcare, including £146k of debt over 2 months. The Trust is working with Walsall to resolve outstanding queries to enable settlement.

Private Patient debt >3 months old has reduced by £43k in month, to £81k. This balance includes 11 BUPA invoices over £1k each totalling £44k. BUPA have confirmed that the issues have been escalated within the organisation and that a proposal for settlement will be put forward to the Trust by the end of August.

July 2013

| 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 | 671 | 336 | 315 | 0 | 2 | 19 |
| | NCB | 837 | 112 | 725 | 0 | 0 | 0 |
| | PCT | 371 | 0 | 0 | 0 | 7 | 365 |
| | TRUST | 666 | 223 | 159 | 117 | 78 | 88 |
| | CCG | 1,102 | 306 | 658 | 130 | 8 | 0 |
| NHS Total | | 3,648 | 977 | 1,858 | 248 | 94 | 472 |
| NON | OTHER | 329 | 151 | 80 | 39 | 15 | 44 |
| | LA | 1,528 | 636 | 851 | 0 | 0 | 41 |
| | PRIVATE PATIENTS | 181 | 76 | 7 | 17 | 0 | 81 |
| | IRISH/SCOTT/WELSH | 131 | 21 | 24 | 24 | 1 | 62 |
| | OVERSEAS PATIENTS | 177 | 0 | 0 | 0 | 0 | 177 |
| | DEBT PD BY INSTALMENTS | 77 | 6 | 0 | 0 | 0 | 71 |
| | Sub Total | 2,425 | 890 | 961 | 81 | 17 | 476 |
| | BAD DEBT PROVISION | -493 | 0 | 0 | 0 | -17 | -476 |
| NON Total | | 1,932 | 890 | 961 | 81 | 0 | 0 |
| Grand Total | | 5,581 | 1,866 | 2,819 | 329 | 94 | 472 |

Of the £1.5m Non NHS Local Authority debt £1.4m relates to Wolverhampton City Council for services previously commissioned from the PCT. £0.9m has been settled in August to date.

June 2013

| 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 | 409 | 372 | 16 | 2 | 3 | 16 |
| | NCB | 1,701 | 1,606 | 95 | 0 | 0 | 0 |
| | PCT | 394 | 0 | 0 | 11 | 189 | 194 |
| | TRUST | 618 | 194 | 52 | 134 | 202 | 36 |
| | CCG | 975 | 770 | 193 | 12 | 0 | 0 |
| NHS Total | | 4,097 | 2,942 | 356 | 159 | 394 | 246 |
| NON | OTHER | 721 | 425 | 86 | 40 | 123 | 47 |
| | LA | 1,195 | 1,150 | 0 | 4 | 16 | 25 |
| | PRIVATE PATIENTS | 221 | 19 | 73 | 1 | 4 | 124 |
| | IRISH/SCOTT/WELSH | 141 | 24 | 54 | 1 | 2 | 60 |
| | OVERSEAS PATIENTS | 182 | 0 | 1 | 0 | 0 | 181 |
| | DEBT PD BY INSTALMENTS | 67 | 0 | 0 | 0 | 0 | 67 |
| | Sub Total | 2,527 | 1,618 | 214 | 46 | 145 | 504 |
| | BAD DEBT PROVISION | -650 | 0 | -1 | 0 | -145 | -504 |
| NON Total | | 1,877 | 1,618 | 213 | 46 | 0 | 0 |
| Grand Total | | 5,974 | 4,560 | 569 | 205 | 394 | 246 |

Overseas patient debt of £177k includes £120k relating to one patient. A full report will be submitted to the next Audit Committee in respect of this debt. Of the £57k balance, £37k relates to individual debt over £5k for 7 patients. All debt has been provided for whilst collection is being pursued further.

