

Report of the Chief Financial Officer

Finance Report – January 2015
(Month 10)

Date of Meeting 23rd February 2015



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Executive Summary

- The Trusts Income and Expenditure position as at Month 10 is a surplus of £2,927k which is adverse by (£2,376k) to the Month 10 Revised Plan. This position includes the impact of the MSFT transaction coming into effect from November 2014. The Trust's operating position, (Earnings before interest, taxation, depreciation and amortisation – EBITDA), is below Plan by (£288k). The detail can be found on Page 5. Financial Risk continues to be assessed, alongside Mitigation, and is shown at Page 6.
- Total income at Month 10 is £382,353k which is favourable to plan by £1,674k. This builds in a contingency of £2,508k in respect of emergency readmissions and non elective threshold adjustments. Contracted patient care income shows an over performance of £121k. Full detail found on Pages 8 to 12.
- Directorate expenditure is adverse to Plan by (£4,406k) and is analysed as follows:
 - Pay – (£1,663k)
 - Non Pay – (£2,657k)
 - Drugs – (£86k)
- The Trust CIP target for 2014/15 is £28,205k. At month 10, £8,339k has been withdrawn from budgets, which represents 29.6% of the total. However, only £3,353k of savings has been achieved recurrently. Pages 27 to 30 detail the CIP schemes.
- The Trust forecast outturn has been updated, following further review by directorates against improvement/control totals; instigation of cost control processes both on pay, in terms of recruitment, and non pay; and on going Commissioner income/re-investment negotiations. The forecast position has been revised to £2.6m Surplus, however, this is still dependant on the successful outcome of negotiation with CCGs, in particular Staffs and Walsall CCGs. This provides a shortfall of £2.1m against the TDA Plan Surplus of £4.7m. It should be noted that the Trust requires Surplus achievement to enable investment in Capital Plans.
- In line with the required governance process, the reported position of £2.6m forecast Surplus is subject to formal agreement at the February Board, following consideration by the Finance and Performance Committee in February. The position will then be reported to the TDA.

Further details on expenditure and performance against budget are provided on Pages 13 to 24.

- The Trusts position against the Revised TDA Plan is shown in the table below. This follows the submission of the revised Plan to the TDA in November to include the impact of the MSFT transaction.

TDA	TDA Plan £'000	YTD Actual £'000	YTD Variance £'000
Income	360,691	382,435	21,744
Expenditure	(355,478)	(379,508)	(24,030)
Net Surplus	5,213	2,927	(2,286)

Note: Income in the table above includes Interest Receivable, and Expenditure includes Interest Payable and PDC Dividend

- At the end of Month 10 the Capital Programme spend was £27,161k against the original TDA Plan of £35,288k, excluding PFI. It is important to note that in January the Plan was not fully cash backed for the MSFT Business Case related spend. Thus, of the £8.1million Plan underspend shown, circa £6.8m of this has been provided by the RWT Plan to cash fund, in the short term, the urgent MSFT capital planned spend. The Trust has thus, phased RWT actual spend to the latter part of the financial year, on the basis that the cash funding for the MSFT Plan will then have been released. The TDA have latterly notified the Trust of 2014/15 CRL in respect of the MSFT Business Case and agreed that the Trust can apply for Public Dividend Capital (PDC) cash funding in February 2015, even though the TDA have yet to issue formal written approval of the Case to the Trust. On this basis, the Trust has reviewed forecast capital out turn and notified the TDA, at their request, of a reduction to the CRL. This position coincides with the forecast position for the Trust as a whole, including RWT and Cannock estimated year end spend. Full Capital details are shown on pages 31 and 32.

Executive Summary (continued)

- As reported last month, the Statement of Financial Position now reflects the MSFT Transaction. Figures are based on the unaudited figures provided by the MSFT Legacy Team and are likely to change. The external audit has now been undertaken and final figures are expected very shortly.
- The closing Trust Cash balance of £21,525k is £962k above the Plan of £20,563. However, as noted last month, within this positive cash position there are a number of variances to plan worthy of note, in particular relating to debt and capital. Full details of working capital, cash flow, and specific details of the trade receivables and payables shown from pages 34 to 37, and as noted previously, capital spend details at pages 31 and 32.
- The Continuity of service Ratings, shown on page 5 show a current rating of 3.2 out of 4. Performance against the Compliance Framework Financial Risk Ratings is also included on page 5 and shows a rating for year to date of 3.2 out of 5, being behind Plan of 3.7.
- The CRL, shown below, has been adjusted in line with forecast out turn, detail noted previously, and is subject to formal TDA approval. EFL remains the same, due to the ongoing issues linked to debt, this provides a prudent position.

Performance against Financial Targets	Target	Performance	RAG
I & E Target Month 10	£5,303k	£2,927k	Red
Performance against TDA target Month 10	£5,213k	£2,927k	
CIP Target Month 10 YTD	£19,866k	£8,339k	Green
Capital - CRL including PFI Additions - To be agreed	£43,887k	£43,887k	
EFL - Year end forecast - To be agreed	£16,685k	£16,685k	
Capital Cost Absorption Rate (Year end)	3.50%	3.50%	

Income & Expenditure Account – RWT Combined

Current Month Plan	Current Month Actual	Current Month Variance		Original Plan	Annual Budget	Plan to Date	Actual to Date	Variance to Date	Forecast Out turn
£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
Income									
35,204	34,981	(223)	Patient Activity Income	350,901	381,894	315,870	315,991	121	390,898
(251)	0	251	Patient Activity Contingency **	(3,010)	(3,010)	(2,508)	0	2,508	0
89	136	47	Other Patient Care Income	1,064	1,064	887	986	99	1,145
1,094	992	(102)	Education, Training & Research Income	12,804	13,355	11,109	10,708	(400)	13,605
2,500	2,500	0	CRN: West Midlands	0	29,999	25,000	25,000	0	29,999
17	17	0	Non Patient Care Other Income	400	718	610	362	(247)	482
103	47	(57)	Private Patient Income	1,107	1,132	947	503	(443)	587
4,075	3,708	(367)	Income on Directorate Budgets	17,290	36,316	28,765	28,802	37	37,209
42,831	42,380	(451)	Total Income	380,556	461,469	380,679	382,353	1,674	473,925
Expenditure									
(23,011)	(23,673)	(662)	Directorate Expenditure Budgets - Pay	(237,435)	(265,666)	(218,831)	(220,494)	(1,663)	(272,995)
(8,770)	(9,017)	(248)	Directorate Expenditure Budgets - Non Pay	(75,716)	(92,799)	(75,718)	(78,375)	(2,657)	(98,551)
(3,998)	(4,097)	(99)	Directorate Expenditure Budgets - Drugs	(24,988)	(38,430)	(31,384)	(31,470)	(86)	(39,287)
(2,500)	(2,500)	(0)	CRN: West Midlands	0	(29,999)	(25,000)	(25,000)	(0)	(29,999)
(2,216)	0	2,216	Activity Changes/Service Dev./Cost Pressures Reserves	(24,974)	(15,303)	(9,887)	0	9,887	0
(483)	0	483	Inflation and Contingency Reserves	(13,199)	(4,738)	(3,711)	0	3,711	0
2,944	0	(2,944)	Cost Improvement Savings - Current Year	28,004	19,866	12,859	0	(12,859)	0
(38,033)	(39,286)	(1,253)	Total Expenditure	(348,308)	(427,069)	(351,671)	(355,338)	(3,666)	(440,832)
4,798	3,094	(1,704)	EBITDA Surplus/(Deficit)	32,248	34,400	29,008	27,015	(1,992)	33,093
0	0	0	Profit/(Loss) on Asset Disposals	0	0	0	14	14	14
0	0	0	Impairments of Fixed Assets	(647)	(647)	0	(309)	(309)	(661)
(1,580)	(1,502)	77	Depreciation	(15,813)	(17,157)	(13,997)	(14,214)	(217)	(17,801)
8	8	(1)	Interest Receivable	100	100	83	85	2	100
(141)	(141)	(0)	Interest Payable	(1,687)	(1,687)	(1,406)	(1,391)	15	(2,495)
(952)	(890)	62	PDC Dividends (Cost of Capital)	(9,480)	(10,288)	(8,385)	(8,273)	112	(9,650)
0	0	0	Unwinding of Discount	0	0	0	0	0	0
2,134	568	(1,566)	Net Surplus/(Deficit)	4,721	4,721	5,303	2,927	(2,376)	2,600
Adjustments as per TDA reported position									
16	36	(20)	Depreciation on donated assets	182	182	144	164	(20)	
0	(51)	51	Donated Asset Income	(400)	(400)	0	(51)	(51)	
0	0	0	Remove Impairments	647	647	0	309	309	
2,150	553	(1,535)	Adjusted Financial Performance as TDA	5,150	5,150	5,447	3,349	(2,138)	

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

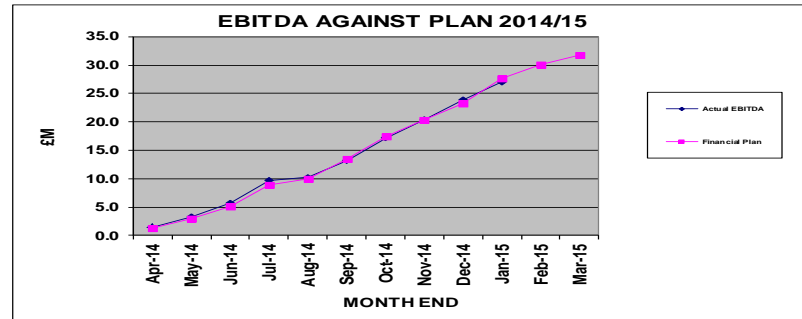
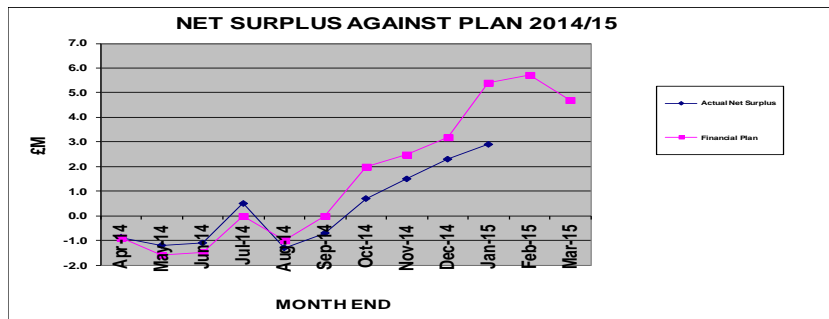
Financial Risk

