

Report of the Chief Financial Officer

Finance Report – January 2014
(Month 10)

Date of Meeting 24th February 2014



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Executive Summary

- The Trusts Income and Expenditure position as at Month 10 is a surplus of £5,998k which is £1,260k below the month 10 plan. The detail can be found on page 4. The TDA monitors the Trust's financial position using an adjusted surplus figure as noted in previous reports, Details are given at the bottom of page 4 which provides a surplus of £5,641k which is (£1,750k) below plan. The Trust has forecast monthly run rates which would ensure that the required annual surplus is achieved. At month 10, the in month position achieves the forecast run rate, details by Division are included in the divisional analysis pages.
- The Trust's operating position (Earnings before interest, taxation, depreciation and amortisation – EBITDA) is adverse to plan by £602k.
- Total income at month 10 is £326,429k which is above plan by £509k. This builds in a contingency of £2,508k in respect of emergency readmissions and non elective threshold adjustments. Contract patient care income for month 10 is under performing by (£2,775k), details can be found on pages 7 – 12.
- Directorate expenditure is adverse to plan by (£4,934k) and is analysed as follows:
 - Pay - (£3,096k)
 - Non Pay – (£1,675k)
 - Drugs – (£163k)








Further details on expenditure and performance against budget are provided on pages 13 to 29. An analysis of Reserves is provided at page 33.

- 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 M10 YTD Plan £'000	M10 YTD Actual £'000	M10 YTD Variance £'000
Income	314,539	326,732	12,193
Expenditure	(305,493)	(320,734)	(15,241)
Net Surplus	9,046	5,998	(3,048)

- The Trust CIP target for 2013/14 is £21,283k. At month 10, £12,318k has been withdrawn from budgets, which represents 57.9% of the total. However £6,172k of this has been achieved non recurrently. Pages 30 to 32 detail the CIP schemes.
- As reported previously, the non cash Depreciation variance of (£882k) 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. A Trust wide revaluation of land and buildings has been undertaken and a report is awaited.
- At the end of January 2014 capital spend was 89% of original planned Capital Programme position but 95% of the Revised Programme, being £769k being £14,234k spend against plan of £15,003k. Details can be found on pages 33 and 34. Full year Capital Programme Plan spend is £18,676k, excluding PFI/leases and donated additions. As previously reported, the Capital Resource Limit (CRL) is expected to be agreed at £20,586k including revised PFI (Radiology) additions of £1,910k.
- The closing cash balance of £28,306k is £386k above plan of £27,920k. The Statement of Financial Position, working capital, cash flow, and details of the trade receivables and payables are shown on pages 36 to 40.
- 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 risk rating based on the key financial metrics is 3.6 out of 5. Also included on page 5 is the Continuity of Service Ratings used as indicators of risk to financial viability. The current rating is 4 out of 4.

Performance against Financial Targets

	Target	Performance	LAG
I & E Target Month 10	£7,259k	£5,998k	
Forecast Year End Position	£7,494k	£8,000k	
CIP Target Month 10	£17,961k	£12,318k	
CIP Full Year Forecast	£21,283k	£13,716k	
Capital, including CRL Forecast, PFI and Donated Additions	£20,586k	£20,586k	
EFL (Year end forecast)	(£4,657k)	(£4,657k)	
Capital Cost Absorption Rate (Year end)	3.50%	3.50%	

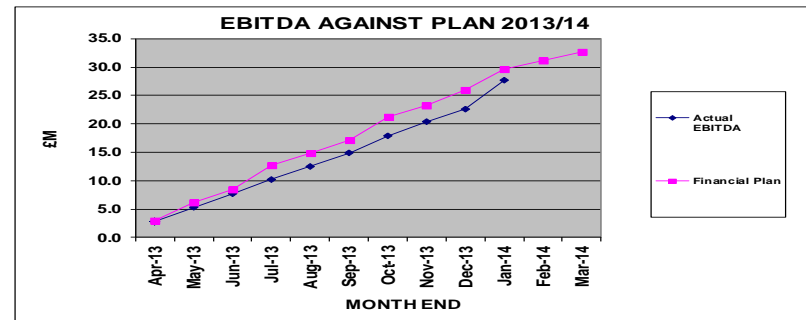
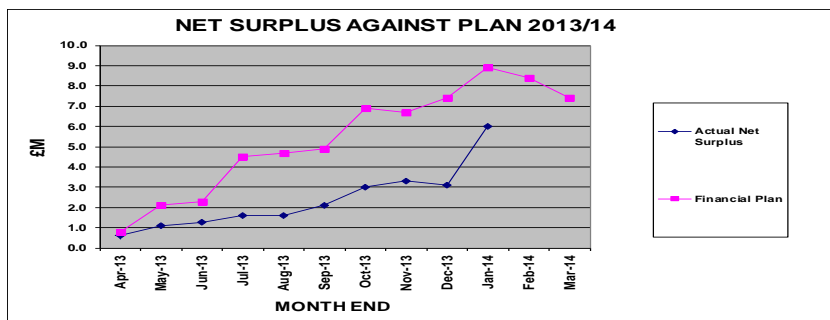
Income & Expenditure Account

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					
32,631	32,655	24	Patient Activity Income	336,926	355,370	295,783	293,008	(2,775)
(251)	0	251	Patient Activity Contingency **	0	(3,010)	(2,508)	0	2,508
89	93	4	Other Patient Care Income	7,824	1,064	887	815	(72)
1,409	1,457	49	Education, Training & Research Income	10,344	14,578	12,267	12,350	83
641	641	0	Non Patient Care Other Income	0	971	971	1,475	504
223	88	(135)	Private Patient Income	1,086	1,224	1,030	885	(145)
1,963	1,940	(24)	Income on Directorate Budgets	16,900	20,570	17,490	17,895	405
36,705	36,874	169	Total Income	373,080	390,768	325,919	326,429	509
			Expenditure					
(18,847)	(20,538)	(1,691)	Directorate Expenditure Budgets - Pay	(231,438)	(239,965)	(199,562)	(202,658)	(3,096)
(7,143)	(8,277)	(1,133)	Directorate Expenditure Budgets - Non Pay	(78,266)	(81,642)	(68,106)	(69,780)	(1,675)
(3,020)	(2,982)	39	Directorate Expenditure Budgets - Drugs	(27,930)	(30,841)	(26,150)	(26,314)	(163)
(1,303)	0	1,303	Activity Changes/Service Dev./Cost Pressures Reserves	(18,505)	(9,183)	(5,907)	0	5,907
(419)	0	419	Inflation and Contingency Reserves	(5,572)	(4,847)	(3,837)	0	3,837
(1,563)	0	1,563	Cost Improvement Savings - Current Year	21,284	8,965	5,921	0	(5,921)
(32,296)	(31,796)	499	Total Expenditure	(340,427)	(357,514)	(297,641)	(298,752)	(1,111)
4,409	5,078	669	EBITDA Surplus/(Deficit)	32,653	33,254	28,278	27,676	(602)
0	0	0	Profit/(Loss) on Asset Disposals	0	0	0	216	216
0	0	0	Impairments of Fixed Assets	(539)	(539)	(2)	(10)	(8)
(1,300)	(1,429)	(129)	Depreciation	(15,000)	(15,601)	(13,001)	(13,883)	(882)
8	9	1	Interest Receivable	100	100	83	87	4
(133)	(134)	(0)	Interest Payable	(1,600)	(1,600)	(1,333)	(1,321)	12
(677)	(677)	0	PDC Dividends (Cost of Capital)	(8,120)	(8,120)	(6,767)	(6,766)	0
0	0	0	Unwinding of Discount	0	0	0	0	0
2,308	2,848	540	Net Surplus/(Deficit)	7,494	7,494	7,259	5,998	(1,260)
			Adjustments as per TDA reported position					
14	14	0	Depreciation on donated assets	168	168	140	135	5
0	0	0	Donated Asset Income	0	0	0	(503)	(503)
0	0	0	Remove Impairments	539	539	2	10	8
2,322	2,862	540	Adjusted Financial Performance as TDA	8,201	8,201	7,401	5,641	(1,750)

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

Financial Risk

Financial Risk Rating						
Ratio KPIs	Annual Plan	Rating	Plan to Date	Actual to Date	Rating	Definitions
EBITDA Achieved	100.0 %	5	100.0 %	97.9 %	4	=in year achievement/ in year plan
EBITDA Margin	8.8 %	3	8.6 %	8.5 %	3	=EBITDA/Total Income
Net Return on Financing	3.0 %	4	5.4 %	2.7 %	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	2.2 %	1.8 %	3	=Net Surplus/(Deficit)/Total Income
Liquidity Ratio	33.0 Days	4	33.0 days	32.9 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		3.6	
Continuity of Service Rating						
Ratio			Actual To Date	Rating	Definitions	
Liquidity Ratio(days)			4 days	4	As above but excluding working capital facility	
Capital Servicing Capacity (Times)			3 Times	4	The number of times the debt can be met by the surplus	
Overall Continuity of Service Rating				4	Maximum rating 4	



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)	No as part of national issue for NCA debt	Confirmed level of NCA debt with TDA for national resolution
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	No	N/A

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	7,336	6,986	B3	1. The level of financial risk of £7.3m 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. Non recurrent efficiencies are being found which will reduce the level of 2013/14 non achievement. This is in line with the Trust forecasting to achieve the circa £7.4m surplus.
Cost Improvement Programme - Carry forward	Almost certain	Major	B4	12,892	12,892	B4	1. The risk of £12.9m relates to the impact of the forecast recurrent shortfall on CIP. 2. Work is continuing in relation to highlighting and agreeing schemes to clear the shortfall, including projects proposed by KPMG.
Contract income issues- Penalties, Fines, CQUIN, Readmissions, Emergency Threshold	Possible	Moderate	C3	3,076	0	C1	1. The forecast risk is based on quarter 3 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 have reached conclusion with Commissioners, mitigating this risk. 4. Reserves are held to mitigate against some of the other risks

Likelihood Rating	Potential Consequence 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 10 is showing a deficit of £2,775k, which is broadly the same as month 9, with a favourable movement of £24k.

