

# Report of the Chief Financial Officer

Finance Report – March 2013  
(Month 12)

Date of meeting 22<sup>nd</sup> April 2013





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# Executive Summary

- The Trusts Income and Expenditure position as at Month 12 is a surplus of £7,023k, which is £2,480k above the full year 2012/13 plan. The detail can be found on page 4. This performance is less than that of 2011/12 by £1,484k. Compared to Month 11's position, this is a deterioration of £195k. The Trust's operating position (Earnings before interest, taxation, depreciation and amortisation, EBITDA) is favourable to plan by £955k (2.9%).
- This is the draft year end position. The pre-audited set of accounts will be submitted to the Department of Health by the deadline of 22<sup>nd</sup> April. The audited final accounts will be presented to the Audit Committee of 6 June and then reported to the Board. Although there are no significant changes envisaged to the reported performance against financial targets, there is on going discussion in relation to a technical accounting treatment matter which may impact. (Circa £250k that has currently been prudently charged to expenditure). Details and conclusions reached will be fully disclosed at the Audit Committee.
- Total income at month 12 is £384,917k which is below plan by £564k. This builds in a contingency of £4,000k in respect of emergency readmissions and non elective threshold adjustments. Patient care contract income was under recovered by £6,903k, details are on page 7. This position is based on year end estimates agreed with our Commissioners, in line with the National timetable for use in the final accounts.
- Directorate expenditure is adverse to plan by (£5,382k) and is analysed as follows:
  - Pay - (£1,753k)
  - Non Pay - (£3,509k)
  - Drugs – (£120k)

Further details on expenditure and performance against budget are provided on pages 12 to 22. An analysis of Reserves is provided at page 34.

- The Divisions have implemented measures to deliver the planned financial targets by year end in line with the agreed control totals. These measures yielded mixed results and details are included within pages 14 to 28.
- The patient activity income has further deteriorated mainly because of the lack of capacity as a result of increased emergency admissions being partly offset by recent agreements for the re-investment of emergency threshold funds from Wolverhampton and Walsall PCTs.

- Of the Trust's CIP target for 2012/13 of £15,325k, £12,963k (85% of the target) has been withdrawn from budgets. However £3.678m of this was achieved non recurrently. Pages 31 to 33 detail the CIP schemes. The level of performance has been a cause for concern and is being managed through the Change Management Board.
- Against the SHA control total of £8,459k the Trust's net surplus is £8,695k. This will be reflected in the Break Even Statement within the accounts, being £7,023 net surplus shown on page 4, plus impairments of £1,604k and £68k for donated asset adjustment. The Statement of Comprehensive Income will show a net surplus of £7,023k (refer to page 4). The variance of £2,480k to annual plan of £4,543k is mainly due to the previously reported impairment adjustment of £1,728k.
- Capital expenditure for the year was £22,579k against Capital Programme Planned spend of £22,825k (excluding PFI/leases). Overall performance including £732k for PFI additions was £23,311k against CRL of £23,557k; formal CRL notification for PFI additions has now been received. Detail can be found on pages 35 and 36 and also, within the Head of Estates Development Capital Programme 2012/13 report to the Board.
- The closing cash balance of £22,566k is above plan by £3,467k, (prior year closing balance £15,658k). The main driver of this position is the increased Surplus and a higher than planned level of Deferred Income. The Statement of Financial Position, working capital, cash flow and details of the trade receivables and payables are shown on pages 37 to 41. The improved cash position provides an undershoot of (£5,752k) against the External Financing Limit (EFL). The Trust is permitted to undershoot (not overshoot) against EFL. The higher cash balance against forecast EFL of (£3,571k) relates mainly to the agreed late receipt of cash from PCTs, however, due to the level of undershoot this would provide the Trust did firstly agree this with the Dept of Health.
- Charitable Fund balances are circa £3,900k for year end, page 42 gives Q4 details.
- 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 12	£4,543k	£7,023k	<span style="background-color: green;"> </span>
CIP Target Month 12	£15,325k	£12,963k	<span style="background-color: red;"> </span>
CRL (Year end forecast, includes PFI related additions)	£23,557k	£23,311k	<span style="background-color: green;"> </span>
EFL (Year end forecast)	0	(£5,752k)	<span style="background-color: green;"> </span>
Capital Cost Absorption Rate (Year end)	3.50%	3.50%	<span style="background-color: green;"> </span>

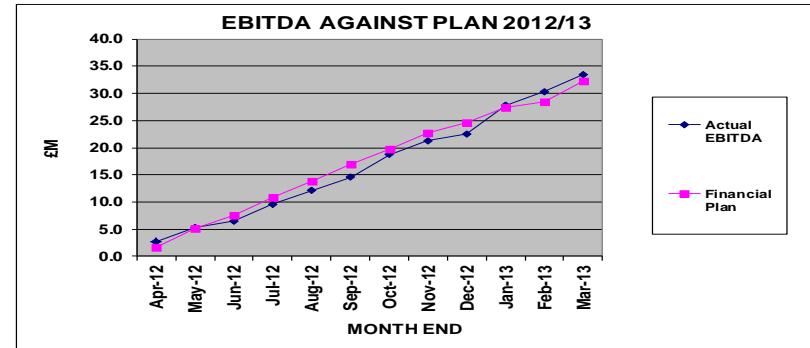
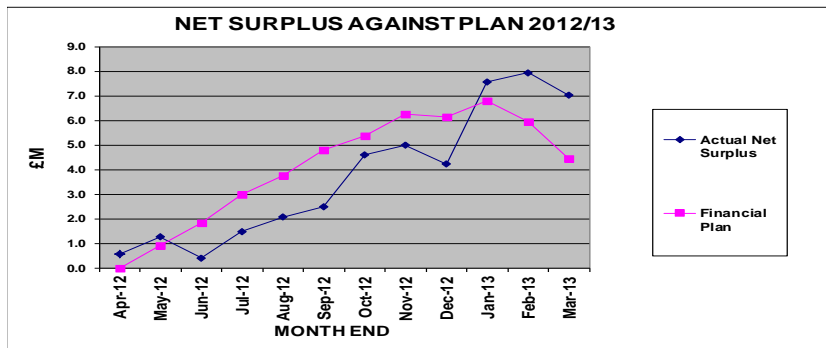
# Income & Expenditure Account

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
<b>Income</b>								
33,962	31,192	(2,770)	Patient Activity Income	337,624	355,012	355,012	348,108	(6,903)
(333)	0	333	Patient Activity Contingency	(4,000)	(4,000)	(4,000)	0	4,000
89	171	83	Other Patient Care Income	1,640	1,064	1,064	1,068	3
1,107	1,251	144	Education, Training & Research Income	10,953	13,124	13,124	14,224	1,099
(380)	(150)	230	Non Patient Care Other Income	0	24	24	503	479
90	106	15	Private Patient Income	1,059	1,093	1,093	1,063	(30)
2,354	2,654	300	Income on Directorate Budgets	15,971	19,163	19,163	19,951	788
<b>36,888</b>	<b>35,224</b>	<b>(1,665)</b>	<b>Total Income</b>	<b>363,247</b>	<b>385,481</b>	<b>385,481</b>	<b>384,917</b>	<b>(564)</b>
<b>Expenditure</b>								
(19,792)	(20,017)	(224)	Directorate Expenditure Budgets - Pay	(223,817)	(234,302)	(234,302)	(236,055)	(1,753)
(8,422)	(9,750)	(1,328)	Directorate Expenditure Budgets - Non Pay	(73,135)	(82,225)	(82,225)	(85,734)	(3,509)
(2,292)	(2,299)	(7)	Directorate Expenditure Budgets - Drugs	(22,922)	(29,535)	(29,535)	(29,656)	(120)
(470)	0	470	Activity Changes/Service Dev./Cost Pressures Reserves	(17,985)	(6,974)	(6,974)	0	6,974
(128)	0	128	Inflation and Contingency Reserves	(8,452)	(2,289)	(2,289)	0	2,289
(1,104)	0	1,104	Cost Improvement Savings - Current Year	15,325	2,362	2,362	0	(2,362)
<b>(32,208)</b>	<b>(32,066)</b>	<b>142</b>	<b>Total Expenditure</b>	<b>(330,986)</b>	<b>(352,963)</b>	<b>(352,963)</b>	<b>(351,444)</b>	<b>1,519</b>
<b>4,680</b>	<b>3,158</b>	<b>(1,523)</b>	<b>EBITDA Surplus/(Deficit)</b>	<b>32,262</b>	<b>32,518</b>	<b>32,518</b>	<b>33,472</b>	<b>955</b>
0	2	2	Profit/(Loss) on Asset Disposals	0	0	0	18	18
(3,332)	(1,604)	1,728	Impairments of Fixed Assets	(3,332)	(3,332)	(3,332)	(1,604)	1,728
(1,255)	(1,731)	(477)	Depreciation	(15,054)	(15,054)	(15,054)	(15,357)	(303)
8	7	(1)	Interest Receivable	100	100	100	84	(16)
(133)	(130)	3	Interest Payable	(1,313)	(1,569)	(1,569)	(1,544)	24
(677)	(592)	85	PDC Dividends (Cost of Capital)	(8,120)	(8,120)	(8,120)	(8,035)	85
0	(11)	(11)	Unwinding of Discount	0	0	0	(11)	(11)
<b>(707)</b>	<b>(903)</b>	<b>(195)</b>	<b>Net Surplus/(Deficit)</b>	<b>4,543</b>	<b>4,543</b>	<b>4,543</b>	<b>7,023</b>	<b>2,480</b>

Note: Reserve contingency 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 %	102.9 %	5	=EBITDA Actual/EBITDA Budget (both year to date)
EBITDA Margin	8.8 %	3	8.3 %	8.7 %	3	=EBITDA/Total Income
Net Return on Financing	3.1 %	5	3.1 %	3.4 %	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	2.0 %	2.2 %	4	=Net Surplus/(Deficit)/Total Income
Liquidity Ratio	24.1 Days	3	24.1 days	24.3 days	3	= prior year cash plus trade debtors less trade creditors plus working capital facility expressed as days of current year operating expenses
		<b>3.8</b>			<b>Overall Rating</b>	<b>3.8</b>



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

After the assessment of financial risk and mitigations, the residual risk of unachieved CIP schemes is £2,362k and the carry forward CIP is £6,040k. This presents a significant risk to the Trust.

Risk	Likelihood of risk	Potential consequence rating	Risk	Previous Risk After Mitigation £000's	Year End Position £000's	Mitigating Action
Cost Improvement Programme - underachievement of plans	Likely	Moderate	B3	2,741	2,362	The year end residual CIP is £2,362k representing 15%. Pages 26-28 detail the year end position.
Cost Improvement Programme - Carry forward	Likely	Major	B4	circa 6,000	6,040	The recurrent CIP shortfall is £6.04m and this will be carried forward into 2013/14. This is a significant risk for the Trust and is being monitored by the Change Management Board.
Contract income issues- Penalties, Readmissions, Emergency Threshold	Possible	Minor	C2	496	0	Discussions in March successfully negotiated an agreement with South Staffs CCG in relation to emergency threshold thereby mitigating this risk.

