

# Report of the Director of Finance and Information

Finance Report – March 2011  
(Month 12)

Date of meeting 23 May 2011



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# Executive Summary

- As shown in the Income and Expenditure Statement on page 4 the actual position for the full 2010/11 year is a surplus of £8,364k. This is £1,865k (29%) above target. This summary agrees to the Trusts annual accounts which were submitted on 21<sup>st</sup> April as required and are awaiting audit. It must be noted that this position includes impairments of £319k relating to assets under construction brought into use at the year end.
- The Trust's operating position (Earnings before interest, taxation, depreciation and amortisation – EBITDA) is favourable to plan by £1,411k (5.0%).
- The Total income for the year of £306,023k is higher than plan, resulting in an over recovery of £2,870k income. Of this, £2,495k is accounted for by an over performance on PCT patient income. (Detail shown on Page 7).
- Directorate expenditure is adverse to plan by (£8,622k) (3.2%) and can be analysed as follows:
  - Pay (£1,657k)
  - Non Pay (£6,138k)
  - Drugs (£827k).

Further details on Expenditure, performance against budget, are provided on pages 13 to 22. An analysis of Reserves is provided at page 27.

- The Trust CIP target was £8,900k. Together with incomplete projects from 2009/10 of £1,731k this gives a total of £10,631k. At the end of March, £9,814k had been withdrawn from the budget. Page 25 shows the target CIP for each scheme category and the actual achieved for 2010/11. Page 26 provides CIP progress for schemes in excess of £200k. Mitigation action is shown for schemes at risk.
- The normalised position at Month 12 is a surplus of £8,576k compared with the actual surplus of £8,364k. The difference between these two numbers reflect adjustments for non recurrent patient income and expenditure within the I & E Plan.

- The 2010/11 Capital Programme actual spend was £17,993k, against a plan of £18,035k (excluding PFI/leases), providing an under spend of £41k. Further detail at pages 28 and 29. Overall the Trust was £141k under spent against the Capital Resource Limit (CRL) of £21,957k when including PFI and Leases.
- The cash balance, at £11,786k, was in line with estimates agreed with the SHA linked to the External Finance Limit (EFL). This is higher than the original plan of £9,822k, mainly due to the increased surplus (prior year closing balance £9,583k). Further information is provided within the Statement of Financial Position at 31<sup>st</sup> March 2011, working capital, cash flow, and trade receivables and payables detail shown on pages 30 to 35.
- The Trust is permitted to under spend against both its EFL and CRL, year end performance is noted in the table below.
- A summary of charitable fund movements is shown on Page 36, with a closing fund balance of circa £3M.
- Compliance Framework performance against financial Risk Indicators is shown at Page 5, which shows a risk rating of 4.05 (out of a possible 5).

## Performance against Financial Targets

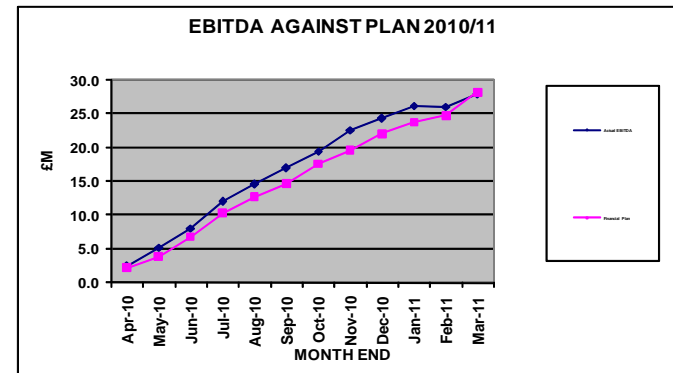
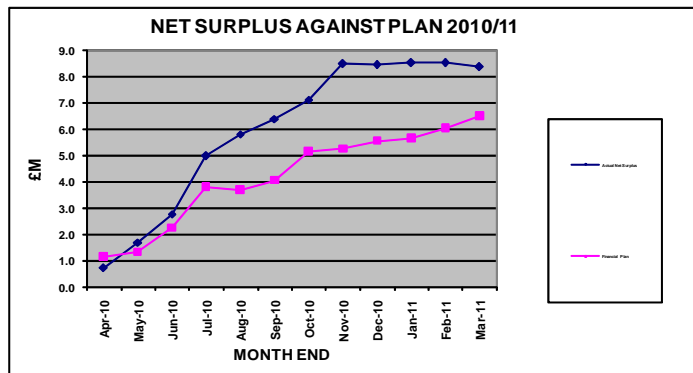
	Target	Performance	RAG
I & E Target Month 12	£6,500k	£8,364k	
CRL (Year end forecast, includes PFI related additions)	£21,957k	£21,816k	
EFL (Year end forecast)	£1,325k	£5,475k	
Capital Cost Absorption Rate (Year end)	3.50%	3.50%	

# Income & Expenditure Account – March 2011

Current Month Plan	Current Month Actual	Current Month Variance		Original I&E Plan Budget	Annual Budget	Plan to Date	Actual to Date	Variance to Date
£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
<b>Income</b>								
27,341	26,656	(685)	Patient Activity Income	265,601	273,910	273,910	276,405	2,495
89	90	2	Other Patient Care Income	1,062	1,064	1,064	1,376	312
1,092	752	(339)	Education, Training & Research Income	11,166	12,895	12,895	12,595	(299)
37	34	(4)	Non Patient Care Other Income	448	468	468	435	(33)
84	47	(37)	Private Patient Income	1,030	974	974	698	(276)
1,291	1,295	4	Income on Directorate Budgets	12,050	13,842	13,842	14,514	671
<b>29,933</b>	<b>28,874</b>	<b>(1,059)</b>	<b>Total Income</b>	<b>291,357</b>	<b>303,153</b>	<b>303,153</b>	<b>306,023</b>	<b>2,870</b>
<b>Expenditure</b>								
(16,086)	(16,083)	3	Directorate Expenditure Budgets - Pay	(172,229)	(182,629)	(182,629)	(184,286)	(1,657)
(6,077)	(8,436)	(2,359)	Directorate Expenditure Budgets - Non Pay	(53,504)	(61,111)	(61,111)	(67,248)	(6,138)
(2,322)	(2,512)	(190)	Directorate Expenditure Budgets - Drugs	(20,252)	(23,883)	(23,883)	(24,710)	(827)
294	0	(294)	Activity Changes/Service Dev./Cost Pressures Reserves	(19,815)	(3,335)	(3,335)	0	3,335
(1,439)	0	1,439	Inflation and Contingency Reserves	(6,223)	(4,644)	(4,644)	0	4,644
(543)	0	543	Cost Improvement Savings 2010/11	8,900	817	817	0	(817)
<b>(26,174)</b>	<b>(27,032)</b>	<b>(858)</b>	<b>Total Expenditure</b>	<b>(263,123)</b>	<b>(274,784)</b>	<b>(274,785)</b>	<b>(276,244)</b>	<b>(1,459)</b>
<b>3,759</b>	<b>1,842</b>	<b>(1,918)</b>	<b>EBITDA Surplus/(Deficit)</b>	<b>28,234</b>	<b>28,369</b>	<b>28,368</b>	<b>29,779</b>	<b>1,411</b>
0	0	0	Profit/(Loss) on Asset Disposals	0	0	0	4	4
0	(319)	(319)	Impairments of Fixed Assets	0	0	0	(319)	(319)
(1,078)	(983)	95	Depreciation	(12,802)	(12,937)	(12,937)	(12,832)	105
6	5	(1)	Interest Receivable	70	70	70	67	(3)
(133)	(69)	64	Interest Payable	(1,595)	(1,595)	(1,595)	(928)	667
(617)	(617)	1	PDC Dividends (Cost of Capital)	(7,407)	(7,407)	(7,407)	(7,407)	0
<b>1,937</b>	<b>(141)</b>	<b>(2,079)</b>	<b>Net Surplus/(Deficit)</b>	<b>6,500</b>	<b>6,500</b>	<b>6,500</b>	<b>8,364</b>	<b>1,865</b>

# Financial Risk – March 2011

Financial Risk Rating						
Ratio KPIs	Annual Plan	Rating	Plan to Date	Actual to Date	Rating	Definitions
EBITDA Achieved	100.0 %	5	100.0 %	105.0 %	5	=EBITDA Actual/EBITDA Budget (both year to date)
EBITDA Margin	9.7 %	4	9.4 %	9.7 %	4	=EBITDA/Total Income
Return on Assets	6.1 %	5	5.2 %	7.4 %	5	=(Net Surplus/(Deficit + PDC Dividend)/Average of assets employed
I & E Surplus Margin	2.1 %	4	2.1 %	2.7 %	4	=Net Surplus/(Deficit)/Total Income
Liquidity Ratio	21.3 Days	3	21.3 days	20.0 days	3	Cash plus unused working capital facility plus trade debtors (including accrued income) minus (trade creditors plus other creditors plus accruals) expressed as the number of days operating expenses (excluding depreciation) that could be covered).
		<b>4.05</b>	<b>Overall Rating</b>		<b>4.05</b>	



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

# Risks – March 2011

The risks previously highlighted have been reviewed against the year end position and comments detailed below.

Risk	Likelihood of risk	Potential consequence rating	Risk	Forecast year end risk estimated at Month 11 £000's	Year End Actual Position £000's	Mitigating Action
Cost Improvement Programme - Actual underachievement of plans	Certain - Actual	Major	A3	803	817	The risks previously highlighted have been viewed against the year end position and comments detailed below:- Non recurrent schemes (totalling £1.4m) were found to meet the shortfall but a balance of £817k remained. However, the Trust achieved a surplus of £8.4m against a plan of £6.5m, therefore, within the year end position there is sufficient funds to cover the shortfall non-recurrently.

Risk Rating				
Likelihood Rating	Potential Consequence Rating			
	Insignificant	2. Minor	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

Patient Activity income over performance for the year is £2,495k (Month 11 £1,698k). This level of income was confirmed with Commissioners as part of the national year end agreement of balances process.