Division	Specialty	Month 10 Variance £000	Month 10 Variance %	Month 9 Variance £000	Movement £000	
Division 1	General Surgery	(188)	(1.2)	10	(198)	1
	Critical Care	(459)	(4.4)	(561)	102	
	Drugs & Devices	(301)	(12.0)	61	(362)	2
	Trauma & Orthopaedics	(877)	(4.4)	(685)	(192)	3
	Head and Neck	138	2.0	52	86	
	Ophthalmology	(185)	(1.4)	(99)	(86)	
	Gynaecology	(4)	(0.1)	(24)	20	
	Obstetrics inc Scans	(242)	(2.3)	(125)	(117)	4
	GP Direct Access	(113)	(1.8)	(159)	47	
	Urology	(92)	(1.7)	(84)	(8)	
	Cardiothoracic/Cardiology	18	0.1	4	14	
	Non Elective Threshold Deduction	(564)		(373)	(191)	5
Other	72	2.0	144	(72)		
Total		(2,797)	(2.2)	(1,838)	(959)	
Division 2	General Medicine	1,013	3.3	865	148	6
	Clinical Haematology/Oncology	119	0.9	82	36	
	Cystic Fibrosis	6	1.4	7	(1)	
	Drugs & Devices	(13)	(0.3)	11	(24)	
	Paediatrics	291	4.4	196	96	
	GP Direct Access	(78)	(6.8)	(76)	(2)	
	Nephrology and Dialysis	(202)	(1.9)	(294)	92	
	Accident & Emergency	(90)	(0.9)	(92)	1	
	Non Elective Threshold Deduction	(1,837)		(1,435)	(402)	7
	Other	784	2.3	505	279	8
Total		(6)	(0.0)	(230)	224	
Other	Drugs & Devices	(0)	(0.0)	(0)	(0)	
	Other	34	0.3	(445)	479	9
Total		34	0.3	(445)	479	
Patient Activity as per SLAM		(2,769)	(1.1)	(2,513)	(256)	
NET 2012-13 underperformance		551		551	0	
Partially completed spells and other		(560)		(934)	374	10
Community Services		3		97	(94)	
Patient Activity Income		(2,775)		(2,799)	24	

- General Surgery-** There has been an adverse movement in-month of £198k. Electives underperformed by £134k (60 spells) and Non Electives by £89k (48 spells). The reduction in activity is due to the impact of bed availability linked to emergency pressures across the Trust.
- Drugs & Devices-** Following contract reconciliation, an error was found in the tariff being applied for TAVI valves with cardiac surgery. This resulted in a negative £371k adjustment.
- Trauma & Orthopaedics-** Elective inpatients underperformed in month 10, with an adverse variance of £262k (55 spells). This is mainly due to reduced bed availability caused by the emergency pressures within the Trust.
- Obstetrics inc Scans-** Outpatients continues to underperform: this month by £68k (608 attendances). Non Electives underperformed in month by £63k (100 spells), due to an adjustment which has increased the plan to reflect the cumulative overperformance from Stafford patients. Non Electives are still overperforming cumulatively.
- NEL Threshold-** This is a reflection of Division 1's Non Elective activity in January, and the impact on the threshold calculations.
- Gen Medicine-** Non elective income exceeded plan by £118k. The casemix of activity is more complex than the contracted plan. This level of increased income due to casemix is offsetting an in month underperformance of 128 spells.
- NEL Threshold-** Division 2 Non Electives have overperformed by 61 spells this month, which has led to an increased threshold deduction.
- Division 2/Other-** Gastroenterology Non Electives overperformed by £225k in January (68 cases). There is an increased consumable spend in Gastroenterology due to this level of overperformance .
- Other/Other-** Following discussion and challenge with commissioners, the level of contract income deductions for data quality issues has reduced by £464k. The majority of this, £302k, relates to NHS numbers following the Trust supplying data to prove that we are now meeting the contract standard.
- PCS/Other-** The favourable movement is mostly due to a gain-share agreement with the CCG (£260k). The Trust has negotiated a lower price for some drugs within Ophthalmology and the CCG and Trust are sharing the benefit.

SLA and Income: Actual vs. Forecast by Specialty

Division	Specialty	Contract	Agreed	Contract vs Agreed FOT - In Month		
		Annual Budget £000	FOT £000	Agreed FOT Actual £000	Contract Actual £000	Variance £000
Division 1	General Surgery	18,835	19,198	1,727	1,475	(252)
	Critical Care	12,443	11,785	1,005	1,161	156
	Drugs & Devices	2,953	2,935	252	(35)	(288)
	Trauma & Orthopaedics	23,511	23,053	2,040	1,835	(206)
	Head and Neck	9,441	9,507	806	922	116
	Ophthalmology	15,938	16,158	1,460	1,437	(23)
	Gynaecology	7,752	7,811	666	688	23
	Obstetrics inc Scans	12,461	12,248	1,048	1,053	5
	GP Direct Access	7,629	7,475	661	723	62
	Urology	6,554	6,365	554	625	72
	Cardiothoracic/Cardiology	27,169	27,332	2,335	2,348	13
	Non Elective Threshold Deduction	0	0	0	0	0
	Other	10,586	9,603	954	939	(15)
Total		155,273	153,471	13,509	13,173	(336)
Division 2	General Medicine	37,182	40,532	3,779	3,466	(314)
	Clinical Haematology/Oncology	15,918	16,056	1,365	1,408	42
	Cystic Fibrosis	521	532	46	45	(1)
	Drugs & Devices	6,370	6,195	498	492	(7)
	Paediatrics	8,003	8,450	752	748	(4)
	GP Direct Access	1,373	1,276	110	116	6
	Nephrology and Dialysis	12,713	12,020	1,051	1,195	144
	Accident & Emergency	11,677	11,824	1,138	986	(152)
	Non Elective Threshold Deduction	0	0	0	0	0
	Other	77,759	75,332	6,123	6,535	412
Total		171,516	172,216	14,862	14,989	127
Other	Drugs & Devices	9,584	9,658	716	1,079	363
	Other	18,998	17,904	2,587	3,414	827
Total		28,582	27,562	3,304	4,493	1,190
Patient Activity Income		355,370	353,249	31,675	32,655	981

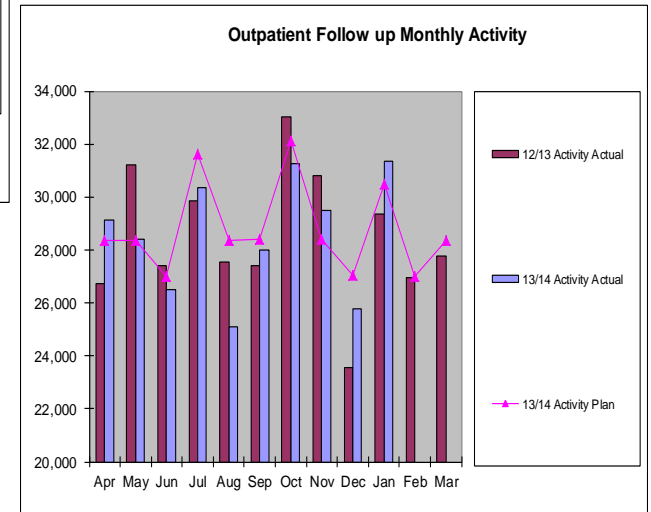
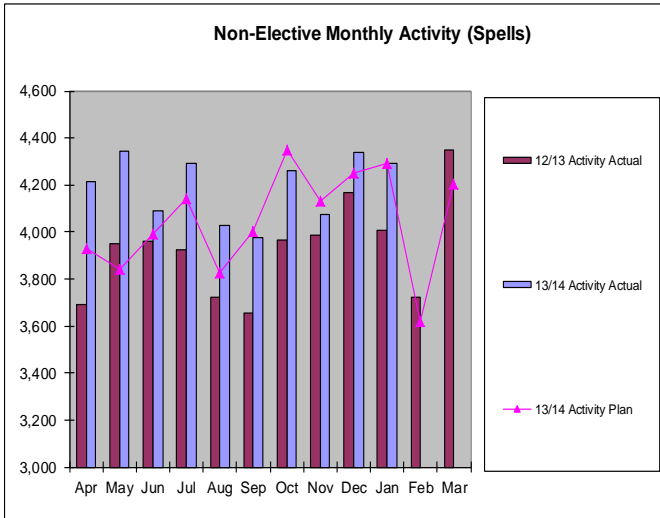
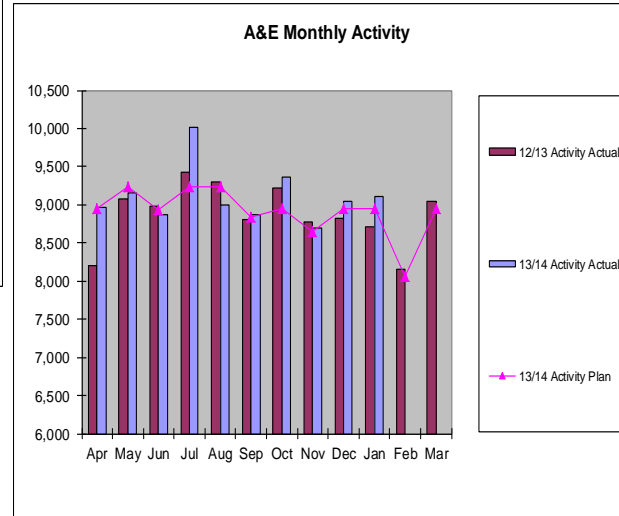
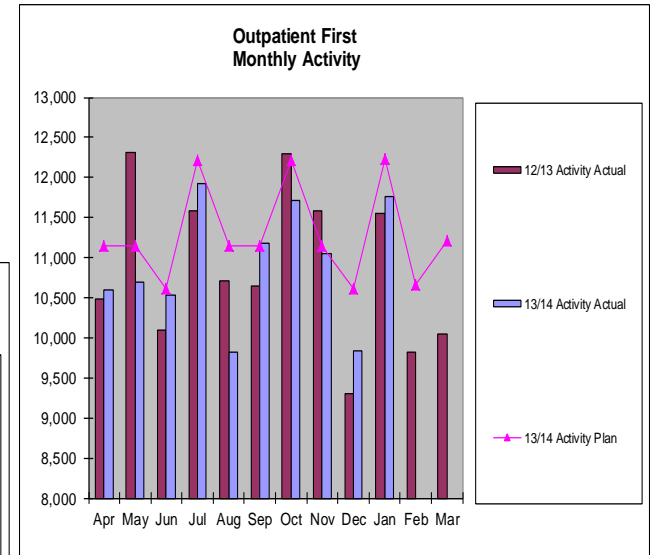
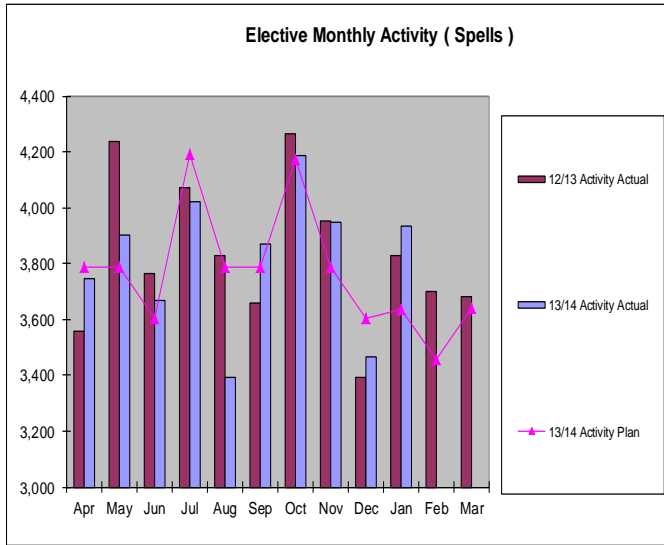
SLA and Income: Actual vs. Plan by POD*