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 12 is showing a deficit of £6,903k, which is a reduction of £2,771k on the position at month 11. The level of emergency activity continues to be a major influence on the performance of the Trust.

Division	Specialty	Month 12 Variance £000	Month 12 Variance %	Month 11 Variance £000	Movement £000
Division 1	General Surgery	(1,303)	(6.1)	(1,203)	(99)
	Critical Care	(294)	(2.6)	(260)	(34)
	Drugs & Devices	(91)	(3.2)	(69)	(22)
	Trauma & Orthopaedics	(2,565)	(10.1)	(2,514)	(51)
	Head and Neck	144	1.8	106	38
	Ophthalmology	1,056	7.0	971	84
	Gynaecology	(587)	(7.4)	(591)	3
	Obstetrics inc Scans	(431)	(3.3)	(499)	68
	GP Direct Access	154	3.0	267	(113)
	Urology	193	3.0	154	40
	Cardiothoracic/Cardiology	(291)	(1.0)	(249)	(41)
Other	(991)	(15.2)	(896)	(95)	
<b>Total</b>		<b>(5,006)</b>	<b>(3.30)</b>	<b>(4,784)</b>	<b>(223)</b>
Division 2	General Medicine	3,296	8.9	3,387	(91)
	Clinical Haematology/Oncology	1,708	11.2	1,503	204
	Cystic Fibrosis	(57)	(6.8)	(52)	(5)
	Drugs & Devices	(97)	(1.5)	(24)	(72)
	Paediatrics	859	11.3	836	24
	GP Direct Access	27	1.9	14	13
	Nephrology and Dialysis	(1,249)	(9.6)	(1,150)	(99)
	Accident & Emergency	477	4.2	491	(14)
	Other	(3,146)	(10.6)	(2,768)	(378)
<b>Total</b>		<b>1,819</b>	<b>1.485</b>	<b>2,236</b>	<b>(417)</b>
Other	Drugs & Devices	(0)	(0.0)	(1)	1
	Other	(1,463)	(46.9)	(1,241)	(221)
<b>Total</b>		<b>(1,463)</b>	<b>(11.0)</b>	<b>(1,243)</b>	<b>(220)</b>
Patient Activity as per SLAM		<b>(4,650)</b>	<b>(1.6)</b>	<b>(3,791)</b>	<b>(860)</b>
NET 2011-12 underperformance		(216)		(216)	0
Partially completed spells and other		(1,360)		(125)	(1,235)
Community Services		(677)		(1)	(676)
Patient Activity Income		<b>(6,903)</b>		<b>(4,133)</b>	<b>(2,771)</b>

- General Surgery** - The level of underperformance against general surgery elective and planned same day activity reflects the impact of reduced capacity for elective activity due to emergency pressures.
- GP Direct Access** – Radiology direct access continues to over perform, as in previous months, but the in month variance reflects the funding of budgetary pressures.
- Clinical haematology/ Oncology** - The month 12 position continues to reflect the trend for increased activity as a result of delivery of cancer drugs.
- Nephrology and Dialysis**- – Income has continued to underperform in month. The reduced numbers of hospital haemodialysis sessions are due to pre-dialysis preventative care.
- Division 2 –Other** – The movement of £378k relates to the loss of income following the application of the emergency threshold reduction .
- Other / Other**- This is mainly due to the commissioner agreement of the use of funds for addressing the Referral to Treatment times.
- Partially completed spells and Other**- The main reduction is due to a provision for a potential loss of income , for commissioner data quality queries, and the categorisation of funding for radiotherapy equipment as non patient related.
- Community Services income** – The movement is mainly due to the agreement that has been agreed with commissioners to defer re-ablement funding into 2013-14 .

# SLA and Income: Actual vs. Plan by POD\*

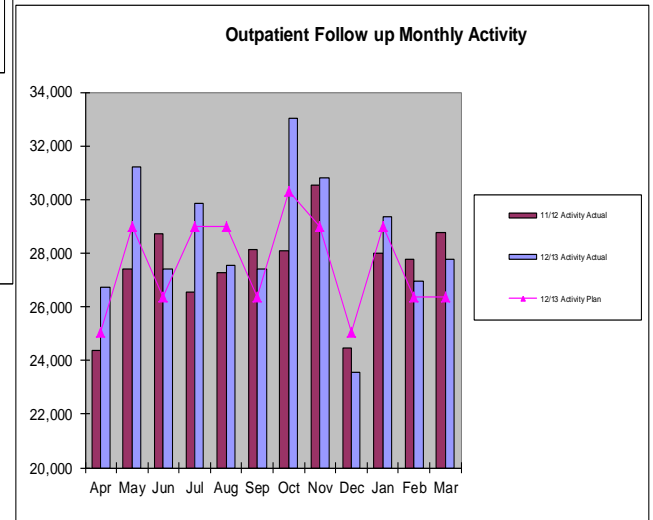
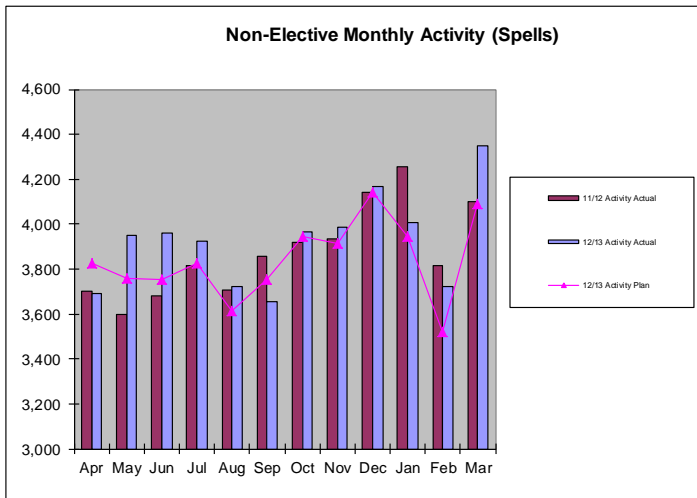
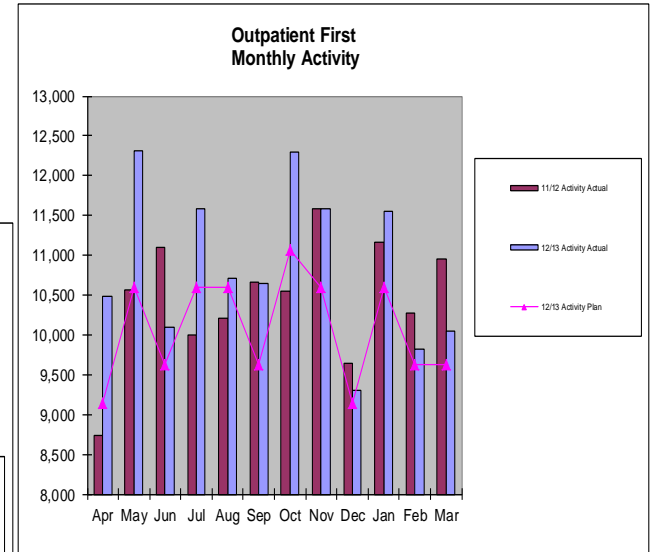
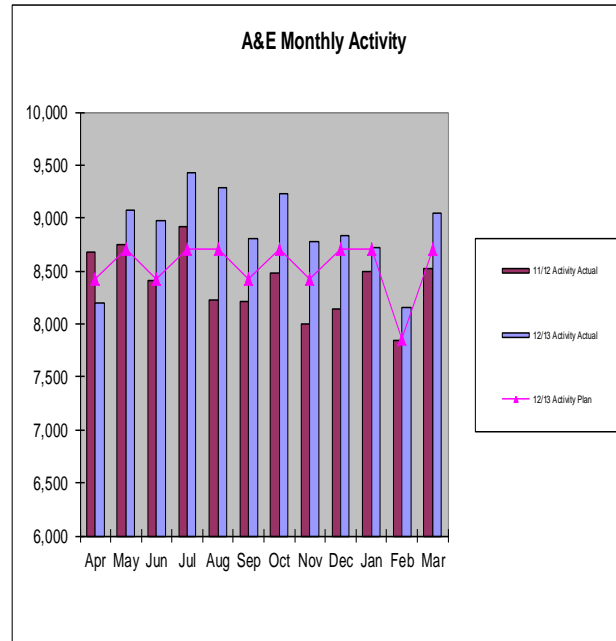
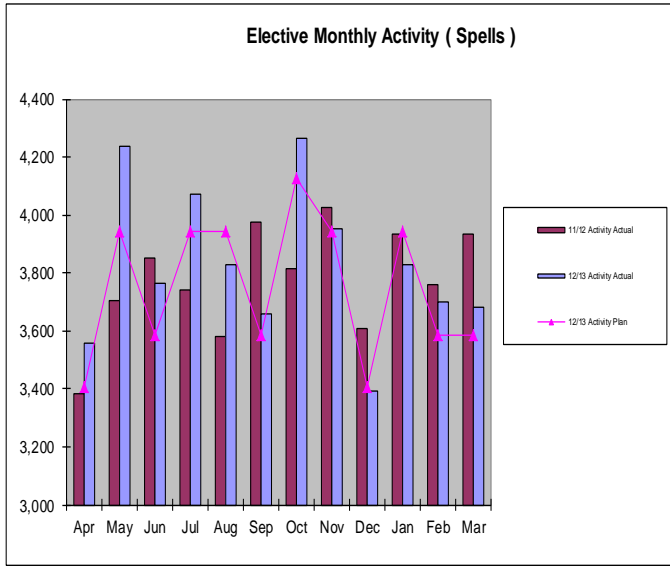
Admission Type	Annual Plan	Variance To Date	% Variance	Annual Price Plan	Variance To Date £	% Variance
				<b>£000</b>	<b>£000</b>	<b>%</b>
<b>Accident and Emergency</b>	102,463	4,051	3.95%	9,624	1,013	10.53%
<b>Critical Care</b>	20,110	(1,082)	-5.38%	16,281	(803)	-4.93%
<b>Elective</b>	45,012	924	2.05%	58,035	(1,300)	-2.24%
<b>Elective Excess Bed Days</b>	2,603	23	0.90%	613	5	0.79%
<b>Direct Access</b>	534,799	12,438	2.33%	5,130	154	2.99%
<b>Non-elective</b>	46,077	1,024	2.22%	78,785	3,352	4.25%
<b>Non-elective Excess Bed Days</b>	16,200	(548)	-3.38%	3,821	(175)	-4.59%
<b>Outpatient First</b>	120,836	9,602	7.95%	18,341	1,776	9.68%
<b>Outpatient Follow Up</b>	330,715	10,875	3.29%	26,779	595	2.22%
<b>Outpatient Procedures</b>	37,114	61	0.16%	6,344	27	0.42%
<b>Renal</b>	87,070	(8,277)	-9.51%	9,568	(696)	-7.28%
<b>Fractions</b>	32,359	(278)	-0.86%	7,836	(65)	-0.83%
<b>Drugs/Devices</b>	3,822	(1,115)	-29.19%	19,677	(196)	-0.99%
<b>Other</b>	30,457	541	1.78%	26,618	(8,337)	-31.32%
<b>Grand Total</b>	<b>1,409,635</b>	<b>28,240</b>	<b>2.00%</b>	<b>287,452</b>	<b>(4,650)</b>	<b>-1.62%</b>