Financial Risk Rating

Ratio KPIs	Annual Plan	Rating	Plan to Date	Rating	Actual to Date	Rating	Definitions
EBITDA Achieved	100.0 %	5	100.0 %	5	93.1 %	4	=in year achievement/ in year plan
EBITDA Margin	7.7 %	3	7.6 %	3	7.1 %	3	=EBITDA/Total Income
Net Return on Financing	1.7 %	3	2.4 %	4	1.2 %	3	=(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	1.4 %	3	1.4 %	3	0.8 %	2	=Net Surplus/(Deficit)/Total Income
Liquidity Ratio	33.0 Days	4	27.0 days	4	26.7 days	4	= prior year cash plus trade debtors less trade creditors plus working capital facility expressed as days of current year operating expenses
		3.5			3.7	Overall Rating	3.2

Continuity of Service Rating

Ratio	Annual Plan	Rating	Plan To Date	Rating	Actual To Date	Rating	Definitions
Liquidity Ratio(days)	0 days	4	-3.6 days	3	-3.5 days	3	As above but excluding working capital facility
Capital Servicing Capacity (Times)	2 Times	3	2.6 Times	4	2.4 Times	3	The number of times the debt can be met by the surplus
Overall Continuity of Service Rating		3.5			3.5	3.0	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)	Yes	Mainly for contract overperformance being negotiated with Wolverhampton CCG
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 Risk £000's	Risk after Mitigation £000's	Risk After Mitigation	Mitigating Action
Cost Improvement Programme	Likely	Major	A4	10,839	7,000	A3	The risk in shortfall on CIP is in line with that reported to the Finance & Performance Committee. The risk after mitigation reflects the forecast of achieving further non-recurrent savings.
Contract income issues- Penalties, Fines, CQUIN, Readmissions, Emergency Threshold	Possible	Moderate	C3	4,190	824	C2	The risk is based on the latest Commissioners correspondence. Discussions are nearing conclusion with Wolverhampton CCG. Discussions are also being undertaken with other Commissioners.
Cannock CCG withdrawal of funding	Likely	Moderate	B3	706	436	B2	The issue continues to be discussed and negotiated with Cannock CCG.

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

Overall Rating
Low
Medium
High

SLA and Income: Actual vs. Plan by Specialty

The patient activity income as at month 10, is showing a surplus of £121k , this is an adverse movement of £223k from that reported at month 9

Division	Specialty	Month 10	Month 10	Month 9	Movement
		Variance £000	Variance %	Variance £000	£000
Division 1	General Surgery	10	0.1	(59)	69
	Critical Care	(751)	(6.9)	(600)	(151) 1
	Drugs & Devices	23	1.0	16	7
	Trauma & Orthopaedics	711	3.8	917	(206) 2
	Head and Neck	665	10.0	640	24
	Ophthalmology	106	0.7	85	21
	Gynaecology	82	1.4	151	(69)
	Obstetrics inc Scans	(425)	(3.1)	(526)	101 3
	GP Direct Access	(207)	(3.5)	(204)	(3)
	Urology	549	10.1	512	37
	Cardiothoracic/Cardiology	(927)	(3.8)	(510)	(416) 4
Non Elective Threshold Deduction	(822)		(738)	(84)	
Other	218	10.0	144	74	
Total		(768)	(0.6)	(173)	(595)
Division 2	General Medicine	3,443	37.4	2,885	558 5
	Clinical Haematology/Oncology	1,145	6.8	1,196	(52)
	Cystic Fibrosis	(5)	(1.0)	(4)	(0)
	Drugs & Devices	3	0.1	10	(8)
	Paediatrics	627	6.3	426	201 6
	GP Direct Access	187	18.8	171	16
	Nephrology and Dialysis	433	2.8	314	119 7
	Accident & Emergency	2,138	12.2	1,900	238 8
	Non Elective Threshold Deduction	(3,535)		(2,870)	(665)
	Other	(445)	1.6	(735)	290 9
Total		3,991	3.8	3,293	698
Other	Drugs & Devices	(0)	(0.0)	0	(0)
	Other	(84)	(0.8)	(75)	(8)
Total		(84)	(0.8)	(75)	(8)
Patient Activity as per RWT SLAM		3,140	1.3	3,045	94
					0
Other		(2,878)		(2,716)	(162)
Cannock		(195)		(83)	(112) 9
Community Services		55		98	(44)
Patient Activity Income		121		344	(223)

- Critical Care** - The Critical Care Bed Days are continuing to under perform with an in month under performance of 102 Bed Days leading to the adverse variance of £151k.
- Trauma & Orthopaedics** - The main cause for the adverse variance is Elective Inpatient activity with an adverse variance of £170k. The actual activity in January is 40 Elective Spells lower than the yearly average.
- Obstetrics** - The favourable variance is due to an increase Ante Natal Pathway activity which is 71 cases above the average in January. This may be due to the transfer of maternity activity from Stafford.
- Cardiothoracic / Cardiology** - There is an adverse variance in Cardiac Surgery of (£266k). Cardiac Catheters has an adverse variance of £76k. The PCI, TOE, ICD and EPS activity also has a combined adverse variance of £76k.
- General Medicine** - This area continues to over perform. The Non Elective Activity has a favourable variance of £399k. This is linked to the continued over performance in A&E attendances. Medical Endoscopies continue to over perform showing a favourable movement of £98k. The increase in Non Elective activity is off set by the non elective threshold deduction.
- Paediatrics** - There is a favourable variance of £96k within Non Electives. Outpatient activity has improved by £42k and Day Case activity is also showing a favourable variance of £28k
- Nephrology & Dialysis** - Non Elective Activity has a favourable variance of £78k. Haemodialysis is favourable by £45k.
- Accident & Emergency** - The over performance in A&E continues in January with a favourable variance of £238k . The A&E attendances up to January totalled 98,515 which is 11,018 attendances above the plan for the year to date..
- Division 2 Other & Cannock** - As Cannock Hospital integrates fully with RWT the activity recording will move from the Stafford Patient Administration Systems onto the current RWT system. This has happened in 2 areas already, the Fair oak Ward and the Dermatology Service at Cannock. This has resulted in £246k of income being recorded on the RWT system where the plan is within the Cannock System.

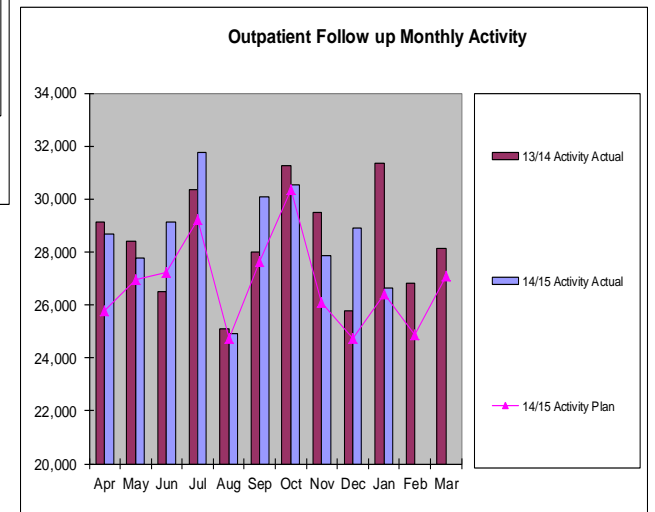
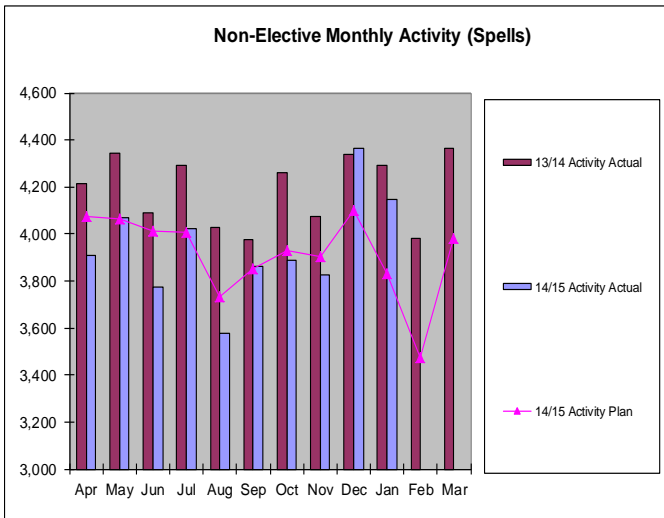
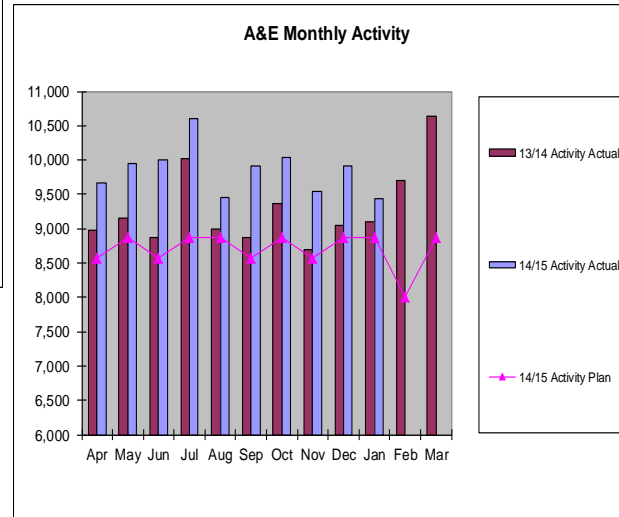
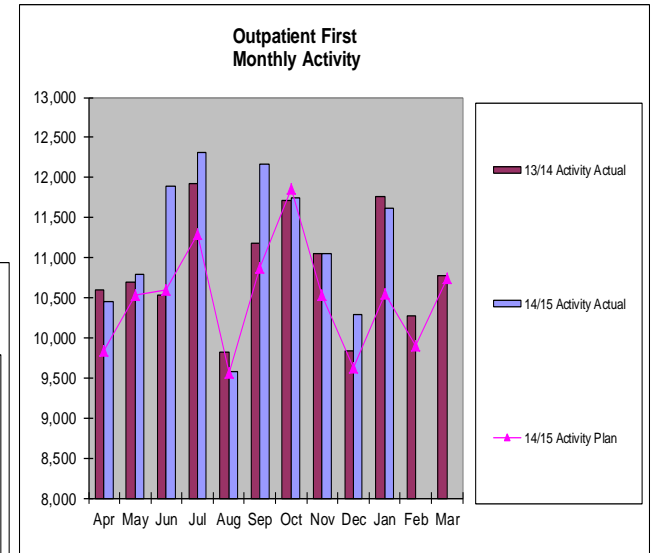
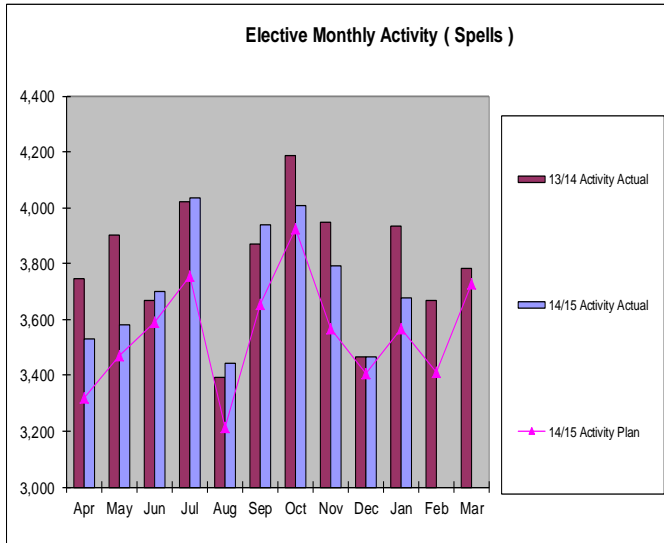
SLA and Income: Actual vs. Plan by POD*