Division	Specialty	Month 12 Variance £000	Month 12 Variance %	Month 11 Variance £000	Movement £000	Notes
Division 1	General Surgery	906	5.1	678	229	1
	Critical Care	(1,123)	(10.4)	(1,058)	(65)	
	Drugs & Devices	64	1.0	(298)	362	2
	Oncology	(308)	(2.8)	(298)	(9)	
	Paediatric Dentistry	(167)	(100.0)	(151)	(15)	
	Ear, Nose & Throat	(4)	(0.1)	(33)	29	
	Clinical Haematology	(27)	(0.6)	(46)	19	
	Breast Surgery	(107)	(22.4)	(93)	(14)	
	Colorectal Surgery	(19)	(3.8)	(15)	(4)	
	Thoracic Surgery	(200)	(13.6)	(166)	(34)	
	GP Direct Access	215	5.4	198	16	
	Urology	(51)	(0.7)	(19)	(33)	
	Cardiac/Cardiology	392	1.4	442	(50)	
	Other (inc. Ophthalmology)	942	3.2	941	1	
<b>Total</b>		<b>513</b>	<b>0.4</b>	<b>80</b>	<b>432</b>	
Division 2	General Medicine	134	0.4	128	6	
	Obstetrics inc Scans	1,242	10.1	1,177	65	
	Cystic Fibrosis	79	10.6	99	(20)	
	Nephrology	380	15.0	302	78	
	Drugs & Devices	(29)	(4.3)	(18)	(10)	
	Paediatrics	107	1.3	89	17	
	GP Direct Access	105	5.4	126	(21)	
	Gynaecology	128	1.7	126	2	
	Medical Endoscopy	323	18.3	286	37	
	Renal	385	3.8	300	86	
	Accident & Emergency	520	6.0	417	102	
	Trauma & Orthopaedics	1,657	7.4	1,454	203	3
	Other	(1,170)	(5.5)	(924)	(246)	4
<b>Total</b>		<b>3,860</b>	<b>2.9</b>	<b>3,561</b>	<b>297</b>	
Other	Drugs & Devices	(0)	(0.0)	(0)	(0)	
	Other	(1,250)	(44.4)	(1,082)	(168)	
<b>Total</b>		<b>(1,250)</b>	<b>(11.7)</b>	<b>(1,082)</b>	<b>(168)</b>	
Patient Activity as per SLAM		<b>3,122</b>	<b>1.2</b>	<b>2,559</b>	<b>562</b>	
NET 2009-10 overperformance		778		778	0	
Partially completed spells and other		(1,405)		(1,639)	234	5
<b>Patient Activity Income</b>		<b>2,495</b>		<b>1,698</b>	<b>796</b>	

## 1. General Surgery

- There was a favourable movement in month of £190k due to Non-Elective activity exceeding plan. 9.4% of annual activity occurred in March.

## 2. Drugs & Devices

- Favourable movement in month of £354k mainly related to an adjustment to chemotherapy drugs.

## 3. Trauma and Orthopaedics

- Favourable movement in month of £236k due to Electives. This was due to waiting time-related Hip and Knee activity being undertaken at the Nuffield hospital. The level of increased activity in T & O is being agreed for inclusion in the 11/12 contract.

## 4. Division 2 Other

- Deterioration in month of £285k due to Non Elective Marginal Rate as Division 2's emergencies rose further above the threshold.

## 5. Partially Completed Spells and Other

- The largest contributor to this was Emergency performance funding for Qtrs 3 and 4 from Wolverhampton City PCT of £129k favourable.

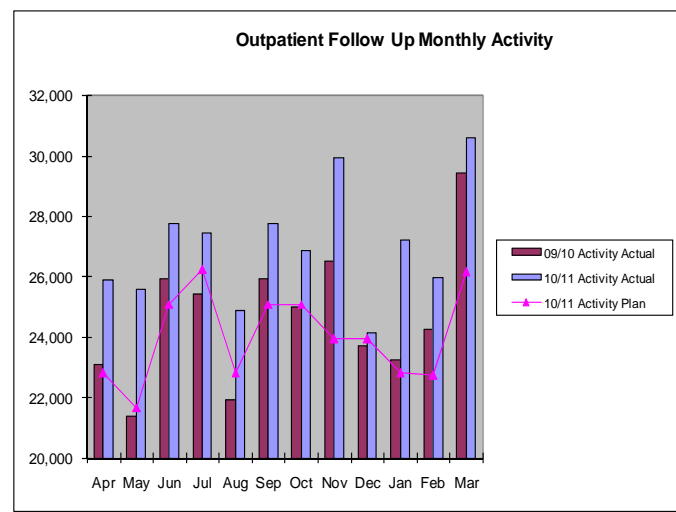
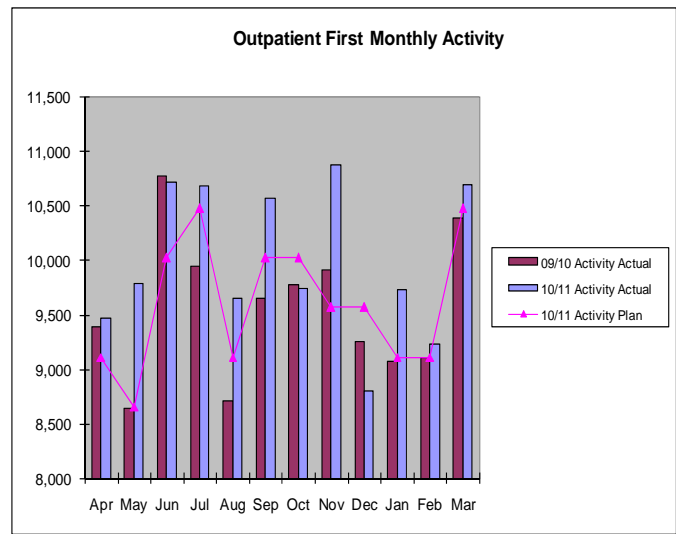
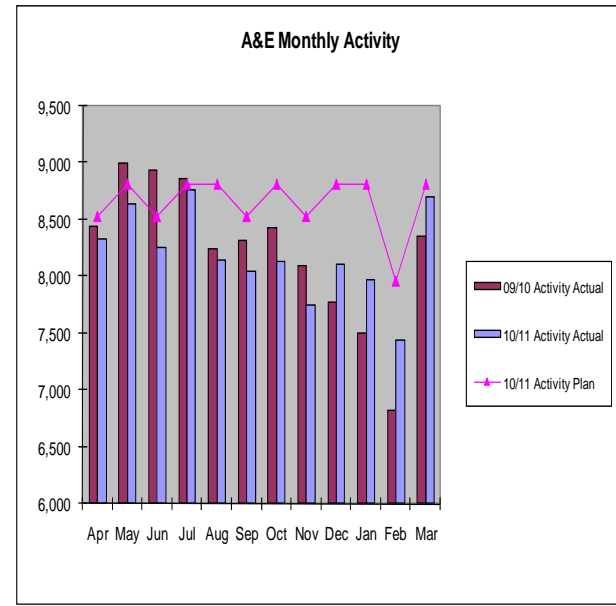
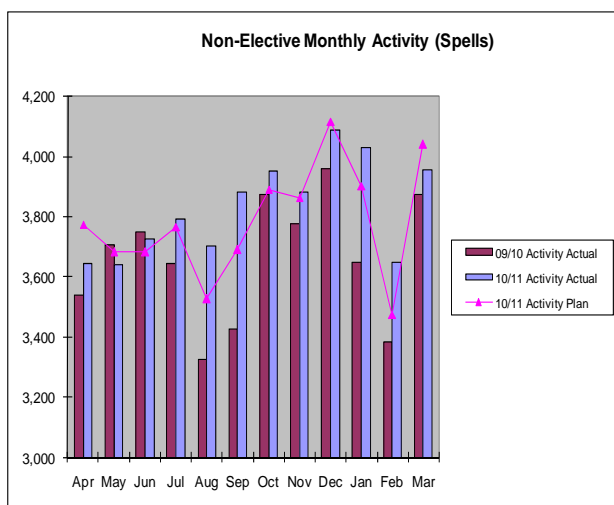
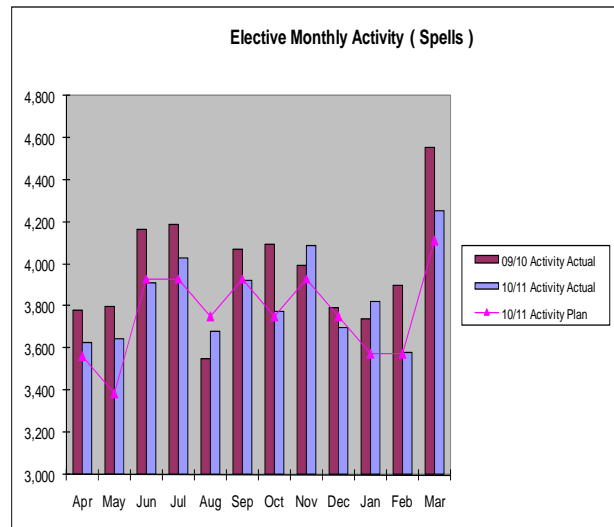
## SLA and Income: Actual vs. Plan by POD\*

Admission Type	Annual Plan	Variance To Date	% Variance	Annual Price Plan	Variance To Date £	% Variance
				£000	£000	%
Accident and Emergency	103,762	(5,481)	-5.28%	7,823	556	7.11%
Critical Care	10,308	(484)	-4.70%	10,850	(1,123)	-10.35%
Elective	45,193	862	1.91%	58,314	980	1.68%
Elective Excess Bed Days	6,058	(1,059)	-17.48%	1,466	(264)	-17.98%
Direct Access	507,003	16,334	3.22%	4,772	153	3.20%
Non-elective	45,387	538	1.19%	76,752	2,611	3.40%
Non-elective Excess Bed Days	18,278	(3,033)	-16.59%	4,158	(742)	-17.84%
Outpatient First	115,225	4,690	4.07%	18,380	823	4.48%
Outpatient Follow Up	288,290	35,661	12.37%	23,196	2,553	11.01%
Outpatient Procedures	27,428	5,794	21.12%	5,114	930	18.18%
Renal	71,883	2,128	2.96%	10,091	385	3.82%
Fractions	30,202	1,657	5.49%	7,541	355	4.71%
Drugs/Devices	1,548	(10)	-0.65%	16,874	45	0.27%
Other	31,901	911	2.86%	22,366	(4,140)	-18.51%
<b>Grand Total</b>	<b>1,302,466</b>	<b>58,508</b>	<b>4.49%</b>	<b>267,696</b>	<b>3,122</b>	<b>1.17%</b>

\*POD = Points of Delivery



# Performance against PCT Activity and Income trends



## SLA and Income: Actual versus Plan by PCT

The table shows the cumulative contract position relative to Commissioners' plans and resulting variations (excluding CQUIN payments) for March. The table reflects the actual income performance before adjustments for the agreed full-year positions between the Trust and the PCT Commissioners. The effect of this is shown on Page 7.