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

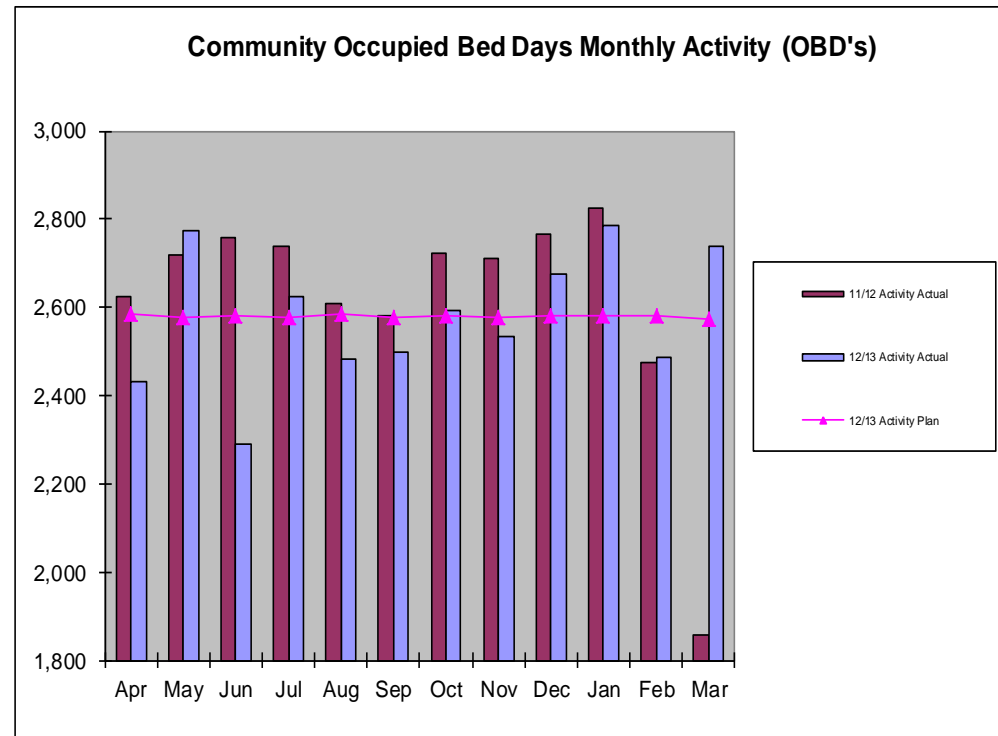
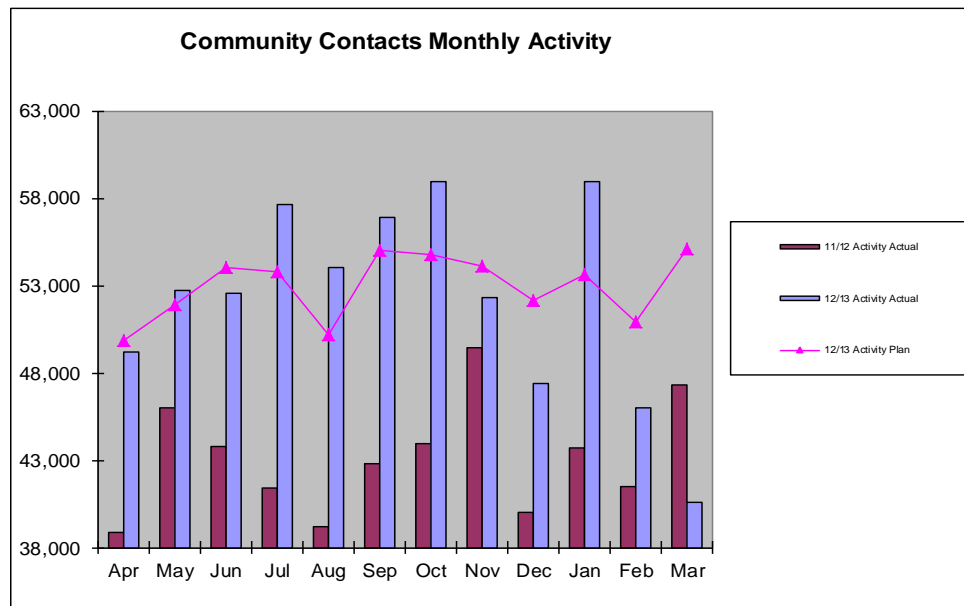
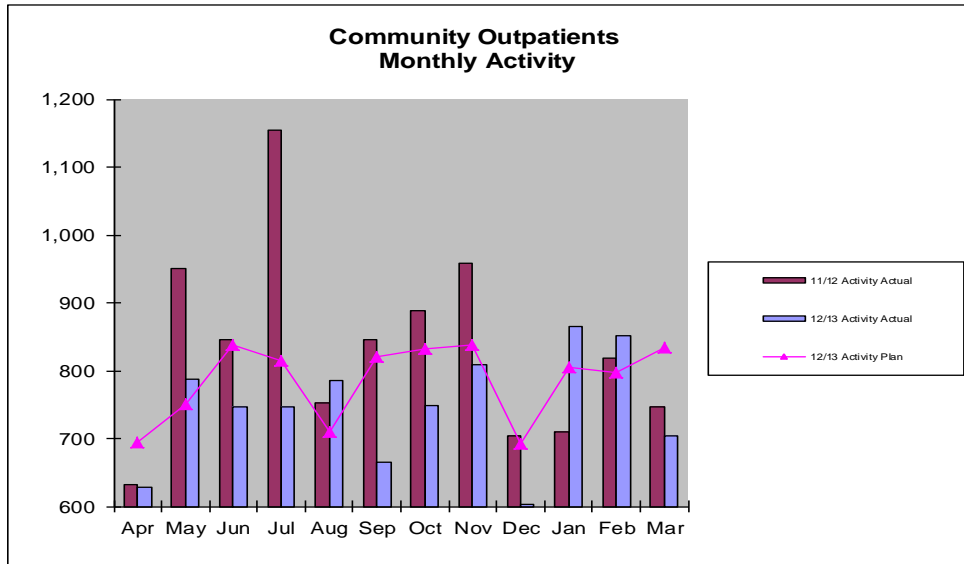
\*POD = Points of Delivery



# Performance against PCT Activity and Income trends



# Community Performance against PCT Activity and Income trends



For Community Contacts the variance against FY1112 activity is misleading as physiotherapy and occupational therapy only counted initial contacts in FY1112, compared to total contacts in FY1213.

# SLA and Income: Actual versus Plan by PCT

The table shows the position in relation to Commissioner plans at the end of month 12. The overall income is £5,327(-1.56%) below plan. Anticipated income is still incorporated in the commissioner analysis. This budget relates mainly to vascular activity attributed to the Specialised Services contract and for PCTs, mainly to pass through costs for drugs and devices and step down beds. Performance against the community contract is below the plan, due to the agreement to defer income to 2013-14.

	SLA Annual Plan	Anticipated Income Annual Plan	Plan to Date	Anticipated Income Plan to Date	Actual to date	Variance to Plan	% Variance
Commissioner	£000	£000	£000	£000	£000	£000	%
South Birmingham	135	13	135	13	169	20	13.4%
Shropshire	4,202	210	4,202	210	4,129	(283)	-6.4%
Walsall	20,778	472	20,778	472	20,378	(871)	-4.1%
Telford	1,541	97	1,541	97	1,669	31	1.9%
Wolverhampton City	146,298	5,649	146,298	5,649	150,333	(1,615)	-1.1%
Heart of Birmingham	143	24	143	24	223	55	32.6%
Dudley	8,315	167	8,315	167	8,512	30	0.4%
Sandwell	2,241	83	2,241	83	1,823	(501)	-21.5%
Birmingham East and North	286	13	286	13	217	(81)	-27.2%
North Staffs	28	13	28	13	74	33	81.1%
Stoke	80	11	80	11	99	9	9.4%
South Staffs	33,499	1,187	33,499	1,187	35,258	572	1.6%
Worcester	926	46	926	46	884	(88)	-9.0%
<b>Acute Services Total</b>	<b>218,472</b>	<b>7,985</b>	<b>218,472</b>	<b>7,985</b>	<b>223,768</b>	<b>(2,689)</b>	<b>-1.2%</b>
NCA	1,961	0	1,961	0	1,921	(39)	-2.0%
Specialised Services	57,869	1,165	57,869	1,165	57,112	(1,922)	-3.3%
<b>Sub Total</b>	<b>278,302</b>	<b>9,150</b>	<b>278,302</b>	<b>9,150</b>	<b>282,802</b>	<b>(4,650)</b>	<b>-1.6%</b>
Community Services	54,208	0	54,208	0	53,532	(677)	-1.25%
<b>Overall income</b>	<b>332,511</b>	<b>9,150</b>	<b>332,511</b>	<b>9,150</b>	<b>336,334</b>	<b>(5,327)</b>	<b>-1.56%</b>

# Expenditure by Directorate

## Trust Wide Summary

(£1560k) overspend in month, (£5383k) 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)								
	Budget	Actual	% var	£'000	%	£'000	%	£'000	%	£'000	%	£'000	£'000	%	£'000	%	£'000	%	£'000	%	
	Variance															Total		Variance			
Division 1	2,128	2,102	1.2%	(1,694)	(1.8%)	(1,552)	(4.8%)	152	2.2%	(3,093)	(2.3%)	(1,343)	(4,437)	(3.3%)	(5,006)	(3.30%)	(4,601)	(3.8%)	(4,784)	(3.4%)	
Division 2	2,506	2,509	-0.2%	(1,217)	(1.2%)	(282)	(1.6%)	(238)	(1.1%)	(1,736)	(1.3%)	(526)	(2,263)	(1.6%)	1,819	1.48%	(2,325)	(1.9%)	2,236	2.0%	
Estates and Facilities	631	600	4.9%	488	3.0%	9	0.1%	(19)		478	1.6%	(756)	(278)	(1.1%)			(455)	(1.8%)			
Chief Operating Officer	5	5	4.0%	(2)	(0.4%)	34	87.9%	0		32	5.8%	0	32	5.8%			29	5.7%			
<b>Total Operations Directorate</b>	<b>5,269</b>	<b>5,217</b>	<b>1.0%</b>	<b>(2,425)</b>	<b>(1.2%)</b>	<b>(1,790)</b>	<b>(2.8%)</b>	<b>(105)</b>	<b>(0.4%)</b>	<b>(4,320)</b>	<b>(1.4%)</b>	<b>(2,626)</b>	<b>(6,946)</b>	<b>(2.3%)</b>	<b>(3,188)</b>	<b>(1.16%)</b>	<b>(7,353)</b>	<b>(2.7%)</b>	<b>(2,548)</b>	<b>(1.5%)</b>	
Corporate Directorates & Other	766	735	4.1%	672	2.7%	(1,720)	(9.4%)	(15)	(29.2%)	(1,063)	(2.6%)	264	(799)	(1.8%)	(1,463)	(10.98%)	64	0.2%	(1,243)	(47.1%)	
<b>Total Directorate Expenditure</b>	<b>6,035</b>	<b>5,952</b>	<b>1.4%</b>	<b>(1,753)</b>	<b>(0.7%)</b>	<b>(3,510)</b>	<b>(4.4%)</b>	<b>(120)</b>	<b>(0.4%)</b>	<b>(5,383)</b>		<b>(2,362)</b>	<b>(7,745)</b>	<b>(2.3%)</b>	<b>(4,650)</b>	<b>(1.62%)</b>	<b>(7,289)</b>	<b>(2.3%)</b>	<b>(3,791)</b>	<b>(1.4%)</b>	