Admission Type	Annual Plan	Variance To Date	% Variance	Annual Price Plan	Variance To Date £	% Variance
				£000	£000	%
Accident and Emergency	106,894	1,193	1.12%	10,653	113	1.06%
Critical Care	20,278	(866)	-4.27%	17,289	(478)	-2.77%
Elective	45,249	(21)	-0.05%	57,212	(1,844)	-3.22%
Elective Excess Bed Days	3,053	(669)	-21.92%	717	(151)	-21.06%
Direct Access	583,027	1,417	0.24%	6,217	75	1.20%
Non-elective	48,573	1,157	2.38%	78,934	4,372	5.54%
Non-elective Excess Bed Days	17,613	(1,171)	-6.65%	4,081	(252)	-6.18%
Outpatient First	135,400	(4,424)	-3.27%	18,374	(119)	-0.65%
Outpatient Follow Up	345,618	(4,810)	-1.39%	26,311	(268)	-1.02%
Outpatient Procedures	44,673	2,965	6.64%	7,403	595	8.04%
Renal	83,412	(5,894)	-7.07%	9,195	(474)	-5.15%
Fractions	37,064	(3,603)	(0)	6,993	(806)	(0)
Drugs/ Devices	4,833	(753)	-15.59%	22,030	(556)	-2.52%
Chemotherapy	12,442	(23)	(0)	3,142	(228)	(0)
Lucentis	10,234	0	0	5,574	0	0
Non Elective Marginal rate Division 1	0	0	0	0	(564)	0
Non Elective Marginal rate Division 2	0	0	0	0	(1,837)	0
Block Contracts	0	0	0	7,911	(262)	(0)
Non PBR Other	109,943	23,923	0	6,937	65	0
Stepdown	0	840	0	1,162	0	0
Other	14,598	1,246	8.53%	2,278	(149)	-6.56%
Grand Total	1,622,902	10,507	0.65%	292,413	(2,769)	-0.95%

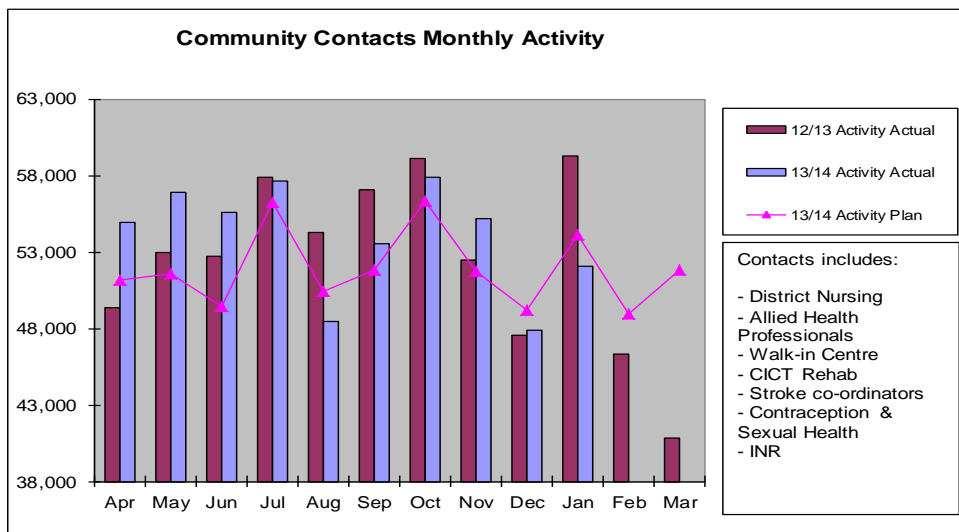
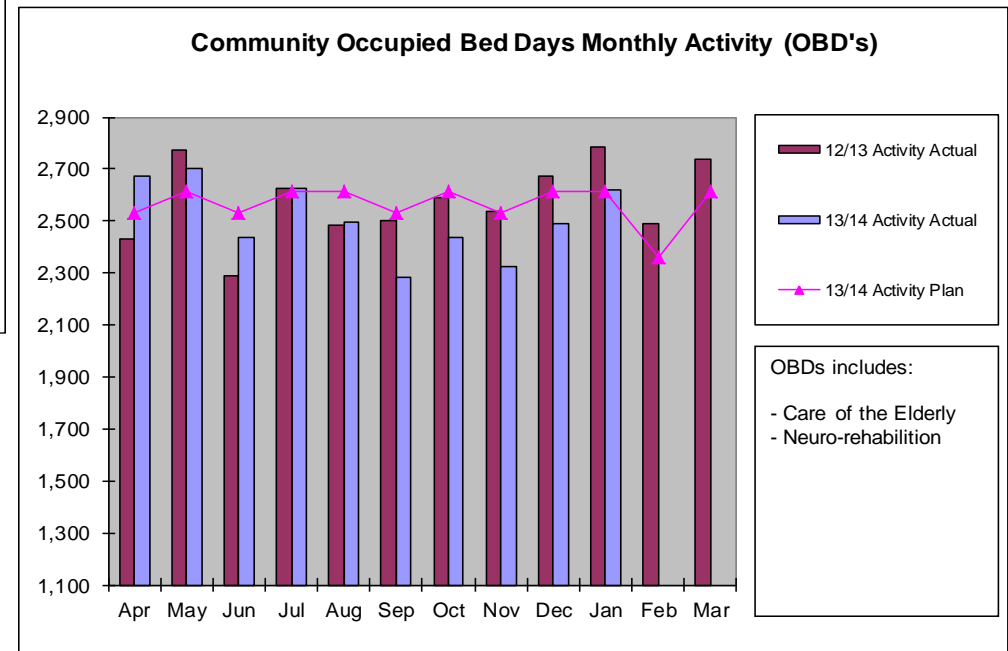
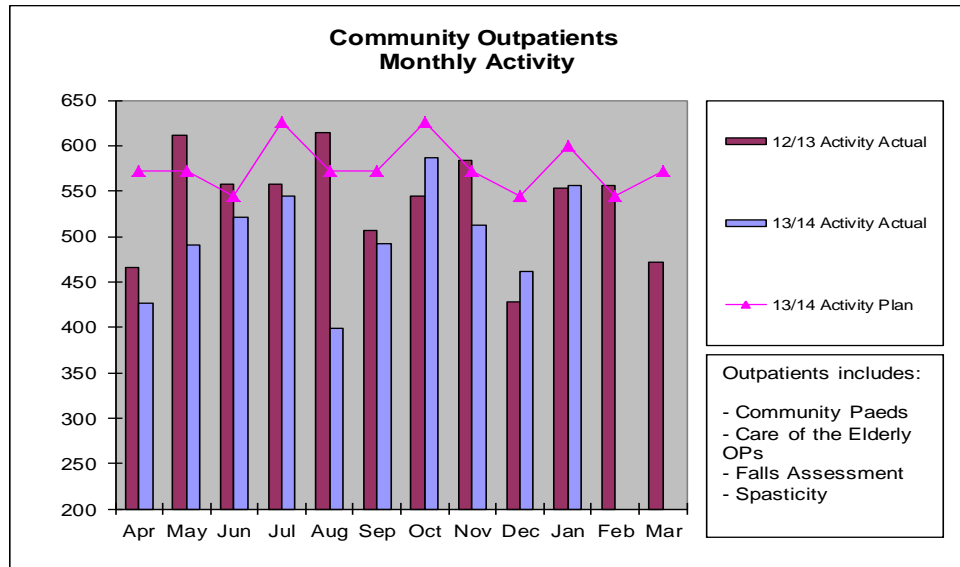
Block includes income relating to:-
 Screening programmes, Midwives, Quality schemes, Infection control and Contract reduction for QIPP

*POD = Points of Delivery

Performance against CCG Activity and Income trends



Community Performance against CCG Activity and Income trends



The 2012/13 activity is adjusted to reflect the contract changes in 2013/14 e.g. services moving to Local Authority, enabling a "like for like" comparison.

SLA and Income: Actual versus Plan by Commissioner

The table shows the position in relation to Commissioner plans at the end of month 10. The adjustments for anticipated income reflect outstanding contract variation orders, adjustments to the plan for pass through costs, and Divisional schemes.