Admission Type	Annual Plan	Variance To Date	% Variance	Annual Price Plan	Variance To Date £	% Variance
				£000	£000	%
Accident and Emergency	107,984	12,794	11.85%	11,816	1,938	16.41%
Critical Care	19,982	485	2.43%	17,575	(837)	-4.76%
Elective	42,606	1,700	3.99%	53,951	1,351	2.50%
Elective Excess Bed Days	1,943	149	7.65%	451	40	8.81%
Direct Access	586,091	(19,360)	-3.30%	5,620	(92)	-1.63%
Non-elective	46,968	(75)	-0.16%	82,422	1,852	2.25%
Non-elective Excess Bed Days	16,815	596	3.55%	3,883	99	2.55%
Outpatient First	125,909	6,640	5.27%	17,400	725	4.17%
Outpatient Follow Up	321,138	17,139	5.34%	24,571	1,154	4.69%
Outpatient Procedures	46,142	1,492	3.23%	8,492	91	1.07%
Renal	78,012	592	0.76%	8,450	235	2.79%
Fractions	34,976	4,158	0	5,492	633	0
Drugs/ Devices	3,087	778	25.21%	22,312	123	0.55%
Chemotherapy	12,347	1,588	0	2,822	383	0
Lucentis	7,741	0	0	6,734	(0)	(0)
Non Elective Marginal rate Division 1	0	0	0	0	(822)	0
Non Elective Marginal rate Division 2	0	0	0	0	(3,535)	0
Block Contracts	0	0	0	5,089	0	0
Non PBR Other	158,673	(64,146)	(0)	4,505	(319)	(0)
Stepdown	1,126	(34)	(0)	1,716	(0)	(0)
Other	66,349	4,675	7.05%	7,064	91	1.29%
Maternity Pathway	6,957	80	1.15%	6,413	32	0.49%
Grand Total	1,684,845	(30,750)	-1.83%	296,777	3,140	1.06%

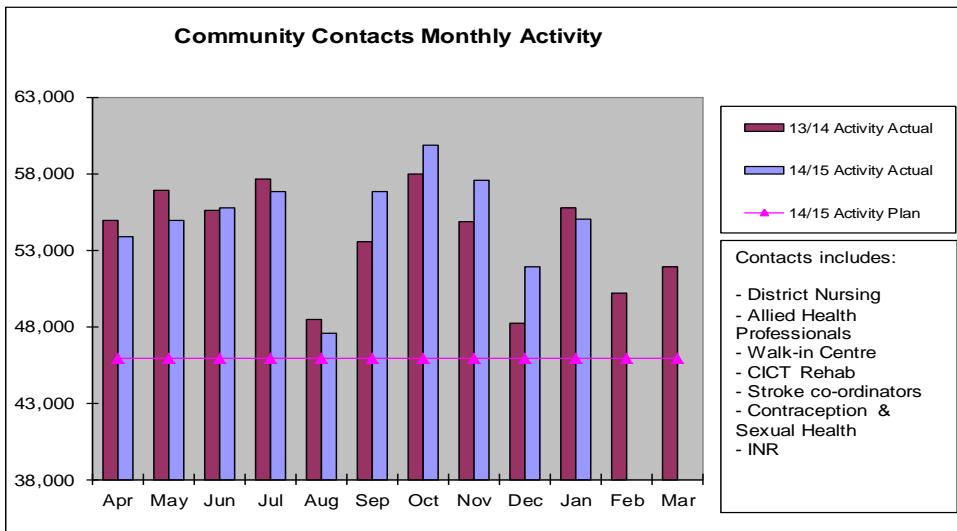
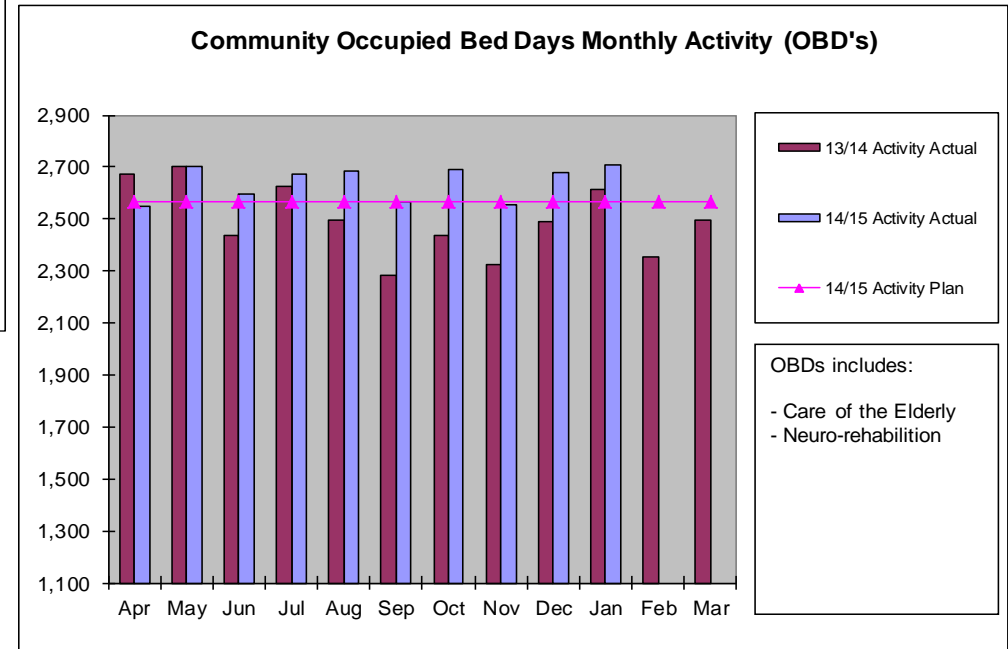
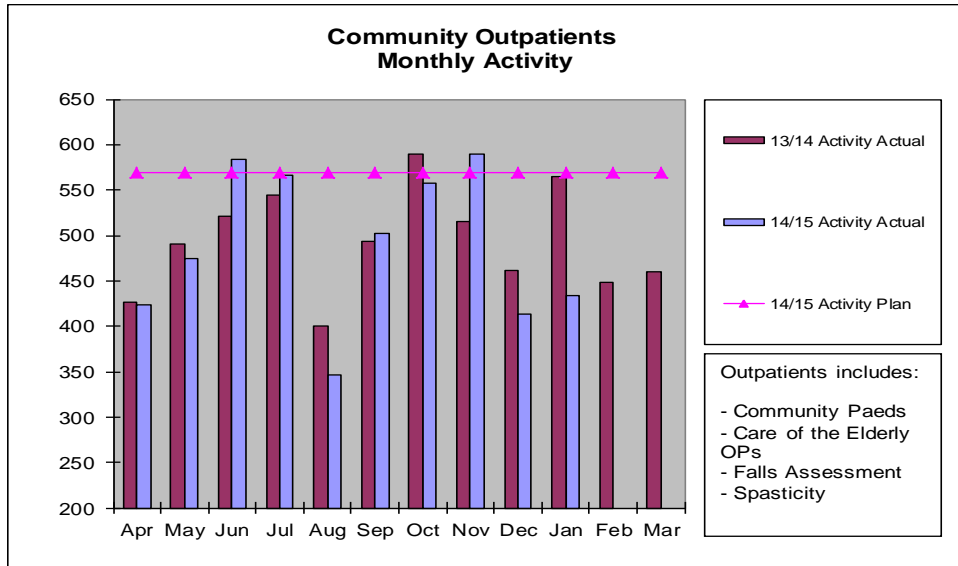
Block includes income relating to:-
 Screening programmes, Midwives, Quality schemes, Infection control and Contract reduction for QIPP