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	5,964	5,848
October	5,987	5,826
November	6,032	5,841
December	6,026	5,856
January	6,080	5,829
February	6,072	5,879
March	6,035	5,952

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	(6,235)	(7,578)	(4,721)	(6,358)
Division 2	(11)	(537)	112	(938)
	<b>(6,246)</b>	<b>(8,116)</b>	<b>(4,609)</b>	<b>(7,296)</b>

# Expenditure Commentary

## Trust Wide Summary

(£1560k) overspend in month, (£5383k) overspend ytd

- 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 (£1,722k), Division 2 (£1,217k) and COO (£2k) being slightly offset by an underspend in Estates & Facilities of £471k. Division 1 over spend to date links mainly to the earlier significant use of Waiting List Initiatives to meet Referral To Treatment targets in Ophthalmology, Orthopaedics and Cardiothoracic Surgery, (these payments have all now significantly reduced). Overspend also continues due to Nurse Bank usage covering sickness and maternity leave and agency medical staff covering on call rotas. Division 2 continues to experience cost pressures due to long term sickness issues which are currently being backfilled with agency staff and on the wards due to use of nurse bank covering vacancies, maternity leave and sickness.
- On non pay, Division 1 is over spent by (£1,454k) this is caused mainly due to the on-going increase in diagnostic examinations in Radiology and also Pathology. The continued reduction in Surgical activity in March has slowed the rate of overspend. Cadiology, where activity continues to overperform shows an overspending position. The non pay position in Division 2 shows an over spend of (£281k), this reflects the activity over performance being reported by the Division, the main areas overspending are Paediatrics, A&E and Emergency Groups. Estates & Facilities are under spent by £9k and COO is under spent by £34k.
- The drugs underspend relates to £152k in Division 1, partially offset by overspends in Division 2 (£238k) and (£19k) in Estates & Facilities.

### Total Corporate and Trading accounts

- The pay under spend is due to vacancies across several directorates.
- The non-pay under spend mainly relates to the Trading Accounts which is off set by income.
- Further details and actions are on the following pages.

### Operations Divisions Expenditure

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(2,390)	(2,425)	(35)	(1.16%)
Non pay	(1,364)	(1,790)	(426)	(2.82%)
Drugs	(115)	(105)	10	(0.36%)
<b>Total</b>	<b>(3,869)</b>	<b>(4,320)</b>	<b>(451)</b>	<b>(1.43%)</b>

### Corporate and Trading Accounts Expenditure

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	861	672	(189)	2.69%
Non pay	(818)	(1,720)	(902)	(9.15%)
Drugs	2	(15)	(17)	(29.19%)
<b>Total</b>	<b>46</b>	<b>(1,063)</b>	<b>(1,109)</b>	<b>(0.31%)</b>

<b>Total</b>	<b>(3,823)</b>	<b>(5,383)</b>	<b>(1,560)</b>	<b>(1.56%)</b>
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# Expenditure Exception Report

**Total Operational Directorate**

(£451k) overspend in month, (£4320k) overspend ytd

**Division 1**

(£382k) overspend in month, (£3093k) overspend ytd

Of the (£3m) year to date overspend the pay overspend (£1.7m) mainly relates to locum and agency cover for medical staff covering vacancies to ensure compliant rotas (£970k), Waiting List Initiatives (£690k) paid in Orthopaedics, Ophthalmology and Cardiothoracic. There are also overspends on nursing (£420k) due to bank staff covering sickness and maternity leave.

The year to date non pay overspend position (£1.5m) relates to additional activity being referred to diagnostic departments Radiology (£105k) and Pathology (£333k). In Pathology there have also been costs incurred in March due to 'double running' whilst departments move into the new laboratories. In Radiology this activity has meant that mobile MRI and offsite reporting has been used, (now in house), and in both Radiology and Pathology there have been increases in consumable usage. In addition there are overspends in Cardiology (£568k), Head & Neck (£247k) and Theatres (£165k) due to increased activity.

The Pay and Non Pay overspends are partially offset by a year to date underspend on drugs (£152k).

The month 12 actual expenditure position is adverse to the recovery plan by £145k, predominantly due to 'double running' in Pathology and restructuring costs accrued for in Head and Neck due to service changes in Community Dental Services.

Division 1

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(1,588)	(1,694)	(106)	(1.8%)
Non Pay	(1,301)	(1,552)	(251)	(4.8%)
Drugs	178	152	(25)	2.2%
<b>Total</b>	<b>(2,711)</b>	<b>(3,093)</b>	<b>(382)</b>	<b>(2.3%)</b>

## Division 1

(£382k) overspend in month, (£3093k) overspend ytd

### ▪ Cardiology

#### Current Position

- Of the non pay adverse variance £30k relates to a charge incurred due to a breakdown of equipment in one of the Catheter Labs which was not covered by a maintenance contract.
- A further £13k relates to higher than expected pacing activity which is offset by overperformance on income.
- As a result of additional capacity being opened to assist with Trust wide capacity issues a further £8k of Non Pay expenditure has been incurred.
- A year end stock adjustment of £8k also occurred.

#### Actions

- The Directorate have undertaken a review of maintenance contracts and increased cover arrangements.

#### Cardiology

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(93)	(135)	(42)	(2.0%)
Non Pay	(514)	(576)	(62)	(11.5%)
Drugs	14	14	0	2.3%
<b>Total</b>	<b>(593)</b>	<b>(696)</b>	<b>(103)</b>	<b>(5.7%)</b>

### ▪ Pathology

#### Current Position

- The non pay overspend in month was partially as a result of the costs associated with dual running of a track in Clinical Chemistry whilst the department ensure that the systems function correctly as they move into their new building.
- In addition, year end reconciliations have been estimated on managed service contracts which have continued to over perform due to increased diagnostic activity.

#### Actions

- Increased activity funding has been made available to Pathology in the budgets for 13/14.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	82	85	3	1.1%
Non Pay	(213)	(333)	(120)	(8.0%)
Drugs	(1)	(1)	(0)	(70.7%)
<b>Total</b>	<b>(132)</b>	<b>(248)</b>	<b>(116)</b>	<b>(2.1%)</b>

## Division 1

(£382k) overspend in month, (£3093k) overspend ytd

### ▪ Pathology

#### Current Position

- The non pay overspend in month was partially as a result of the costs associated with dual running of a track in Clinical Chemistry whilst the department ensure that the systems function correctly as they move into their new building.
- In addition, year end reconciliations have been estimated on managed service contracts which have continued to over perform due to increased diagnostic activity.

#### Actions

- Increased activity funding has been made available to Pathology in the budgets for 13/14.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	82	85	3	1.1%
Non Pay	(213)	(333)	(120)	(8.0%)
Drugs	(1)	(1)	(0)	(70.7%)
<b>Total</b>	<b>(132)</b>	<b>(248)</b>	<b>(116)</b>	<b>(2.1%)</b>

### ▪ Head & Neck (Acute)

#### Current Position

- The non pay overspend relates partially to the purchase of Bone Anchored Hearing Aids (BAHA) in month (£19k), and increased costs of prosthesis and other consumables in OPD due to over performance in maxillo-facial outpatient activity (£13k).

#### Actions

- No action

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(190)	(224)	(34)	(5.2%)
Non Pay	(203)	(247)	(44)	(24.5%)
Drugs	19	22	2	13.5%
<b>Total</b>	<b>(374)</b>	<b>(450)</b>	<b>(76)</b>	<b>(8.2%)</b>



## Division 1

(£319k) overspend in month, (£3031k) overspend ytd

### Orthopaedics

#### Current Position

- The underspend is a result of lower theatre activity in month as a result of the Trust-wide capacity issues resulting in operations being cancelled.

#### Actions

- The Division are working to ensure that the level of cancellations is kept to a minimum.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(171)	(170)	2	(2.4%)
Non Pay	(131)	(51)	80	(1.4%)
Drugs	25	28	3	11.1%
<b>Total</b>	<b>(277)</b>	<b>(193)</b>	<b>85</b>	<b>(1.7%)</b>

### Obstetrics and Gynaecology

#### Current Position

- The Non Pay overspend includes one-off equipment purchases (Hover Jack and Trolleys) for the Midwifery Led Unit
- The remainder was on other medical supplies including ablations, due to increased activity levels in month. This is reflected in an improved contract income position in month.

#### Actions

- No action

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	22	29	8	0.2%
Non Pay	(69)	(99)	(30)	(6.7%)
Drugs	4	(0)	(4)	(0.1%)
<b>Total</b>	<b>(44)</b>	<b>(70)</b>	<b>(27)</b>	<b>(0.5%)</b>

## Division 1

(£382k) overspend in month, (£3093k) overspend ytd

### ▪Radiology

#### Current Position

- The Non Pay underspend in month related to additional backdated funding for Direct Access Activity which has overperformed in months 7 to 12.

#### Actions

- In the plans for 13/14, Radiology activity targets and budgets are to be realigned from the start of the year.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	16	13	(2)	0.2%
Non Pay	(205)	(150)	55	(5.2%)
Drugs	(10)	(12)	(1)	(7.1%)
<b>Total</b>	<b>(200)</b>	<b>(148)</b>	<b>51</b>	<b>(1.5%)</b>

### ▪Urology

#### Current Position

- The drugs overspend has occurred in month due to cancer drug expenditure. This drug is funded through activity and is reflected in income performance.

#### Actions

- No action required.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(67)	(72)	(5)	(3.9%)
Non Pay	8	1	(7)	0.4%
Drugs	26	0	(26)	0.2%
<b>Total</b>	<b>(33)</b>	<b>(71)</b>	<b>(39)</b>	<b>(3.4%)</b>

## Division 2

(£103k) overspend in month, (£1736k) overspend ytd

Of the (£1.7m) overspend the pay element of (£1.2m) relates to locum and agency cover for Consultants and Junior Medical staff to support vacancies, sick leave and rota compliance (£308k) across most groups within the Division. The Division is also incurring additional costs to support the growing levels of activity within Dermatology Outpatients (£94k).