	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	135,697	2,161	113,568	1,676	115,418	396	570	0.5%
South Staffs CCG's	17,159	648	14,359	612	14,848	(91)	(214)	-1.5%
Walsall CCG	18,923	218	15,847	158	16,875	(164)	707	4.5%
Dudley CCG	7,059	13	5,912	16	5,480	(35)	(482)	-8.2%
Other CCG's	24,005	542	20,094	556	20,576	(217)	(291)	-1.4%
CCG Acute Services Total	202,844	3,582	169,779	3,016	173,197	(111)	291	0.2%
Local Authorities	1,773	0	1,486	0	1,330	0	(156)	-10.5%
Shared Care agreements	504	0	423	0	429	0	6	1.5%
Anticipated Income	4,921	(4,921)	4,363	(4,363)	(118)	118	0	0.0%
NCA	5,290	0	4,434	0	4,905	0	471	10.6%
Public Health England	2,818	(8)	2,307	(7)	2,120	(7)	(187)	-8.12%
Specialised services	74,263	1,348	62,188	1,354	60,349	0	(3,193)	-5.1%
Sub Total Acute Services	292,413	0	244,981	0	242,212	0	(2,769)	-1.13%
Community Services	50,853	0	42,279	0	42,282	0	3	0.01%
GRAND TOTAL	343,266	0	287,260	0	284,494	0	(2,766)	-0.96%

Expenditure by Directorate

Trust Wide Summary

(£2785k) overspend in month, (£4934k) 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	2,200	2,107	4.3%	(1,777)	(2.2%)	(1,084)	(3.9%)	27	0.5%	(2,833)	(2.5%)	(3,020)	(5,853)	(5.3%)	(1,838)	(0.85%)
Division 2	2,449	2,537	-3.6%	(1,725)	(2.1%)	(527)	(3.8%)	(198)	(1.0%)	(2,450)	(2.1%)	(3,409)	(5,859)	(5.1%)	(230)	(0.05%)
Estates and Facilities	646	623	3.4%	236	1.7%	(301)	(2.7%)	(0)		(65)	(0.3%)	294	229	0.9%		
Chief Operating Officer	5	4	22.4%	5	1.2%	14	72.5%	0		19	4.2%	(10)	9	2.1%		
Total Operations Directorate	5,299	5,271	0.5%	(3,260)	(1.8%)	(1,898)	(3.6%)	(170)	(0.7%)	(5,329)	(2.1%)	(6,145)	(11,474)	(4.6%)	(2,068)	(0.90%)
Corporate Directorates & Other	771	737	4.5%	164	0.8%	224	1.5%	7	13.1%	395	1.2%	224	619	1.7%		
Total Directorate Expenditure	6,070	6,007	1.0%	(3,096)	(1.6%)	(1,675)	(2.4%)	(163)	(0.6%)	(4,934)	(1.7%)	(5,921)	(10,855)	(3.8%)		

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	6,123	5,895
September	6,194	5,971
October	6,189	5,980
November	6,160	6,025
December	6,204	6,038
January	6,070	6,007
February		
March		

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	(4,671)	(7,691)	(3,405)	(6,986)
Division 2	(2,680)	(6,089)	(1,769)	(5,086)
	(7,351)	(13,781)	(5,174)	(12,072)

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

Expenditure Commentary

- The expenditure exception report on pages 15 to 27 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 (£1,777k), Division 2 (£1,725k) are being partially offset by an underspend in Estates & Facilities of £236k. Division 1 over spend relates primarily to Waiting List Initiatives in Cardiothoracic and Orthopaedics, Nurse Bank usage covering sickness and maternity leave and agency medical staff covering on call rotas. In addition, £545k non recurrent pay underspends have been attributed to CIP. 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, Hotel Services and Medical Physics.
- On non pay, Division 1 is overspent by (£1,084k), the year to date overspend is caused mainly by increased theatres costs across all specialties, in Obstetrics & Gynaecology due to pathway charges, Head & Neck on hearing aids and in Radiology due to the hire of a mobile MR scanner to cope with demand pressures. The non pay position in Division 2 shows an over spend of (£527k), this is mainly due to increased spend on consumables in Gastro and A&E. Estates & Facilities are overspent by (£301k), due to £247k non recurrent non pay underspends being attributed to CIP.
- The drugs position relates to an underspend in Division 1 of £27k and an overspend in Division 2 of (£198k).

Total Corporate and Trading accounts

- The pay under spend is due to vacancies across several directorates.
- The non pay underspend is largely due to a review of the balance sheet which has resulted in an increase in provisions that have had to be made.

Operations Divisions Expenditure

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(1,775)	(3,260)	(1,485)	(1.83%)
Non pay	(1,165)	(1,898)	(734)	(3.59%)
Drugs	(212)	(170)	41	(0.65%)
Total	(3,152)	(5,329)	(2,177)	(2.07%)

Corporate and Trading Accounts Expenditure

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	370	164	(206)	0.77%
Non pay	624	224	(400)	1.47%
Drugs	10	7	(3)	13.07%
Total	1,003	395	(608)	0.13%

Total	(2,149)	(4,934)	(2,785)	(1.68%)
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Expenditure Exception Report

Total Operational Directorate (£2313k) overspend in month, (£5465k) overspend ytd

Division 1 (£941k) overspend in month, (£2833k) overspend ytd

Of the (£2.8m) overspend, the pay overspend (£1.77m) mainly relates to Waiting List Initiatives (£950k), of which Orthopaedic WLI's account for £420k, Cardiothoracic Surgery £160k and Critical Care £140k, and overspends on nursing (£376k) due to bank staff covering sickness and maternity leave.

The non pay overspend position (£1.08m) predominantly relates to overspends in General Surgery and Obstetrics & Gynaecology, relating to activity case mix, Head & Neck due to hearing aid expenditure and the cost of device activity in Cardiology.

Each Directorate within the Division is now working to a year end action plan and continues to review the actions to be taken. The table below compares the forecasted position against the actual position for month 10, together with reasons for variance.

Division 1	Forecast Month 10	Actual Month 10	Variance	Reason for Variance
Pay	8,408,542	8,363,589	44,953	Lower theatres overtime, reduced extra sessions, lower nurse bank spend
Non Pay	2,965,850	3,140,450	(174,600)	Significant increase in ICD and device activity in month (Investigations). Increased valve activity in the Cath Lab.
Drugs	640,530	666,544	(26,014)	Increased Lucentis / DMO usage
Private Patient/Directorate Income	(374,951)	(434,808)	59,857	Cumulative impact of realigned (uplifted) SLA with Shropshire and Increased utility charge to the PFI provider
Total Divisional spend	11,639,971	11,735,776	(95,805)	
Patient Care Income	(13,508,680)	(13,172,603)	(336,077)	
Total Division 1 position	(1,868,709)	(1,436,827)	(431,881)	

Division 1

(£941k) overspend in month, (£2833k) overspend ytd

▪ Head and Neck

Current Position

- The overspend was a result of taking cumulative pay underspends in departments where efficiencies have been identified totalling £100k to CIP non-recurrently.

Actions

- The directorate are closely monitoring the pay position with a view to generating further non recurrent CIP.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(79)	(191)	(112)	(3.3%)
Non Pay	(195)	(203)	(8)	(18.0%)
Drugs	35	38	2	29.4%
Total	(238)	(357)	(118)	(5.0%)

▪ Obs and Gynae

Current Position

- Payment of year to date maternity pathway invoices from other Trusts was the primary driver of the overspend.

Actions

- The Trust anticipates being in a position to charge other Trusts from April 2014.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(87)	(18)	68	(0.2%)
Non Pay	(188)	(213)	(25)	(17.1%)
Drugs	(18)	(20)	(2)	(6.9%)
Total	(292)	(251)	41	(2.0%)

Division 1

(£941k) overspend in month, (£2833k) overspend ytd

Cardiology

Current Position

- Heart valve activity in the Cath Lab resulted in a £43k overspend in month whilst device activity in Cardiac Investigations resulted in a further £21k. Increased spend on ward consumables accounted for £18k.

Actions

- The Directorate continues to closely monitor non pay expenditure

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	60	32	(29)	0.6%
Non Pay	(24)	(108)	(84)	(2.3%)
Drugs	65	48	(17)	9.5%
Total	102	(27)	(129)	(0.3%)

Critical Care

Current Position

- The overspend was a result of taking cumulative pay underspends in departments where efficiencies have been identified totalling £200k to CIP non-recurrently.

Actions

- The directorate are closely monitoring the pay position with a view to generating further non recurrent CIP.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(72)	(270)	(197)	(1.6%)
Non Pay	(25)	(24)	1	(0.6%)
Drugs	(6)	(1)	6	(0.1%)
Total	(103)	(294)	(191)	(1.4%)

Division 1

(£941k) overspend in month, (£2833k) overspend ytd

General Surgery

Current Position

- Costs of theatres overtime and additional sessions undertaken resulted in a £25k overspend in month. A further overspend of £36k was due to payments for additional hours to medical staff.
- The non pay overspend was primarily due to theatre costs from additional sessions undertaken in month.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(275)	(344)	(70)	(5.6%)
Non Pay	(189)	(219)	(30)	(18.0%)
Drugs	(48)	(50)	(2)	(16.5%)
Total	(512)	(613)	(102)	(8.0%)

Actions

- The Directorate continues to monitor payments for additional sessions.

Ophthalmology

Current Position

- The overspend was a result of taking cumulative pay underspends totalling £100k to CIP non-recurrently.

Actions

- The directorate are closely monitoring the pay position with a view to generating further non recurrent CIP.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	118	32	(86)	0.5%
Non Pay	33	32	(0)	2.7%
Drugs	44	54	10	1.7%
Total	194	119	(76)	1.1%

Division 1

(£941k) overspend in month, (£2833k) overspend ytd

▪ Radiology

Current Position

- Cumulative non recurrent pay underspends in departments where efficiencies have been identified totalling £36k were taken to CIP in month.
- In addition, the use of agency medical and technical staff and extra sessions to address demand pressures accounted for a further £47k overspend.

Actions

- Use of agency and locum staffing is under constant review to ensure premium payments are kept to a minimum whilst delivering activity levels.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(45)	(127)	(82)	(2.0%)
Non Pay	(66)	(150)	(84)	(6.1%)
Drugs	(15)	(14)	1	(9.4%)
Total	(126)	(291)	(165)	(3.3%)

▪ Urology

Current Position

- The use of a locum consultant and additional payments to substantive consultants to cover long term sick leave were the main drivers of the overspend.

Actions

- Locum cover will cease once full substantive staffing levels are in place and additional Trust Fellow posts are currently being recruited to in order to minimise additional premium payments.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(133)	(158)	(25)	(10.2%)
Non Pay	(23)	(21)	2	(15.3%)
Drugs	11	10	(1)	9.8%
Total	(145)	(169)	(24)	(9.4%)

Total Operational Directorate

(£2177k) overspend in month, (£5329k) overspend ytd

Division 2

(£650k) overspend in month, (£2450k) overspend ytd

Of the (£2,450k) overspend, (£1,725k) relates to pay expenditure. This is mainly attributable to the costs of staffing the additional capacity within the Division (£646k). 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 (£855k). The Division is also reporting costs of (£587k) in relation to the Clinical Decision Unit and the additional majors cubicles. These overspends are being supported by underspends in Children's group £218k and Therapy Services £133k.