*POD = Points of Delivery

Performance against CCG Activity



Community Performance against CCG Activity



SLA and Income: Actual versus Plan by Commissioner

	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	136,982	4,595	114,674	4,112	120,353	0	1,568	1.4%
South Staffs CCG's	17,048	972	14,264	870	14,949	0	(184)	-1.3%
Walsall CCG	19,357	1,193	16,220	1,068	17,600	0	312	1.9%
Dudley CCG	6,109	40	5,122	35	5,298	0	140	2.7%
Other CCG's	23,489	1,280	19,651	1,145	21,156	0	360	1.8%
CCG Acute Services Total	202,984	8,079	169,930	7,230	179,356	0	2,196	1.3%
Local Authorities	1,788	70	1,491	63	1,295	0	(259)	-17.4%
Shared Care and Maternity recharges to other providers	712	92	594	83	1,407	0	731	123.1%
Anticipated Income	9,536	(9,536)	8,534	(8,534)	0	0	0	0.0%
NCA	1,561	37	1,310	33	1,387	0	44	3.3%
Secondary Dental	3,850	53	3,213	48	3,359	0	98	3.0%
Public Health England	2,983	0	2,495	0	2,344	0	(150)	-6.02%
Specialised services	73,363	1,203	61,258	1,077	62,815	0	481	0.8%
Sub Total Acute Services	296,777	(0)	248,824	(0)	251,963	0	3,139	1.26%
Community Services	49,034	0	36,748	0	36,846	0	98	0.27%
GRAND TOTAL	345,812	(0)	285,572	(0)	288,810	0	3,238	1.13%

Expenditure by Directorate

Trust Wide Summary

(£1008k) overspend in month, (£4406k) overspend ytd

	Manpower WTEs This Month			VARIANCES Cumulative Against Budget										
				Pay		Non Pay		Drugs		Total (pre CIP)		CIP	Total (incl CIP)	
	Budget	Actual	% var	£'000	%	£'000	%	£'000	%	£'000	%	£'000	£'000	%
Division 1	2,526	2,391	5.4%	(1,719)	(2.0%)	(2,310)	(7.4%)	41	0.6%	(3,988)	(3.2%)	(6,307)	(10,295)	(8.7%)
Division 2	2,808	2,938	-4.6%	(1,879)	(2.1%)	(890)	(5.5%)	(105)	(0.4%)	(2,874)	(2.2%)	(5,731)	(8,605)	(6.9%)
Estates and Facilities	716	682	4.8%	488	3.3%	477	3.8%	0		965	3.5%	(590)	375	1.4%
Chief Operating Officer	7	7	-6.4%	26	4.7%	12	63.1%	0		38	6.6%	0	38	6.6%
Total Operations Directorate	6,057	6,017	0.6%	(3,085)	(1.6%)	(2,710)	(4.5%)	(64)	(0.2%)	(5,859)	(2.1%)	(12,628)	(18,487)	(6.8%)
Corporate Directorates & Other	997	919	7.8%	1,422	5.4%	53	0.3%	(22)	(22.2%)	1,453	3.7%	(231)	1,222	2.9%
Total Directorate Expenditure	7,053	6,937	1.7%	(1,663)	(0.8%)	(2,657)	(3.4%)	(86)	(0.3%)	(4,406)	(1.3%)	(12,859)	(17,265)	(5.5%)

Monthly Manpower Figures in WTEs:-	Budget	Actual
April	6,300	6,102
May	6,376	6,146
June	6,386	6,140
July	6,518	6,341
August	6,536	6,331
September	6,625	6,411
October	6,629	6,455
November	7,131	6,952
December	7,147	6,895
January	7,053	6,937
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	(4,841)	(11,148)	(4,371)	(9,418)
Division 2	(2,027)	(7,758)	(1,107)	(5,670)
	(6,869)	(18,906)	(5,478)	(15,088)

Expenditure Commentary

- The expenditure exception report on pages 15 to 24 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 (£1,719k), Division 2 (£1,879k) which are being partially offset by an underspend in Estates & Facilities of £488k. Division 1 over spend relates primarily to Waiting List Initiatives in Orthopaedics, Radiology, Critical Care and Ophthalmology, Nurse Bank usage covering sickness and maternity leave and additional hours paid to medical staff covering on call rotas. Division 2 overspend relates to the additional capacity wards and continued use of agency staff to backfill vacancies in A&E. Estates and Facilities underspend relates to vacant posts in Estates Management, Hotel Services and Medical Physics.
- On non pay, Division 1 is overspent by (£2,310k), the year to date overspend is caused mainly by increased theatres costs in Orthopaedics, Cardiology, Head & Neck, in addition Orthopaedic patients have been sent to the private sector in order to meet Referral To Treatment. The non pay position in Division 2 shows an over spend of (£890k), this is mainly due to increased spend in A&E and increased consumable spend in various Directorates due to high levels of activity. Estates & Facilities are underspent by £478k, and consists of a large number of underspends within estates, site services management and medical physics.
- The drugs position relates to an underspend in Division 1 of £41k and an overspend in Division 2 of £105k.

Total Corporate and Trading accounts

- The pay under spend is due to vacancies across a number of directorates.

Operations Divisions Expenditure

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(2,180)	(3,085)	(905)	(1.60%)
Non pay	(2,447)	(2,710)	(264)	(4.52%)
Drugs	25	(64)	(89)	(0.20%)
Total	(4,602)	(5,859)	(1,257)	0.00%

Corporate and Trading Accounts Expenditure

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	1,179	1,422	243	5.40%
Non pay	37	53	16	0.34%
Drugs	(12)	(22)	(10)	(22.18%)
Total	1,205	1,453	249	0.00%

Total	(3,397)	(4,406)	(1,008)	0.00%
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Expenditure Exception Report

Total Operational Directorate (£1257k) overspend in month, (£5859k) overspend ytd

Division 1 (£468k) overspend in month, (£3988k) overspend ytd

Of the (£3.9m) overspend (excluding CIP), the pay overspend (£1,719k) mainly relates to Waiting List Initiatives (£1,337k), of which Orthopaedic WLI's account for (£402k), Cardiothoracic Surgery (£376k) and Critical Care (£166k), and overspends on medical agency (£274k) due to vacancies being covered, predominantly in Radiology.

The non pay overspend position (£2,310k) predominantly relates to overspends in Orthopaedics (£1318k) due to activity referred to the Private Sector and case mix in Trauma along with General Surgery (£208k) and Head and Neck (£152k), relating to activity case mix (increased laparoscopic emergency work), and Cardiology case mix (£569k).

As a Directorate, Cardiothoracic Surgery is of greatest financial concern to the Division. Year to date overspent by £437k on Pay and £62k on non pay whilst underperforming by £1,215k on contract income. This is due to consultant staffing issues meaning premium payments have had to be made (Waiting List Initiatives), but all activity has not been able to be covered. A recovery plan is in place.

▪ Cardiothoracic Surgery

Current Position

- Non Pay expenditure is underspent by (£41k), this is due to the lower levels of patient activity we are seeing reflected in decreased blood usage and reduced Perfusion Costs.

Actions

- As highlighted previously a recovery plan has been done, this is being monitored on a monthly basis.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(411)	(437)	(26)	(8.0%)
Non Pay	(104)	(62)	41	(2.1%)
Drugs	(7)	(5)	3	(1.8%)
Total	(522)	(504)	18	(5.7%)

Division 1

(£468k) overspend in month, (£3988k) overspend ytd

▪ Cardiology

Current Position

- Non Pay was a result of increased usage and costs of TAVI

Actions

- The number of TAVI procedures done for the year to date period up to and including month 10 was a plan of 36 cases and an actual of 52 cases resulting in a over performance of £325k which is shown in patient care income. The spend and activity continue to be monitored on a monthly basis and the increase in the costs of the TAVI's has been included in the 2015/2016 budget setting process.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(349)	(379)	(30)	(6.4%)
Non Pay	(521)	(569)	(48)	(11.9%)
Drugs	53	16	(36)	3.8%
Total	(817)	(932)	(115)	(8.4%)

Division 1

(£468k) overspend in month, (£3988k) overspend ytd

Urology

Current Position

- Pay was overspent due to Consultant Locum costs incurred covering a Consultant on Maternity leave and another on phased return from sick leave.

Actions

- This situation is expected to continue to the end of the financial year but activity has over performed as a result of increased referrals, with an over performance of £549k year to date.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(226)	(249)	(23)	(14.7%)
Non Pay	9	12	3	8.0%
Drugs	0	2	1	1.9%
Total	(217)	(235)	(19)	(12.3%)

Orthopaedics

Current Position

- The Directorate have incurred expenditure of (£229k) on Non Pay which relates to private sector facilities to help meet RTT Targets.

Actions

- Spend will continue to be monitored in line with over performance on activity £540k year to date.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(617)	(584)	33	(7.7%)
Non Pay	(1,013)	(1,318)	(305)	(32.2%)
Drugs	(1)	2	3	1.0%
Total	(1,630)	(1,900)	(269)	(15.9%)

Division 1

(£468k) overspend in month, (£3988k) overspend ytd

General Surgery

Current Position

- Pay is over spent due to a combination of additional bank usage to cover sickness, maternity leave on the wards, waiting list sessions to maintain activity levels and the use of Locum Consultants to cover maternity leave, sickness and an agency consultant to cover the Vacant 3rd Upper GI Consultant Post.
- Non Pay overspent in month due to more cases than planned being carried out using Laparoscopic technique. Urology Theatre costs are also incurred within the General Surgery Directorate and activity over performance is impacting this Directorate.

Action

- Expenditure and activity are monitored at a Directorate and Divisional level on a monthly basis. The Directorate has also over recovered on patient care income by £69k in month. .

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(252)	(327)	(75)	(5.1%)
Non Pay	(182)	(208)	(26)	(15.5%)
Drugs	38	46	8	13.5%
Total	(395)	(489)	(93)	(6.0%)

Total Operational Directorate

(£1257k) overspend in month, (£5859k) overspend ytd

Division 2

(£921k) overspend in month, (£2874k) overspend ytd

Of the (£2,874k) overspend, (£1,879k) relates to pay expenditure. The Division continues to experience overspends in relation to the additional medical wards that are open (£848k). In addition to this, the Division is continuing to witness high spends on Junior Medical agency staffing to support the Accident and Emergency Department (£892k) and high levels of activity within Gastroenterology (£271k). These overspends are being supported by underspends in Adult Community £245k and Paediatrics £242k.

Non pay is overspent by (£890k) and this is mainly attributable to high spend on consumables in the Emergency Group (£375k), Gastroenterology (£266k) and Renal (£272k) relating to activity pressures.

The drugs position is an overspend of (£105k), this is across various services within the Division.

▪ Gastro & Endoscopy

Current Position

- The overspend is due to increases in staffing in relation to nursing staff for the additional medical ward. In addition to this extra lists have been taking place at the weekends to support the increase in fast track referrals.