This summary includes a Contract Variation (CVO) on the Acute contract which rebased their entire annual plan. The plan revisions associated with this CVO are shown as 'Demand PCT' in this table in order to maintain the balance with the expenditure budgets which are set at the initially agreed activity levels.

	SLA Annual Plan	Plan to Date	Actual to date	Variance to Plan	% Variance
Commissioner	£000	£000	£000	£000	
SOUTH BIRMINGHAM PCT	196	196	115	(81)	-41.5%
SHROPSHIRE COUNTY PCT	3,442	3,442	3,942	500	14.5%
WALSALL PCT	18,800	18,800	20,066	1,266	6.7%
TELFORD AND WREKIN PCT	919	919	1,261	342	37.2%
WOLVERHAMPTON CITY PCT	137,161	137,161	141,808	4,647	3.4%
HEART OF BIRMINGHAM TEACHING PCT	148	148	186	38	26.0%
DUDLEY PCT	7,546	7,546	7,558	12	0.2%
SANDWELL PCT	1,499	1,499	1,744	245	16.3%
BIRMINGHAM EAST & NORTH PCT	237	237	179	(58)	-24.6%
NORTH STAFFORDSHIRE PCT	83	83	86	3	3.5%
STOKE ON TRENT PCT	104	104	95	(9)	-8.3%
SOUTH STAFFORDSHIRE PCT	30,418	30,418	33,746	3,328	10.9%
WORCESTERSHIRE PCT	1,881	1,881	1,710	(171)	-9.1%
<b>Acute Services Total</b>	<b>202,434</b>	<b>202,434</b>	<b>212,496</b>	<b>10,062</b>	<b>5.0%</b>
Anticipated Income	<b>3,659</b>	<b>3,659</b>	<b>0</b>	<b>(3,659)</b>	<b>0.0%</b>
Demand PCT	<b>1,631</b>	<b>1,631</b>	<b>(0)</b>	<b>(1,631)</b>	<b>-100.0%</b>
Non Contract Activity	<b>1,550</b>	<b>1,550</b>	<b>1,816</b>	<b>266</b>	<b>0.0%</b>
Health Commission Wales	<b>1</b>	<b>1</b>	<b>0</b>	<b>(1)</b>	<b>0.0%</b>
WMSSA	7,563	7,563	7,304	(259)	-3.4%
PAN BIRMINGHAM CONSORTIA	3,974	3,974	4,466	491	12.4%
BLACK COUNTRY CONSORTIA	38,495	38,495	36,296	(2,199)	-5.7%
SHROPS/ STAFFS CONSORTIA	6,582	6,582	7,203	621	9.4%
Coventry & Warwick LCCB	13	13	20	7	55.4%
Hereford & Worcester LCCB	1,793	1,793	1,219	(575)	-32.0%
<b>Specialised Services Total</b>	<b>58,421</b>	<b>58,421</b>	<b>56,507</b>	<b>(1,914)</b>	<b>-3.3%</b>
<b>Grand Total</b>	<b>267,696</b>	<b>267,696</b>	<b>270,818</b>	<b>3,122</b>	<b>1.2%</b>

# Expenditure by Directorate – March 2011

## Trust Wide Summary

**Over spent in month (£2,514k) Over spent YTD (£8,622k)**

(Variance to Budget for Main Cost Headings and Total Budget)

Adverse in (brackets)

Expenditure Budget Performance March 2011 (Month 12)	Manpower WTEs This Month			VARIANCES Cumulative Against Budget								Patient income against budget		Expenditure variance Previous Month		Income Variance Previous Month	
				Pay		Non Pay		Drugs		Total		Variance		Total		Variance	
	Budget	Actual	% var	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Division 1	1,824	1,764	3.3%	(1,584)	(2.5%)	(3,434)	(14.8%)	(560)	(5.3%)	(5,578)	(5.7%)	513	7.0%	(4,401)	(4.0%)	80	20.0%
Division 2	1,790	1,770	1.1%	(805)	(1.3%)	(1,506)	(17.1%)	(250)	(2.8%)	(2,561)	(3.3%)	3,860	2.9%	(1,921)	(2.1%)	3,561	2.9%
Estates and Facilities	548	539	1.7%	63	0.6%	(108)	(1.2%)	(5)	-	(50)	(0.2%)			153	1.1%		
Chief Operating Officer	15	14	4.5%	46	0.1%	33	20.9%	-	-	78	7.8%			100	9.5%		
<b>Total Operations Directorate</b>	<b>4,176</b>	<b>4,087</b>	<b>2.1%</b>	<b>(2,280)</b>	<b>(1.7%)</b>	<b>(5,015)</b>	<b>(12.1%)</b>	<b>(815)</b>	<b>(4.2%)</b>	<b>(8,111)</b>	<b>(4.1%)</b>	<b>4,373</b>	<b>1.6%</b>	<b>(6,069)</b>	<b>(2.3%)</b>	<b>3,641</b>	<b>1.6%</b>
Corporate Directorates & Other	617	577	6.4%	622	4.1%	(1,123)	(13.5%)	(11)	(21.5%)	(511)	(2.2%)			(39)	0.6%		
<b>Total Directorate Expenditure</b>	<b>4,793</b>	<b>4,664</b>	<b>2.7%</b>	<b>(1,657)</b>	<b>(1.1%)</b>	<b>(6,138)</b>	<b>(12.3%)</b>	<b>(827)</b>	<b>(4.2%)</b>	<b>(8,622)</b>	<b>(3.9%)</b>	<b>4,373</b>	<b>1.6%</b>	<b>(6,108)</b>	<b>(2.3%)</b>	<b>3,641</b>	<b>1.6%</b>

### Monthly Manpower Figures in WTEs:

	Budget	Vacancy Factor Equivalent	Adjusted Budget	Actual
April	4,604	87	4,517	4,482
May	4,626	87	4,539	4,395
June	4,641	87	4,554	4,433
July	4,643	87	4,556	4,419
August	4,666	87	4,579	4,484
September	4,674	87	4,587	4,478
October	4,739	87	4,652	4,590
November	4,759	87	4,672	4,590
December	4,792	87	4,705	4,586
January	4,792	87	4,705	4,588
February	4,796	87	4,709	4,636
March	4,793	87	4,706	4,664

Note ~ Vacancy factor equivalent is based on an average cost per wte

# Expenditure Commentary – March 2011

## Trust Wide Summary

**Over spent in month (£2,513k) Over spent YTD (£8,622K)**

- The expenditure exception report on pages 13 to 22 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 was split £1,584k Division 1 and £805k Division 2. The majority of the Division 1 over spend related to the use of locum and agency medical staff to meet waiting time targets. Division 2 overspend reflects additional staffing on A & E and additional medical staffing to deliver activity targets and meet ongoing winter pressure demands.
- On Non Pay, the Division 1 over spent by £1,047k as a result of continued high expenditure within Critical Care and Cardiology.
- The non pay position in Division 2 shows an over spend of £507k which relates to the Nuffield work in Orthopaedic £187k, Newton's consultancy costs of £220k, Obstetrics and Gynaecology costs of £35k and Diabetes of £28k.
- The drugs overspend continues to be over several directorates without any one significant area, with Division 1 accounting for £127k of the monthly movement.

	YTD Variances £000		
	Month 11	Month 12	Movement
Pay	(2,195)	(2,280)	(85)
Non Pay	(3,386)	(5,015)	(1,629)
Drugs	(665)	(815)	(150)
<b>Total</b>	<b>(6,246)</b>	<b>(8,110)</b>	<b>(1,864)</b>

	YTD Variances £000		
	Month 11	Month 12	Movement
Pay	535	623	88
Non Pay	(394)	(1,123)	(729)
Drugs	(4)	(12)	(8)
<b>Total</b>	<b>137</b>	<b>(512)</b>	<b>(649)</b>

<b>Total</b>	<b>(6,109)</b>	<b>(8,622)</b>	<b>(2,513)</b>
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### Total Corporate and trading accounts

- The pay under spend is due to vacancies across several directorates.
- The non-pay over spend is due to several non-recurrent amounts across several directorates, the largest being £28k in patient experience, which is explained later in the report.
- Further details and actions are on the following pages.

# Expenditure Exception Report

**Total Operational Directorate**

**(£8,111) overspend ytd, (£2,042k) overspend in month**

**Division 1**

**(£5,578) overspend ytd, (£1,177K) overspend in month**

Both the month only and year to date variances of Division 1 are made up of a number of smaller variances spread across several directorates. Given the in-year financial position, a financial recovery plan has been agreed with Directors. This plan will reduce the end of year forecast.

## Cardiology

### Current Position

- The overspend in March can be attributed to the costs associated with higher ICD activity and the purchase of associated consumables.