Non pay is overspent by (£527k) and this is mainly attributable to overspends within Gastro, Endoscopy and Respiratory for scope maintenance and consumables (£238k) and high spend on blood and consumables in the Emergency Group (£302k).

The drugs position is an overspend of (£198k), occurring mainly in Oncology, Paediatrics, Rheumatology and Divisional Management.

Each Directorate within the Division is now working to a year end action plan and continues to review the actions to be taken. The table below compares the forecasted position against the actual position for month 10, together with reasons for variance.

Division 2	Forecast Month 10	Actual Month 10	Variance	Reason for Variance
Pay	8,749,649	8,738,687	10,962	
Non Pay	1,347,721	1,624,599	(276,878)	£132k relates to pass through, balance is a mixture of casemix and increased activity £120k, some of which is community based £24k
Drugs	1,995,441	2,310,016	(314,575)	Relates to excluded drugs expenditure
Private Patient/Directorate Income	(535,873)	(567,882)	32,009	Majority relates to income for Telehealth licences from Local Authority
Total Divisional spend	11,556,938	12,105,420	(548,482)	
Patient Care Income (Including Community)	(14,862,456)	(14,989,257)	126,801	
Total Division 2 position	(3,305,518)	(2,883,837)	(421,681)	

Division 2

(£650k) overspend in month, (£2450k) overspend ytd

▪ A&E

Current Position

- The overspend on pay is due to costs associated with the running of the Clinical Decision Unit (£58k). The additional majors cubicles are now being utilised (£31k). The remainder of the overspend relates to Junior Medical staffing agency costs to support the Department.

Actions

- The utilisation and funding of the Clinical Decision Unit is being discussed with Commissioners.

Month 10 YTD				
CDU		Plan	Actual	Variance
	Activity	2,763	2,314	(449)
	Pay	629,448	497,134	132,314
Majors				
	Pay	185,197	90,354	94,843

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(697)	(837)	(140)	(13.9%)
Non Pay	(178)	(198)	(20)	(56.0%)
Drugs	(19)	(20)	(2)	(14.4%)
Total	(894)	(1,055)	(162)	(16.2%)

▪ Therapy

Current Position

- The adverse movement in the period relates to backdated non recurrent CIP taken in the period due to vacant posts (£93k).

Actions

- No action required

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	118	49	(69)	1.7%
Non Pay	9	13	4	13.2%
Drugs	(0)	(0)	(0)	
Total	127	62	(65)	2.1%

Division 2

(£650k) overspend in month, (£2450k) overspend ytd

▪ Clinical Haematology

Current Position

•The overspend in the period relates to £25k non recurrent CIP taken in relation to vacant posts. The remainder of the costs relates to agency usage to backfill a vacant post (£12k)

Actions

•No actions

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(21)	(58)	(37)	(2.5%)
Non Pay	89	73	(16)	9.8%
Drugs	(27)	(7)	20	(0.2%)
Total	41	8	(33)	0.1%

▪ AHP's

Current Position

• The adverse movement in the period relates to backdated non recurrent CIP taken in the period due to vacant posts (£104k).

Actions

• No action required.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	142	84	(58)	3.5%
Non Pay	25	13	(11)	5.8%
Drugs	0	0	0	100.0%
Total	167	98	(69)	3.8%

Division 2

(£650k) overspend in month, (£2450k) overspend ytd

Capacity Management

Current Position

- The adverse movement in the period relates to backdated non recurrent CIP taken in the period due to vacant posts (£45k).

Actions

- No action required

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	62	18	(43)	2.6%
Non Pay	2	3	1	0.3%
Drugs	0	0	0	24.4%
Total	64	21	(43)	1.3%

Dietetics

Current Position

- The adverse movement in the period relates to backdated non recurrent CIP taken in the period due to vacant posts (£30k).

Actions

- No action required

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	45	19	(26)	3.4%
Non Pay	(1)	(0)	1	0.7%
Total	45	19	(26)	0.0%

Division 2

(£650k) overspend in month, (£2450k) overspend ytd

Community Services

Current Position

- The adverse movement in the period relates to backdated non recurrent CIP taken in the period due to vacant posts (£95k).

Actions

- No action required

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	105	25	(80)	0.3%
Non Pay	128	82	(46)	6.7%
Drugs	2	2	0	22.3%
Total	235	110	(125)	1.3%

Renal

Current Position

- The adverse movement in the period relates to consumable spend which has been driven by an in month over performance within the service and the use of some high cost consumables.

Actions

- Monitor overspend in line with activity increases.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	33	24	(9)	0.5%
Non Pay	244	223	(21)	6.1%
Drugs	27	49	22	9.1%
Total	304	296	(7)	3.4%

Estates and Facilities

(£588k) overspend in month, (£65k) overspend ytd

Of the £65k overspend year to date, £236k relates to underspend on pay, and is mainly as a result of vacancies, in a number of areas including Estates Management £108k, Medical Physics £8k, Hotel Services £99k, and Site Services Management £12k.

Non Pay is overspent by £301k, which is mostly due to £247k non recurrent non pay underspends being attributed to CIP.

Each Directorate within the Division is now working to a year end action plan and continues to review the actions to be taken. The table below compares the forecasted position against the actual position for month 10, together with reasons for variance.

Estates & Facilities	Forecast Month 10	Actual Month 10	Variance	Reason for Variance
Pay	1,403,143	1,324,898	78,245	Hotel Services £40k due to reduction in agency costs and continuation of vacant posts. Remaining £38k is due to continuing vacancies across the directorate
Non Pay	1,084,200	1,199,662	(115,462)	Building & Grounds (£23k) due to additional building and groundwork, Hotel Services (£51k) - new wheelchairs, catering equipment, Medical Physics (£25k) - isotope costs, and extra repair costs to devices in H&L Centre
Drugs	1	48	(47)	
Directorate Income	(337,879)	(417,260)	79,381	Additional income invoiced by Medical Physics to Walsall re: bone denistometry and radiation protection
Total Estates & Facilities position	2,149,465	2,107,348	42,117	

Estates and Facilities

(£588k) overspend in month, (£65k) overspend ytd

Estates

Current Position

- Following a review of the financial position for months 1 to 9, £248k of non recurrent pay CIP has been taken, which relates to vacant posts in departments where efficiencies have been identified. In addition, £135k of non recurrent non-pay CIP was taken, which mostly relates to underspends following the community property transfer

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	298	108	(190)	5.7%
Non Pay	(169)	(316)	(147)	(7.0%)
Total	129	(207)	(336)	(3.2%)

Actions

- Review of financial position for future months will be undertaken, to identify further areas where non recurrent CIP can be taken

Hotel Services

Current Position

- Following a review of the financial position for months 1 to 9, £57k of non recurrent non-pay CIP has been taken, which relates to underspends within staff residences, and transport.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	98	99	1	1.1%
Non Pay	(7)	(92)	(86)	(3.7%)
Total	91	7	(84)	0.1%

Actions

- Review of financial position for future months will be undertaken, to identify further areas where non recurrent CIP can be taken.

Estates and Facilities

(£588k) overspend in month, (£65k) overspend ytd

Medical Physics

Current Position

- Following a review of the financial position for months 1 to 9, £65k of non recurrent pay CIP has been taken, which relates to vacant posts during the year. In addition, £27k of non recurrent non-pay CIP was taken, which relates to a number of small underspends within the area.

Actions

- Review of financial position for future months will be undertaken, to identify further areas where non recurrent CIP can be taken.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	68	8	(59)	(30.0%)
Non Pay	16	(39)	(55)	(117.7%)
Total	84	(31)	(115)	(0.9%)

Site Services Management

Current Position

- Following a review of the financial position for months 1 to 9, £41k of non recurrent pay CIP has been taken, which relates to vacant posts during the year.

Actions

- Review of financial position for future months will be undertaken, to identify further areas where non recurrent CIP can be taken.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	47	12	(36)	2.7%
Non Pay	67	80	13	44.1%
Total	114	91	(23)	14.9%

Pay Reporting

Budget and worked WTE include agency, locum and bank staff. The below table shows the year to date WTE variance by division together with an analysis of year to date 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	2,200	2,107	(1,777)	562	858	1,314	76,953	1,048	1,090	81,824
Division 2	2,449	2,537	(1,725)	2,888	1,103	2,821	78,335	517	6	85,669
Facilities & Estates	646	623	236	9	0	712	11,998	755	0	13,474
Chief Operating Officer	5	4	5	0	0	0	424	0	0	424
Total Operations Directorate	5,299	5,271	(3,260)	3,458	1,961	4,847	167,710	2,320	1,095	181,391
Corporate Directorate & Other	771	737	164	574	0	46	20,398	249	0	21,267
Total Directorate Pay Expenditure	6,070	6,007	(3,096)	4,032	1,961	4,893	188,108	2,569	1,095	202,658

- Division 1 – Overall Division 1 has a positive variance of 93 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 negative manpower variance of 88 WTE. This is due to Budgeted WTE that has been removed in relation to back dated CIP schemes.