The wards are overspent by (£985k) which is as a result of bank usage to cover sick and maternity leave and support increases in dependency levels within some wards. Cancer Services has incurred additional costs to support the activity growth (£130k). These overspends are being supported by underspend in Community services, Child Health and Therapy services, £321k.

The non pay over spend of (£281k) relates predominately to medical and surgical expenditure due to the increased levels of activity within Accident and Emergency (£200k). In addition to this the Paediatric departments have witnessed increased expenditure on blood products and medical surgical items driven by an increase in non-elective activity (£221k). The winter pressures wards are also reporting over spends with a value of (£50k). This position is being supported by an under spend in Renal due to the reduction in the number of patients receiving dialysis, £195k.

The drug overspend of (£238k) relates to increased usage of nitric oxide and TPN within Paediatrics (£73k), Rehab and Ambulatory Group (£92k). There have been overspends within the medical and winter pressure wards (£69k).

Actual spend for the Division was £2.2m higher than the original control total however the budget was also £2.6m greater. The additional expenditure is due to the continued costs to the deliver the activity over performance which was £1.9m over the control total.

### Division 2

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(1,187)	(1,217)	(30)	(1.2%)
Non Pay	(164)	(282)	(117)	(1.6%)
Drugs	(282)	(238)	44	(1.1%)
<b>Total</b>	<b>(1,633)</b>	<b>(1,736)</b>	<b>(103)</b>	<b>(1.3%)</b>

## Division 2

(£103k) overspend in month, (£1736k) overspend ytd

### Therapy

#### Current Position

- The adverse movement in the month relates to the removal CIP in relation to vacant posts for prior periods.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	66	18	(48)	0.6%
Non Pay	(2)	1	4	0.9%
Drugs	(0)	(0)	(0)	(1084.0%)
<b>Total</b>	<b>63</b>	<b>19</b>	<b>(44)</b>	<b>0.6%</b>

### Child Health and Related Services

#### Current Position

- The adverse movement in the month relates to the removal of CIP in relation to under spending non pay budgets. Although the bottom line position is overspent the relevant cost centres are reporting an underspend.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	34	16	(18)	0.2%
Non Pay	4	(20)	(24)	(4.4%)
<b>Total</b>	<b>38</b>	<b>(4)</b>	<b>(42)</b>	<b>0.0%</b>

## Division 2

(£103k) overspend in month, (£1736k) overspend ytd

### Renal

#### Current Position

- The under spend within the Renal non pay budget reflects the current activity underperformance that is being reported , (£696k).

#### Actions

- Continue to monitor expenditure alongside activity performance

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	50	54	4	1.0%
Non Pay	147	195	49	4.6%
Drugs	17	23	5	3.6%
<b>Total</b>	<b>214</b>	<b>272</b>	<b>58</b>	<b>2.7%</b>

### Community Services

#### Current Position

- The positive movement within the month is attributable to a high number of vacancies within the service.

#### Actions

- Recruitment to vacancies is underway.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	246	286	40	3.0%
Non Pay	134	100	(34)	4.4%
Drugs	2	2	(0)	15.6%
<b>Total</b>	<b>382</b>	<b>388</b>	<b>6</b>	<b>3.3%</b>

## Division 2

(£103k) overspend in month, (£1736k) overspend ytd

### ▪ 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

- Although the spend is likely to continue, and is reflected in the forecast divisional position, it should be noted that staff are being managed in line with the Trust's Sickness Policy.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(316)	(302)	15	(11.7%)
Non Pay	68	91	24	10.5%
Drugs	(50)	(48)	2	(1.3%)
<b>Total</b>	<b>(299)</b>	<b>(259)</b>	<b>40</b>	<b>(3.6%)</b>

### ▪ Rehabilitation

#### Current Position

- The adverse variance in the period relates to expenditure on wheelchairs within the service this reflects the activity that has been delivered in the year.

#### Actions

- In the new financial year the Directorate will be working closely with the supplier to set up a more robust system for recording the activity and expenditure.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(228)	(266)	(38)	(3.9%)
Non Pay	(1)	(42)	(41)	(2.6%)
Drugs	(22)	(17)	5	(6.4%)
<b>Total</b>	<b>(251)</b>	<b>(325)</b>	<b>(75)</b>	<b>(3.8%)</b>

**Division 2**

(£103k) overspend in month, (£1736k) overspend ytd

▪ **Oncology**

**Current Position**

- The favourable movement in the month reflects a correction in relation to excluded drugs funding.

**Action**

- No action required.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(287)	(300)	(13)	(3.7%)
Non Pay	37	40	3	7.7%
Drugs	11	60	49	1.0%
<b>Total</b>	<b>(239)</b>	<b>(201)</b>	<b>39</b>	<b>(1.4%)</b>

## Estates and Facilities

£31k underspend in month, £478k underspend ytd

Of the £478k under spend YTD position , £488k is on pay and is mainly a result of vacancies, reduction in bank staff usage, overtime and enhanced payments in a number of areas including Hotel Services £250k, Medical Physics £109k, Estates £60k and Site Management £51k and Estates Management £16k.

A number of the vacant posts are being recruited to but the appointees are not expected to be in posts before the end of the financial year.

Non Pay under spent by £9k, comprising of overspends in Commercial Services of (£110k) due to increased demand for laundry services and Hotel Services of (£99k) mainly for increased expenditure on provisions.

This is offset by under spends in Medical Physics £70k - for recharges for the decontamination of mattresses, Site Services Management £63k – for the reduction in services costs, Estates of £68k mainly in utilities.

The controls implemented by the Division ensured that it performed in line with its Income and Expenditure control total.

### Commercial Services

#### Current Position

- Adverse non pay variance due to increased expenditure on laundry in month and the effect of budget phasing.

#### Actions

- No actions to be taken

#### Estates & Facilities

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	388	488	100	3.0%
Non Pay	70	9	(61)	0.1%
Drugs	(11)	(19)	(8)	(14817.6%)
Total	447	478	31	1.6%

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	0	1	1	19.4%
Non Pay	(43)	(110)	(67)	(3.0%)
Total	(43)	(109)	(66)	(3.0%)



## Estates Development

(£21k) overspend in month, £102k underspend ytd

### ▪ Projects and Estates

#### Current Position

- Pay underspend is on costs of projects and estates managers.
- Non Pay underspend is on Consultancy and Professional fees expenditure on Projects and Estates.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	83	37	(45)	0.0%
Non Pay	71	86	15	41.3%
Total	154	123	(30)	0.0%

#### Actions

- No action required.

## Finance & Information

(£345k) overspend in month, (£82k) overspend ytd

### Information Technology

#### Current Position

- The over spend position mainly relates to increased expenditure on computer hardware and software licenses for the WHIP project, - this is offset by Income from the Commissioners.

#### Actions

- No actions to be taken

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(6)	(90)	(83)	(1.2%)
Non Pay	64	(158)	(222)	(6.0%)
Total	58	(248)	(306)	(2.4%)

## Medical Director

(£38k) overspend in month, (£84k) overspend ytd

### ▪ Medical Illustration

#### Current Position

- Non pay overspend relates to purchases photographic equipment and refresh of stock as well of materials for recharge to other departments.

#### Actions

- No actions to be taken

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(17)	(20)	(3)	(4.6%)
Non Pay	(125)	(180)	(55)	(247.4%)
Total	(142)	(200)	(58)	0.0%

## Nursing Director

(£102k) overspend in month, (£196k) overspend ytd

### ▪ Infection Prevention

#### Current Position

- Pay overspend relates to expenditure on wound management service.
- Non Pay overspend relates to the purchase of equipment and consumables for the wound management service.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(15)	(21)	(6)	0.0%
Non Pay	60	12	(48)	4.3%
Total	45	(9)	(54)	(1.0%)

#### Actions

- No actions to be taken

# 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	2,102	(1,722)	1,030	551	1,374	91,780	1,008	1,102	96,845
Division 2	2,506	2,509	(1,217)	3,621	1,283	2,389	90,837	785	6	98,921
Facilities & Estates	631	600	488	66	0	813	13,800	831	0	15,511
Chief Operating Officer	5	5	(2)	0	0	0	518	0	0	518
<b>Total Operations Directorate</b>	<b>5,269</b>	<b>5,217</b>	<b>(2,453)</b>	<b>4,718</b>	<b>1,833</b>	<b>4,576</b>	<b>196,935</b>	<b>2,624</b>	<b>1,108</b>	<b>211,795</b>
Corporate Directorate & Other	766	735	672	983	0	(27)	23,004	328	0	24,288
<b>Total Directorate Pay Expenditure</b>	<b>6,035</b>	<b>5,952</b>	<b>(1,781)</b>	<b>5,701</b>	<b>1,833</b>	<b>4,549</b>	<b>219,939</b>	<b>2,952</b>	<b>1,108</b>	<b>236,083</b>

- Division 1 – Overall Division 1 has a positive variance of 57 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 negative manpower variance of 4 WTE. This is due to additional post being put in place to support the growth in activity.

## 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	148	4,063		3,117		3,117
Nursing - qual	2,057	74	1,905	19	1,905	19
Nursing - other	1,522		1,444		1,444	
PAMS	(1)					
Scientific & technical		640		482		482
Non-clinical	823	925	834	860	834	860
<b>Total</b>	<b>4,549</b>	<b>5,701</b>	<b>4,183</b>	<b>4,478</b>	<b>4,183</b>	<b>4,478</b>

## Analysis of Agency in Non Clinical

	Current Year £000s	Last Year £000s
Operations		
Division 1	66	9
Division 2	61	62
Community Services		
Estates & Facilities	7	10
Chief Operating Officer		
<b>Sub-total</b>	<b>133</b>	<b>80</b>
Corporate		
Chief Executive	87	
Finance Director	608	650
Nurse Director	(0)	3
Medical Director	18	54
HR	3	(7)
Estates Development	11	10
R&D	64	70
<b>Sub-total</b>	<b>791</b>	<b>780</b>
<b>Total Non-Clinical agency</b>	<b>925</b>	<b>860</b>

**Finance Director**  
£144k of the £608k current year agency costs has been recharged out to the PCT.

# 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 12 Spend Increase Between Years
	WTE Budget in Month	WTE Actual (Worked) in Month	Current Month Spend £000	YTD Spend £000	Average Worked WTE	Month 12 Spend £000	YTD Spend to Month 12 £000	Average Monthly Spend £000	
Employed	5,983	5,694	18,403	219,911	5,591	17,563	214,891	17,908	2%
Overtime	2	0	279	2,952	(0)	306	2,707	226	9%
Agency Staff	26	46	500	5,701	44	539	4,478	373	27%
Medical Locum Staff	5	17	187	1,833	17	137	2,501	208	-27%
Bank	20	196	549	4,549	122	367	4,220	352	8%
WLI	0	0	98	1,108	0	91	779	65	42%
<b>Total</b>	<b>6,035</b>	<b>5,952</b>	<b>20,017</b>	<b>236,055</b>	<b>5,775</b>	<b>19,002</b>	<b>229,577</b>	<b>19,131</b>	<b>3%</b>

