

Report of the Director of Finance and Information

Finance Report – June 2011
(Month 03)

Date of meeting 25 July 2011



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Executive Summary

- The Trusts Income and Expenditure position as at Month 3 is a surplus of £2,432k, which is £459k above the month 3 plan. The detail can be found on page 4.
- The Trust's operating position (Earnings before interest, taxation, depreciation and amortisation – EBITDA) is favourable to plan by £504k (6.5%).
- Total income at month 3 is £91,306k, which is above plan by £1,616k. Patient care contract income is showing an over performance of £387k, details are on page 7.
- Directorate expenditure is adverse to plan by £673k and is analysed as follows:
 - Pay (£583k)
 - Non Pay (£72k)
 - Drugs (£18k).

Further details on Expenditure, performance against budget, are provided on pages 12 to 22. An analysis of Reserves is provided at page 27. Further detailed actions have been agreed with Divisions following the movement in month.

- The Trust CIP target for 2011/12 is £11,876k which together with incomplete projects from 2010/11 of £2,199k gives a total of £14,075k. At month 3 £5,587k has been withdrawn from budgets, which represents 40% of the total, the target was set at 38%. Pages 25 and 26 detail the CIP schemes.

- Cumulative capital spend was £1,327k, against a plan of £1,444k, full year Capital Programme plan of £20,430k (excluding PFI/leases). Further details are provided on pages 28-29. The Capital Programme is being reviewed and will be bought back to the Board. The SHA has stated that the total Capital Resource Limit of £22,207k for the year, including PFI (Radiology) and leases, is likely to be confirmed shortly.
- The cash balance, at £27,531k is higher than plan by £6,834k (prior year closing balance £11,786k). Details of the Statement of the Financial Position, working capital, cash flow, and trade receivables and payables are shown on pages 30 to 35.
- The Charitable Fund Accounts 2010/11 are due to be audited at the end of July 2011. An update on balances will be provided at the end of quarter one.
- Compliance Framework performance against financial Risk Indicators is shown at Page 5, which shows a risk rating of 4.3 (out of a possible 5).

Performance against Financial Targets

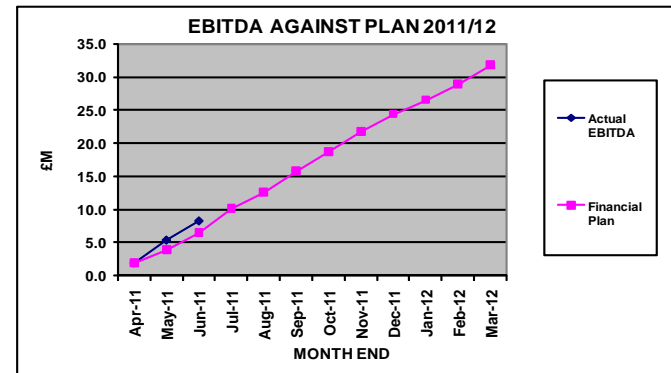
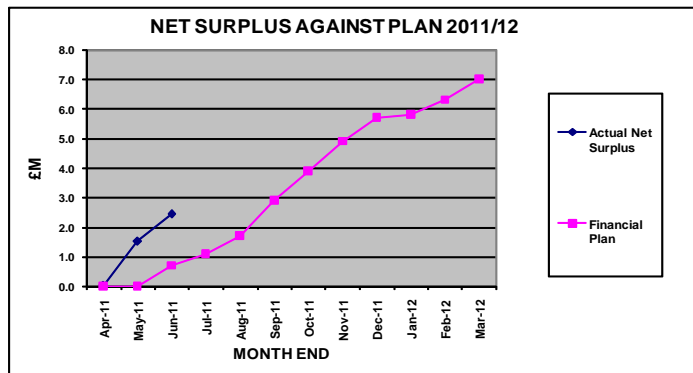
	Target	Performance	RAG
I & E Target Month 3	£1,973k	£2,432k	
CRL (Year end forecast, includes PFI related additions)	£22,207k	£22,207k	
EFL (Year end forecast)	(£1,882k)	(£1,882k)	
Capital Cost Absorption Rate (Year end)	3.50%	3.50%	

Income & Expenditure Account

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
Income								
28,672	27,731	(941)	Patient Activity Income	329,904	332,778	81,655	82,042	387
(251)	0	251	Patient Activity Contingency	(3,010)	(3,010)	(753)	0	753
89	212	124	Other Patient Care Income	1,064	1,064	266	391	125
1,151	1,133	(18)	Education, Training & Research Income	11,233	13,191	3,488	3,425	(63)
214	222	8	Non Patient Care Other Income	325	2,835	546	633	87
89	104	15	Private Patient Income	960	1,030	258	268	11
1,524	1,629	104	Income on Directorate Budgets	14,899	15,142	4,230	4,545	315
31,488	31,031	(456)	Total Income	355,375	363,030	89,690	91,306	1,616
Expenditure								
(19,069)	(19,147)	(77)	Directorate Expenditure Budgets - Pay	(214,092)	(224,827)	(56,473)	(57,056)	(583)
(6,853)	(6,880)	(27)	Directorate Expenditure Budgets - Non Pay	(75,133)	(76,134)	(19,374)	(19,445)	(72)
(2,164)	(2,147)	17	Directorate Expenditure Budgets - Drugs	(20,450)	(22,720)	(6,569)	(6,587)	(18)
(600)	0	600	Activity Changes/Service Dev./Cost Pressures Reserves	(19,038)	(12,244)	(1,023)	0	1,023
111	0	(111)	Inflation and Contingency Reserves	(9,428)	(4,093)	(663)	0	663
(56)	0	56	Cost Improvement Savings - Brought Forward	2,199	157	71	0	(71)
530	0	(530)	Cost Improvement Savings - Current Year	11,876	8,331	2,055	0	(2,055)
(28,101)	(28,174)	(73)	Total Expenditure	(324,066)	(331,530)	(81,976)	(83,088)	(1,112)
3,387	2,858	(530)	EBITDA Surplus/(Deficit)	31,309	31,500	7,714	8,217	504
0	(7)	(7)	Profit/(Loss) on Asset Disposals	0	0	0	(10)	(10)
0	0	0	Impairments of Fixed Assets	(1,500)	(1,500)	0	0	0
(1,141)	(1,169)	(28)	Depreciation	(13,500)	(13,691)	(3,423)	(3,446)	(23)
8	6	(2)	Interest Receivable	100	100	25	16	(9)
(123)	(123)	(1)	Interest Payable	(1,472)	(1,472)	(368)	(370)	(2)
(658)	(658)	0	PDC Dividends (Cost of Capital)	(7,900)	(7,900)	(1,975)	(1,975)	0
1,473	906	(568)	Net Surplus/(Deficit)	7,037	7,037	1,973	2,432	459

Financial Risk

Financial Risk Rating						
Ratio KPIs	Annual Plan	Rating	Plan to Date	Actual to Date	Rating	Definitions
EBITDA Achieved	100.0 %	5	100.0 %	106.5 %	5	=EBITDA Actual/EBITDA Budget (both year to date)
EBITDA Margin	8.8 %	3	8.6 %	9.0 %	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	1.9 %	4	2.2 %	2.7 %	4	=Net Surplus/(Deficit)/Total Income
Liquidity Ratio	27.0 Days	4	26.7 days	29.5 days	4	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).
		4.05			Overall Rating 4.3	



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

At month 3 the level of financial risk is low. The CIP risk has reduced in the month following the agreement of plans at Divisional and CIP Board level to mitigate this risk.