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	657	3,042	65	3,422	99	4,063
Nursing - qual	1,969	4	1,605	64	2,057	74
Nursing - other	1,522		1,193		1,522	
PAMS						
Scientific & technical		300		518		640
Non-clinical	746	685	691	710	823	925
Total	4,893	4,032	3,554	4,714	4,501	5,701

Analysis of Agency in Non Clinical

	Current Year £000s	Last Year £000s
Operations		
Division 1	65	42
Division 2	38	45
Community Services		
Estates & Facilities	13	1
Chief Operating Officer		
Sub-total	116	88
Corporate		
Chief Executive		87
Finance Director	464	454
Nurse Director		(0)
Medical Director	11	15
HR	40	
Estates Development	7	9
R&D	48	58
Sub-total	570	622
Total Non-Clinical agency	685	710

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 9 Spend Increase Between Years
	WTE Budget in Month	WTE Actual (Worked) in Month	Current Month Spend £000	YTD Spend £000	Average Worked WTE	Month 9 Spend £000	YTD Spend to Month 9 £000	Average Monthly Spend £000	
Employed	6,027	5,781	19,097	188,108	5,656	18,516	183,220	18,326	3%
Overtime	0	0	222	2,569	1	207	2,419	246	6%
Agency Staff	21	37	420	4,032	42	512	4,714	475	-14%
Medical Locum Staff	4	21	218	1,961	13	120	1,492	153	31%
Bank	18	168	469	4,893	131	357	3,570	379	37%
WLI	0	0	111	1,095	0	40	957	92	14%
Total	6,070	6,007	20,538	202,658	5,843	19,752	196,372	19,671	3%

CIP Monitoring All Trust Schemes

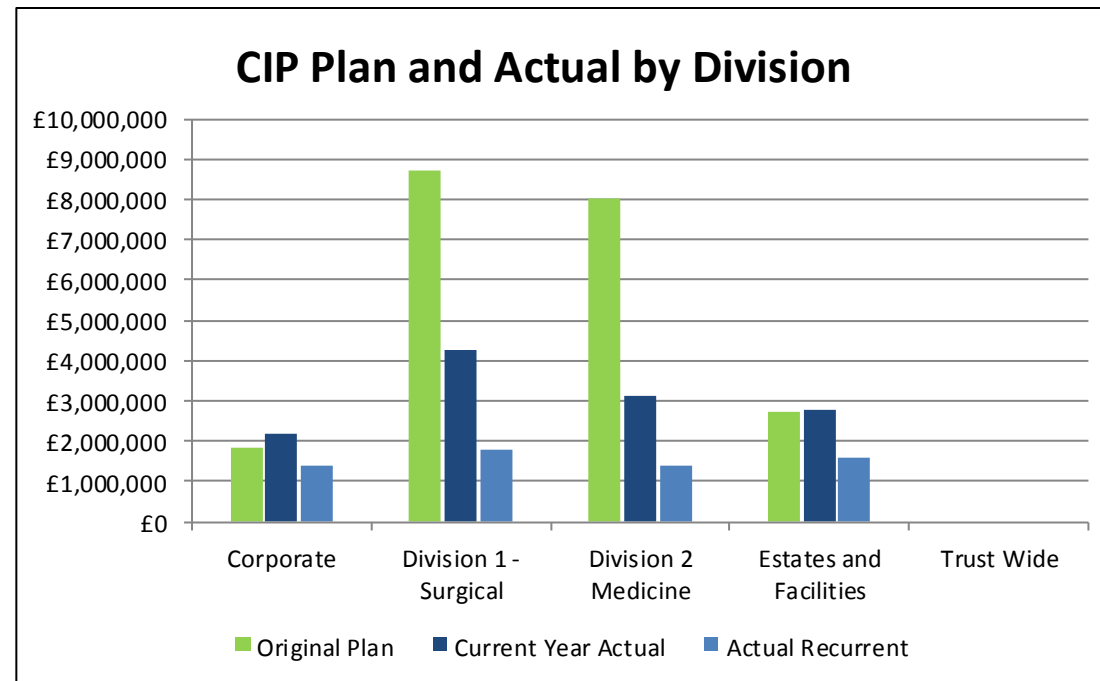
The Trust CIP target is £21.28m, which comprises of £14.74m for 2013/14 and £6.54m brought forward from 2012/13. The table below summarises the target CIP for each Division and the actual achieved. The position for January shows a withdrawal of CIP from annual budget of £12.318m representing 58% of the total.

CIP MONITORING	2013/14						
	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	£000	£000	£000	£000	£000	£000	£000
Corporate	1,774	2,168	(395)	5	5	46	(450)
Division 1	8,550	4,242	4,308	0	1,493	(1,069)	3,884
Division 2	7,867	3,145	4,723	80	0	1,373	3,270
Estates & Facilities	2,692	2,763	(71)	0	47	0	(117)
Trust Wide	400	0	400	0	0	0	400
Total 2013/14 Schemes	21,283	12,318	8,965	85	1,544	350	6,986
Recurrent	21,283	6,172	15,112	27	2,192	1,436	11,456

Non recurrent element withdrawn from budget £000
774
2,439
1,739
1,195
0
6,147

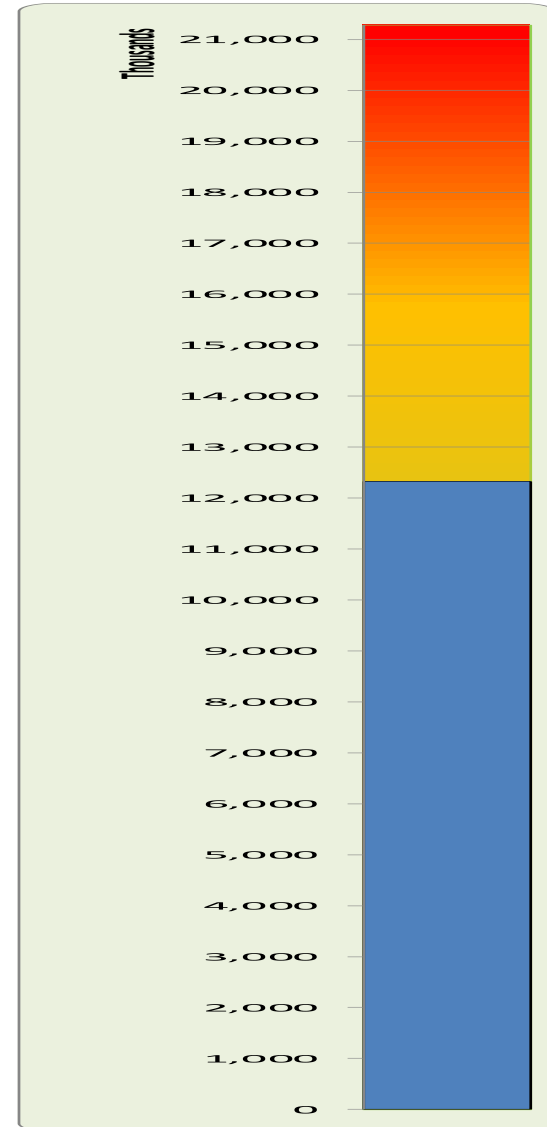
CIP Monitoring by Division

	Original Plan	CIP Target	Current Year Actual	Actual Recurrent
Corporate	£1,818,161	£1,773,818	£2,168,457	£1,394,237
Division 1 - Surgical	£8,717,100	£8,549,920	£4,242,097	£1,803,449
Division 2 Medicine	£8,022,095	£7,867,303	£3,144,621	£1,405,626
Estates and Facilities	£2,725,938	£2,692,252	£2,763,070	£1,568,329
Trust Wide	£0	£400,000	£0	£0
	£21,283,294	£21,283,294	£12,318,245	£6,171,641

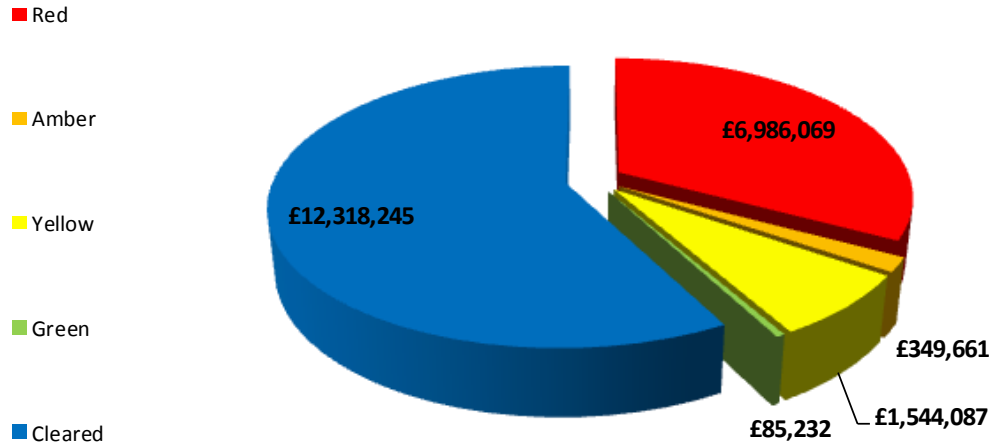


CIP Risks and Programme Status

Financial Risk Summary	Red	Amber	Yellow	Green	Cleared
Corporate	(£450,448)	£45,809	£5,000	£5,000	£2,168,457
Division 1 - Surgical	£3,883,922	(£1,068,674)	£1,492,575	£0	£4,242,097
Division 2 Medicine	£3,269,924	£1,372,526	£0	£80,232	£3,144,621
Estates and Facilities	(£117,330)	£0	£46,512	£0	£2,763,070
Trust Wide	£400,000	£0	£0	£0	£0
Totals	£6,986,069	£349,661	£1,544,087	£85,232	£12,318,245