# 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 March shows a withdrawal of CIP from annual budget of £12,963 k representing 85% 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	2,252	1,496	756	0	0	756
Division 1	4,961	3,618	1,343	0	0	1,343
Division 2	5,838	5,311	526	0	0	526
Corporate	2,274	2,537	(263)	0	0	(263)
<b>Total 2012/13 Schemes</b>	<b>15,325</b>	<b>12,963</b>	<b>2,362</b>	<b>0</b>	<b>0</b>	<b>2,362</b>

Non recurrent element withdrawn from budget £000
195
1,415
1,695
373
<b>3,678</b>

**Notes:**  
RAG Status  
Blue = achieved.  
Green = Ontrack to achieve  
Amber = Some delay in achieving  
Red = Significant delay / risk / detailed plan to be drawn up

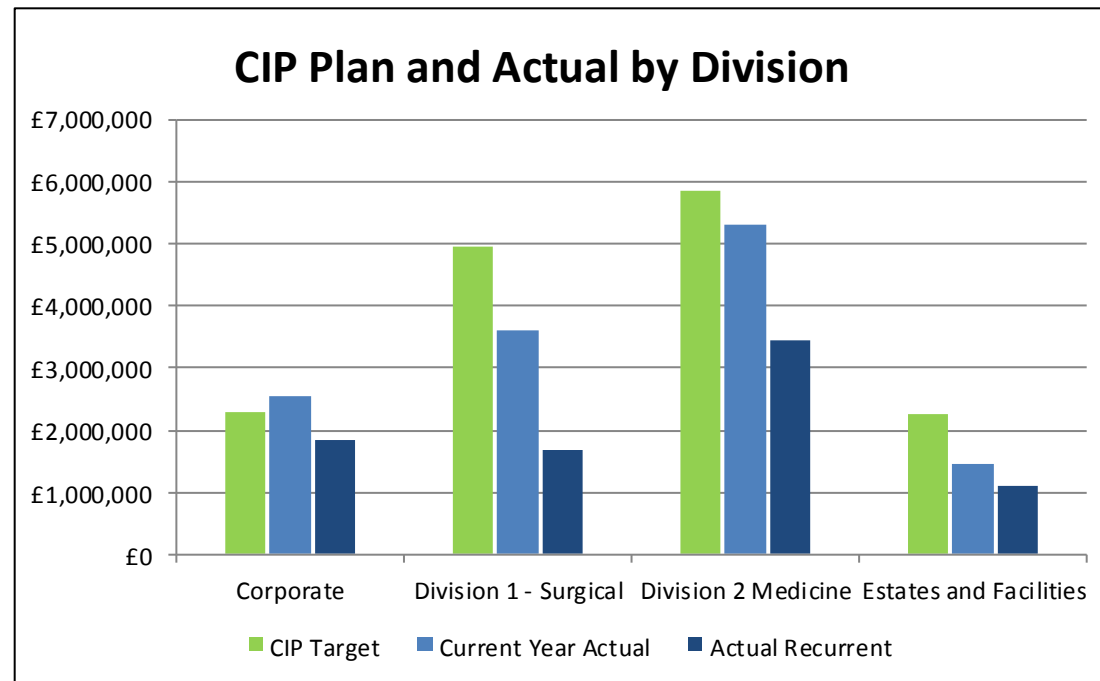
## Memorandum - Procurement CIP included in above table

	Annual Plan	Blue (withdrawn from budgets)	Still to be achieved			
			Total	Green	Amber	Red
2012/13 Schemes	1,347	1,381	(34)	0	0	(34)
<b>Total Procurement CIP</b>	<b>1,347</b>	<b>1,381</b>	<b>(34)</b>	<b>0</b>	<b>0</b>	<b>(34)</b>

0
<b>0</b>

## CIP Monitoring by Division

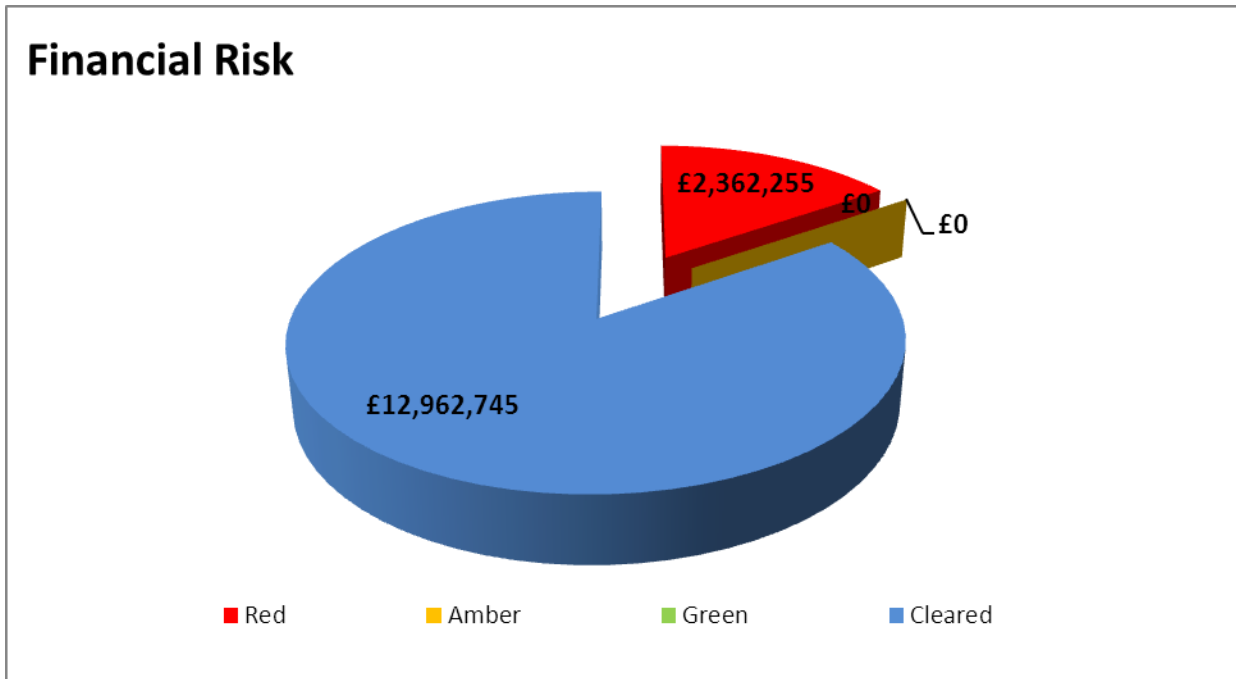
	CIP Target	Current Year Actual	Variance	Actual Recurrent
Corporate	£2,273,930	£2,537,205	(£263,275)	£2,164,572
Division 1 - Surgical	£4,961,185	£3,617,864	£1,343,321	£2,203,289
Division 2 Medicine	£5,837,865	£5,311,494	£526,371	£3,616,081
Estates and Facilities	£2,252,020	£1,496,182	£755,838	£1,301,090
	<b>£15,325,000</b>	<b>£12,962,745</b>	<b>£2,362,255</b>	<b>£9,285,032</b>





# CIP Risks and Programme Status

Financial Risk Summary	Red	Amber	Green	Cleared	Total
Corporate	-£263,275	£0	£0	£2,537,205	<b>£2,273,930</b>
Division 1 - Surgical	£1,343,321	£0	£0	£3,617,864	<b>£4,961,185</b>
Division 2 Medicine	£526,371	£0	£0	£5,311,494	<b>£5,837,865</b>
Estates and Facilities	£755,838	£0	£0	£1,496,182	<b>£2,252,020</b>
<b>Totals</b>	<b>£2,362,255</b>	<b>£0</b>	<b>£0</b>	<b>£12,962,745</b>	<b>£15,325,000</b>