Risk	Likelihood of risk	Potential consequence rating	Risk	Current Forecast risk £000's	Risk after Mitigation	Mitigating Action
Cost Improvement Programme - underachievement of plans	Likely	Moderate	B3	1,268	0	<ol style="list-style-type: none"> 1. Monthly CIP Board to review plans and risk of under achievement. 2. Further schemes are being identified to meet any anticipated gap. 3. Monthly monitoring against plans with mitigation plans being put into place. 4. The level of risk is not anticipated to remain at the level currently highlighted as plans for any shortfall are currently being proposed and PID's completed. 5. Additional targetted schemes of £3.8m, not in plans, have been approved by TMT.
Contractual Issues:- Re-admissions; CQUIN; Emergency Threshold	Possible	Minor	C2	2,400	0	<ol style="list-style-type: none"> 1. Systems are in place to alert when issues occur; monitoring systems are in place; actions are being taken to reduce the risks. 2. Reserves are held to mitigate this risk.
Capital programme slippage	Likely	Moderate	B3	4,135	0	<ol style="list-style-type: none"> 1. Interim emergency portal will not progress and slippage on Pathology scheme. 2. Capital programme is being reviewed and will be brought back to the Board.

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

SLA and Income: Actual vs. Plan by Specialty

Patient Activity income over-performance up to month 3 is £387k. The contract variation relating to the increase in plan for Orthopaedics (£2m f/y) has been agreed and actioned in month 3, the impact being a reduction in variance. The change in variance is also partly due to the inclusion of anticipated income for drugs funded by commissioners. Also, an adjustment has been made to plan for general surgery activity which is being finalised with Commissioners.

Division	Specialty	Month 3 Variance £000	Month 3 Variance %	Month 2 Variance £000	Movement £000	Notes
Division 1	General Surgery	64	1.4	126	(62)	1
	Critical Care	(55)	(3.8)	(32)	(23)	
	Drugs & Devices	(32)	(5.7)	(65)	32	
	Trauma & Orthopaedics	286	4.9	496	(210)	2
	Ear, Nose & Throat	(7)	(0.7)	(55)	48	
	Breast Surgery	(14)	(13.9)	(3)	(11)	
	Colorectal Surgery	(22)	(15.0)	(20)	(3)	
	Fetal Medicine	56	0.0	37	19	
	Thoracic Surgery	(59)	(19.5)	(136)	77	
	Gynaecology	(5)	(0.2)	20	(25)	
	Obstetrics inc Scans	199	6.3	93	106	3
	GP Direct Access	(83)	(6.9)	(6)	(78)	
	Urology	52	3.2	66	(14)	
	Cardiac/Cardiology	(493)	(7.0)	16	(509)	4
Other	217	2.8	155	62		
Total		104	0.3	694	(590)	
Division 2	General Medicine	(751)	(8.8)	(606)	(145)	5
	Clinical Haematology	163	16.1	190	(27)	
	Cystic Fibrosis	56	24.1	12	44	
	Nephrology	115	3.8	74	41	
	Drugs & Devices	38	2.4	9	30	
	Paediatrics	27	1.6	71	(44)	
	GP Direct Access	18	5.4	(31)	49	
	Medical Endoscopy	344	175.0	326	18	5
	Renal	(3)	(17.8)	(5)	2	
	Accident & Emergency	55	2.2	30	25	
	Oncology	(0)	(0.0)	25	(25)	
	Other	259	3.9	106	153	6
	Total		321	1.1	200	121
Other	Drugs & Devices	(0)	(0.0)	134	(134)	7
	Other	0	0.0	0	0	
Total		(0)	(0.0)	134	(134)	
Patient Activity as per SLAM		425	0.6	1,028	(603)	
NET 2010-11 overperformance		580		580	0	
Partially completed spells and other		(631)		(358)	(273)	8
Community Services		13		78	(65)	9
Patient Activity Income		387		1,328	(941)	

1. General Surgery – the plan has been increased in month by £100k to reflect the activity pressures and the current negotiations with Commissioners.
2. T & O – The majority of the change in month reflects the increase in plan agreed with Commissioners. T & O are still over performing mainly on hip and knees.
3. Obstetrics – Births continue to increase resulting in the over performance. Non elective activity is over performing by £153k.
4. Cardiac / Cardiology – Elective and non elective are below plan by £249k and £181k reflecting an adverse case mix relative to plan – activity is -21 and +13 respectively to plan. The case mix issue is forecast to be recovered over the next few months.
5. General Medicine / Medical Endoscopy. As previously reported there is an issue with the Medical Endoscopy plan which is currently included in General Medicine, this is being agreed with Commissioners for month 4. Gen med non elective and planned same day activity continues to under perform.
6. Division 2 Other – The over performance mainly relates to Dermatology £82k due to the increase in activity relating to the transfer from the PCT scheme. Also, Stepdown beds £83k due to continuing high usage.
7. Drugs & Devices – The change in month reflects the inclusion in anticipated income of funds due from Commissioners for “Excluded Drugs”.
8. Partially completed spells have increased by £209k in the month and the estimated impact of emergency readmissions has increased by £154k.
9. Community Services – the change in month is due to a correction for the month 2 reported figures.

SLA and Income: Actual vs. Plan by POD*

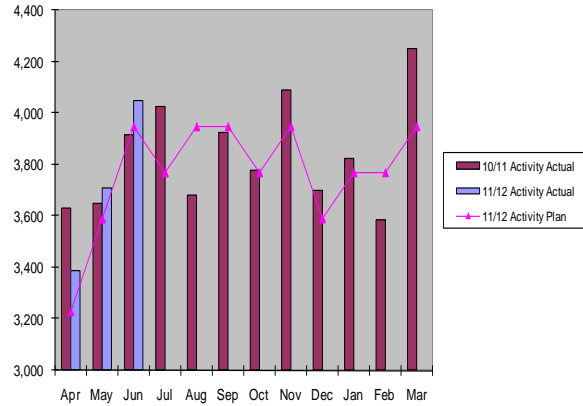
Admission Type	Annual Plan	Variance To Date	% Variance	Annual Price Plan	Variance To Date £	% Variance
				£000	£000	%
Accident and Emergency	100,423	868	0.86%	9,176	(0)	0.00%
Critical Care	21,904	(225)	-1.03%	15,308	39	0.26%
Elective	45,205	380	0.84%	60,563	(273)	-0.45%
Elective Excess Bed Days	3,431	(502)	-14.63%	787	(114)	-14.43%
Direct Access	529,744	87	0.02%	5,032	(83)	-1.65%
Non-elective	45,818	(255)	-0.56%	78,269	120	0.15%
Non-elective Excess Bed Days	15,562	(147)	-0.94%	3,623	(17)	-0.47%
Outpatient First	120,150	2,131	1.77%	18,602	281	1.51%
Outpatient Follow Up	320,476	4,800	1.50%	26,352	457	1.73%
Outpatient Procedures	33,157	798	2.41%	6,003	125	2.08%
Renal	72,096	1,074	1.49%	8,758	41	0.47%
Fractions	32,124	(208)	-0.65%	7,827	(41)	-0.53%
Drugs/Devices	1,501	32	2.14%	17,090	14	0.08%
Other	24,829	359	1.45%	18,117	(124)	-0.68%
Grand Total	1,366,419	9,192	0.67%	275,508	425	0.15%

*POD = Points of Delivery

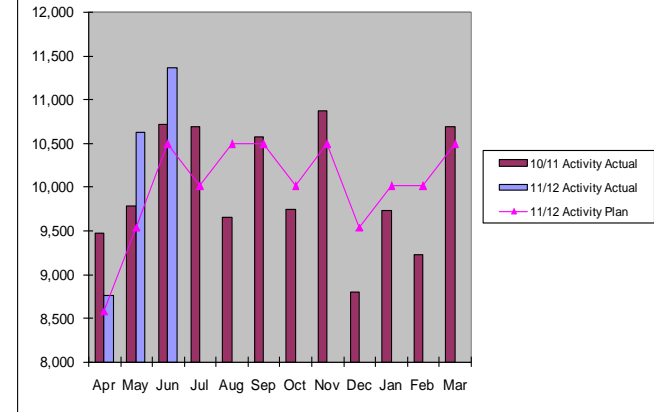
Activity for Community Services is not yet available. However, the majority of the income is a block contract with Wolverhampton PCT.