### Actions

- Additional resource funded by increased income has been allocated to the Directorate for 2011/12 to address increasing activity.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Pay	(98)	(106)	(8)	(1.8%)
Non Pay	(617)	(730)	(113)	(16.5%)
Drugs	(66)	(75)	(9)	(11.5%)
<b>Total</b>	<b>(781)</b>	<b>(911)</b>	<b>(130)</b>	<b>(8.2%)</b>

## Cardiothoracic Surgery

### Current Position

- The in-month overspend is due to continued high valves activity and adjustments following the year end Theatres stock take.

### Actions

- The cost pressure raised relating to valve activity has been agreed in the 2011/12 budget settlement.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Pay	(256)	(254)	2	(3.7%)
Non Pay	(300)	(452)	(152)	(14.8%)
Drugs	(17)	(23)	(5)	(9.1%)
<b>Total</b>	<b>(574)</b>	<b>(728)</b>	<b>(155)</b>	<b>(7.2%)</b>

## Division 1

(£5,578k) overspend ytd, (£1,177k) overspend in month

### ▪ Critical Care

#### Current Position

- The overspend was in Orthopaedic theatres where expenditure was incurred on hips, knees, equipment hire and consumables. This includes £525k year end stock adjustment.
- A further £42k of the overspend can be attributed to CSSD costs across the Directorate, due to activity increases. The balance of the overspend was on consumables usage across all theatres as a result of higher activity in month.
- The Drug overspend was in ICCU due to the complexity of patients seen on the unit in month. There has been a higher than normal cohort of longer stay patients who tend to have higher cost drugs.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Pay	(22)	(16)	6	(0.1%)
Non Pay	(944)	(1,681)	(737)	(24.9%)
Drugs	(121)	(142)	(20)	(14.0%)
Total	(1,088)	(1,839)	(751)	(6.8%)

#### Action

- The stock take adjustment is a one off issue which will not reoccur and stock levels are reviewed monthly where significant.
- Activity related CSSD and other pressures have been funded as part of the 2011/12 budget package.
- Drug usage has been reviewed by senior staff to ensure compliance with prescribing guidelines.

### ▪ Patient Services

#### Current Position

- The Non pay overspend is due to the use of an additional transport crew from West Midlands Ambulance Service and an increase in the level of ad-hoc taxi's used for renal patients, both due to increased patient numbers requiring transport.

#### Actions

- Agreement has been reached with the PCT to pass future charges onto them.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Pay	(17)	(18)	(1)	(2.6%)
Non Pay	(100)	(132)	(33)	(8.0%)
Total	(2)	(4)	(3)	107.4%

## Division 1

(£5,578k) overspend ytd, (£1,177k) overspend in month

### ▪ General Surgery

#### Current Position

- The overspend in March was due to a number of factors including the purchase of surgical instruments, VAC therapy, tests and ward consumables as a result of activity over performance in month.

#### Action

- Activity pressures formed part of the cost pressures submitted for 11/12 and the Directorate are taking steps to ensure that they achieve a balanced position in light of the budget settlement.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Pay	(309)	(323)	(15)	(4.4%)
Non Pay	(313)	(365)	(52)	(58.1%)
Drugs	(49)	(57)	(7)	(18.8%)
Total	(671)	(745)	(74)	(9.1%)

### ▪ Oncology

#### Current Position

- The under spend followed the input of budget in respect of the IMRT set up costs that have been incurred in previous months. This is due to additional income being received from specialised services unexpectedly in the final month of the year.
- There is also continued under spend on blood where usage has been reduced in preparation for removing as a CIP in 2011/12.

#### Actions

- Discussions regarding the future IMRT service are underway with Specialised Services.
- CIP will be withdrawn in 2011/12.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Pay	(42)	(51)	(9)	(0.7%)
Non Pay	57	141	84	20.5%
Drugs	(40)	(65)	(26)	(1.6%)
Total	(24)	25	49	0.2%

## Division 1

(£5,578k) overspend ytd, (£1,177k) overspend in month

### ▪ Ophthalmology

#### Current Position

- The majority of the overspend was in Eye theatres which saw overspends in a number of areas including cannulae, disposables, CSSD services and the impact of the year end stock reconciliation. (£13k)
- A further overspend was seen in Orthoptics where optical appliances overspent by (£9k). This was a result of a backlog of voucher claims received in month.

#### Action

- Finance and Procurement have worked with the department to reduce uneven expenditure patterns and implemented electronic ordering. Some discounts are also being sought by procurement for regular or bulk purchases.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(482)	(524)	(42)	(7.5%)
Non Pay	(24)	(81)	(57)	(6.6%)
Drugs	(105)	(129)	(23)	(4.2%)
<b>Total</b>	<b>(611)</b>	<b>(734)</b>	<b>(123)</b>	<b>(6.5%)</b>

### ▪ Pathology

#### Current Position

- The under spend in month was spread across a number of areas within the Directorate as a result of credits received from service agreements following end of year contract reconciliations.

#### Actions

- Contracts continue to be monitored on a regular basis and saving made where applicable.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	358	382	24	5.1%
Non Pay	63	103	41	2.2%
Drugs	3	3	0	68.1%
<b>Total</b>	<b>423</b>	<b>488</b>	<b>65</b>	<b>4.0%</b>



## Division 1

(£5,578k) overspend ytd, (£1,177k) overspend in month

### ▪ Radiology

#### Current Position

- The overspend was caused by the level of offsite reporting used as the Locum Consultant the Directorate was employing was not available to work during March.

#### Action

- The Locum has resumed his previous working pattern and the recruitment to new consultant posts later in the year will mean less reliance upon offsite reporting.
- The Division are committed to removing the reliance on off-site reporting during 2011/12.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	18	25	8	0.4%
Non Pay	(285)	(382)	(97)	(13.0%)
Drugs	(15)	(18)	(4)	(11.6%)
<b>Total</b>	<b>(282)</b>	<b>(375)</b>	<b>(93)</b>	<b>(3.9%)</b>

### ▪ Clinical Haematology

#### Current Position

- Drug expenditure in month was high in month due to the complexity of patients being treated.

#### Actions

- The finance department have reviewed the detail with pharmacy and the Assistant Director of Pharmacy is now undertaking a review with the Directorate.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(41)	(37)	4	(1.7%)
Non Pay	158	168	10	16.6%
Drugs	(2)	(33)	(31)	(1.0%)
<b>Total</b>	<b>115</b>	<b>98</b>	<b>(17)</b>	<b>1.5%</b>

## Division 2

(£2,561k) overspend ytd, (£640k) overspend in month

### Diabetes

#### Current Position

- The in month pay overspend has arisen due to junior doctor costs, which is non recurrent.
- The under recovery in income relates to an equivalent under spend on non pay and therefore has zero impact for the Directorate.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	27	4	(23)	0.3%
Non Pay	1	11	9	1.7%
Drugs	(16)	(16)	(0)	(15.5%)
Income	0	(22)	(22)	57.2%
<b>Total</b>	<b>13</b>	<b>(23)</b>	<b>(36)</b>	<b>(1.0%)</b>

### Divisional Management

#### Current Position

- The in month pay over spend relates to unfunded agency medical staff in post to support winter pressures.
- £220k of consultancy invoices have been received from Newton's in relation to the trust wide projects on Outpatient Efficiency.

#### Actions

- The staffing required will be reviewed as part of the Business Case for the winter pressures 2011/12.
- Phase 2 of the project is ongoing therefore these costs will continue into the next financial year and will be offset by the savings made in year.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(235)	(293)	(59)	(9.7%)
Non Pay	(57)	(315)	(258)	(65.8%)
Drugs	28	35	8	61.8%
Income	(4)	(0)	4	0.3%
<b>Total</b>	<b>(268)</b>	<b>(573)</b>	<b>(305)</b>	<b>(16.1%)</b>

## Division 2

(£2,561k) overspend ytd, (£640k) overspend in month

### ▪ Obstetrics and Gynaecology

#### Current Position

- £15k relates to medical and surgical spend which links to the increased activity as shown by the in month activity report.
- £7k relates to one off purchase of furniture and fittings within Health Records and Antenatal OPD an element links to the Gynaecology Oncology Business Case.

#### Action

- Cost pressures have been funded as part of budget setting .

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	61	81	20	0.6%
Non Pay	(85)	(119)	(35)	(13.0%)
Drugs	(3)	(8)	(4)	(3.0%)
Income	22	22	1	(16.3%)
Total	(5)	(23)	(19)	(0.2%)

### ▪ Orthopaedics

#### Current Position

- Pay overspend relates to waiting list initiatives to cover the additional clinics in March.
- The non pay in month overspend of £187k includes £181k for patients sent to Nuffield.

#### Actions

- Discussions are continuing with commissioners regarding 2011/12 activity plan with a decision being made by the end of April 2011.
- The requirement to maintain waiting times and remain within allocated resources is a challenging one and the Directorate is in discussions about it's requirement for further investment.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	(228)	(254)	(26)	(4.1%)
Non Pay	(536)	(723)	(187)	(77.3%)
Drugs	(45)	(50)	(5)	(31.2%)
Income	34	38	4	(41.2%)
Total	(775)	(990)	(215)	(13.7%)

## Division 2

(£2,561k) overspend ytd, (£640k) overspend in month

### Paediatrics

#### Current Position

- The over spend has arisen due to a number of factors, expenditure on office equipment, computers and courses of £11k, medical and surgical expenditure on the wards of £11k and expenditure on Neurophysiology tests (January-March) £5k.
- The Non pay overspend is offset by the receipt of income in March relating to the HDU project that the costs have occurred within 2010/11 financial year.