Actions

- This is reviewed on a monthly basis by the directorate against the activity performed in month.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(219)	(271)	(52)	(8.0%)
Non Pay	(196)	(204)	(8)	(16.5%)
Drugs	26	12	(15)	1.0%
Total	(389)	(463)	(75)	(8.1%)

Division 2

(£921k) overspend in month, (£2874k) overspend ytd

▪ A&E

Current Position

- The overspend on pay relates to Junior Medical staffing agency costs to support the department and agency cover for 4 vacant consultant posts.

Actions

- One doctor has commenced and is now participating in the rota. A second doctor is currently going through the recruitment process. This should start to reduce JMS agency costs

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(786)	(1,003)	(217)	(13.9%)
Non Pay	(232)	(261)	(29)	(73.8%)
Drugs	(49)	(56)	(7)	(43.4%)
Total	(1,067)	(1,320)	(253)	(17.2%)

▪ Diabetes

Current Position

- The movement in month relates to non recurrent CIP taken for prior months vacancies within JMS. The remainder relates to additional capacity put in place for Stafford patients.

Actions

- The expenditure for the additional capacity will be reviewed against activity levels on a monthly basis.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	71	(5)	(77)	(0.2%)
Non Pay	26	26	(1)	3.5%
Drugs	(49)	(51)	(1)	(32.4%)
Total	48	(30)	(78)	(0.9%)

Division 2

(£921k) overspend in month, (£2874k) overspend ytd

▪ Divisional Management

Current Position

- The overspend on pay is a result of the unfunded capacity that is currently open.

Actions

- The activity levels being performed in month are reviewed and compared against the expenditure. This will continue whilst activity continues to over-perform.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(562)	(659)	(96)	(14.4%)
Non Pay	(70)	10	81	2.0%
Drugs	(38)	(46)	(7)	
Total	(671)	(694)	(23)	(13.1%)

▪ Community Services

Current Position

- The movement in month relates to non recurrent CIP being achieved for vacancies year to date across the directorate.

Actions

- Active recruitment is ongoing with starters commencing across the Division in February and March.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	414	245	(170)	3.3%
Non Pay	186	96	(90)	6.8%
Drugs	4	5	1	56.4%
Total	605	346	(259)	3.9%

Division 2

(£921k) overspend in month, (£2874k) overspend ytd

▪ Paediatrics

Current Position

- The underspend on pay is due to several nursing vacancies within the service. The non pay overspend relates to various consumables within NNU.

Actions

- Active recruitment to the vacancies is ongoing.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	102	116	13	1.4%
Non Pay	(65)	(93)	(28)	(15.3%)
Drugs	(97)	(104)	(7)	(15.7%)
Total	(59)	(81)	(21)	(0.9%)

▪ Emergency

Current Position

- The overspend in the period is due to the Contract Variation Order (CVO) for the Wolverhampton Urgent Care triage and Access Service (WUCTAS) coming to an end. In addition to this the service has required agency staffing to backfill vacancies and maternity leave cover.

Actions

- Discussions for funding of WUCTAS are being undertaken with Commissioners by the Head of Contracting.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(142)	(205)	(62)	(4.8%)
Non Pay	(106)	(114)	(8)	(42.8%)
Drugs	(24)	(32)	(7)	(12.0%)
Total	(272)	(350)	(78)	(7.3%)

Division 2

(£921k) overspend in month, (£2874k) overspend ytd

Rehabilitation

Current Position

- The overspend on pay relates to the use to agency staff to cover a consultant vacancy.

Actions

- The agency cover will continue whilst a staffing review is undertaken.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	(75)	(125)	(50)	(5.5%)
Non Pay	(5)	1	6	0.1%
Drugs	(18)	(20)	(2)	(12.9%)
Total	(98)	(145)	(47)	(4.5%)

Rheumatology

Current Position

- The overspend on pay relates to the usage of agency to cover consultant vacancies within the service.

Actions

- The vacancies have been recruited to with estimated start dates of March/April.

	YTD Variances £000			YTD % Var
	Month 9	Month 10	Movement	
Pay	20	(8)	(28)	(0.6%)
Non Pay	31	64	34	31.8%
Drugs	(37)	(64)	(27)	(1.0%)
Total	13	(8)	(21)	(0.1%)

Estates and Facilities

£123k underspend in month, £965k underspend ytd

Of the £965k underspend year to date, £488k relates to underspend on pay, and is mainly as a result of vacancies, in a number of areas including Estates Management £151k, Hotel Services £160k, and Medical Physics £108k.

Non Pay is underspent by £478k. Utilities underspend of £142k, is mostly due to the mild weather over the winter period, and reduced ad-hoc maintenance spend within medical physics has contributed a further £104k. Other underspends have occurred in commercial services, hotel services, and site services management.

There are no exception reports required for Estates and Facilities this month.

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	2,526	2,391	(1,719)	891	997	1,486	82,474	1,038	1,337	88,223
Division 2	2,808	2,938	(1,879)	1,615	1,127	3,480	85,516	585	112	92,435
Facilities & Estates	716	682	488	102	0	906	12,444	936	0	14,389
Chief Operating Officer	7	7	26	0	0	0	531	(0)	0	530
Total Operations Directorate	6,057	6,017	(3,085)	2,608	2,124	5,872	180,965	2,560	1,449	195,577
Corporate Directorate & Other	997	919	1,422	732	0	85	23,832	267	0	24,916
Total Directorate Pay Expenditure	7,053	6,937	(1,663)	3,340	2,124	5,958	204,797	2,826	1,449	220,494

- Division 1 – Overall Division 1 has a positive variance of 135 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 130 WTE. This is due to the additional medical ward and the unfunded additional capacity across the Division.

Agency / Locum / Bank Spend

	CURRENT YEAR		PREVIOUS YEAR			
	YTD Spend 14/15		YTD Spend 13/14		Total Spend 13/14	
	£000s	£000s	£000s	£000s	£000s	£000s
	Bank	Agency	Bank	Agency	Bank	Agency
Medical	687	1,669	365	3,042	484	3,692
Nursing - qual	2,248	213	1,969	4	2,442	21
Nursing - other	1,983		1,522		1,948	
PAMS	4					
Scientific & technical		449		300		366
Non-clinical	1,032	1,009	746	685	928	779
Total	5,954	3,340	4,601	4,032	5,802	4,858

Analysis of Agency in Non Clinical

	Current Year £000s	Last Year £000s
Operations		
Division 1	109	65
Division 2	157	38
Community Services		
Estates & Facilities	10	13
Chief Operating Officer		
Sub-total	277	116
Corporate		
Chief Executive		
Finance Director	614	464
Nurse Director	17	
Medical Director	53	11
HR	17	40
Estates Development		7
R&D	31	48
Sub-total	732	570
Total Non-Clinical agency	1009	685

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 2014/15				LAST YEAR 2013/14				% 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	7,013	6,615	22,267	206,322	5,747	19,206	189,396	18,973	9%
Overtime	0	0	134	1,301	0	113	1,282	130	2%
Agency Staff	14	52	311	3,340	37	420	4,032	405	-17%
Medical Locum Staff	2	17	166	2,124	18	218	1,961	194	8%
Bank	26	252	617	5,958	168	469	4,893	514	22%
WLI	0	0	178	1,449	0	111	1,095	115	32%
Total	7,053	6,937	23,673	220,494	5,970	20,538	202,658	20,331	9%

CIP Monitoring All Trust Schemes

The Trust CIP target is £28.205m, which comprises of £15.300m for 2014/15 and £12.905m brought forward from 2013/14. 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 £8.339m representing 29.6% of the total. Actual CIP achieved in month was £1.107m.

CIP MONITORING	2014/15						
	Annual Plan	Blue (withdrawn from budgets)	Still to be achieved				
			Categorised by Risk Rating				
2014/15 Schemes	£000	£000	Total £000	Green £000	Yellow £000	Amber £000	Red £000
Corporate	1,696	1,500	196	38	191	38	(71)
Division 1	11,927	2,938	8,989	0	1,606	2,589	4,794
Division 2	11,878	2,884	8,994	0	2,771	1,257	4,966
Estates & Facilities	2,704	1,017	1,687	122	440	4	1,121
Unallocated	0	0	0	0	0	0	0
Total 2014/15 Schemes	28,205	8,339	19,866	161	5,009	3,888	10,809
Recurrent	28,205	3,353	24,853	151	7,189	3,002	14,510

Non recurrent element withdrawn from budget	£000
	590
	1,827
	2,005
	564
	0
Total	4,986

Transactional

CIP MONITORING	2014/15						
	Annual Plan	Blue (withdrawn from budgets)	Still to be achieved				
			Categorised by Risk Rating				
Transactional	£000	£000	Total £000	Green £000	Yellow £000	Amber £000	Red £000
Corporate	970	1,460	(490)	38	191	0	(719)
Division 1	7,680	2,600	5,080	0	1,084	2,250	1,747
Division 2	7,875	2,097	5,778	0	1,744	901	3,133
Estates & Facilities	2,547	994	1,553	122	440	0	991
Unallocated	0	0	0	0	0	0	0
Total 2014/15 Schemes	19,073	7,151	11,922	161	3,458	3,151	5,152

Non recurrent element withdrawn from budget	£000
	654
	1,808
	1,521
	602
	0
Total	4,585

Transformational

CIP MONITORING	2014/15						
	Annual Plan	Blue (withdrawn from budgets)	Still to be achieved				
			Categorised by Risk Rating				
Transformational	£000	£000	Total £000	Green £000	Yellow £000	Amber £000	Red £000
Corporate	726	40	686	0	0	38	648
Division 1	4,246	338	3,909	0	523	339	3,047
Division 2	4,003	787	3,216	0	1,028	356	1,832
Estates & Facilities	157	23	133	0	0	4	130
Unallocated	0	0	0	0	0	0	0
Total 2014/15 Schemes	9,132	1,188	7,944	0	1,550	737	5,656

Non recurrent element withdrawn from budget	£000
	(64)
	18
	484
	(37)
	0
Total	402

Recurrent	18,188	2,566	15,622	151	4,675	426	10,370
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Recurrent	10,017	786	9,230	0	2,514	2,576	4,140
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CIP Monitoring by Division

All Schemes

	Full Year Target	In Month			Year to Date			Full Year Impact		Recurrent	
		Target	Actual	Variance	Target	Actual	Variance	Actual Achieved	Balance to Achieve	Actual	Balance to Achieve
Corporate	1,696,438	75,894	71,700	(4,194)	1,559,622	1,328,210	(231,412)	1,500,250	196,188	910,311	786,127
Division 1	11,926,935	1,780,144	511,861	(1,268,283)	8,848,257	2,541,673	(6,306,584)	2,938,188	8,988,747	1,111,468	10,815,467
Division 2	11,878,255	1,838,901	670,859	(1,168,042)	8,445,020	2,713,826	(5,731,194)	2,883,939	8,994,316	878,622	10,999,633
Estates & Facilities	2,703,718	606,509	109,740	(496,769)	1,504,548	902,036	(602,512)	1,016,859	1,686,859	452,418	2,251,300
Unallocated	0	0	0	0	0	0	0	0	0	0	0
	28,205,346	4,301,449	1,364,160	(2,937,289)	20,357,447	7,485,745	(12,871,702)	8,339,236	19,866,110	3,352,819	24,852,527

Note: The Year To Date actual achieved reflects savings achievement relating to M1-M10, whereas the Full Year Impact actual achieved represents the full annual impact of the CIP savings achieved YTD.