Performance against PCT Activity and Income trends

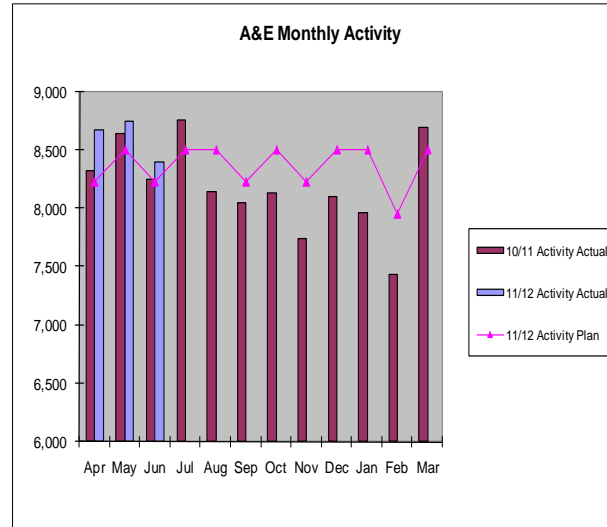
Elective Monthly Activity (Spells)



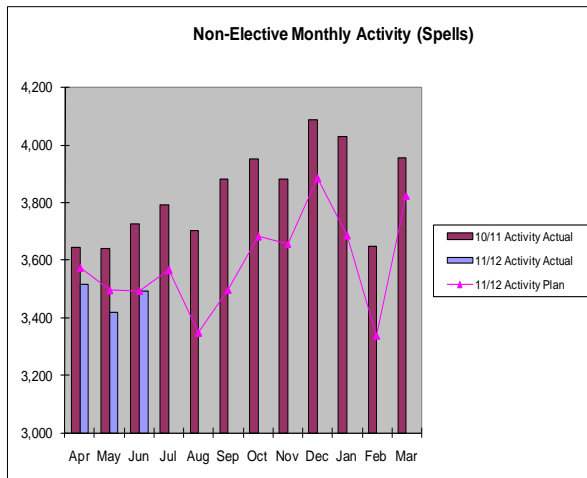
Outpatient First Monthly Activity



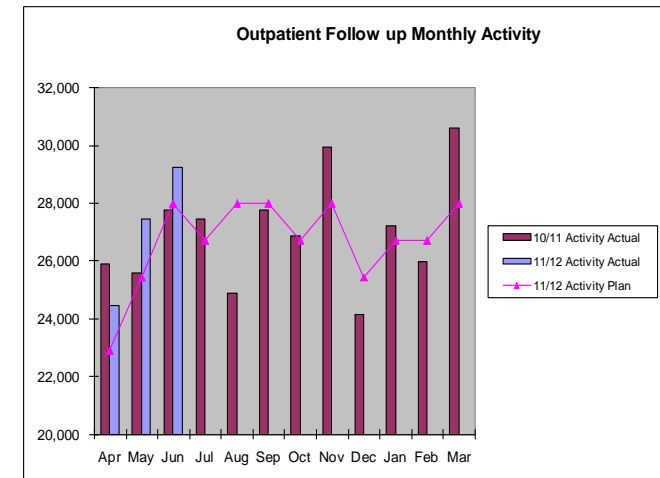
A&E Monthly Activity



Non-Elective Monthly Activity (Spells)



Outpatient Follow up Monthly Activity



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 June. Overall actual income exceeds plan by £425k (0.6%). Activity attributable to PCT's continues to over perform by £2,044k whilst Specialised Services Commissioners have underachieved by £706k. The most notable favourable deviations to plan are Wolverhampton (£863k), South Staffs (£656k) and Walsall (£372k). West Midlands Specialised Commissioning Services under performance of £706k is the most significant area. Note: The report is based on the "first cut" of patient activity which includes a level of uncoded activity. This uncoded activity (cumulatively at 4.13%) is priced at an average specialty price but does not have commissioner detail so is, therefore, all attributed to PCT's. This will account for part of the performance difference between Commissioners.

	SLA Annual Plan	Plan to Date	Actual to date	Variance to Plan	% Variance
Commissioner	£000	£000	£000	£000	
SOUTH BIRMINGHAM PCT	118	28	40	11	39.8%
SHROPSHIRE COUNTY PCT	4,060	977	994	17	1.8%
WALSALL PCT	19,938	4,821	5,193	372	7.7%
TELFORD AND WREKIN PCT	1,207	292	344	53	18.1%
WOLVERHAMPTON CITY PCT	145,057	35,148	36,010	863	2.5%
HEART OF BIRMINGHAM TEACHING PCT	207	50	37	(13)	-26.4%
DUDLEY PCT	8,208	1,986	1,917	(70)	-3.5%
SANDWELL PCT	1,657	401	618	217	54.1%
BIRMINGHAM EAST & NORTH PCT	221	54	67	13	24.8%
NORTH STAFFORDSHIRE PCT	78	19	10	(8)	-44.8%
STOKE ON TRENT PCT	109	26	16	(10)	-37.9%
SOUTH STAFFORDSHIRE PCT	33,102	7,987	8,643	656	8.2%
WORCESTERSHIRE PCT	1,952	469	412	(56)	-12.0%
Acute Services Total	215,913	52,258	54,302	2,044	3.9%
Anticipated Income	898	898	0	(898)	-100.0%
Non Contract Activity	1,919	468	453	(14)	-3.1%
Specialised Services	56,778	13,891	13,185	(706)	-5.1%
Acute Services Total	275,508	67,515	67,940	425	0.6%
Community Services	51,896	12,974	12,962	-12	-0.09%

Expenditure by Directorate

Trust Wide Summary

(£90k) overspend in month, (£2800k) overspend ytd

	Manpower WTEs This Month			VARIANCES Cumulative Against Budget											Patient income against budget		Expenditure variance Previous Month		Income Variance Previous Month	
				Pay		Non Pay		Drugs		Total (pre CIP)		CIP	Total (incl CIP)				Total		Variance	
	Budget	Actual	% var	£'000	%	£'000	%	£'000	%	£'000	%	£'000	£'000	%	£'000	%	£'000	%	£'000	%
Division 1	2,004	1,942	3.1%	(600)	(2.7%)	(279)	(3.6%)	14	0.7%	(865)	(2.7%)	(1,016)	(1,881)	(6.2%)	104	0.3%	(389)	(2.0%)	263	1.3%
Division 2	1,567	1,549	1.2%	(509)	(3.2%)	(95)	(3.7%)	(30)	(0.7%)	(635)	(2.8%)	(704)	(1,339)	(6.0%)	321	1.1%	(838)	(5.1%)	631	2.9%
Community Services	1,011	953	5.7%	68	0.8%	134	8.7%	(8)	(11.2%)	194	1.9%	(161)	33	0.3%			152	2.2%		
Estates and Facilities	599	576	3.9%	79	2.0%	198	6.7%	(0)		277	4.1%	(157)	121	1.8%			323	7.0%		
Chief Operating Officer	5	5	3.6%	8	6.5%	8	97.2%	0		16	11.9%	0	16	11.9%			10	11.7%		
Total Operations Directorate	5,186	5,025	3.1%	(955)	(1.9%)	(34)	(0.2%)	(24)	(0.4%)	(1,013)	(1.4%)	(2,038)	(3,050)	(4.4%)	425		(743)	(1.6%)	894	
Corporate Directorates & Other	744	696	6.5%	372	6.2%	(38)	(0.8%)	6	46.3%	340	3.2%	(88)	252	2.4%			158	2.3%		
Total Directorate Expenditure	5,930	5,720	3.5%	(583)	(1.0%)	(72)	(0.4%)	(18)	(0.3%)	(673)	(0.8%)	(2,125)	(2,798)	(3.5%)	425		(585)	(1.1%)	894	