Financial Risk



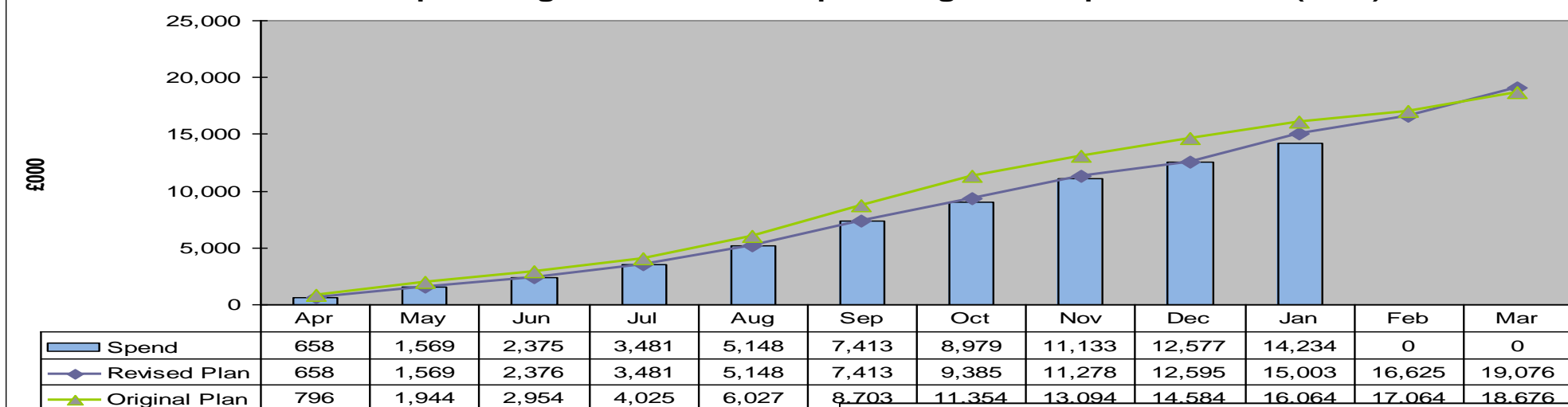
Reserves

Reserve	Current Month £'000	Month 09 £'000	Movement £'000	
Cost Pressure	681	470	212	Main movements include SIFT Contract Income Change £245k offset by E&F Incinerator income Reduction £13k.
Activity and Developments	6,949	7,009	(60)	Main movements include Funds available £200k, B7 Winter Ward £136k, Flexible Sigmoidoscopy new contract £134k, Flexible Sigmoidoscopy CIP £79k, Clinical Haematology Expansion £31k offset by Lucentis Pharmacy Gainshare £265k, WMAS Anticipated Income £212k and Additional Nurse Support/Discharge £115k
Quality	517	697	(180)	Main movement is Midwifery staffing birth rate+ £167k.
Drugs and Devices	1,039	998	41	Main movements include Insulin Pumps £53k offset by Step down beds £49k, Excluded drugs £460k, .
Non Recurrent Support	(4)	105	(109)	Main movements include funding for Locum & agency costs £21k, Winter Pressures Ambulance Nurse Triage £17k, Winter Pressures A&E Senior Support £17k, Dermatology Service increased £12k and EDischarge Compliance Rollout £11k.
	9,183	9,279	(96)	
Inflation and Contingency	4,847	4,889	(42)	Movement for CSSD £21k and Procurement £16k.
Patient Activity Contingency	3,010	3,010	0	
Grand Total Reserves	17,040	17,178	(138)	

Capital Expenditure

The Trust Capital Programme for 2013-14 is currently £18,676k, excluding PFI and donated additions; formal notification has been received for £18,676k to date. CRL for revised PFI Additions is expected to match revised forecast of £1,910k. Capital Resource Limit (CRL) including PFI Additions is now expected to be agreed at £20,586k. Additionally, £600k has been agreed to be spent from donated funding in 2013/14 but the Trust does not require CRL in this regard. The Trust is forecasting to spend in line with its CRL.

Capital Programme Plan vs Capital Programme Spend 2013-14 (£000)



Capital Expenditure	Capital Programme £000	Donated Additions £000	PFI Additions £000	Total £000
Spend	14,234	103	1,513	15,850
TDA Original Plan	16,064	150	2,000	18,214
Underspend (Overspend)	1,830	47	487	2,364
Percentage of Plan to Date	89%	69%	76%	87%

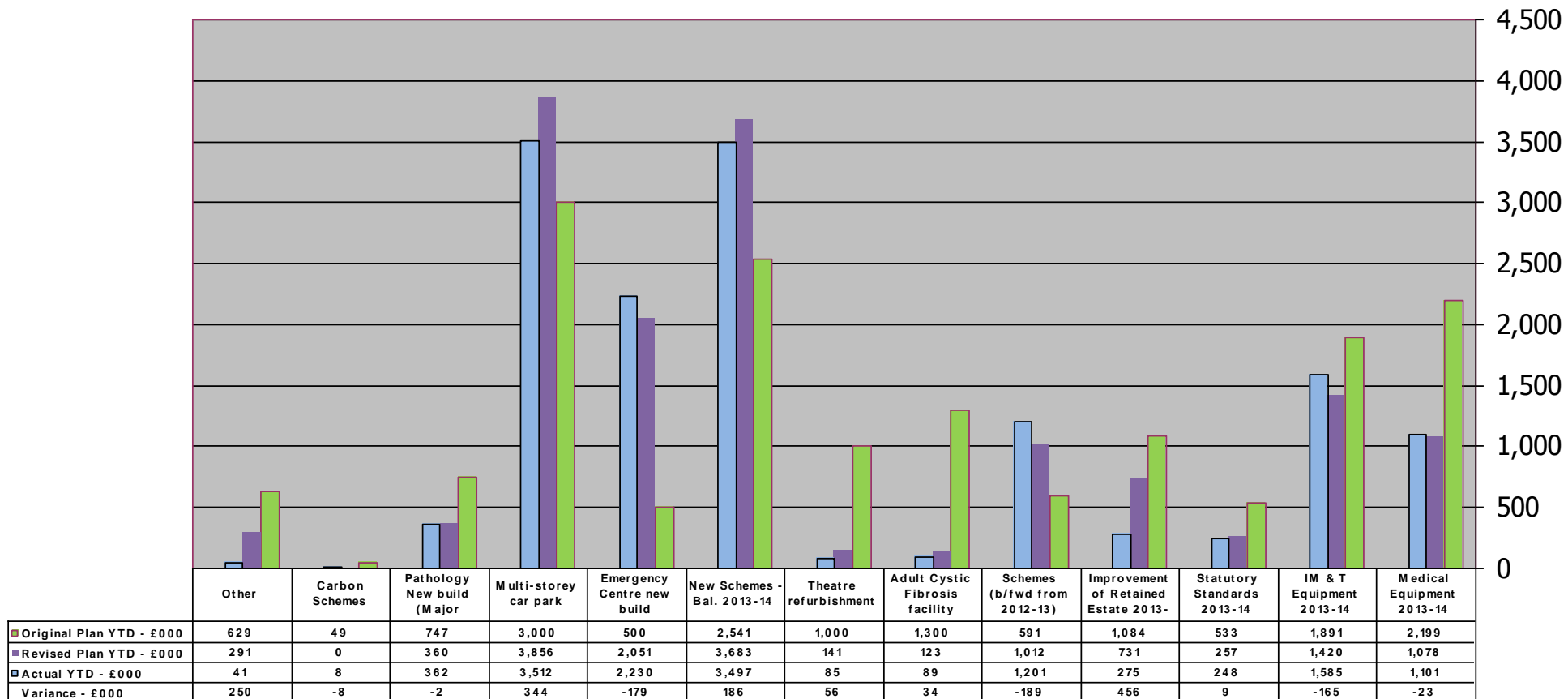
Reasons for Underspend:-

- Capital Programme – At the end of January 2014 capital spend was 89% of **original** TDA plan with an underspend of £1,830k. The plan was revised in year with the reprofile of scheme expenditure over the programme. The Trust’s revised 2013/14 programme and performance is shown on page 34, with an underspend of £769k to date (95% of plan).
- PFI Additions – Forecast outturn of PFI additions is now £1,910. The PFI Equipment Replacement Plan has been revised to take account of X Ray equipment now planned to be delivered in 2015/16 as part of New Emergency Centre. CRL for PFI is agreed later in the year, in line with spend. The expected CRL has been reduced accordingly.

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 Programme (£000)



Statement of Financial Position as at 31st January 2014

Trade and Other Receivables as at 31 January 2014 are £18,968k, a breakdown is provided on page 36. This includes invoiced NHS £7,430k and gross Non-NHS £2,144k receivables. A more detailed analysis of the invoiced receivables is shown on page 37. Calculated Debtor Days for the year to date are:-

	M10 Actual	M10 Plan
Total	11.08	6.63

Being:-

	NHS	Non NHS
	9.67	15.50
	5.69	15.63

The debtors day position has deteriorated compared to plan because of the large invoice raised in February for Winter Pressures. The move to the City Council as a Commissioner and issues around payments has resulted in a deterioration in debtor day position.

	<u>January 2014</u> <u>Revised Plan</u> <u>£000</u>	<u>January 2014</u> <u>Actual £000</u>	<u>December</u> <u>2013 Actual</u> <u>£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	268,717	267,805	267,556	249	253,588
Intangible Assets	801	551	572	(20)	459
Other Non Current Assets	859	1,133	1,133	0	2,646
TOTAL NON CURRENT ASSETS	270,377	269,489	269,261	228	256,693
CURRENT ASSETS					
Inventories	5,499	4,708	4,434	274	5,823
Trade and Other Receivables	13,688	18,968	16,014	2,954	14,362
Cash and cash equivalents	27,920	28,306	28,173	133	22,566
TOTAL CURRENT ASSETS	47,107	51,982	48,621	3,361	42,751
Non Current Assets Held for Sale	800	800	800	0	800
TOTAL ASSETS	318,284	322,271	318,682	3,589	300,244
CURRENT LIABILITIES					
Trade & Other Payables	(36,512)	(39,834)	(39,217)	(617)	(33,547)
Borrowings	(1,725)	(1,720)	(1,720)	(0)	(1,771)
Provisions for Liabilities and Charges	(1,979)	(2,440)	(2,170)	(270)	(3,730)
TOTAL CURRENT LIABILITIES	(40,216)	(43,994)	(43,107)	(888)	(39,048)
NET CURRENT ASSETS / (LIABILITIES)	6,891	7,987	5,514	2,473	3,703
TOTAL ASSETS LESS CURRENT LIABILITIES	278,068	278,276	275,575	2,702	261,196
NON CURRENT LIABILITIES					
Other Liabilities	(6,103)	(6,103)	(6,249)	146	(7,545)
Provision for Liabilities and Charges	(539)	(539)	(539)	0	(539)
TOTAL NON CURRENT LIABILITIES	(6,642)	(6,642)	(6,788)	146	(8,084)
TOTAL ASSETS EMPLOYED	271,426	271,635	268,787	2,848	253,112
FINANCED BY TAXPAYERS EQUITY					
Public Dividend Capital	173,253	173,253	173,253	0	173,082
Retained Earnings	37,827	36,206	33,358	2,848	19,623
Revaluation Reserve	60,156	61,986	61,986	0	60,217
Other Reserves	190	190	190	0	190
TOTAL TAXPAYERS EQUITY	271,426	271,635	268,787	2,848	253,112

A more detailed analysis of Trade & Other Payables is provided on page 38.

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:

	M10	Cumulative
- Value	89%	92.87%
- Volume	88%	92.87%

	M9	Cumulative
- Value	92%	93.38%
- Volume	92%	93.56%

The monthly position has deteriorated due to there being no payment run over the Christmas period. The Finance and Procurement Departments are working jointly to resolve issues preventing the 95% target being achieved.