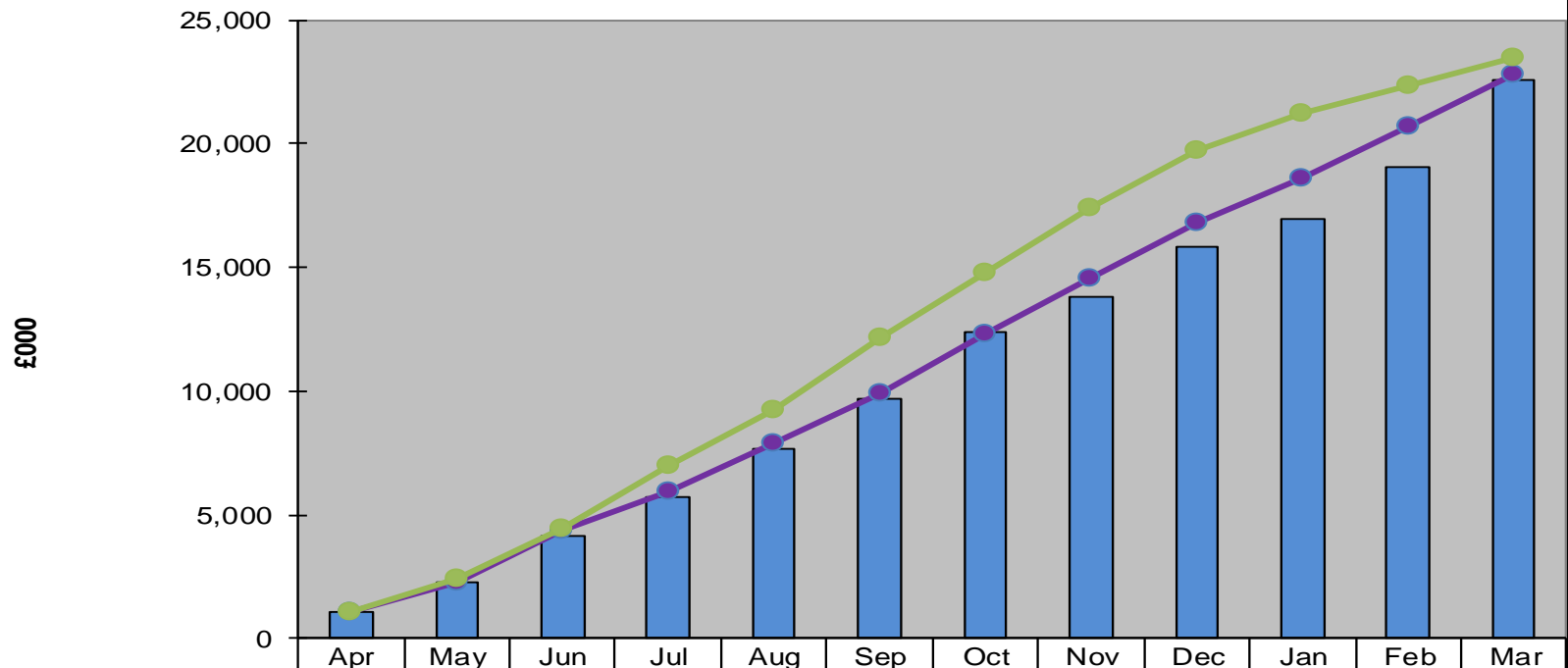
# Reserves

Reserve	Current Month £'000	Month 11 £'000	Movement £'000	
Cost Pressure	745	978	(233)	Made up of reduction for Incinerator Cost and Loss Income £58k, Community Cost Pressures £77k, Revalidation Electronic System £29k, Pacs £14k, ICT Strategy £15k, Winter Pressures Contingency £7k and eDischarge Day Case and Phase 2 £2k
Activity and Developments	3,017	2,981	36	Movement comprises of reduction for Robotic Surgery (£7k), A&E Expansion (£27k), IMRT (£35k), Materials Management to Support CIP - (£1k) and increase for Health Visitor Support £109k and Stroke Family Support £1k.
Quality	353	372	(19)	Made up of reduction for CQUIN costs £14k and Fire Safety and Security £14k.
Drugs and Devices	512	388	124	Made up of an increase for Insulin Pump £82k, ICDF Drugs £62k, Excluded Drugs 27k and reduction for Step Down beds £39k and AF Ablations £8k.
Non Recurrent Support	2,347	4,036	(1,689)	Comprises of reduction for Safe Hands Project £393k, Mobile scanner hire £68k, Locum & agency costs £34k, Health records £40k, Locum doctors bank & rotas IT £8k, Equal pay settlement £2k, Due diligence costs for FT £56k, Palliative Care £25k, 7 Day Working £8k, Projects Post £2k, COMM 083 Neuro Rehab Service £5k, Dementia £1k, Pathology Project Manager £25k, eDischarge £169k, W Pressures Surgery Lap Choly £26k, W Pressures SAU Clin Support £5k, W Pressures CICT Team £4k, W Pressures Disch Lounge 10pm £13k, W Pressures Amb Nurse Triage £10k, W Pressures Cleaners Porters £83k, W Pressures HPV Machine £20k, W Pressures Add Comm Eqpt Matt £30k, CCG- Spirometry Training £9k, W Pressures NEAT £20k, W Pressures A&E Senior Supp £33k, Cytology £479k, Newtons Comm Estates Assessmen £19k, Consultancy re Rates Appeal £60k and Domestic Cubicle Curtains £11k.
	<b>6,974</b>	<b>8,754</b>	<b>(1,781)</b>	
Inflation and Contingency	2,289	2,351	(61)	Made up of reduction in funding into budgets for Procurement CIP £51k and Energy £10k.
Patient Activity Contingency	4,000	4,000	0	
<b>Grand Total Reserves</b>	<b>13,263</b>	<b>15,105</b>	<b>(1,842)</b>	

## Capital Expenditure

Capital Resource Limit (CRL) is £23,557k including £732k for PFI additions for which formal CRL notification has now been received. The final spend is £23,311k, including PFI additions of £732k, this provides an underspend of £246k against CRL.

**Capital Plan vs Capital Expenditure 2012/13 (Cumulative)**

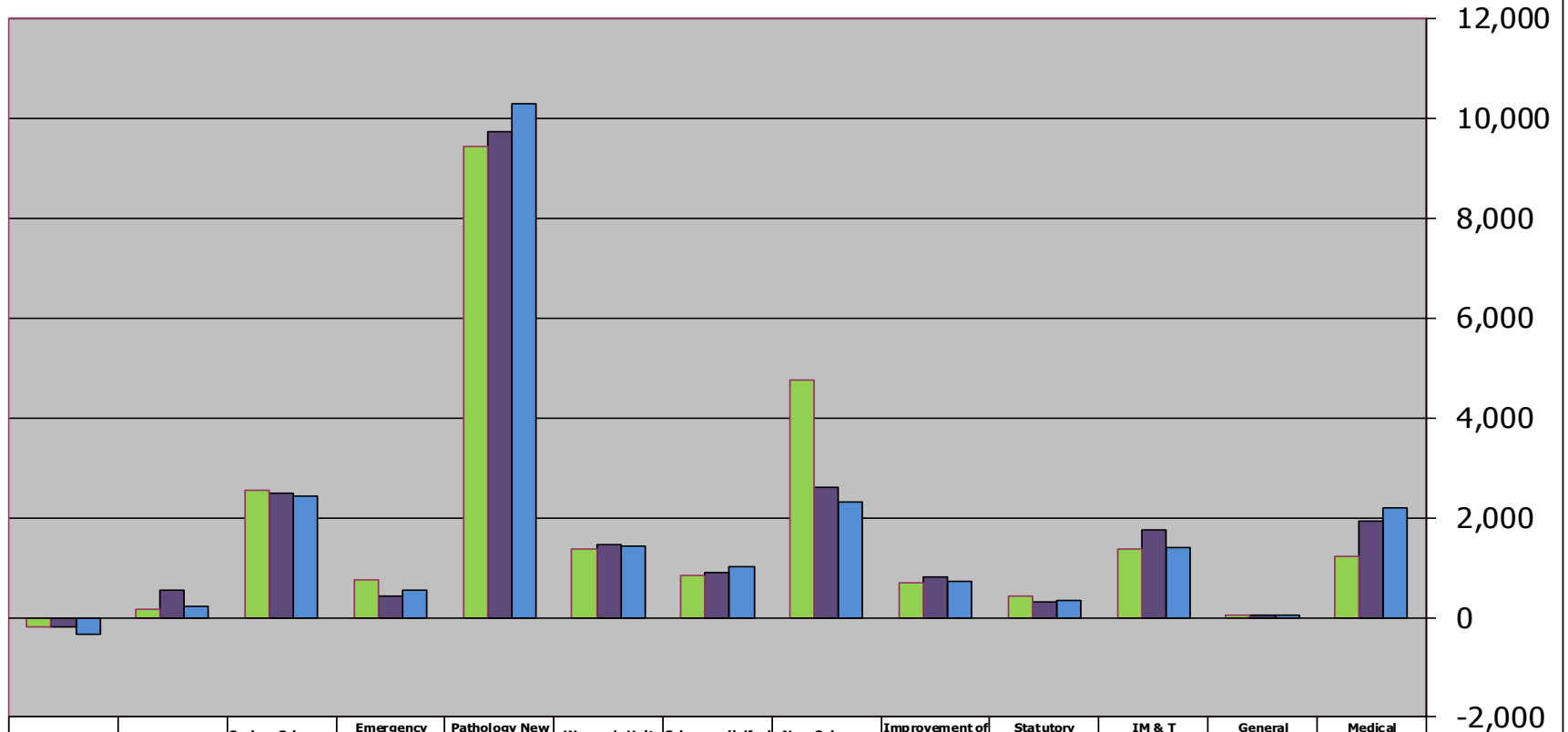


At the end of March 2013 Capital Spend was £22,579k against revised planned spend of £22,825k. Overall performance including £732k for PFI additions was £23,311k against CRL of £23,557k. Summary scheme detail can be found at page 37 with full narrative in the Head of Estates Development report to the Board.

# 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.

Actual YTD vs Plan YTD Capital Expenditure (£000)



Actual YTD - £000	-339	235	2,427	536	10,307	1,418	1,004	2,316	713	351	1,396	31	2,184
Revised Plan YTD - £000	-199	544	2491	420	9746	1468	910	2604	807	311	1753	32	1938
Original Plan YTD - £000	-200	154	2541	750	9446	1380	852	4773	704	431	1361	44	1218

# Statement of Financial Position as at 31<sup>st</sup> March 2013

Trade and Other Receivables as at 31 March 2013 are £13,667a breakdown is provided on page 38.

This includes invoiced NHS £7,498k and gross Non-NHS £1,061k receivables. A more detailed analysis of the invoiced receivables is shown on page 39.

Calculated debtor days for the year to date are 8.54 days compared to a plan of 10.65 days.

A more detailed analysis of Trade & Other Payables is provided on page 40.

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 94% (11/12 95%)
- Volume 93% (11/12 90%)

The Equity Reserves main movements are shown below:

**Public Dividend Capital:-**  
 Opening balance £170m  
 CHP £ 3m  
 Closing Balance £173m

**Retained Earnings Reserve:-**  
 Opening balance £7m  
 Surplus £7m  
 Transfers from Reval'n Reserve:-  
 Disposals £5m  
 (Inc. end of life assets removed and  
 demolished buildings)  
 Impairments £1m  
 Closing balance £20m

**Revaluation Reserve:-**  
 Opening balance £69m  
 Indexation (negative) (£3m)  
 Transfers to retained earnings:  
 Disposals (£5m)  
 Impairments (£1m)

	<u>March 2013</u> <u>Plan £000</u>	<u>March 2013</u> <u>Actual £000</u>	<u>February</u> <u>2013 Actual</u> <u>£000</u>	<u>Movement in</u> <u>Month £000</u>	<u>March 2012</u> <u>Actual £000</u>
<b>NON CURRENT ASSETS</b>					
Property, Plant and Equipment	259,546	253,266	258,202	(4,936)	251,189
Intangible Assets	0	459	455	4	746
Other Non Current Assets	1,491	2,734	606	2,128	1,916
<b>TOTAL NON CURRENT ASSETS</b>	<b>261,037</b>	<b>256,459</b>	<b>259,263</b>	<b>(2,803)</b>	<b>253,851</b>
<b>CURRENT ASSETS</b>					
Inventories	5,703	5,823	5,096	727	5,703
Trade and Other Receivables	14,577	13,667	19,525	(5,858)	18,780
Cash and cash equivalents	19,099	22,566	22,388	178	15,658
<b>TOTAL CURRENT ASSETS</b>	<b>39,379</b>	<b>42,056</b>	<b>47,009</b>	<b>(4,954)</b>	<b>40,141</b>
Non Current Assets Held for Sale	0	800	800	0	800
<b>TOTAL ASSETS</b>	<b>300,416</b>	<b>299,315</b>	<b>307,072</b>	<b>(7,757)</b>	<b>294,792</b>
<b>CURRENT LIABILITIES</b>					
Trade & Other Payables	(31,634)	(32,618)	(38,458)	5,840	(34,016)
Borrowings	(1,720)	(1,771)	(1,787)	16	(1,844)
Provisions for Liabilities and Charges	(3,193)	(3,812)	(1,799)	(2,013)	(3,193)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(36,547)</b>	<b>(38,201)</b>	<b>(42,044)</b>	<b>3,843</b>	<b>(39,053)</b>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	<b>2,832</b>	<b>3,855</b>	<b>4,965</b>	<b>(1,111)</b>	<b>1,088</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>263,869</b>	<b>261,114</b>	<b>265,028</b>	<b>(3,914)</b>	<b>255,739</b>
<b>NON CURRENT LIABILITIES</b>					
Other Liabilities	(8,906)	(7,545)	(6,451)	(1,095)	(8,085)
Provision for Liabilities and Charges	(457)	(457)	(457)	0	(457)
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(9,363)</b>	<b>(8,002)</b>	<b>(6,908)</b>	<b>(1,095)</b>	<b>(8,542)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>254,506</b>	<b>253,112</b>	<b>258,120</b>	<b>(5,008)</b>	<b>247,196</b>
<b>FINANCED BY TAXPAYERS EQUITY</b>					
Public Dividend Capital	173,082	173,082	173,082	0	170,082
Retained Earnings	12,205	19,684	15,819	3,865	7,894
Revaluation Reserve	69,029	60,156	69,029	(8,873)	69,030
Other Reserves	190	190	190	0	190
<b>TOTAL TAXPAYERS EQUITY</b>	<b>254,506</b>	<b>253,112</b>	<b>258,120</b>	<b>(5,008)</b>	<b>247,196</b>