Monthly Manpower Figures in WTEs:-	Budget	Actual
April	5,913	5,720
May	5,939	5,755
June	5,930	5,720

Note:

This report has now been updated for the changes in the Operational Directorate management structure, therefore in month variances at a Divisional level cannot be tracked to last month.

The following changes have been actioned:

From Division 1 to Division 2 – Clinical Haematology and Oncology

From Division 2 to Division 1 – Trauma & Orthopaedics and Obstetrics & Gynaecology

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

Expenditure Commentary

Trust Wide Summary

(£90k) overspend in month, (£675k) overspend ytd

- The expenditure exception report on pages 13 to 19 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 (£600k) and Division 2 (£509k) being offset by underspends in Estates & Facilities £79k, COO £7k and Community Services £68k. The majority of the Division 1 over spend related to the use of locum and agency medical staff to meet compliant rotas; covering unplanned absence; activity and targets. Nurse bank usage covering vacancies, maternity leave and sickness. Division 2 overspend reflects additional staffing to deliver activity, targets, compliant rotas and meet ongoing winter pressure demands and also nurse bank usage covering vacancies, maternity leave and sickness
- On Non Pay, Division 1 is over spent by £279k year to date this is due to increased Cardiology activity, radiology offsite reporting, efficiency project costs and increased Orthopaedic activity. The non pay position in Division 2 shows an over spend of £95k which mainly relates to efficiency project costs of £79k. Estates & Facilities are underspent by £198k, COO by £8k and Community Services are also under by £134k.
- The drugs overspend relates to £30k in Division 2, £8k in Community services offset by an underspend in Division 1 of £14k.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(650)	(955)	(305)	(1.89%)
Non pay	(51)	(34)	17	(0.23%)
Drugs	(42)	(24)	18	(0.37%)
Total	(743)	(1,013)	(270)	(1.41%)

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	144	372	227	6.22%
Non pay	7	(38)	(44)	(0.83%)
Drugs	7	6	(1)	46.31%
Total	158	340	182	0.41%

Total	(585)	(673)	(87)	-0.82%
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Total Corporate and trading accounts

- The pay under spend is due to vacancies across several directorates.
- The non-pay under spend is also split across a number of Directorates and departments.
- Further details and actions are on the following pages.

Expenditure Exception Report

Total Operational Directorate (£270k) overspend in month, (£1013k) overspend ytd

Division 1 (£70k) overspend in month, (£865k) overspend ytd

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..

Cardiology

Current Position

- The non pay variance in Cardiology relates to an adjustment being made in month relating to month 2, £25k. This was caused because the usage and cost of TAVI valves had to be estimate in month 2.
- There is also a one off movement in month of £30k relating to CIP (from an underspent budget) being withdrawn that was backdated. This was not withdrawn sooner as the savings had to be validated through the Directorate and Procurement.
- The balance relates to the costs of delivering the EP service being higher than planned.

Actions

- Where possible activity data is used to estimate accruals and the Directorate have supplied the relevant details for month 3. The non pay budgets for Cardiology are being reviewed by the Directorate team and action being put in place to bring this back in line with budgets by month 5.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(53)	(67)	(14)	(4.5%)
Non Pay	(71)	(137)	(67)	(11.3%)
Drugs	(27)	(8)	19	(4.3%)
Total	(151)	(212)	(61)	(7.3%)

Critical Care

Current Position

- Activity in Orthopaedics and General Surgery being higher than planned has caused overspends in the Theatre stores Non Pay budget (£57k).
- In Critical Care there has been an increase in consumable usage due to the complexity of patients

Actions

- The actual levels of General Surgery and T&O activity levels being experienced in theatres are being reviewed to ensure these are in line with expectations following assumptions made in business cases.
- The Ward Manager and Matron for ICCU are undertaking a review of ICCU patient activity levels and consumable usage to bring budgets back under control.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	27	(42)	(69)	(0.8%)
Non Pay	53	(6)	(59)	(0.6%)
Drugs	9	9	0	3.4%
Total	89	(39)	(127)	(0.6%)

Division 1

(£70k) overspend in month, (£865k) overspend ytd

▪ Divisional Management

Current Position

- The non pay position has moved significantly in month as the costs for the current outpatient efficiency project (£54k) have now been split between Division 1 and Division 2.

Actions

- The costs of this project will be offset by the savings which the project makes. It is not prudent to offset these until the savings are being made.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(11)	(14)	(3)	(6.0%)
Non Pay	(12)	(68)	(56)	1672.0%
Total	(23)	(83)	(59)	(34.9%)

▪ General Surgery

Current Position

- Pay budgets are over spending to date mainly due to bank staff covering sickness and maternity leave.
- General surgery continues to overperform against the contract plan causing a non pay overspend in the theatre non pay budgets (£23k).
- There has also been a one off cost in month 3 relating to the installation of a nurse call system for wards D1 and D2 (£3.5k)

Actions

- Business cases have been submitted and discussions relating to the activity levels continue to be undertaken with the PCT regarding adjusting the contract and ensuring payment for emergency activity. However, as an interim step an agreed level of budget has been allocated to General Surgery aligned to the anticipated income (as noted on page 7).
- The Directorate are reviewing the pay overspend and an action plan to reduce the expenditure will be agreed in August.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(92)	(106)	(14)	(5.5%)
Non Pay	26	(1)	(27)	(0.2%)
Drugs	(29)	(22)	7	(29.2%)
Total	(95)	(128)	(34)	(5.3%)

Division 1

(£70k) overspend in month, (£865k) overspend ytd

▪ Ophthalmology

Current Position

- The pay overspend predominately relates to both junior and senior medical costs. The new Directorate Manager is reviewing how this may be brought back in line with budgets.
- The underspend in month is a result of increased controls being put in place relating to stock and purchasing levels in the Eye Theatres (£13k). Purchases of replacement surgical instruments have also been lower than expected (£11k).

Actions

- The pay budgets review will be undertaken by the Directorate manager. Also, junior medical cover is being reviewed across the Division.
- Expenditure levels continue to be closely monitored by the Eye Theatre manager and the Matron for this area.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(96)	(114)	(17)	(6.5%)
Non Pay	27	51	24	14.3%
Drugs	10	44	34	4.3%
Total	(58)	(18)	40	(0.6%)

▪ Orthopaedics

Current Position

- The contract variation for additional Orthopaedic activity has now been formally agreed by Commissioners and, therefore, budgets have been increased to reflect this increase. This increase covers the costs of the work contracted out to the private sector in the first three months of the year (£310k).
- A contribution from this funding has also been allocated to cover increased medical staffing costs (£70k) and theatre consumables (£15k).