Transactional

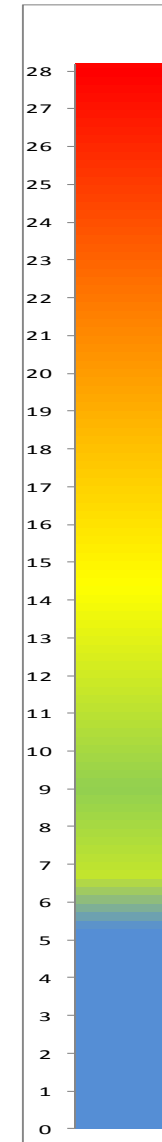
	Full Year Target	In Month			Year to Date			Full Year Impact		Recurrent	
		Target	Actual	Variance	Target	Actual	Variance	Actual Achieved	Balance to Achieve	Actual	Balance to Achieve
Corporate	970,466	(22,566)	63,045	85,611	1,030,571	1,305,579	275,008	1,460,304	(489,838)	806,706	163,760
Division 1	7,680,494	1,248,467	480,560	(767,907)	5,665,168	2,253,522	(3,411,646)	2,600,386	5,080,108	791,912	6,888,582
Division 2	7,875,203	1,386,184	548,978	(837,206)	5,347,403	1,992,339	(3,355,064)	2,096,799	5,778,404	575,863	7,299,340
Estates & Facilities	2,546,976	588,342	104,656	(483,686)	1,384,140	888,846	(495,294)	993,500	1,553,476	391,842	2,155,134
Unallocated	0	0	0	0	0	0	0	0	0	0	0
	19,073,139	3,200,428	1,197,239	(2,003,189)	13,427,281	6,440,286	(6,986,995)	7,150,989	11,922,150	2,566,323	16,506,816

Transformational

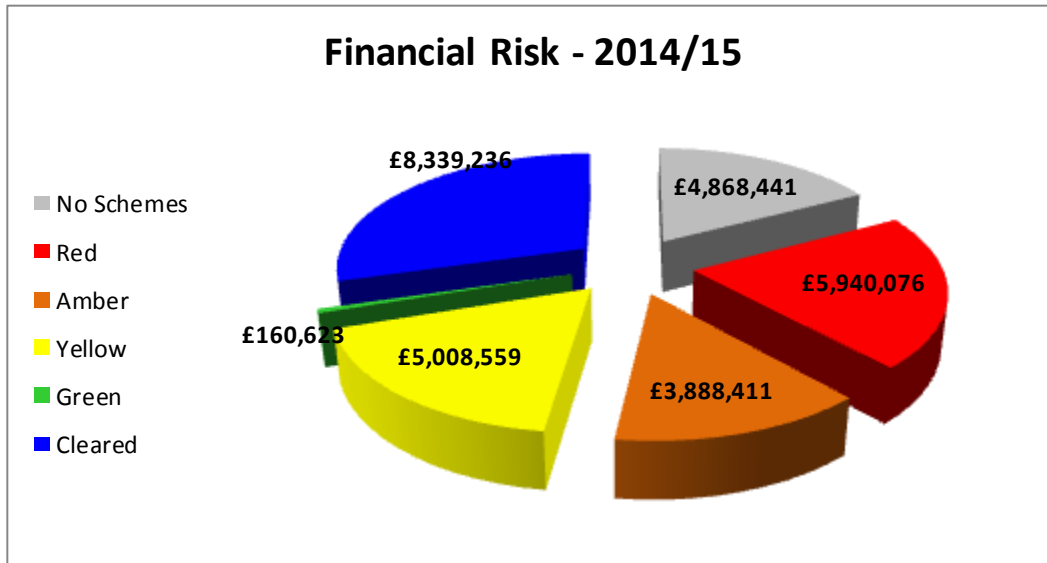
	Full Year Target	In Month			Year to Date			Full Year Impact		Recurrent	
		Target	Actual	Variance	Target	Actual	Variance	Actual Achieved	Balance to Achieve	Actual	Balance to Achieve
Corporate	725,972	98,460	8,655	(89,805)	529,051	22,631	(506,420)	39,946	686,026	103,605	622,367
Division 1	4,246,441	531,677	31,301	(500,376)	3,183,089	288,151	(2,894,938)	337,802	3,908,639	319,556	3,926,885
Division 2	4,003,052	452,717	121,881	(330,836)	3,097,617	721,487	(2,376,130)	787,140	3,215,912	302,759	3,700,293
Estates & Facilities	156,742	18,167	5,084	(13,083)	120,408	13,190	(107,218)	23,359	133,383	60,576	96,166
Trust Wide	0	0	0	0	0	0	0	0	0	0	0
	9,132,207	1,101,022	166,921	(934,101)	6,930,166	1,045,459	(5,884,707)	1,188,247	7,943,960	786,496	8,345,711

CIP Risks and Programme Status

Financial Risk Summary	No Schemes	Red	Amber	Yellow	Green	Cleared	Total
Corporate	(£411,081)	£339,769	£38,400	£190,972	£38,128	£1,500,250	£1,696,438
Division 1 - Surgical	£1,754,565	£3,039,201	£2,588,809	£1,606,172	£0	£2,938,188	£11,926,935
Division 2 Medicine	£2,462,075	£2,503,464	£1,257,362	£2,771,415	£0	£2,883,939	£11,878,255
Estates and Facilities	£1,262,882	(£142,358)	£3,840	£440,000	£122,495	£1,016,859	£2,703,718
Unallocated	(£200,000)	£200,000	£0	£0	£0	£0	£0
Totals	£4,868,441	£5,940,076	£3,888,411	£5,008,559	£160,623	£8,339,236	£28,205,346



Financial Risk - 2014/15



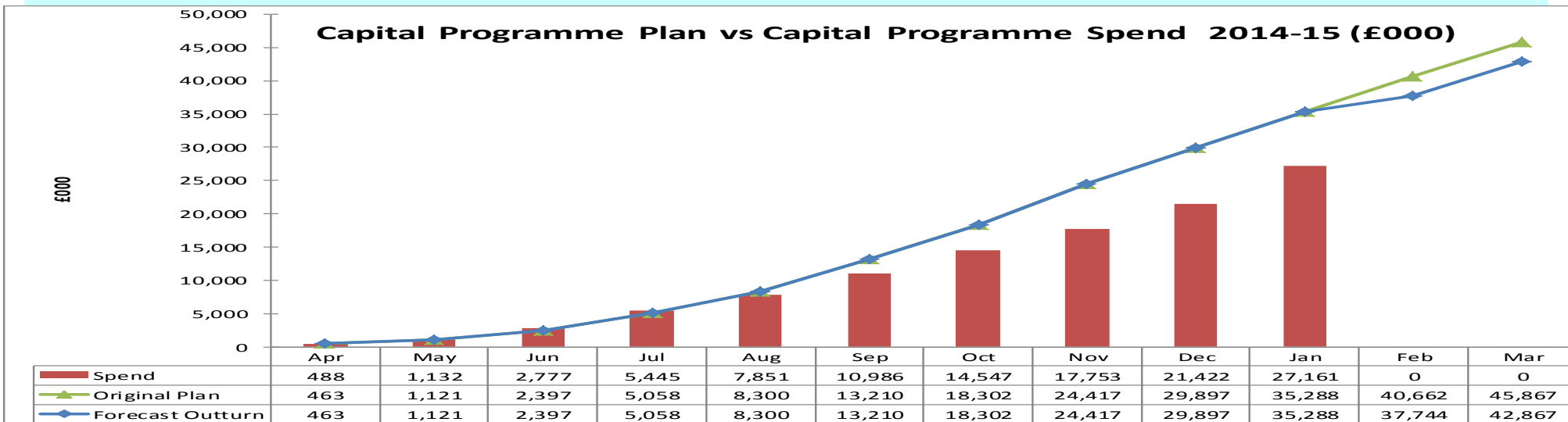
CIP Monitoring – Transformational Schemes