#### Action

- Future one off purchases will be monitored as part of the monthly budget meetings and will be made if necessary in discussion with the Directorate Manager.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	67	69	2	0.8%
Non Pay	(43)	(72)	(28)	(11.5%)
Drugs	48	41	(7)	5.4%
Income	1	30	29	
<b>Total</b>	<b>73</b>	<b>69</b>	<b>(3)</b>	<b>0.7%</b>

### Renal

#### Current Position

- There has been a significant increase in drugs expenditure during the month. £11K relates to Walsall fresenius unit drugs spend due to the quarterly stock update. £8k is shown within PD which is currently being reviewed by the Directorate and Pharmacy.

#### Actions

- Detailed review will be undertaken in conjunction with pharmacy to investigate the cause of the increase.

	YTD Variances £000			YTD % Var
	Month 11	Month 12	Movement	
Pay	30	27	(4)	0.5%
Non Pay	(4)	(27)	(23)	(0.7%)
Drugs	(43)	(72)	(29)	(9.4%)
Income	19	22	3	(18.4%)
<b>Total</b>	<b>3</b>	<b>(50)</b>	<b>(53)</b>	<b>(0.5%)</b>

## Division 2

(£2,561k) overspend ytd, (£640k) overspend in month

### ▪ Central Drugs

#### Current Position

- There was a significant increase in month on Pharmacy's share of drug savings charged to the PCT.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Non Pay	(0)	(1)	(0)	0.0%
Drugs	(34)	(49)	(15)	(3.1%)
Income	22	55	33	(3.0%)
Total	(12)	6	19	(2.1%)

### ▪ Pharmacy

#### Current Position

- The favourable income variance relates to additional income received in respect of patient access schemes.

#### Actions

- The agreement for 11/12 has now been settled and the Trust will take a share of the income with the remainder going to the PCT.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Pay	5	13	9	0.0%
Non Pay	(17)	(24)	(7)	(22.8%)
Income	38	60	22	(22.7%)
Total	25	49	24	1.4%

# Expenditure Exception Report

## Corporate

**(£483k) over spend ytd, (£697k) overspend in month**

### Estates

#### Medical Physics

##### Current Position

- Non pay position has deteriorated by £110k in month. The main issues are:- replacement part for Linac machine (£39k), additional spend to original estimates for therapy computer upgrades (£16k) and an increase in diagnostics spend relating to isotopes reflecting price increases (£9k).

##### Actions

- These were necessary one off expenditure items.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Pay	55	55	1	2.0%
Non Pay	38	(72)	(110)	(7.7%)
Drugs	(1)	(5)	(4)	
<b>Total</b>	<b>91</b>	<b>(22)</b>	<b>(113)</b>	<b>(0.6%)</b>

### Patient Experience

#### Current Position

- The non pay overspend of £28k primarily reflects the purchase of computer hardware and software totalling £36k.

#### Actions

- This is non recurrent.

	YTD Variances £000			YTD %
	Month 11	Month 12	Movement	Var
Pay	12	12	0	8.2%
Non Pay	(164)	(192)	(28)	(100.2%)
<b>Total</b>	<b>(152)</b>	<b>(180)</b>	<b>(28)</b>	<b>(53.5%)</b>

# Pay Reporting – March 2011

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

## Pay Analysis : March 2011 (Month 12)

	Budget WTE	Actual Paid WTE	Pay (Over)/Under £000s	Pay Spend by Category (cumulative to date £000s)						Total Pay
				Agency	Medical Locums	Nurse Bank	Employed	Overtime	WLI	
Division 1	1,824	1,764	(1,584)	1,506	1,143	1,004	74,019	881	330	78,883
Division 2	1,790	1,770	(805)	2,397	1,190	2,000	66,185	484	301	72,557
Facilities & Estates	548	539	63	100	0	0	12,380	1,160	0	13,641
Chief Operating Officer	15	14	46	0	0	0	971	3	0	974
<b>Total Operations Directorate</b>	<b>4,176</b>	<b>4,087</b>	<b>(2,280)</b>	<b>4,003</b>	<b>2,334</b>	<b>3,004</b>	<b>153,555</b>	<b>2,528</b>	<b>631</b>	<b>166,054</b>
Corporate Directorate & Other	617	577	623	462	0	3	17,509	256	0	18,231
<b>Total Directorate Pay Expenditure</b>	<b>4,793</b>	<b>4,664</b>	<b>(1,657)</b>	<b>4,465</b>	<b>2,334</b>	<b>3,006</b>	<b>171,064</b>	<b>2,784</b>	<b>631</b>	<b>184,286</b>

- Division 1 – Overall division 1 has a positive variance on WTE of 73 FTE. However, this has not resulted in savings but instead there is an overspend of £1,550k. The key reasons for the overspend are a) agency usage; b) overtime payments; and c) Waiting List initiatives which do not attract WTE.
- Division 2 – Overall division 2 has a positive variance on WTE of 26 WTE. As with division 1 this has not resulted in savings but instead there is an overspend driven mainly by bank staff costs totalling £723k.

## Agency & Bank Analysis : March 2011 (Month 12)

	CURRENT YEAR		PREVIOUS YEAR			
	YTD Spend 10/11		YTD Spend 09/10		Total Spend 09/10	
	£000s	£000s	£000s	£000s	£000s	£000s
	Bank	Agency	Bank	Agency	Bank	Agency
Medical		3,424		2,154		2,529
Nursing - qual	1,972		1,902	15	2,138	3
Nursing - other	1,035	1	839		928	
Scientific & technical		384		517		585
Non-clinical		656		658		858
<b>Total</b>	<b>3,006</b>	<b>4,465</b>	<b>2,742</b>	<b>3,345</b>	<b>3,066</b>	<b>3,975</b>

## Analysis of Agency in Non Clinical: March 2011 (Month 12)

	Current Year £000s	Last Year £000s
Operations		
Division 1	23	180
Division 2	75	85
Estates & Facilities	98	31
Chief Operating Officer		
<b>Sub-total</b>	<b>196</b>	<b>296</b>
Corporate		
Finance Director	262	220
Nurse Director	14	
Medical Director	76	68
HR	14	12
Estates Development	27	29
R&D	67	34
<b>Sub-total</b>	<b>460</b>	<b>362</b>
<b>Total Non-Clinical agency</b>	<b>656</b>	<b>658</b>

## Pay reporting – March 2011

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. This shows a 7% increase in year to date pay costs.

Pay Category	CURRENT YEAR 2010/11				LAST YEAR 2009/10				% YTD Month 12 Spend Increase Between Years
	WTE Budget in Month	WTE Actual (Worked) in Month	Current Month Spend £000	YTD Spend £000	Average Worked WTE	Month 12 Spend £000	YTD Spend to Month 12 £000	Average Monthly Spend £000	
Employed	4,777	4,481	14,792	170,685	4,171.0	14,333	160,192	13,349	7%
Overtime	-	0	258	2,784	-0.3	249	2,809	234	-1%
Agency Staff	9	59	432	4,465	33.4	630	3,975	331	12%
Medical Locum Staff	5	20	236	2,334	14.3	88	1,715	143	36%
Nurse Bank	1	101	255	3,006	110.0	325	3,066	256	-2%
WLI	-	-	75	631	0.0	200	1,050	88	n/a
Other	-	2	35	382					
<b>Total</b>	<b>4,793</b>	<b>4,664</b>	<b>16,083</b>	<b>184,286</b>	<b>4,328</b>	<b>15,825</b>	<b>172,808</b>	<b>14,401</b>	<b>7%</b>

### Medical Staffing

The increase in Medical Agency expenditure compared to last year has arisen in speciality areas where there are vacancies and recruitment attempts have been unsuccessful. Vacancies have usually been covered by additional hours worked by permanent staff; Agency staff have only been used when absolutely essential due to the high cost of this type of solution.



## CIP Monitoring All Trust Schemes – March 2011

The Trust CIP target is £8,900k. Together with incomplete projects from 2009/10 of £1,731k this gives a total of £10,631k. The table below summarises the target CIP for each scheme category and the actual achieved for 2010/11. The position for March shows a withdrawal of CIP from annual budget of £9,814k, of this £1.4m was delivered non-recurrently. Performance against plan is reviewed by the Trust CIP Group which is chaired by the Chief Executive.

CIP MONITORING	10/11					
	Annual Plan	(Blue) Withdrawn from budgets	Total	Still to be achieved Categorised by Risk Rating		
				Green	Amber	Red
£000	£000	£000	£000	£000	£000	
<b>2010/11 Schemes</b>						
Procurement Savings	2,500	2,028	365	-	365	-
Depreciation	1,200	1,200	-	-	-	-
Div 1 General CIP	843	708	135	-	-	135
Div 2 Orthopaedic Review Savings	500	500	-	-	-	-
Utilities Efficiencies	282	282	-	-	-	-
Div 1 Excluded Drugs	290	313	23	-	23	-
Div 2 General CIP	210	210	-	-	-	-
Reduced use of External Consultancy	250	250	-	-	-	-
Other Schemes	2,825	2,852	316	-	316	-
<b>Total 2010/11 Schemes</b>	<b>8,900</b>	<b>8,343</b>	<b>793</b>	<b>-</b>	<b>658</b>	<b>135</b>
<b>Bfwd from 2009/10</b>						
Bfwd Inpatient, Day Cases & Theatre Zoning	250	250	-	-	-	-
Bfwd Medical Staff Job Plan Review	250	250	-	-	-	-
Bfwd A&E Eye Rationalisation	250	250	-	-	-	-
Bfwd Div 2 Closure of One Ward	250	250	-	-	-	-
Bfwd Div 1 General CIP	235	235	-	-	-	-
Outpatients	227	227	-	-	-	-
Other Schemes	269	9	24	-	24	-
<b>Total Bfwd from 2009/10</b>	<b>1,731</b>	<b>1,471</b>	<b>24</b>	<b>-</b>	<b>24</b>	<b>-</b>
<b>TOTAL 2010/11 CIP PLAN</b>	<b>10,631</b>	<b>9,814</b>	<b>817</b>	<b>-</b>	<b>682</b>	<b>135</b>

**Notes**

RAG Status : Blue = achieved. Green On Track to Achieve. Amber = Some delay in achieving. Red = Significant delay/risk/detailed plan to be drawn up.