Actions

- Business Cases to cover increased T&O activity on a sustained basis through using internal resources and, therefore, reducing the costs of providing this service have been submitted by the Division for consideration by the Trust Management Team.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(149)	(101)	49	(6.2%)
Non Pay	(263)	(48)	215	(4.0%)
Drugs	5	7	1	9.6%
Total	(407)	(142)	265	(4.9%)

Division 1

(£70k) overspend in month, (£865k) overspend ytd

Pathology

Current Position

- Increased Haemophilia Activity (£24k) has caused an overspend in the non pay budgets.
- There has also been an increase in the number of internally requested tests through Heamatology and Clinical Chemistry due to increased activity within a number of specialties.

Actions

- Haemophilia factor costs are recharged to the PCT through contract income.
- Internal activity continues to be examined for inappropriate requests on an ongoing basis as they are processed by pathology staff.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	11	14	3	0.8%
Non Pay	34	(14)	(48)	(1.4%)
Drugs	0	0	0	61.9%
Total	45	0	(45)	0.0%

Patient Services

Current Position

- The in month movement on non pay is due to funding being being allocated to budget for patient transport costs following PCT agreement to pay for these increases.

Actions

- A monthly process is now in place to ensure that any charges are passed on to the PCT and budget transferred appropriately.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(7)	(12)	(5)	(7.2%)
Non Pay	(37)	(0)	36	(0.1%)
Drugs	(0)	(0)	(0)	
Total	(44)	(13)	31	(2.0%)

Division 1

(£70k) overspend in month, (£865k) overspend ytd

▪ Radiology

Current Position

- The non pay overspend in month, £45k, relates to the continued use of offsite reporting. The balance, £33k, relates to consumables used in interventional radiology where there has been an increase in activity in month bringing the relative budgets back to a breakeven position.

Actions

- The Division plans to cease the usage of external reporting by the end of this financial year and the Directorate have been tasked with developing an action plan by the end of July to complete this.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(35)	(47)	(12)	(2.8%)
Non Pay	(40)	(117)	(78)	(16.8%)
Drugs	0	1	1	2.9%
Total	(74)	(163)	(89)	(6.8%)

Division 2

(£201k) overspend in month, (£635k) overspend ytd

▪ Accident and Emergency

Current Position

- Junior Medical Staff agency costs have resulted in an £42k adverse pay variance in June.

Actions

- The Directorate is exploring the possibility of recruitment to middle grade doctors from Australia and New Zealand and is actively liaising with recruitment agencies in these countries. These will be 12 month fixed term contracts in the first instance.
- The Directorate have been requested to consider appointing Advanced Care Practitioners, pending a business case, in order to reduce agency costs

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(61)	(109)	(48)	(8.0%)
Non Pay	(18)	(37)	(19)	(47.4%)
Drugs	(1)	(3)	(2)	(9.5%)
Total	(80)	(149)	(69)	(10.2%)

▪ Divisional Management

Current Position

- The Pay overspend of £26k relates to spend on nursing costs relating to capacity issues within the Trust and D21 opening to assist with Discharge of patients.
- The non pay underspend mainly relates the to outpatients' efficiency project costs that have been reallocated to Division 1£54k and £35k to finance for the Trust wide efficiency projects.

Actions

- The Division will fund the non recurrent pay cost pressures from within its overall resources, a plan will be agreed for August.
- There are significant planned savings relating to the implementation of the outpatients' project. Monitoring systems are in place to ensure that actual activity is tracked and savings withdrawn to fund costs and CIP.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(27)	(53)	(26)	(7.0%)
Non Pay	(131)	(58)	73	(144.4%)
Drugs	(1)	(2)	(1)	
Total	(160)	(114)	46	(14.1%)

Community Services

£42k underspend in month, £194k underspend ytd

Rehabilitation

Current Position

- The non pay underspend in month is £34k. The SLA for amputee rehab with Birmingham Community Trust is still in dispute but in the meantime the Specialised Services Commissioners have agreed to fund actual costs incurred. Previous assumptions were made based on last year's SLA value. Invoices have also been received from the external contractor at a lower value than expected. This has improved the position by £29k .

Actions

- Discussions continue with the Birmingham Community Trust to agree the SLA for 2011-12.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	12	(43)	(55)	(2.2%)
Non Pay	10	44	34	12.6%
Drugs	(4)	(7)	(3)	(18.5%)
Total	19	(6)	(24)	(0.2%)

Adult Community

Current Position

- The non pay underspend in month of £24k relates to a number of service areas.
- There has been a general reduction in non pay spend across the directorate, most notably within District Nursing and Anti-Coagulation Services.

Actions

- The non pay expenditure levels will continue to be closely monitored.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	2	(14)	(16)	(0.6%)
Non Pay	18	42	24	15.5%
Drugs	0	1	1	29.9%
Total	21	29	8	1.0%

Estates and Facilities

(£46k) overspend in month, £277k underspend ytd

Estates

Current Position

- Pay budgets for vacant posts have been withdrawn on a non recurrent basis to support the CIP programme which has resulted in overspend in month. Also, overtime and enhanced hours have increased for operational requirements for incinerator and steam shut down. Part of the increased cost will be recharged against the capital programme.

Actions

- Spend will continue to be managed by controlling overtime worked.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	38	(17)	(54)	(3.3%)
Non Pay	71	58	(13)	4.7%
Total	109	42	(67)	2.4%

Hotel Services

Current Position

- Pay budgets show an under spend in month of £28K , YTD £77k as a result of vacancies being held across Domestic and catering Services including services transferred to RWHT.
- Spend on Non Pay budgets across Catering, Domestic and Portering Services increased in month. This related to expenditure on medical gases and an accrual for catering spend. Also, CIP for paper towels £29k was removed from budgets.

Actions

- Vacancies will be held in order to facilitate integration of services.
- Close control of non pay spend will continue to ensure budgets deliver a balanced position.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	50	77	28	3.1%
Non Pay	9	(59)	(68)	(7.8%)
Total	59	19	(40)	0.6%

Estates and Facilities

(£46k) overspend in month, £277k underspend ytd

▪ Site Services Management

Current Position

- Non pay budgets show an in month under spend of £27k and YTD an under spend of £78k. Relating to reduced spend on the Estates Improvement Budget which is being closely monitored

Actions

- Close monitoring of this budget will be maintained to ensure that essential improvements are effected whilst ensuring that the budget remains in balance.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(7)	(8)	(1)	(7.5%)
Non Pay	51	78	27	83.1%
Total	44	69	26	34.1%

Expenditure Exception Report

Finance & Information

£56k underspend in month, £4k underspend ytd

• Information Technology

Current Position

- Pay budgets show an under spend in month of £92k reducing the cumulative overspend to £13k. This is due to the realignment of budgets to reflect the IT Shared Services SLA.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(104)	(13)	92	(0.7%)
Non Pay	18	42	24	8.2%
Total	(87)	29	116	1.2%

Actions

- The SLA will continue to be monitored.

• Finance

Current Position

- Non Pay budgets overspent by £55k in month making a total of £46k to date. This relates to the Trust efficiency project and will be offset against savings as they are released.