Transformational Scheme	YTD Plan	YTD	YTD	Total Plan	Total	Balance to
		Achieved	Variance		Achieved	Achieve
Back Office Review	£357,143	£0	(£357,143)	£500,000	£0	£500,000
Centralisation of Clinical Administration	£535,714	£0	(£535,714)	£750,000	£0	£750,000
Centralised Choose and Book Appointments	£25,000	£0	(£25,000)	£30,000	£0	£30,000
Centralised Switchboards	£25,000	£0	(£25,000)	£30,000	£0	£30,000
Consultant Job Planning	£240,000	£0	(£240,000)	£300,000	£0	£300,000
Corporate Admin & Clerical Review	£75,000	£0	(£75,000)	£100,000	£0	£100,000
Development of New Business	£80,532	£0	(£80,532)	£80,532	£0	£80,532
Elective Length of Stay Reduction	£381,600	£0	(£381,600)	£477,000	£0	£477,000
Management Skill Mix	£80,000	£0	(£80,000)	£100,000	£0	£100,000
Non-Elective Length of Stay Reduction	£786,274	£0	(£786,274)	£982,842	£0	£982,842
Outpatient Efficiency	£666,668	£0	(£666,668)	£1,000,000	£0	£1,000,000
Pathology Expansion	£433,333	£3,683	(£429,650)	£650,000	£3,683	£646,317
Renegotiation of Existing SLAs	£176,769	£853	(£175,916)	£176,769	£1,097	£175,672
Review of Productive Community Services	£278,196	£277,265	(£931)	£333,836	£329,878	£3,958
Staffing Review	£800,000	£14,971	(£785,029)	£1,000,000	£37,055	£962,945
Theatre utilisation and capacity	£82,400	£0	(£82,400)	£103,000	£0	£103,000
Workforce terms and conditions	£178,571	£68,442	(£110,129)	£250,000	£88,000	£162,000
Additional Procurement Schemes	£1,727,965	£664,037	(£1,063,928)	£2,268,228	£696,849	£1,571,379
Staffing Review- Planning and Contracting	£0	£8,567	£8,567	£0	£16,900	(£16,900)
Staffing Review IT Department	£0	£7,021	£7,021	£0	£14,041	(£14,041)
Staffing Review Estates Development	£0	£620	£620	£0	£744	(£744)
Grand Total	£6,930,166	£1,045,459	(£5,884,707)	£9,132,207	£1,188,247	£7,943,960

The 2014/15 Plan shown below includes MSFT capital related plans, however, it is important to note that the Plan is not yet fully cash backed. Figures included are in line with the Revised Acquisition Business Case submitted in December. Of the £8.1 million Plan underspend shown, circa £6.8m of this has been provided by the RWT Plan to cash fund, in the short term, the urgent MSFT capital planned spend. The Trust has thus, phased RWT actual spend to the latter part of the financial year, on the basis that the cash funding for the MSFT Plan will then have been released. Additionally, issues with the main contract at Cannock has led to an underspend against the YTD MSFT Plan.

The Trust has reviewed forecast capital out turn and notified the TDA, at their request, of a reduction to the CRL, in line with the forecast position for the Trust as a whole, including RWT and Cannock estimated year end spend.

Additionally, CRL for forecast PFI additions of £1.2m is still expected.



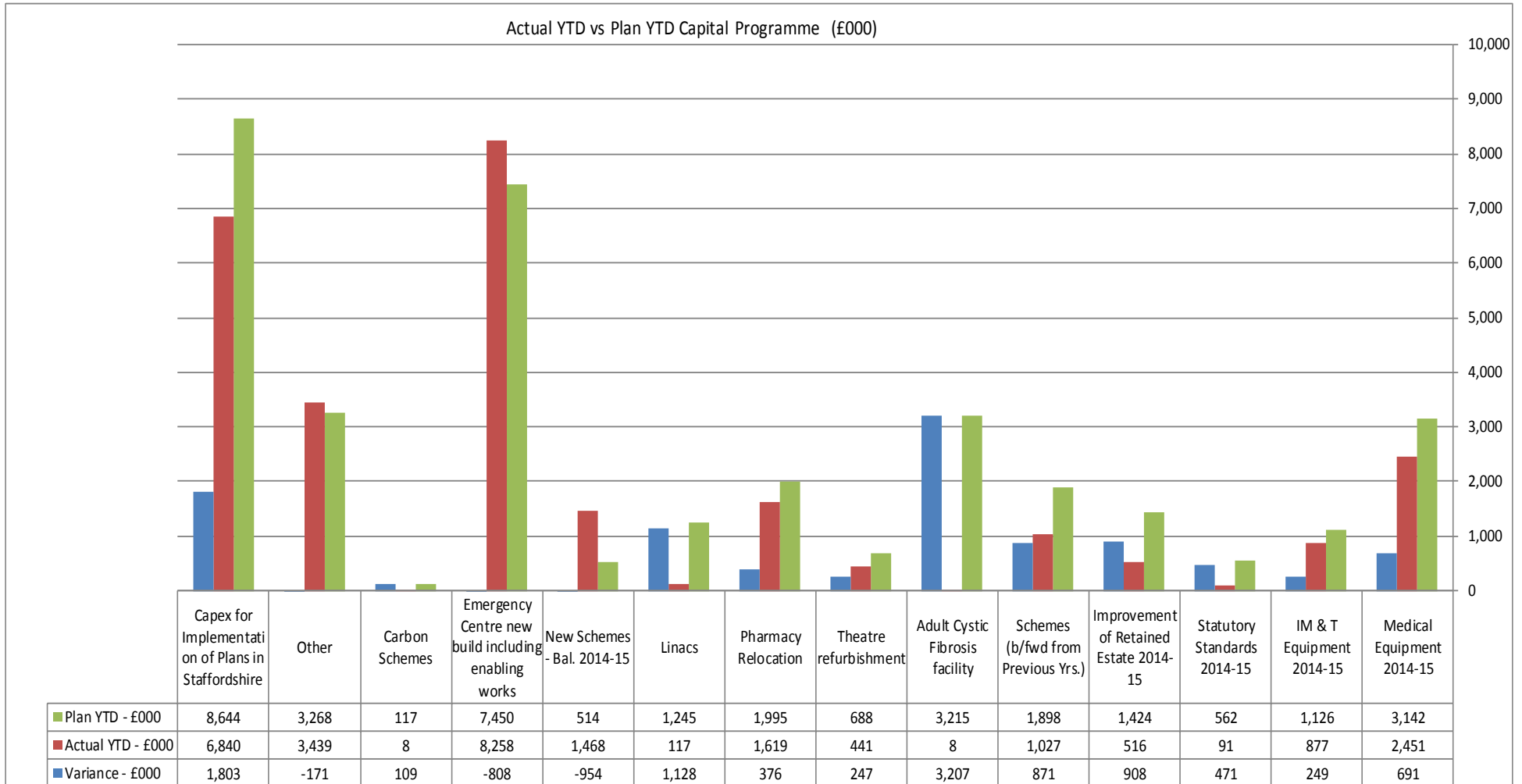
Capital Expenditure	Capital Programme £000	Donated Additions £000	PFI Additions £000	Total £000
Spend To Date	27,161	51	296	27,508
TDA Original Plan	35,288	150	0	35,438
Underspend / (Overspend)	8,127	99	(296)	7,930
Percentage of Plan to Date	77%	34%	0	78%

At the end of January the RWT Capital Programme spend was £20.3m against the original TDA Plan of £26.6m, and £6.8m spend against the MSFT related Plan of £8.6m. The underspend relates to a number of schemes, the details of which are shown on Page 33. As noted above, although MSFT spend to date is shown in the position, funding and cash is still subject to TDA agreement. As such, RWT scheme underspends to date have, in the short term, been provided to offset the MSFT related, urgent spend, cash requirements, with phasing of RWT scheme spend to late in the financial year.

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 – Including MSFT Transaction Impact

Property, Plant and Equipment values now include, as previously notified:- from November 2014, the acquisition of Cannock Chase Hospital; and the transfer of Pendeford Health Centre, with effect from April 2014.

Trade and Other Receivables as at 31 January 2015 are £35,610k, a breakdown is provided on page 34. A more detailed analysis of the invoiced receivables is shown on page 35.

Calculated Debtor Days for the year to date are:-

	M10 Actual	M10 Plan
Total	21.81	11.38
Being:-		
NHS	25.07	9.50
Non NHS	6.26	15.88

The debtor days are significantly higher than plan with the significant invoices in respect of patient contract overperformance and the £7m Cannock transaction costs. As noted above, further debt analysis at Pages 34 and 35.

A more detailed analysis of Trade & Other Payables is provided on page 36.

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	78%	93%
- Volume	81%	93%
	M09	Cumulative
- Value	97%	96%
- Volume	96%	95%

The main reason for the adverse movement is a large number of invoices in respect of Pharmacy received late from the department, causing the in month achievement to dip. The Finance Department is escalating this with Pharmacy to ensure this doesn't recur.

	January 2015 Plan £000	January 2015 Actual £000	December 2014 Actual £000	Movement in Month £000	March 2014 Actual £000
NON CURRENT ASSETS					
Property, Plant and Equipment	340,274	342,637	336,485	6,152	296,806
Intangible Assets	1,119	447	464	(17)	566
Other Non Current Assets	1,111	1,016	1,312	(296)	1,312
TOTAL NON CURRENT ASSETS	342,504	344,100	338,261	5,839	298,684
CURRENT ASSETS					
Inventories	5,356	5,278	4,394	884	5,809
Trade and Other Receivables	21,323	35,610	34,516	1,094	15,478
Cash and cash equivalents	20,563	21,525	22,613	(1,088)	27,087
TOTAL CURRENT ASSETS	47,242	62,413	61,523	890	48,374
Non Current Assets Held for Sale	800	800	800	0	800
TOTAL ASSETS	390,546	407,313	400,584	6,729	347,858
CURRENT LIABILITIES					
Trade & Other Payables	(42,182)	(55,828)	(50,750)	(5,078)	(33,599)
Borrowings	(1,661)	(1,823)	(1,823)	0	(1,774)
Provisions for Liabilities and Charges	(1,556)	(2,942)	(3,415)	473	(4,514)
TOTAL CURRENT LIABILITIES	(45,399)	(60,593)	(55,988)	(4,605)	(39,887)
NET CURRENT ASSETS / (LIABILITIES)	1,843	1,820	5,535	(3,715)	8,487
TOTAL ASSETS LESS CURRENT LIABILITIES	345,147	346,720	344,596	2,124	307,971
NON CURRENT LIABILITIES					
Other Liabilities	(5,053)	(4,953)	(5,103)	150	(6,440)
Provision for Liabilities and Charges	(402)	(629)	(629)	0	(630)
TOTAL NON CURRENT LIABILITIES	(5,455)	(5,582)	(5,732)	150	(7,070)
TOTAL ASSETS EMPLOYED	339,692	341,138	338,864	2,274	300,901
FINANCED BY TAXPAYERS EQUITY					
Public Dividend Capital	213,924	211,039	209,334	1,705	173,281
Retained Earnings	29,055	26,976	26,403	573	38,551
Revaluation Reserve	96,523	102,933	102,937	(4)	88,879
Other Reserves	190	190	190	0	190
TOTAL TAXPAYERS EQUITY	339,692	341,138	338,864	2,274	300,901

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	24,575	25,645	(1,070)	-4.2%
NHS Partially Completed Spells	1,453	1,453	0	0.0%
NHS Accrued Income	2,992	1,798	1,195	66.5%
Non NHS Sales Ledger	2,709	1,670	1,040	62.3%
Provision for Impairments of Receivables (inc RTAs)	(1,344)	(1,298)	(46)	3.5%
Non NHS Accrued Income	679	953	(274)	-28.8%
Prepayments	2,656	2,508	147	5.9%
RTA / Injury Claims due within 1 year	1,069	1,028	41	3.9%
Other	821	759	62	8.2%
Total Trade & Other Receivables	35,610	34,516	1,094	3.2%

- The increase in NHS Accrued income of £1.2m reflects accruals for overperformance in January of £350k plus adjustments for anticipated Contract Variation Orders and accruals for CQUIN payments to be received at year end.
- Overall, the level of NHS debt outstanding has reduced by £1m. The main driver being the settlement of NHS England overperformance invoices.
- Non NHS debt has increased by £1m due to Wolverhampton City Council monthly contract invoices for January not being settled in month. Payment has been received in February.
- Further analysis of NHS and Non NHS Sales Ledger Receivables is provided on page 35.