# CIP Monitoring – March 2011

Analysis of schemes with savings in excess of £200k.

Scheme	Implementation Date	Savings £'000	Current Position	Outcome
R & D	April 2010	200	Complete	Savings realised with no adverse impact on budget line
Depreciation	April 2010	1,200	Complete	
Reduced use of external consultancy		250	Complete	The scheme is being closely monitored by the Operational Finance Group
Excluded drugs coming off patent		290	Complete	Subject to agreement with PCT.
Procurement	May 2010 onwards	2,500	£365k remaining at year end	£2,135k taken from budgets YTD M12
Junior Medical Staffing Reduction in locum and overtime		290	Complete	Managing within budget impact being monitored
Orthopaedic review savings	April 2010	500	Complete	Managing within budget impact being monitored
Division 1 General CIP		708	Complete	Managing within budget impact being monitored
Inpatients, day case and theatre zoning	April 2010	250	Complete	Managing within budget impact being monitored
Medical Staff job plan review	April 2010	250	Complete	Managing within budget impact being monitored
A&E Eye Rationalisation	April 2010	250	Complete	Managing within budget impact being monitored
Outpatients	April 2010	227	Complete	Managing within budget impact being monitored
Closure of one ward Division 2	April 2010	250	Complete	Impact being monitored

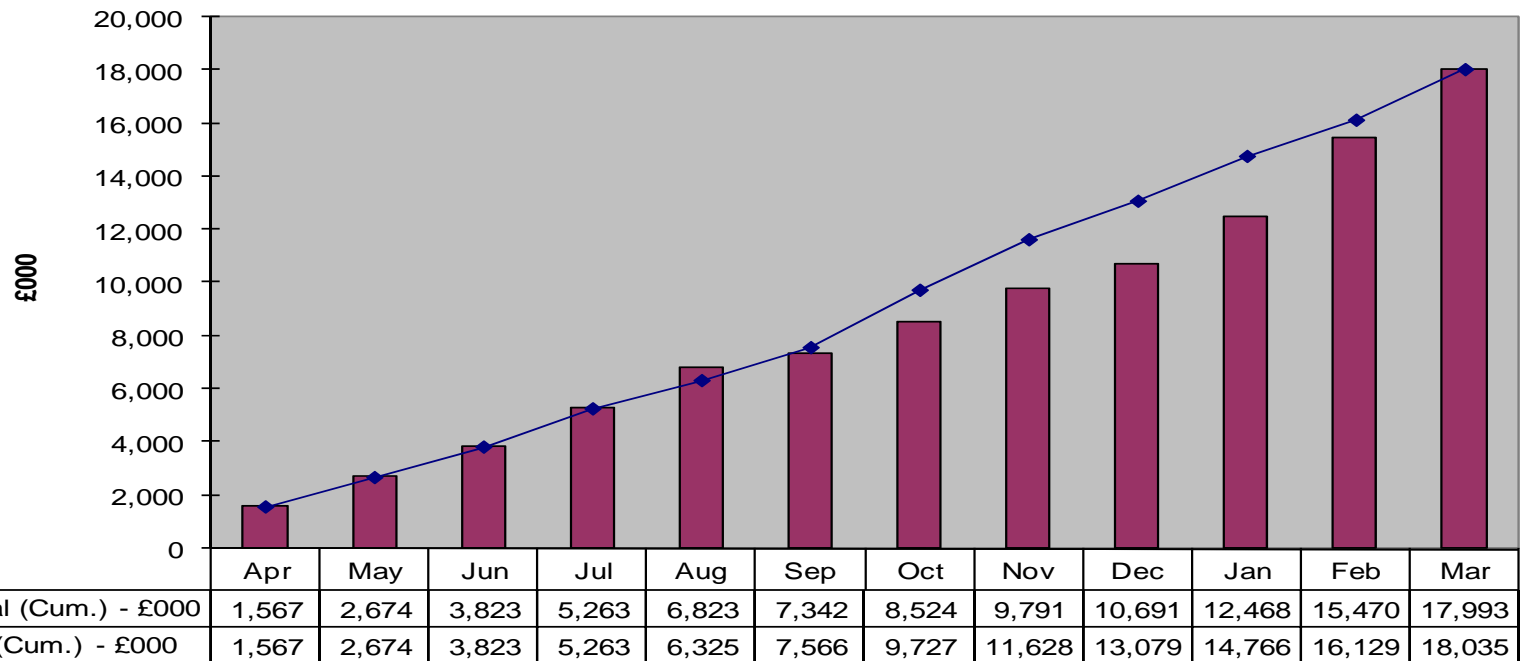
## Reserves – March 2011

Reserve	March	February	Movement	Significant Movement In Reserves
Cost Pressure	618	833	(215)	Div 1 SNEU
Activity & Developments	1,896	2,655	(759)	Health Record scanning £125K,,Acumentive £234,Non Pay issues £ 249K Medical staff £350K, Human Resources £158K, Healthcare Purchasing Consortia Stakeholder Liability £226K,Furniture & Furnishings £144K
Quality	1,160	1,160	0	
Inflation and contingency	4,029	4,644	(615)	Pay Inflation £500K Non Pay Inflation £116K CNST £317K
Drugs & Devices	257	982	(725)	Chemotherapy Drugs £142K and excluded drugs £531K
Non Recurring Support	19	19	0	
	7,979	10,294	(2,314)	

# Capital Expenditure – March 2011

The Trust Capital Programme for 2010/11 is £18,035k, against a Capital Resource Limit (CRL) of £21,957k which includes £3,922k relating to PFI (Radiology) and finance lease payments.

**Capital Plan vs Capital Expenditure 2010-11 (Cumulative)**

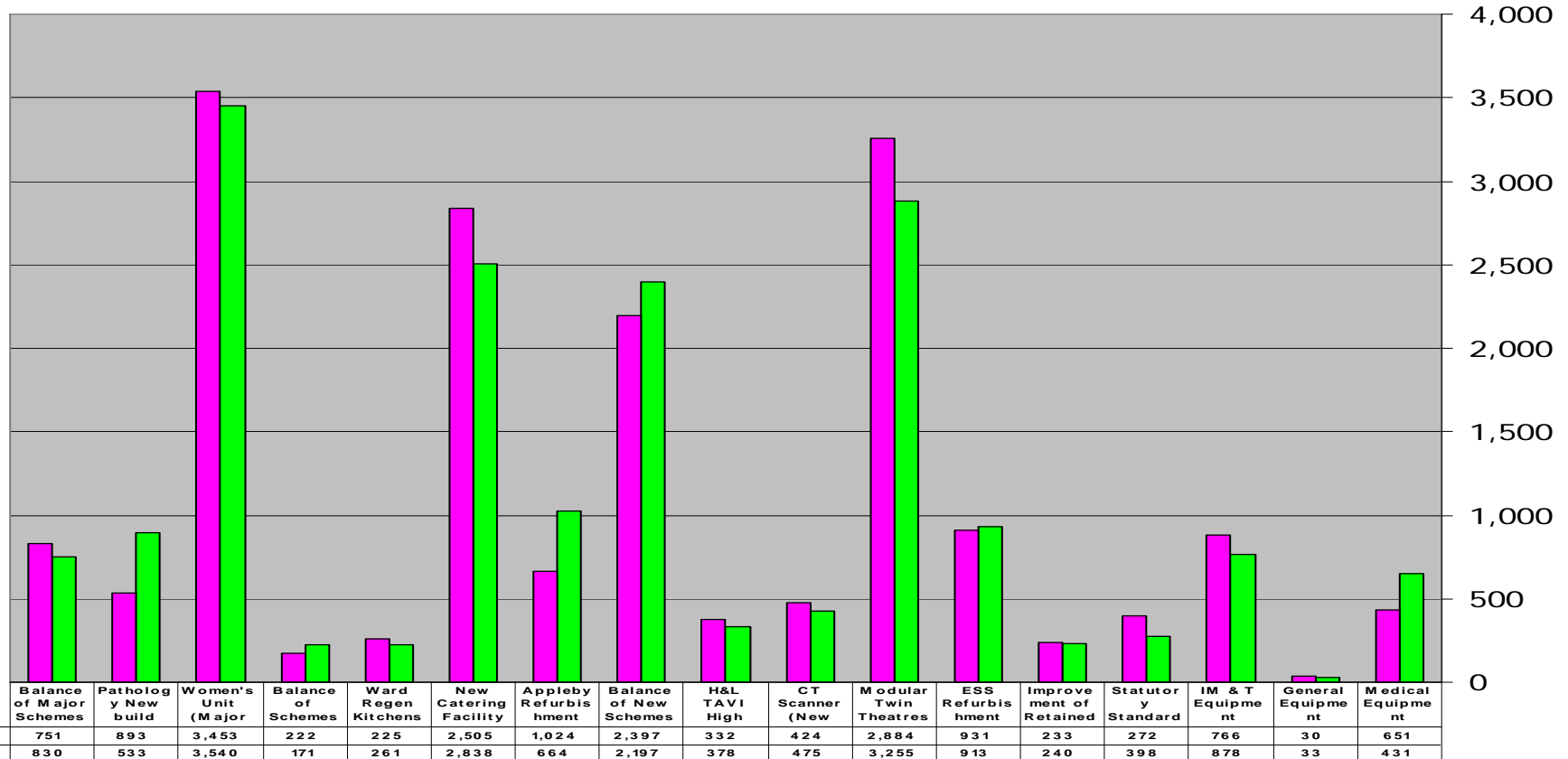


- At the end of March 2011 the Programme delivered 99.8% of plan with a spend of £17,993k against annual plan of £18,035k. The main variances relate to cost savings on New Catering (£333k); and under-spend on Modular Twin Theatres (£371k) with the delay to start on site, largely offset by overspend of £360k on Appleby and £360k on Pathology New Build enabling works which were brought forward from 2011/12.