Trade Receivables

<u>Trade & Other Receivables</u>	<u>January</u>	<u>December</u>	<u>Movement</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
NHS Receivables - Revenue	7,430	4,575	2,855	62.4%
NHS Partially Completed Spells	1,782	1,782	0	0.0%
NHS Accrued Income	4,492	4,357	135	3.1%
Non NHS Sales Ledger	2,144	2,070	74	3.6%
Provision for Impairments of Receivables (inc RTAs)	(804)	(814)	10	-1.2%
Non NHS Accrued Income	370	368	2	0.4%
Prepayments	2,633	2,301	332	14.4%
RTA / Injury Claims due within 1 year	832	801	31	3.9%
Other	88	573	(485)	-84.6%
Total Trade & Other Receivables	18,968	16,014	2,955	18.5%

- Further analysis of NHS and Non NHS Sales Ledger Receivables is provided on page 38.
- NHS Receivables has increase by £2.9m and a result of the Trust invoicing Wolverhampton CCG for winter pressures funding.
- The NHS Accrued income includes £1.7m for CQUIN which is invoiced for at year end, £0.5m for Consultant Excellence Award funding due from NHS England which has now been invoiced for, £0.7m for income in respect of Community services and £0.7m in respect of Acute Services income.
- The increase in prepayments is due mainly to advance lease and software payments for the DaVinci robot and February contract payments for patient transport.

Receivables by Category

The overall debt position has increased by £2.9m. This is mainly relating to invoicing Wolverhampton CCG for Winter Pressures funding.

Within the CCG debt overdue by more than three months £139k relates to a national confidentiality issue over the provision of backing information to support the invoices for Non Contractual Activity (NCAs). The TDA is working on a national solution to this problem. Also included is £45k for Wolverhampton CCG which has now been paid and £84k for Stafford and Surrounds CCG which is a balance on their contract payments. There were issues around the split of the Staffordshire Contracts which resulted in this underpayment which is to be resolved in February.

The other NHS debt over three months old includes £44k for Heart of England on a service agreement which has now been finalised, £75k for Mid Staffs Trust and £18k for Public Health England which has been settled in February

The NCB shows a credit balance within term. This is due to a credit note raised in January for underperformance of £1m against contract payments already received

January 2014

Customer Type	Customer Type	Total Balances due	Within Term	Over Term 0-1 Months	Over Term 1-2 Months	Over Term 2-3 Months	Over Term > 3 Months
		£'000	£'000	£'000	£'000	£'000	£'000
NHS	OTHER	719	284	194	51	42	148
	NCB	215	-302	191	313	5	8
	PCT	2	0	0	0	0	2
	TRUST	826	646	61	20	18	81
	CCG	5,668	4,867	326	165	26	284
NHS Total		7,430	5,495	772	549	91	523
NON	OTHER	560	270	87	26	23	154
	LA	1,020	388	319	120	22	171
	PRIVATE PATIENTS	198	57	26	6	28	81
	IRISH/SCOTT/WELSH	32	15	11	2	0	4
	OVERSEAS PATIENTS	246	15	27	24	7	173
	DEBT PD BY INSTALMENTS	88	0	1	0	0	87
	Sub Total	2,144	745	471	178	80	670
	BAD DEBT PROVISION	-630	-21	-27	-27	-7	-548
NON Total		1,514	724	444	151	73	122
Grand Total		8,944	6,219	1,216	700	164	645

December 2013

Customer Type	Customer Type	Total Balances due	Within Term	Over Term 0-1 Months	Over Term 1-2 Months	Over Term 2-3 Months	Over Term > 3 Months
		£'000	£'000	£'000	£'000	£'000	£'000
NHS	OTHER	763	391	173	46	98	55
	NCB	1,589	183	1,393	5	0	8
	PCT	31	0	0	0	0	31
	TRUST	460	47	139	153	49	72
	CCG	1,732	836	493	46	46	311
NHS Total		4,575	1,457	2,198	250	193	477
NON	OTHER	474	193	61	36	124	60
	LA	1,008	87	204	267	264	186
	PRIVATE PATIENTS	214	87	12	30	1	84
	IRISH/SCOTT/WELSH	38	16	15	0	1	6
	OVERSEAS PATIENTS	237	28	26	7	5	171
	DEBT PD BY INSTALMENTS	99	0	1	0	0	98
	Sub Total	2,070	411	319	340	395	605
	BAD DEBT PROVISION	-582	-32	-27	-7	-167	-349
NON Total		1,488	379	292	333	228	256
Grand Total		6,063	1,836	2,490	583	421	733

The Other Debt 3 months old includes £100k relating to the sale of MRI equipment by the Trust to a private healthcare provider. This is being paid in installments by the end of March

Of the older Overseas Patient debt, as previously noted, £120k relates to one patient. Details of this debt were reported to the Audit Committee in December. The Trust's debt collection agency have advised following this up with their attorney. This will be followed up once all costs are known.. All overseas patient debt continues to be fully provided for.

The majority of Local Authority debt relates to Wolverhampton City Council for CASH services £95k per month. These should be billed based on actual activity and the invoices will be cancelled and reissued based on actuals.

Private Patient debt >3 months old continues to relate mainly to BUPA. A revised settlement proposal is with BUPA. This has been escalated by BUPA to Director level and a formal response is promised by 18 February. Legal action will be taken if this deadline is not met or if the Trust proposal is not accepted.

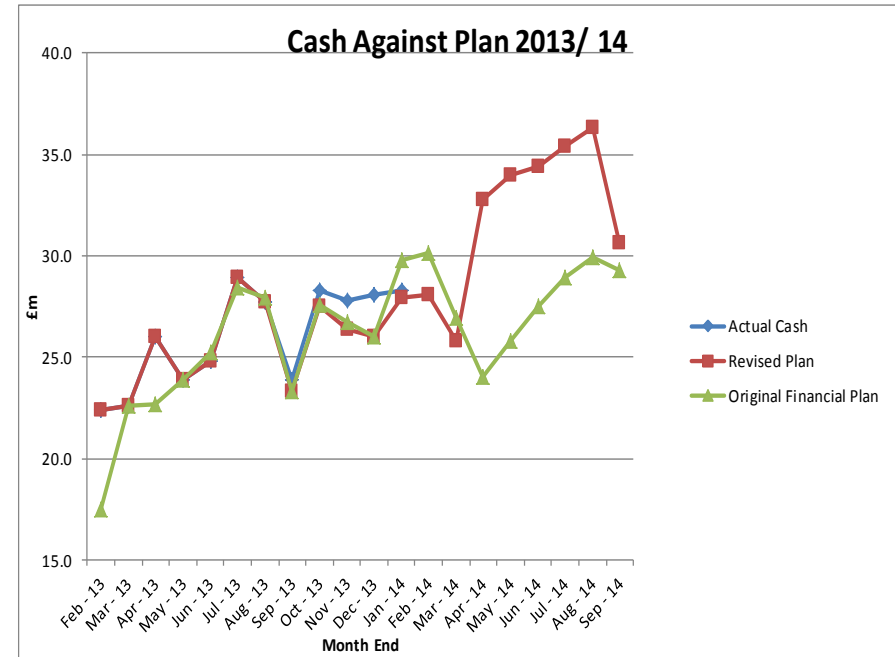
Trade & Other Payables

<u>Trade & Other Payables</u>	<u>January</u>	<u>December</u>	<u>Movement</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
NHS Payables - Revenue	(1,439)	(1,872)	433	-23.1%
Non NHS Trade Payables - Revenue	(4,643)	(5,091)	448	-8.8%
Non NHS Trade Payables - Capital	(4,529)	(4,774)	245	-5.1%
Dividend and Interest Accrual	(2,707)	(2,030)	(677)	0.0%
Tax & Social Security	(4,818)	(4,802)	(16)	0.3%
Pensions	(3,315)	(3,315)	0	0.0%
Accruals	(10,044)	(10,646)	602	-5.7%
Deferred Income (inc. Trading Accounts)	(7,996)	(6,226)	(1,770)	28.4%
Other	(344)	(462)	118	-25.6%
Total Trade & Other Payables	(39,834)	(39,217)	(617)	1.6%

- The Dividend has increased by £0.7m and will continue to increase until payment is made in March 2014. Payments are only made twice a year, in September and March.
- The increase of £1.8m in Deferred Income mainly relates to the receipt of the training income from NHS England for the period January to March, £2.5m. This has been offset by the utilisation of £0.6m of income deferred in respect of the Safehands scheme with £1m being carried forward. The remaining deferred income relates to £1.8m for trading accounts, £1.9m for contract income received in advance mainly from SE Staffs and Seisdon Peninsula CCG

Cash Flow Statement - period ending 31st January 2014

	January Revised Plan £000	January Actual £000	January Variance £000
OPERATING ACTIVITIES			
Total Operating Surplus/(Deficit)	13,102	13,783	681
Depreciation	13,820	13,883	63
Fixed Asset Impairments	2	10	8
Interest Paid	(1,328)	(1,321)	7
Dividends Paid	(3,975)	(3,975)	0
(Increase)/Decrease in Inventories	324	1,115	791
(Increase)/Decrease in Trade/Receivables	674	(4,606)	(5,280)
Increase/(Decrease) in Trade/Payables	319	4,730	4,411
Increase/(Decrease) in Provisions	(1,751)	(1,290)	461
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	21,187	22,329	1,142
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	86	87	1
Payment for Property, Plant and Equipment	(14,949)	(15,195)	(246)
Payment for Intangible Assets	(264)	(375)	(111)
Payment for Other Assets	0	0	0
Proceeds from Disposals	611	216	(395)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(14,516)	(15,267)	(751)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	6,671	7,062	391
New Public Dividend Capital Received	171	171	0
Capital Element of Finance Lease and PFI	(1,488)	(1,493)	(5)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	(1,317)	(1,322)	(5)
INCREASE/(DECREASE) IN CASH	5,354	5,740	386
CASH BALANCES			
Opening Balance 1st April 2013	22,566	22,566	0
Closing Balance at 31st January 2014	27,920	28,306	386



Cash against Plan

- The cash balance of £28.3m is £0.3m above plan.
- Inventories are below plan as pharmacy stocks levels are still at a reduced level, although this has increased.
- The difference between the original planned cash level and the revised plan is due to the original plan assuming receipts for the sale of the Eye Infirmary