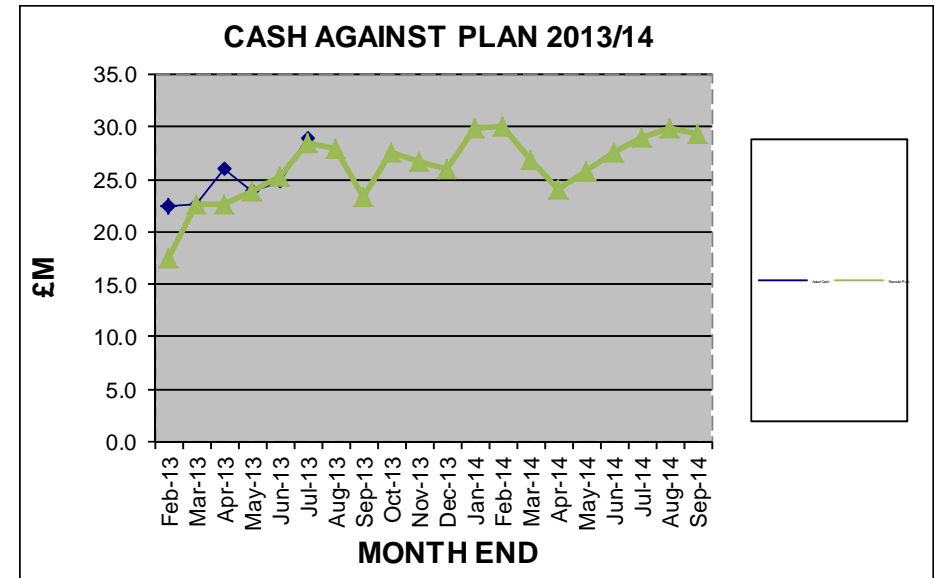
Trade & Other Payables

| <u>Trade & Other Payables</u> | <u>July</u> | <u>June</u> | <u>Movement</u> | |
|---|-----------------|-----------------|-----------------|--------------|
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>%</u> |
| NHS Payables - Revenue | (2,135) | (2,325) | 190 | -8.2% |
| Non NHS Trade Payables - Revenue | (5,171) | (3,860) | (1,311) | 34.0% |
| Non NHS Trade Payables - Capital | (2,858) | (2,822) | (36) | 1.3% |
| Dividend and Interest Accrual | (2,622) | (2,030) | (592) | 0.0% |
| Tax & Social Security | (4,706) | (4,760) | 54 | -1.1% |
| Pensions | (3,268) | (3,282) | 14 | -0.4% |
| Accruals | (8,277) | (7,970) | (307) | 3.9% |
| Deferred Income (inc. Trading Accounts) | (7,497) | (5,509) | (1,988) | 36.1% |
| Other | (1,136) | (219) | (917) | 418.7% |
| Total Trade & Other Payables | (37,669) | (32,777) | (4,892) | 14.9% |

- The increase in month in Non NHS Trade Payables is due to there being fewer scheduled weekly payments at the end of July.
- The Dividend payable will continue to increase linked to the debt being settled twice yearly, September and March.
- The increase in Deferred Income relates to £2m Training income being received in month for the whole of the second quarter, July to September.

Cash Flow Statement - period ending 31st July 2013

| | July Plan £000 | July Actual £000 | July Variance £000 |
|--|-------------------|---------------------|-----------------------|
| OPERATING ACTIVITIES | | | |
| Total Operating Surplus/(Deficit) | 7,715 | 4,739 | (2,976) |
| Depreciation | 5,222 | 5,533 | 311 |
| Fixed Asset Impairments | 34 | 2 | (32) |
| Transfer from Donated Asset Reserve | 0 | 0 | 0 |
| Interest Paid | (532) | (527) | 5 |
| Dividends Paid | 0 | 0 | 0 |
| (Increase)/Decrease in Inventories | 0 | 289 | 289 |
| (Increase)/Decrease in Trade/Receivables | (2,700) | 94 | 2,794 |
| Increase/(Decrease) in Trade/Payables | 847 | 4,321 | 3,474 |
| Increase/(Decrease) in Provisions | 0 | (1,423) | (1,423) |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 10,586 | 13,028 | 2,442 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest Received | 32 | 34 | 2 |
| Payment for Property, Plant and Equipment | (4,379) | (6,284) | (1,905) |
| Payment for Intangible Assets | 0 | (100) | (100) |
| Payment for Other Assets | 0 | 0 | 0 |
| Proceeds from Disposals | 0 | 110 | 110 |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | (4,347) | (6,240) | (1,893) |
| NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING | 6,239 | 6,788 | 549 |
| FINANCING | | | |
| New Public Dividend Capital Received | 171 | 171 | 0 |
| Capital Element of Finance Lease and PFI | (616) | (609) | 7 |
| NET CASH INFLOW/(OUTFLOW) FROM FINANCING | (445) | (438) | 7 |
| INCREASE/(DECREASE) IN CASH | 5,794 | 6,350 | 556 |
| CASH BALANCES | | | |
| Opening Balance 1st April 2013 | 22,566 | 22,566 | 0 |
| Closing Balance at 31st July 2013 | 28,360 | 28,916 | 556 |



Cash against Plan

- The cash balance of £28.9m is £0.6m above plan. There has been a greater than planned reduction in receivables, and a greater than planned increase in payables. This is offset by revenue and capital cash spend being greater than planned.