# Capital Expenditure by Scheme – March 2011

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 against planned expenditure for the Capital Programme categories and, within those categories, schemes of significant value.

Actual YTD vs Plan YTD Capital Expenditure (£000)



# Statement of Financial Position as at 31<sup>st</sup> March 2011

Trade and Other Receivables as at 31 March 2011 are £15,055k, a breakdown is provided on page 31.

This includes invoiced NHS £8,624k and gross Non-NHS £731k receivables. A more detailed analysis of the invoiced receivables is shown on page 32.

Calculated debtor days for the year to date are 13.6 days compared to a plan of 12.3 days. The adverse variance relates to the high level of NHS Debtors caused by HCS workload difficulties, providing significant delays in agreeing patient activity and debt. As the Trust was already considerably above the original planned cash position, this issue was factored into the year end cash balance target agreed with the SHA.

A more detailed analysis of Trade & Other Payables together with Borrowings is provided on page 33.

The Public Sector Payment Policy sets out a target for payment of 95%, in value and volume, to be paid within 30 days of receipt. The Trust's cumulative performance against this target is:  
 - Value 92%  
 - Volume 89%

	<u>March 2011</u> <u>Plan £000</u>	<u>March 2011</u> <u>Actual £000</u>	<u>February</u> <u>2011 Actual</u> <u>£000</u>	<u>Movement in</u> <u>Month £000</u>	<u>March 2010</u> <u>Actual £000</u>
<b>NON CURRENT ASSETS</b>					
Property, Plant and Equipment	232,850	243,180	230,711	12,469	224,620
Intangible Assets	740	779	713	65	889
Other Non Current Assets	756	1,030	882	148	882
<b>TOTAL NON CURRENT ASSETS</b>	<b>234,346</b>	<b>244,989</b>	<b>232,307</b>	<b>12,682</b>	<b>226,391</b>
<b>CURRENT ASSETS</b>					
Inventories	4,576	4,744	5,554	(810)	4,576
Trade and Other Receivables	10,577	15,055	13,306	1,749	12,548
Cash and cash equivalents	9,822	11,786	17,956	(6,170)	9,583
<b>TOTAL CURRENT ASSETS</b>	<b>24,975</b>	<b>31,585</b>	<b>36,816</b>	<b>(5,231)</b>	<b>26,707</b>
Non Current Assets Held for Sale	800	800	800	0	800
<b>TOTAL ASSETS</b>	<b>260,121</b>	<b>277,374</b>	<b>269,923</b>	<b>7,451</b>	<b>253,898</b>
<b>CURRENT LIABILITIES</b>					
Trade & Other Payables	(24,926)	(29,935)	(32,029)	2,094	(24,348)
Borrowings	(1,792)	(2,076)	(2,090)	14	(2,095)
Provisions for Liabilities and Charges	(966)	(1,726)	(1,520)	(206)	(1,544)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(27,684)</b>	<b>(33,736)</b>	<b>(35,639)</b>	<b>1,903</b>	<b>(27,987)</b>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	<b>(2,709)</b>	<b>(2,152)</b>	<b>1,177</b>	<b>(3,329)</b>	<b>(1,280)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>232,437</b>	<b>243,637</b>	<b>234,284</b>	<b>9,353</b>	<b>225,911</b>
<b>NON CURRENT LIABILITIES</b>					
Other Liabilities	(7,541)	(7,389)	(7,551)	162	(7,339)
Provision for Liabilities and Charges	(558)	(497)	(558)	61	(558)
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(8,099)</b>	<b>(7,886)</b>	<b>(8,109)</b>	<b>223</b>	<b>(7,897)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>224,338</b>	<b>235,751</b>	<b>226,175</b>	<b>9,576</b>	<b>218,014</b>
<b>FINANCED BY TAXPAYERS EQUITY</b>					
Public Dividend Capital	170,082	170,082	170,082	0	170,082
Retained Earnings	(4,960)	(5,299)	(2,934)	(2,366)	(11,456)
Revaluation Reserve	57,184	68,884	57,185	11,699	57,184
Donated Asset Reserve	1,842	1,895	1,652	243	2,014
Other Reserves	190	190	190	0	190
<b>TOTAL TAXPAYERS EQUITY</b>	<b>224,338</b>	<b>235,751</b>	<b>226,175</b>	<b>9,576</b>	<b>218,014</b>

## Trade Receivables – March 2011

<u>Trade &amp; Other Receivables</u>	<u>March</u>	<u>February</u>	<u>Variance</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
NHS Receivables - Revenue	8,624	1,907	6,717	352.2%
NHS Partially Completed Spells	1,790	1,880	(91)	-4.8%
NHS Accrued Income	1,802	4,405	(2,603)	-59.1%
Non NHS Sales Ledger	731	741	(10)	-1.4%
Provision for Impairments of Receivables	(761)	(749)	(11)	1.5%
Non NHS Accrued Income	88	164	(76)	-46.2%
Prepayments	867	2,953	(2,086)	-70.6%
RTA / Injury Claims due within 1 year	1,184	1,498	(314)	-21.0%
VAT	560	219	341	155.5%
Other	170	288	(118)	-40.9%
<b>Total Trade &amp; Other Receivables</b>	<b>15,055</b>	<b>13,306</b>	<b>1,749</b>	<b>13.1%</b>

- Further analysis on invoiced NHS and non-NHS receivables is provided on page 32.
- Accrued income has decreased and NHS Receivables significantly increased as invoices have been raised based on the estimated full year position, more significantly in respect of patient activity over performance with Wolverhampton and South Staffs PCT. (Refer also, to notes on Pages 30 to 34, relating to delay in HCS agreeing final activity detail and noting that circa £7m of this debt has been agreed to be settled by PCTs in May 2011). Within the Accrued Income figure of £1.8m, £0.6m is for additional final settlement on over-performance income and the balance of £1.3m is in respect of drugs recharges, winter pressures, and emergency threshold funding.
- The significant decrease in Prepayments in month relates in the main to the reallocation of the PFI deferred asset from Prepayments (£1.4m) to Non Current Assets.

## Receivables by Category – March 2011

Receivables increased by £6.7M to £9.3M gross at the end of March, offset by a significant decrease in accrued income, mainly due to raising of invoices for final year end and estimated year end patient activity with PCTs. It should be noted that circa £7m has been agreed by PCTs to be cash settled in May 2011.

### March 2011

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	180	179	1	0	0	0
	PCT	7,846	8,673	-752	76	-497	346
	SHA	2	2	0	0	0	0
	TRUST	596	219	250	72	0	55
NHS Total		8,624	9,073	-501	148	-497	401
NON	OTHER	418	236	129	25	2	26
	PRIVATE PATIENTS	218	40	38	4	15	121
	IRISH/SCOTT/WELSH	95	10	48	0	3	34
	Sub Total	731	286	215	29	20	181
	Bad Debt Provision	-178				-9	-169
NON Total		553	286	215	29	11	12
Grand Total		9,177	9,359	-286	177	-486	413

### NHS

Within the Other NHS debt, the Department of Health was invoiced £0.175M in respect of the Patient Dignity project and this invoice was paid in April.

Of the total PCT debt of £7.85M, 98% (£7.761M) relates to five PCTs – Wolverhampton (£6.1M), South Staffs (£1.3M), Walsall (£0.87M), Shropshire County PCT (£0.4M) and credit due to the Black Country LSCG (-£0.9M). The credit notes for the Black Country LSCG for underperformance are still outstanding to be taken and shown in overdue 0-1 months and 2-3 months columns as negative balances above.

Of the in month PCT debt of £8.7M, over performance represents £8.6M, with Wolverhampton PCT being £5.8M. Of this, £1.2M has since been paid and as noted on Page 34, with the final patient related settlements being negotiated at year end for Wolverhampton and Staffordshire PCTs, May dates have been agreed for cash settlement, with expectation of circa £7m of debt being cleared then.

Trust debt has decreased by 19% between February and March 2011. Of the total Trust debt of £0.6M, 89% (£0.5M) relates to five trusts – (Walsall £0.24M, Mid Staffs £0.22M, University Hospitals Coventry and Warwickshire £0.02M, Birmingham Children's Hospital £0.02M and West Midlands Ambulance £0.02M). Of this £0.2M has since been paid.

### Non-NHS

39% of non NHS debt is within term. In April £0.14k has been paid against the balance of other debt. All debts in excess of 3 months old are provided for but continue to be followed up.