## Trade Receivables

<b><u>Trade &amp; Other Receivables</u></b>	<b><u>March</u></b>	<b><u>February Movement</u></b>		
	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>	<b><u>%</u></b>
NHS Receivables - Revenue	7,498	12,787	(5,289)	-41.4%
NHS Partially Completed Spells	1,782	1,704	78	4.6%
NHS Accrued Income	0	492	(492)	-100.0%
Non NHS Sales Ledger	1,359	1,061	298	28.1%
Provision for Impairments of Receivables	(473)	(484)	11	-2.3%
Non NHS Accrued Income	156	680	(524)	-77.1%
Prepayments	1,443	1,462	(19)	-1.3%
RTA / Injury Claims due within 1 year	1,334	1,241	93	7.5%
VAT	528	653	(125)	-19.1%
Other	40	(71)	111	-156.3%
<b>Total Trade &amp; Other Receivables</b>	<b>13,667</b>	<b>19,525</b>	<b>(5,858)</b>	<b>-30.0%</b>

- Further analysis of NHS and Non NHS Sales Ledger Receivables is provided on page 39.
- NHS Receivables has decreased mainly due to the settlement of outstanding patient activity debt by PCTs.

# Receivables by Category

The overall debt position has decreased by circa £5m in month which mainly reflects the settlement of outstanding patient activity overperformance invoices primarily relating to Wolverhampton City PCT.

Of the £6.3m outstanding PCT debt, the majority of this relates to invoices for CQUIN settlement £2.5m plus overperformance on PCT contracts.£3m, these are mainly for Wolverhampton and South Staffs PCTs.

The Private Patient debt has reduced by £98k for debt outstanding for more than one month. The Trust is in continual liaison with the Private Patient insurance companies in particular BUPA to clear the balance. All information requests have been responded to and senior management is in the process of negotiating a settlement. Prudently a provision for bad debt has been made within the Trust position against the older debt.

## March 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	579	329	47	187	0	16
	PCT	6,299	4,041	1,362	593	0	303
	SHA	5	5	0	0	0	0
	TRUST	615	430	89	70	13	13
<b>NHS Total</b>		<b>7,498</b>	<b>4,805</b>	<b>1,498</b>	<b>850</b>	<b>13</b>	<b>332</b>
NON	OTHER	957	606	275	26	12	38
	PRIVATE PATIENTS	252	92	17	2	1	140
	IRISH/SCOTT/WELSH	150	12	103	0	0	35
	Sub Total	1,359	710	395	28	13	213
	Bad Debt Provision	-226				-13	-213
<b>NON Total</b>		<b>1,133</b>	<b>710</b>	<b>395</b>	<b>28</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>8,631</b>	<b>5,515</b>	<b>1,893</b>	<b>878</b>	<b>13</b>	<b>332</b>

## February 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	924	781	58	70	8	8
	PCT	11,532	9,950	653	302	323	305
	SHA	65	65	0	0	0	0
	TRUST	265	147	72	26	5	16
<b>NHS Total</b>		<b>12,787</b>	<b>10,942</b>	<b>783</b>	<b>398</b>	<b>335</b>	<b>329</b>
NON	OTHER	589	435	88	14	11	41
	PRIVATE PATIENTS	315	58	16	1	7	233
	IRISH/SCOTT/WELSH	157	110	0	0	11	36
	Sub Total	1,061	604	103	15	28	310
	Bad Debt Provision	-338				-28	-310
<b>NON Total</b>		<b>723</b>	<b>604</b>	<b>103</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>13,510</b>	<b>11,546</b>	<b>887</b>	<b>413</b>	<b>335</b>	<b>329</b>

The majority of Other Non NHS debt relates to money owed by Synergy £171k Impregilo £111k and Wolverhampton City Council £205k

## Trade & Other Payables

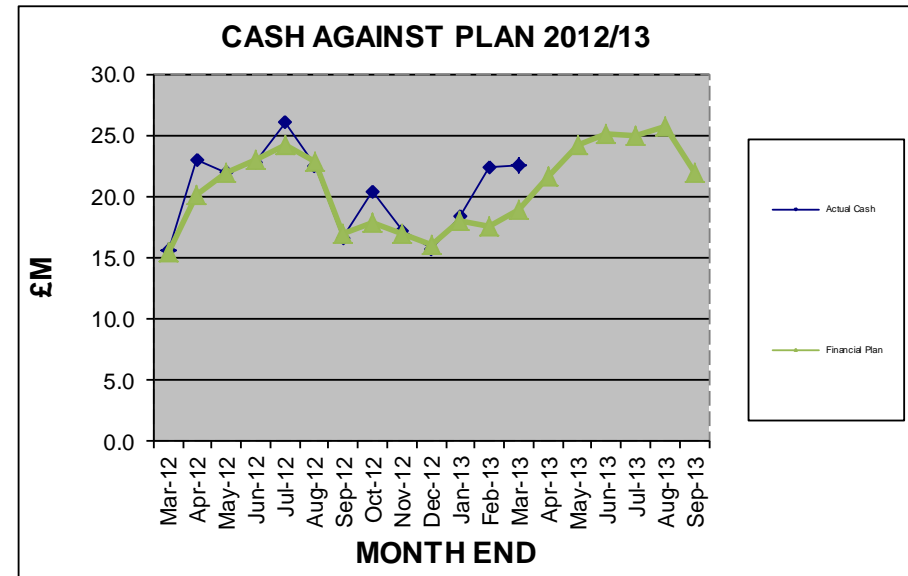
<u>Trade &amp; Other Payables</u>	<u>March</u>	<u>February</u>	<u>Movement</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
NHS Payables - Revenue	(1,600)	(914)	(686)	75.1%
Non NHS Trade Payables - Revenue	(6,047)	(5,570)	(477)	8.6%
Non NHS Trade Payables - Capital	(5,760)	(3,520)	(2,240)	63.6%
Dividend Accrual	0	(3,376)	3,376	0.0%
Tax & Social Security	(4,863)	(4,776)	(87)	1.8%
Pensions	(2,937)	(2,940)	3	-0.1%
Accruals	(5,915)	(10,665)	4,750	-44.5%
Deferred Income (inc. Trading Accounts)	(5,049)	(6,368)	1,319	-20.7%
Other	(446)	(329)	(117)	35.6%
<b>Total Trade &amp; Other Payables</b>	<b>(32,617)</b>	<b>(38,458)</b>	<b>5,841</b>	<b>-15.2%</b>

- The Dividend is payable in September and March, hence the reduction to nil of the Dividend Accrual.
- The decrease in Deferred Income relates mainly to the release of training income received in January 2013 covering the period January to March.
- Deferred income at year end consists mainly of Safehands (£2m) and trading accounts (£2.5m).
- There has been a significant reduction in accruals. This is due to a significant volume of invoices received at year end.



# Cash Flow Statement - period ending 31<sup>st</sup> March 2013

	March Plan £000	March Actual £000	March Variance £000
<b>OPERATING ACTIVITIES</b>			
Total Operating Surplus/(Deficit)	14,132	16,511	2,379
Depreciation	15,054	15,357	303
Fixed Asset Impairments	3,332	1,604	(1,728)
Transfer from Donated Asset Reserve	0	0	0
Interest Paid	(1,512)	(1,544)	(32)
Dividends Paid	(8,132)	(8,120)	12
(Increase)/Decrease in Inventories	0	(120)	(120)
(Increase)/Decrease in Trade/Receivables	4,628	5,198	570
Increase/(Decrease) in Trade/Payables	(1,801)	(2,564)	(763)
Increase/(Decrease) in Deferred Income	(3,299)	(836)	2,463
Increase/(Decrease) in Provisions	0	619	619
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>22,402</b>	<b>26,105</b>	<b>3,703</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	66	84	19
Payment for Property, Plant and Equipment	(21,672)	(20,160)	1,512
Payment for Intangible Assets	0	(295)	(295)
Payment for Other Assets	0	0	0
Proceeds from Disposals	1,375	18	(1,357)
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>(20,232)</b>	<b>(20,353)</b>	<b>(121)</b>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>	<b>2,170</b>	<b>5,752</b>	<b>3,582</b>
<b>FINANCING</b>			
New Public Dividend Capital Received	3,000	3,000	0
Capital Element of Finance Lease and PFI	(1,728)	(1,844)	(116)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>	<b>1,272</b>	<b>1,156</b>	<b>(116)</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>3,442</b>	<b>6,908</b>	<b>3,466</b>
<b>CASH BALANCES</b>			
Opening Balance 1st April 2012	15,658	15,658	0
<b>Closing Balance at 31st March 2013</b>	<b>19,100</b>	<b>22,566</b>	<b>3,466</b>



## Cash against Plan

- The cash balance of £22.6m is £3.5m higher than plan. This is mainly driven by the improved surplus, and a higher level of deferred income than planned.

## Charitable Funds for Period Ending 31<sup>st</sup> March 2013

The table below shows summary information relating to the movement in The Royal Wolverhampton NHS Trust Charity for the period ended 31<sup>st</sup> March 2013. The more significant spend and income items have been detailed below, the remaining items relate to many items of below £1k.

<b>Q4 Information</b>					
<b>Opening balance 31 December 2012</b>	<b>Donations</b>	<b>Investment Income</b>	<b>Expenditure</b>	<b>Gains on Investments</b>	<b>Closing balance 31 March 2013</b>
£'000	£'000	£'000	£'000	£'000	£'000
3,203	507	15	(174)	347	3,897

Includes Donations from :-

- Rother Abraham £100k
- Dinwoodie £100k
- South Staffs Medical Foundation £200k

And Legacies:-

- West Park-Leslie Mellings £8k

The main areas of spend are:-

- Cardiac (Joan Jones Legacy) 2 Hoverjack Patient Lifts £9k
- Care of the Elderly-Bladder Scanner £5k
- Deanesly- 2 Accufix Curve Boards £7k
- Cardiac (Joan Jones Legacy) Endoscopic Vein Harvesting Trial £13k
- ENT- Microscope Upgrade £8k
- General Purposes-Tripartite Funding £25k

Below is a summary showing quarters 1 to 4, the more significant items for quarters 1 to 3 have been detailed in previous Board Reports.

<b>Summary</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>Opening Balance</b>	2,908	2,944	2,925	3,203
<b>Income</b>	78	145	316	522
<b>Expenditure</b>	-42	-114	-99	-174
<b>Gains/Losses</b>	0	-50	61	347
<b>Closing Balance</b>	2,944	2,925	3,203	3,897