	YTD Variances £000			YTD % Var
	Month 2	Month 3	Movement	
Pay	(2)	(3)	(1)	(5.9%)
Non Pay	9	(46)	(55)	(39.3%)
Total	7	(50)	(56)	(28.4%)

Pay Reporting

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

Pay Analysis

	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	2,004	1,942	(600)	304	360	266	21,186	224	154	22,493
Division 2	1,567	1,549	(509)	379	388	419	15,096	120	2	16,405
Community Services	1,011	953	68	71	5	110	8,382	83	0	8,651
Facilities & Estates	599	576	79	2	0	0	3,510	272	0	3,784
Chief Operating Officer	5	5	8	0	0	0	116	0	0	116
Total Operations Directorate	5,186	5,025	(955)	756	753	796	48,291	698	156	51,450
Corporate Directorate & Other	744	696	372	144	0	0	5,380	83	0	5,606
Total Directorate Pay Expenditure	5,930	5,720	(583)	900	753	796	53,670	781	156	57,056

- Division 1 – Overall Division 1 has a positive variance on WTE of 62 FTE. However, this has not resulted in savings but instead there is an overspend of £600k. The key reasons for the overspend are a) agency and bank 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 18 WTE. As with Division 1 this has not resulted in savings but instead there is an overspend driven mainly by bank and agency staff costs.

Agency & Bank Analysis

	CURRENT YEAR		PREVIOUS YEAR			
	YTD Spend 11/12		YTD Spend 10/11		Total Spend 10/11	
	£000s	£000s	£000s	£000s	£000s	£000s
	Bank	Agency	Bank	Agency	Bank	Agency
Medical		676		913		3,424
Nursing - qual	449		518		1,972	1
Nursing - other	347		237		1,035	
Scientific & technical		87		107		384
Non-clinical		137		178		656
Total	796	900	754	1,198	3,006	4,465

Analysis of Agency in Non Clinical

	Current Year £000s	Last Year £000s
Operations		
Division 1	4	18
Division 2		32
Community Services	5	
Estates & Facilities	1	9
Chief Operating Officer		
Sub-total	10	58
Corporate		
Finance Director	95	79
Nurse Director		7
Medical Director	19	15
HR	(7)	
Estates Development	3	3
R&D	17	15
Sub-total	127	120
Total Non-Clinical agency	137	178

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 2011/12				LAST YEAR 2010/11			
	WTE Budget in Month	WTE Actual (Worked) in Month	Current Month Spend £000	YTD Spend £000	Average Worked WTE	Month 3 Spend £000	YTD Spend to Month 3 £000	Average Monthly Spend £000
Employed	5,892	5,561	17,924	53,670	4,369	14,037	41,838	14,229
Overtime	0	(0)	245	781	(0)	224	751	232
Agency Staff	11	38	353	900	39	425	1,198	372
Medical Locum Staff	4	21	258	753	16	162	458	194
Nurse Bank	23	98	324	796	105	254	754	251
WLI	0	2	43	156	1	110	271	79
Other	0	0	0	0	0	0	0	0
Total	5,930	5,720	19,147	57,056	4,529	15,212	45,271	15,357

Note: It has not been possible to include 2010/11 information relating to Community Services. A request has been sent to the PCT for this information in order that it can be incorporated in the above table.

Medical Staffing

The decrease in Medical Agency expenditure compared to last year has arisen due to less reliance on Agency staffing across a number of specialities due to the recruitment to substantive posts, and the use of locum staffing which is more cost effective. 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

The Trust CIP target is £11,876k. Together with incomplete projects from 2010/11 of £2,199k this gives a total of £14,075k. The table below summarises the target CIP for each scheme category and the actual achieved for 2011/12. The position for June shows a withdrawal of CIP from annual budget of £5,587k representing 40% of the total. Performance against plan is reviewed by the Trust CIP Group which is chaired by the Chief Executive.

CIP MONITORING	2011/12						Non recurrent element withdrawn from budget £000
	Annual Plan £000	Blue (withdrawn from budgets) £000	Still to be achieved Categorised by Risk Rating				
			Total £000	Green £000	Amber £000	Red £000	
2011/12 Schemes							
Estates & Facilities	1,347	696	651	126	275	382	0
IT	247	99	148	18	121	10	0
Division 1	4,685	2,027	2,657	246	2,296	115	489
Division 2	3,337	886	2,451	14	1,685	753	34
Community Services	1,776	1,134	642	0	642	0	0
Corporate	484	170	314	0	214	100	0
Total 2011/12 Schemes	11,876	5,012	6,864	404	5,233	1,360	523
B/Fwd from 2010/11							
Estates & Facilities	517	385	132	0	0	0	0
IT	16	0	16	0	16	0	0
Division 1	1,408	191	1,217	0	1,217	0	0
Division 2	326	0	326	0	326	0	0
Community Services	0	0	0	0	0	0	0
Corporate	(67)	0	(67)	(117)	50	0	0
B/Fwd from 2010/11	2,199	576	1,624	(117)	1,609	0	0
TOTAL 2011/12 CIP PLAN	14,075	5,587	8,488	286	6,841	1,360	523

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

Memorandum - Procurement CIP included in above table

	Annual Plan	Blue (withdrawn from budgets)	Still to be achieved				
			Total	Green	Amber	Red	
2011/12 Schemes	2,082	542	1,540	18	1,421	102	0
B/Fwd from 2010/11	535	0	535	0	535	0	0
Total Procurement CIP	2,616	542	2,074	18	1,955	102	0

CIP Monitoring

Analysis of schemes with savings in excess of £200k

Division	Scheme	Implementation Date	Savings £'000	Current Position	Outcome	Mitigation
Estates & Facilities	Car Park Management Charges		200	The full year impact is being reviewed		
Estates & Facilities	Schemes below £200k		1,664			
Sub-Total Estates & Facilities			1,864			
IT	Schemes below £200k		263			
Sub-Total IT			263			
Division 1	Clinical Coding Project	April onwards	282	When agreed this will provide full year savings in 2012/13		Additional schemes to be identified in 2011/12
Division 1	Medical Productivity (Efficiency work savings)	April onwards	363	Commenced		Work in progress
Division 1	Ward Closure (Reduction in LOS)	TBC	818	Commenced		LoS Review commenced
Division 1	Cardiology Non Pay		267	Numerous smaller savings comprise the total, which have begun to be taken.		
Division 1	Pathology workforce changes (Non-recurrent)	April 2011	203	Achieved	Achieved	
Division 1	Schemes below £200k		4,160			
Sub-Total Division 1			6,093			
Division 2	Further Efficiency project Review	April onwards	250	Commenced		Work in progress
Division 2	Income Gen Clinical Coding Project	April onwards	250	Commenced		Work in progress
Division 2	Medical Productivity - reduction in WLI session	August 2011 tbc	200	Not commenced		
Division 2	Patient Safety - Reduction in medication errors	Replacement scheme identified	250			A replacement scheme has been identified - Efficiency project savings
Division 2	Pharmacy review - inc e-prescribing and compliance with prescribing protocols	April onwards	250	Commenced		Review commenced
Division 2	Therapy Shared Services inc OCAS	August 2011 tbc	270			
Division 2	Ward Closure (Resulting from reduced LoS)	TBC	577	Commenced		LoS Review commenced
Division 2	Schemes below £200k		1,616			
Sub-Total Division 2			3,663			
Community	Schemes below £200k		1,776			
Sub-Total Community			1,776			
Corporate	Schemes below £200k		417			
Sub-Total Corporate			417			
			14,075			