Receivables by Category

The overall debt position has remained at the same level as Month 9. However, the Department of Health have now agreed the settlement process for £7m they owe in respect of Cannock transitional costs. This will be received in February and March. Additionally a total of £12m remains outstanding in respect of patient contract activity over performance with CCGs billed up to the end of December 2014. A settlement has been agreed with Wolverhampton CCG and a cash payment schedule is being finalised.

Total CCG debt includes the following:-

Over 3 months overdue:-

Q1 Over performance (in discussion to finalise) £1,815k.

CVOs being finalised with Wolverhampton CCG £188k

Gainsharing (escalated to Deputy Director level) £188k

2-3 months overdue:-

Contract adjustments to be actioned £148k

Overperformance £191k

Other NHS Debt more than 3 months old includes:- £333k for NHS Property Services(NHSPS). A meeting was scheduled in January to resolve this debt plus the £800k invoices received from NHSPS. Due to the non attendance of key NHSPS staff a letter was written to NHSPS by the Chief Financial Officer ensuring a focused meeting takes place in late February.

The Foundation Trust debt overdue by greater than 1 month consists of £537k with Dudley Group of Hospitals in relation to SLAs which have now been agreed in principle. The Contracting Department are chasing DGoH to understand why there is now a delay in settlement.

The Trust debt overdue by more than one month of £665k, includes £424k owed by Walsall Trust for SLAs. £179k has been received in February following escalation with the Walsall Trust Deputy Director of Finance with more anticipated during the month. The Trust are actively seeking payment dates from Walsall and will escalate this to Director level if further payment is not received. £103k is owed by Worcester in respect of SLAs although payment of £15k has been received with further payment anticipated in month.

January 2015

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	7,541	100	7,027	3	20	391
	FT	1,224	148	211	285	89	491
	NCB	1,087	44	663	210	11	159
	TRUST	1,211	217	329	220	125	320
	CCG	13,512	2,141	2,596	6,060	461	2,254
NHS Total		24,575	2,650	10,826	6,778	706	3,615
NON	OTHER	577	382	114	52	-6	35
	LA	1,496	814	492	36	8	146
	PRIVATE PATIENTS	173	34	12	9	1	117
	IRISH/SCOTT/WELSH	54	23	8	7	3	13
	OVERSEAS PATIENTS	324	24	26	20	82	172
	DEBT PD BY INSTALMENTS	85	2	5	11		67
	Sub Total	2,709	1,279	657	135	88	550
	BAD DEBT PROVISION	-1,010	-26	-39	-38	-43	-864
NON Total		1,699	1,253	618	97	45	-314
Grand Total		26,274	3,903	11,444	6,875	751	3,301

Local Authority, (LA) debt has increased in month due to non payment of January invoices by Wolverhampton City Council. A payment of £850k has been received for these in February. Work continues on the older debt and this has reduced by £100k in month.

December 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	7,733	7,168	120	51	20	374
	FT	1,536	177	415	409	109	426
	NCB	3,506	1,145	2,087	115	145	14
	TRUST	1,027	250	273	157	74	273
	CCG	11,843	2,757	6,157	481	192	2,256
NHS Total		25,645	11,497	9,052	1,213	540	3,343
NON	OTHER	575	424	89	21	37	4
	LA	383	76	43	10	5	249
	PRIVATE PATIENTS	206	48	12	1	25	120
	IRISH/SCOTT/WELSH	112	18	77	3	10	4
	OVERSEAS PATIENTS	324	40	29	83	28	144
	DEBT PD BY INSTALMENTS	70		1			69
	Sub Total	1,670	606	251	118	105	590
	BAD DEBT PROVISION	-986	-45	-35	-85	-104	-717
NON Total		684	561	216	33	1	-127
Grand Total		26,329	12,058	9,268	1,246	541	3,216

Private Patient debt >3 months old relates to six insurance companies. £46k of this is due to contract queries and another £22k in respect of price queries The level of old BUPA is being resolved with BUPA. The Finance Team are working with the Private and Overseas Patients Team to assist in the resolution of both Private Patient and Overseas queries, as well as further review Policy and Procedures, including compliance.

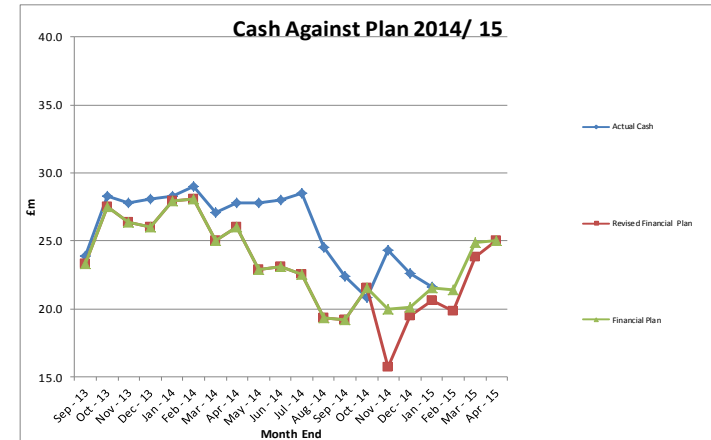
Trade & Other Payables

<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	(4,082)	(4,209)	127	-3.0%
Non NHS Trade Payables - Revenue	(4,494)	(5,748)	1,254	-21.8%
Non NHS Trade Payables - Capital	(8,337)	(5,017)	(3,320)	66.2%
Dividend and Interest Accrual	(3,460)	(2,570)	(890)	0.0%
Tax & Social Security	(5,365)	(5,452)	87	-1.6%
Pensions	(3,682)	(3,689)	7	-0.2%
Accruals	(20,201)	(19,834)	(367)	1.9%
Deferred Income (inc. Trading Accounts)	(5,757)	(3,766)	(1,991)	52.9%
Other	(450)	(465)	15	-3.2%
Total Trade & Other Payables	(55,828)	(50,750)	(5,078)	10.0%

- The Dividend Accrual will continue to increase until payment is made in March 2015.
- The level of accruals remains high due to accruals associated with Cannock Hospital costs including capital.
- The main areas of Deferred Income continues to relate to:- Safehands (£0.7m); Trading Accounts (£1.8m); Training Income received quarterly in advance, (£2m); and Contract income received in advance, (£0.3m).The in month increase relates to training income for February and March being received in January.

Cash Flow Statement - period ending 31st January 2015

	Original January Plan £000	Plan update for CCH £000	January plan Updated £000	January Actual £000	January Variance £000
OPERATING ACTIVITIES					
Total Operating Surplus/(Deficit)	14,685	42	14,727	12,492	(2,235)
Depreciation	13,178	642	13,820	14,214	394
Fixed Asset Impairments	0	0	0	309	309
Interest Paid	(1,405)	0	(1,405)	(1,391)	14
Dividends Paid	(4,766)	0	(4,766)	(4,813)	(47)
(Increase)/Decrease in Inventories	(500)	0	(500)	898	1,398
(Increase)/Decrease in Trade/Receivables	(2,596)	(3,829)	(6,425)	(19,919)	(13,494)
Increase/(Decrease) in Trade/Payables	530	2,448	2,978	14,376	11,398
Increase/(Decrease) in Provisions	0	0	0	(2,044)	(2,044)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	19,126	(697)	18,429	14,123	(4,306)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	82	0	82	85	3
Payment for Property, Plant and Equipment	(22,961)	(11,000)	(33,961)	(24,675)	9,286
Payment for Intangible Assets	(264)	0	(264)	119	383
Payment for Other Assets	0	0	0	0	0
Proceeds from Disposals	0	0	0	14	14
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(23,143)	(11,000)	(34,143)	(24,457)	9,686
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	(4,017)	(11,697)	(15,714)	(10,334)	5,380
NET CASH INFLOW/(OUTFLOW) FROM FINANCING					
New Public Dividend Capital Received	0	10,742	10,742	6,259	(4,483)
Capital Element of Finance Lease and PFI	(1,524)	(30)	(1,554)	(1,487)	67
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	(1,524)	10,712	9,188	4,772	(4,416)
INCREASE/(DECREASE) IN CASH	(5,541)	(985)	(6,526)	(5,562)	964
CASH BALANCES					
Opening Balance 1st April 2014	27,089	0	27,089	27,087	(2)
Closing Balance at 31st January 2015	21,548	0	20,563	21,525	962



Cash against Plan

- The closing cash balance is £1m ahead of the revised plan. The main drivers of this are:
 - A higher level of creditors than planned of £11m due in part to the additional £4.5m of accruals associated with Cannock Hospital.
 - Capital underspend and offsets due to MSFT urgent spend are further detailed at Page 31. The lower level of PDC funding received due to the Acquisition Business Case not yet having been agreed by the TDA..
 - This has been offset by a higher level of debtors than planned of £13.4m. Further details can be found at Page 35.

Cash forecast outturn

- The current cash forecast outturn is £27m. There are, however, a number of uncertainties around cashflow associated with cash receipts and Capital cashflows. Given this the Trust is not currently looking at adjusting EFL alongside the CRL adjustment.