### February 2011

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	5	0	0	5	0	0
	PCT	1,169	26	1,156	-418	29	376
	SHA	0	0	0	0	0	0
	TRUST	733	326	180	81	74	72
NHS Total		1,907	352	1,336	-332	103	448
NON	OTHER	425	251	132	10	1	31
	PRIVATE PATIENTS	218	52	27	17	67	55
	IRISH/SCOTT/WELSH	98	54	7	4	4	29
	Sub Total	741	357	166	31	72	115
	Bad Debt Provision	-169	0	0	0	-54	-115
NON Total		572	357	166	31	18	0
Grand Total		2,479	709	1,502	-301	121	448



## Trade, Other Payables & Borrowings – March 2011

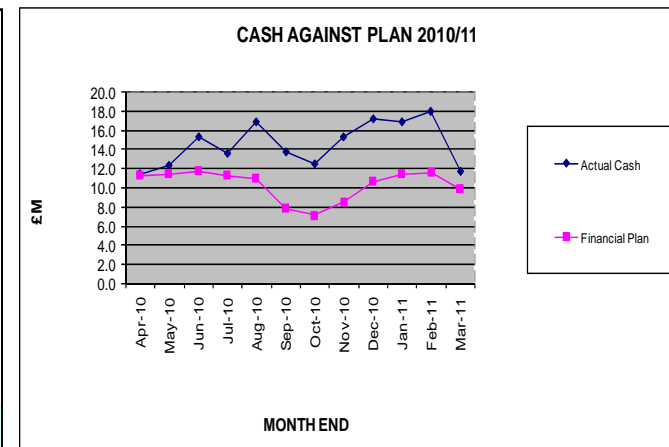
<u>Trade &amp; Other Payables</u>	<u>March</u>	<u>February</u>	<u>Variance</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
NHS Payables - Revenue	(3,653)	(2,591)	(1,062)	41.0%
Non NHS Trade Payables - Revenue	(5,728)	(5,439)	(289)	5.3%
Non NHS Trade Payables - Capital	(3,575)	(4,776)	1,201	-25.1%
Dividend and Interest Accrual	0	(3,086)	3,086	-100.0%
Tax & Social Security	(3,141)	(4,033)	892	-22.1%
Pensions	(2,185)	(2,205)	20	-0.9%
Accruals	(5,547)	(6,119)	572	-9.3%
Deferred Income (inc. Trading Accounts)	(5,870)	(3,602)	(2,268)	63.0%
Other	(236)	(178)	(58)	32.6%
<b>Total Trade &amp; Other Payables</b>	<b>(29,935)</b>	<b>(32,029)</b>	<b>2,094</b>	<b>-6.5%</b>

- The dividend payable is accrued and then paid twice a year in September and March.
- Deferred income increased in the month with an additional £1.5m from the DoH, adding to the £1m already held for the Safe-Hands (Acumentive) project. Other deferred income at year-end includes various funding, for example, £0.575m for Dementia and £0.2m for Pharmacy Regional trainees.

<u>Borrowings</u>	<u>March</u>	<u>February</u>	<u>Variance</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
PFI - Capital Repayments	(1,947)	(1,947)	(0)	0.0%
Finance Leases - Capital Repayments	(128)	(142)	14	-10.0%
<b>Total Current Borrowings</b>	<b>(2,076)</b>	<b>(2,090)</b>	<b>14</b>	<b>-0.7%</b>
	<u>March</u>	<u>February</u>	<u>Variance</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
PFI - Capital Repayments	(7,182)	(7,345)	162	-2.2%
Finance Leases - Capital Repayments	(207)	(207)	(0)	0.1%
<b>Total Non Current Borrowings</b>	<b>(7,389)</b>	<b>(7,551)</b>	<b>162</b>	<b>-2.1%</b>

# Cash Flow Statement - period ending 31st March 2011

	March Plan £000	March Actual £000	March Variance £000
<b>OPERATING ACTIVITIES</b>			
<b>Total Operating Surplus/(Deficit)</b>	15,432	16,628	1,196
Depreciation	12,937	12,832	(105)
Fixed Asset Impairments	0	319	319
Transfer from Donated Asset Reserve	(410)	(412)	(2)
Interest Paid	(1,595)	(928)	667
Dividends Paid	(3,704)	(3,704)	0
(Increase)/Decrease in Inventories	0	(168)	(168)
(Increase)/Decrease in Trade/Receivables	1,971	(2,507)	(4,478)
Increase/(Decrease) in Trade/Payables	(1,927)	1,770	3,697
Increase/(Decrease) in Provisions	(578)	121	699
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>22,126</b>	<b>23,951</b>	<b>1,825</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	70	67	(3)
Payment for Property, Plant and Equipment	(18,035)	(17,993)	42
Payment for Intangible Assets	0	0	0
Payment for Other Assets	0	0	0
Proceeds from Disposals	0	0	0
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>(17,965)</b>	<b>(17,926)</b>	<b>39</b>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>	<b>4,161</b>	<b>6,025</b>	<b>1,864</b>
<b>FINANCING</b>			
Capital Element of Finance Lease and PFI	(3,922)	(3,822)	100
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>	<b>(3,922)</b>	<b>(3,822)</b>	<b>100</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>239</b>	<b>2,203</b>	<b>1,964</b>
<b>CASH BALANCES</b>			
Opening Balance 1st April 2010	9,583	9,583	0
<b>Closing Balance at 31 March 2011</b>	<b>9,822</b>	<b>11,786</b>	<b>1,964</b>



The cash balance, at £11,786k, is £1,964k higher than plan, reflecting mainly the increase in surplus achievement. (Prior year closing balance £9,583k).

The adverse increase in Receivables, as previously noted at page 30, relates mainly to the high level of NHS Debtors caused by HCS workload difficulties, providing significant delays in agreeing patient activity. As the Trust was already considerably above the original planned cash position, this issue was factored into the year end cash balance target agreed with the SHA, and reflected in the high level of Payables compared to plan. It should be noted that the increased Payables balance includes the £2.5m Deferred Income held in respect of Safehands (Acumentive) and that this project is now being implemented.

With the final patient related settlements being negotiated at year end for Wolverhampton and Staffordshire PCTs, May dates have been agreed for cash settlement, with expectation of circa £6m of debt being cleared.

# Detailed Statement of Cash Flows – 31st March 2011

	Mar 2011 Actual £000	Apr 2011 Forecast £000	May 2011 Forecast £000	June 2011 Forecast £000	July 2011 Forecast £000	August 2011 Forecast £000	September 2011 Forecast £000	October 2011 Forecast £000	November 2011 Forecast £000	December 2011 Forecast £000	January 2012 Forecast £000	February 2012 Forecast £000	March 2012 Forecast £000
<b>Receipts</b>													
PCTs/LCCB's	25,794	27,232	25,069	26,743	27,143	26,144	26,743	26,903	26,559	26,328	25,699	25,053	27,845
Department of Health	1,681	0	0	0	0	0	0	0	0	0	0	0	0
Other NHS	776	300	300	300	300	300	300	300	300	300	300	300	300
- NMET	0	60	60	60	60	60	60	60	60	60	60	60	60
- SIFT	152	150	150	150	150	150	150	150	150	150	150	150	150
- MADEL	710	650	650	650	650	650	650	650	650	650	650	650	650
VAT Recovered	0	220	220	220	220	220	220	220	220	220	220	220	220
Other Non NHS	734	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109
Interest Received	5	5	6	6	6	7	6	6	6	7	7	7	6
Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Receipts</b>	<b>29,852</b>	<b>29,726</b>	<b>27,564</b>	<b>29,238</b>	<b>29,638</b>	<b>28,640</b>	<b>29,238</b>	<b>29,398</b>	<b>29,054</b>	<b>28,824</b>	<b>28,195</b>	<b>27,549</b>	<b>30,340</b>
<b>Payments</b>													
Net Pay	9,018	10,864	10,864	10,864	10,864	10,864	10,864	10,864	10,864	10,864	10,864	10,864	10,864
Tax and NI	4,867	4,708	4,708	4,708	4,708	4,708	4,708	4,708	4,708	4,708	4,708	4,708	4,708
Pensions	2,203	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535
Agency Staff	432	300	300	300	300	300	300	300	300	300	300	300	300
Non Pay	11,831	7,633	7,633	7,634	7,633	7,633	7,633	7,633	7,634	7,633	7,633	7,633	7,633
Capital	3,724	1,449	1,449	1,679	1,504	1,504	1,785	1,794	1,794	1,923	1,794	1,794	2,329
Interest Payable	69	88	88	88	88	88	88	88	88	88	88	88	88
PFI/Lease Principal Repaid	176	313	313	313	313	313	313	313	313	313	313	313	313
PDC Dividends	3,703	0	0	0	0	0	3,954	0	0	0	0	0	3,954
<b>Total Payments</b>	<b>36,023</b>	<b>27,890</b>	<b>27,890</b>	<b>28,121</b>	<b>27,945</b>	<b>27,945</b>	<b>32,180</b>	<b>28,235</b>	<b>28,236</b>	<b>28,364</b>	<b>28,235</b>	<b>28,235</b>	<b>32,724</b>
<b>Movement in Month</b>	<b>(6,171)</b>	<b>1,836</b>	<b>(326)</b>	<b>1,117</b>	<b>1,693</b>	<b>695</b>	<b>(2,942)</b>	<b>1,163</b>	<b>818</b>	<b>460</b>	<b>(40)</b>	<b>(686)</b>	<b>(2,384)</b>
<b>Opening Balance</b>	<b>17,957</b>	<b>11,761</b>	<b>13,597</b>	<b>13,271</b>	<b>14,388</b>	<b>16,081</b>	<b>16,776</b>	<b>13,834</b>	<b>14,997</b>	<b>15,815</b>	<b>16,275</b>	<b>16,235</b>	<b>15,549</b>
<b>Closing Balance</b>	<b>11,786</b>	<b>13,597</b>	<b>13,271</b>	<b>14,388</b>	<b>16,081</b>	<b>16,776</b>	<b>13,834</b>	<b>14,997</b>	<b>15,815</b>	<b>16,275</b>	<b>16,235</b>	<b>15,549</b>	<b>13,165</b>

# Charitable Funds

The Royal Wolverhampton Hospitals NHS Trust Charity – Summary Information for the period ended 31st March 2011. The chart below notes higher value transactions that occurred within the last two quarters.

Q3 Information					Q4 Information				
Opening balance 01 Oct 2010	Donations	Inv. Income	Exp.	Closing Balance 31 Dec 2010	Opening balance 01 Jan 2011	Donations	Inv. Income	Exp.	Closing Balance 31 Mar 2011
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
3,091	71	12	(188)	2,986	2,986	123	24	(177)	2,956

Includes a £1k legacy for General Purposes and a donation of £13.5k from KGJ Insurance Services

Includes a legacy for £70k, a £4.5k donation for Deanesly from BCAG, £2.6k donation from the Steve Bull fund for paediatrics and a £2k donation for the surgical fund from DE Davies

£155k was spent on a Spectralis HRA at the Eye Infirmary, £4k was spent on a Mirror Lens within Ophthalmology and Diabetes used £3.5k from their fund on a smart board and instruments.

**2010/11 Accounts**

Please note these figures are subject to change, following the completion of the annual accounts and audit by PWC at the end of July 2011.