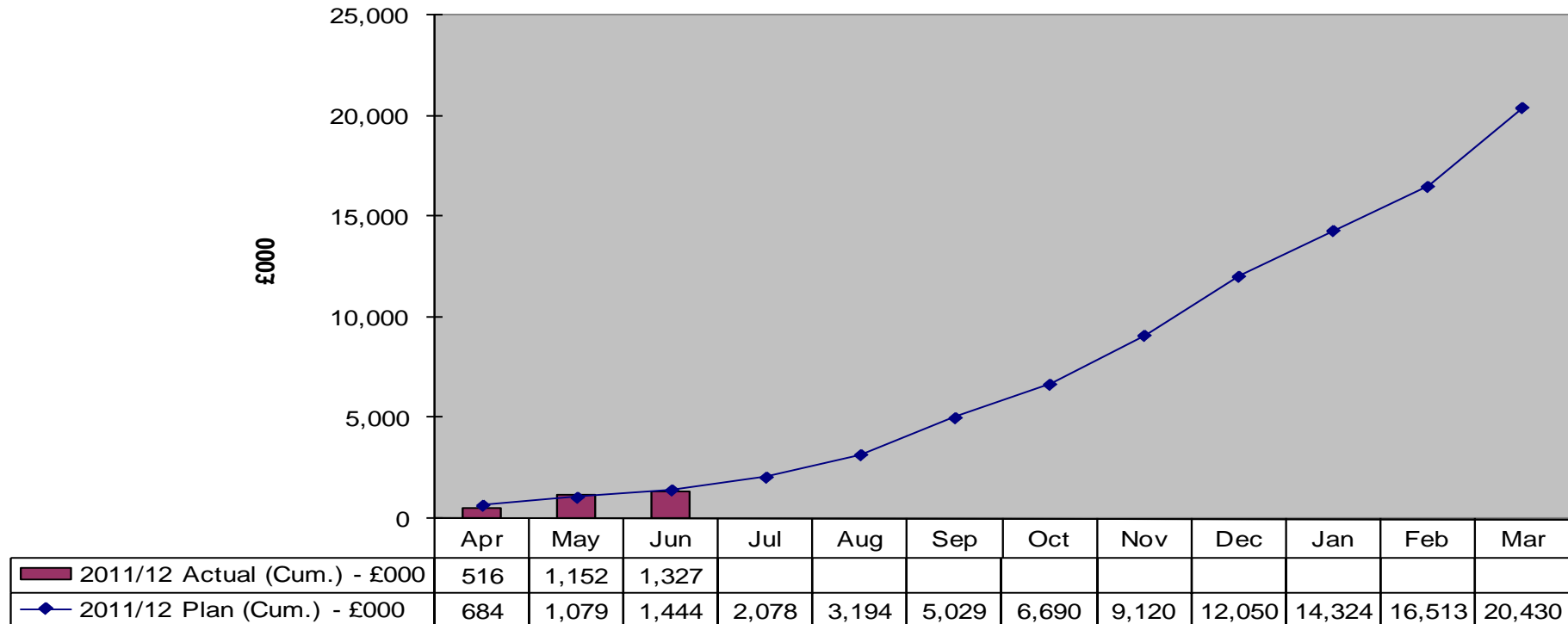
Reserves

Reserve	Current Month	Last Month	Movement	
Cost Pressure	2,208	2,200	8	Community reserve correction (£88k), SIFT funds £33k and various IT schemes £55k
Activity and Developments	6,529	3,576	2,953	Includes increases in reserves for Orthopaedics CVO (£2.03m) and TCS Transfer agreement (£1.75m) Less funding into budgets for £34k Community Developments, £86k Twin Theatres Staffing, £78k Maxillo Facial, £80k Midwifery staff, £16k Oncology expansion, £92k Robotic Surgery, £387k Orthopaedics and £54k Lucentis
Quality	895	895	0	
Drugs and Devices	1,500	1,482	18	(£26k) re NICE approved Drugs funded and £45k re High Cost Excluded drugs
Non Recurrent Support	1,113	1,173	(60)	Includes £9k pay protection, £5k robotic surgery training, Heart and Lung Centre shower room £24k, Health Records £22k
	12,244	9,324	2,919	
Inflation and Contingency	4,093	4,787	(695)	Includes £354k Consultant Clinical Excellence Awards, £59k Energy, £160k Non Pay inflation, £94k Community services and £27k JMS Flexible trainees.
Patient Activity Contingency	3,010	3,010	0	
Grand Total Reserves	19,346	17,122	2,225	

Capital Expenditure

The Trust Capital Programme for 2011/12 is £20,430k. Capital Resource Limit is likely to be agreed at £22,207k, to include PFI (Radiology) and leases.

Capital Plan vs Capital Expenditure 2011/12 (Cumulative)

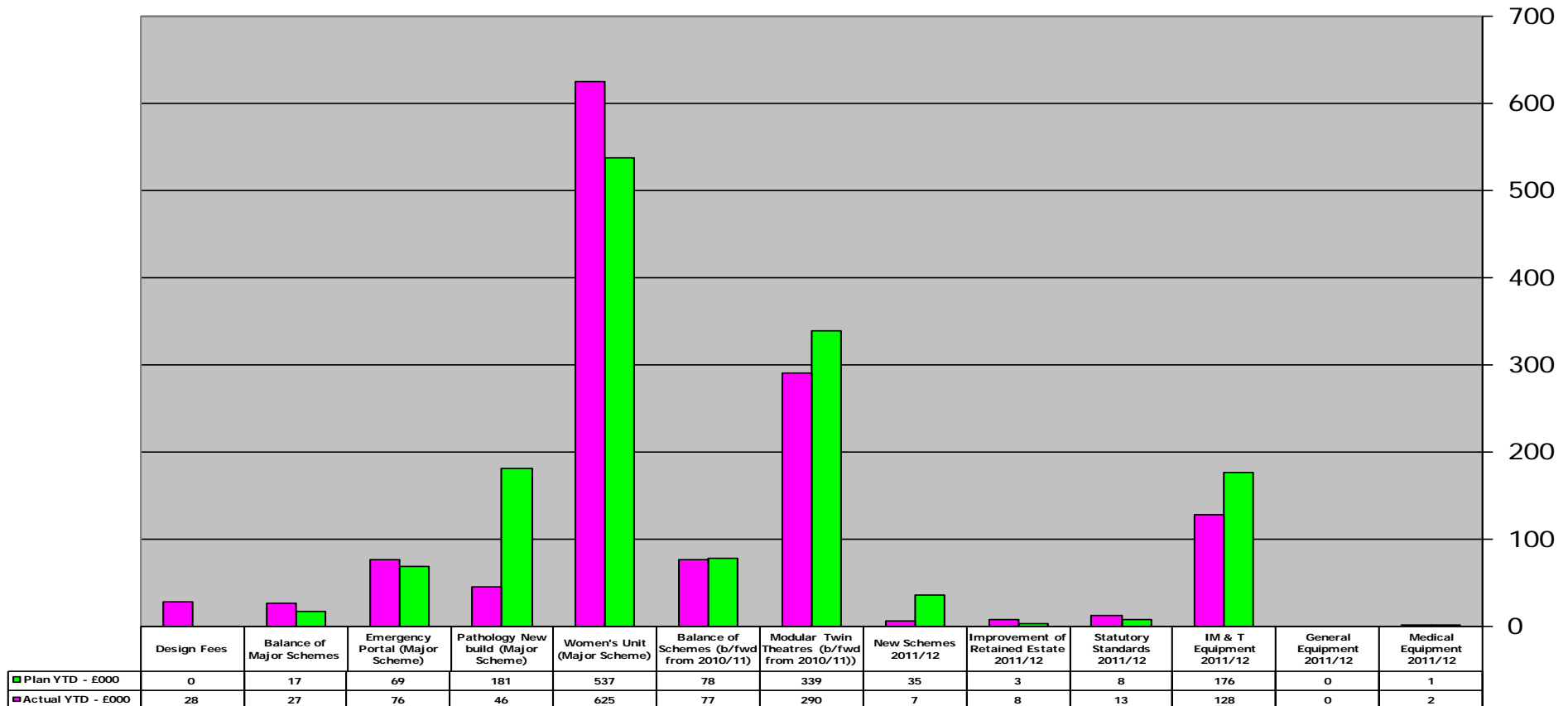


At the end of June 2011 the Programme was 8% below revised plan with a spend of £1,327k against plan of £1,444k. The main variances relate to underspend on IM&T - £48k – Acumentive and Vitalpak forecast expenditure not achieved, Modular Twin Theatres - £49k – reduced final account forecast of overall project expenditure; Pathology New Build - £135k – reduced cash flow on enabling works as awaiting approval from SHA. These are partly offset by overspend of £88k on Women’s Unit – professional fees incurred earlier than forecast.

Capital Expenditure by Scheme

The Capital programme is managed on a project by project basis by the Capital Division within the Estates Development Department. The chart below details actual vs. planned expenditure per the Capital Programme categories and, within those categories, schemes of significant value.

Actual YTD vs Plan YTD Capital Expenditure (£000)



Statement of Financial Position as at 30th June 2011

Trade and Other Receivables as at 30 June 2011 are £10,276, a breakdown is provided on page 32.

This includes invoiced NHS £2,929k and gross Non-NHS £852k receivables. A more detailed analysis of the invoiced receivables is shown on page 33.

Calculated debtor days for the year to date are 5.29 days compared to a plan of 9.51 days.

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

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

- Value 88%
- Volume 90%

	<u>June 2011</u> <u>Plan £000</u>	<u>June 2011</u> <u>Actual £000</u>	<u>May 2011</u> <u>Actual £000</u>	<u>Movement in</u> <u>Month £000</u>	<u>March 2011</u> <u>Actual £000</u>
NON CURRENT ASSETS					
Property, Plant and Equipment	244,049	240,995	242,096	(1,101)	243,180
Intangible Assets	836	836	736	100	779
Other Non Current Assets	1,030	1,031	1,031	0	1,030
TOTAL NON CURRENT ASSETS	245,915	242,862	243,864	(1,002)	244,989
CURRENT ASSETS					
Inventories	4,744	4,116	3,994	122	4,744
Trade and Other Receivables	11,403	10,276	10,792	(516)	15,055
Cash and cash equivalents	20,697	27,531	22,734	4,797	11,786
TOTAL CURRENT ASSETS	36,844	41,923	37,520	4,403	31,585
Non Current Assets Held for Sale	800	800	800	0	800
TOTAL ASSETS	283,559	285,585	282,184	3,401	277,374
CURRENT LIABILITIES					
Trade & Other Payables	(32,971)	(36,385)	(33,716)	(2,669)	(29,935)
Borrowings	(2,101)	(2,034)	(2,048)	14	(2,076)
Provisions for Liabilities and Charges	(1,726)	(1,572)	(1,572)	0	(1,726)
TOTAL CURRENT LIABILITIES	(36,798)	(39,990)	(37,335)	(2,655)	(33,736)
NET CURRENT ASSETS / (LIABILITIES)	46	1,933	185	1,748	(2,152)
TOTAL ASSETS LESS CURRENT LIABILITIES	246,761	245,595	244,848	746	243,637
NON CURRENT LIABILITIES					
Other Liabilities	(8,963)	(7,019)	(7,142)	123	(7,389)
Provision for Liabilities and Charges	(497)	(497)	(497)	0	(497)
TOTAL NON CURRENT LIABILITIES	(9,460)	(7,516)	(7,639)	123	(7,886)
TOTAL ASSETS EMPLOYED	237,301	238,079	237,209	870	235,751
FINANCED BY TAXPAYERS EQUITY					
Public Dividend Capital	170,082	170,082	170,082	0	170,082
Retained Earnings	(3,665)	(2,867)	(3,772)	905	(5,299)
Revaluation Reserve	68,884	68,884	68,884	0	68,884
Donated Asset Reserve	1,810	1,790	1,825	(35)	1,895
Other Reserves	190	190	190	0	190
TOTAL TAXPAYERS EQUITY	237,301	238,079	237,209	870	235,751

Trade Receivables

<u>Trade & Other Receivables</u>	<u>June</u>	<u>May</u>	<u>Variance</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
NHS Receivables - Revenue	2,929	4,279	(1,350)	-31.6%
NHS Partially Completed Spells	1,523	1,732	(209)	-12.1%
NHS Accrued Income	135	89	47	53.0%
Non NHS Sales Ledger	852	706	146	20.7%
Provision for Impairments of Receivables	(708)	(729)	22	-3.0%
Non NHS Accrued Income	368	640	(272)	-42.5%
Prepayments	2,906	2,457	449	18.3%
RTA / Injury Claims due within 1 year	1,277	1,156	121	10.4%
VAT	774	262	512	195.2%
Other	220	201	19	9.4%
Total Trade & Other Receivables	10,276	10,792	(516)	-4.8%

- NHS receivables has reduced due to the settlement by Wolverhampton City PCT of old year over performance debt
- In June, the VAT Return included the VAT to be reclaimed under Contracted Out Services for 2010/11.
- Further analysis of invoiced NHS and Non-NHS Receivables is provided on page 32.
- The increase in Prepayments in the main relates to IT and procurement contracts, prepayments associated with the limbs contract and CNST.

Receivables by Category

• Invoiced Receivables at month end decreased by 27%, £4.4m, with NHS debt falling by 32%.

Trust debt increased by £0.146m in month. Of the £0.43m debt, 87% is now less than 2 months old.

Of the total £2.49m PCT debt, £0.84m relates to invoices for Community Services to South Staffs and Walsall PCT's, £0.2m is for the IT SLA with Wolverhampton City PCT and £0.1m relate to old years over performance activity debt.

Of the £0.85 Non NHS debt, 20%, being £0.168m, is over 2 months. Bad debt provision has been made against this of £0.158m.

June 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	5	0	0	0	0
	PCT	2,486	1,996	86	-321	927	-202
	SHA	8	5	0	3	0	0
	TRUST	430	244	47	86	27	26
NHS Total		2,929	2,250	133	-232	954	-176
NON	OTHER	477	259	164	18	25	11
	PRIVATE PATIENTS	317	171	19	28	9	90
	IRISH/SCOTT/WELSH	58	24	0	1	1	32
	Sub Total	852	454	183	47	35	133
	Bad Debt Provision	-158				-25	-133
NON Total		694	454	183	47	10	0
Grand Total		3,623	2,704	316	-185	964	-176

Of the £2.93m NHS debt, mainly relating to patient activity income, £0.62m was paid in early July.

Private patients debt is 37% of the total Non NHS debt. 31% is more than 2 months old but fully provided for. One patient in month received treatment costing £75k.

May 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	35	0	35	0	0	0
	PCT	3,957	216	-240	3,848	229	-96
	SHA	3	0	3	0	0	0
	TRUST	284	66	87	104	5	22
NHS Total		4,279	282	-115	3,952	234	-74
NON	OTHER	364	248	34	51	29	2
	PRIVATE PATIENTS	247	72	39	14	3	119
	IRISH/SCOTT/WELSH	95	48	4	4	2	37
	Sub Total	706	368	77	69	34	158
	Bad Debt Provision	-173				-15	-158
NON Total		533	368	77	69	19	0
Grand Total		4,812	650	-38	4,021	253	-74

Non NHS debt increase mainly relates to Research & Development invoices being raised in month.

£29k of non NHS debt has been settled in July and a further £66k has been promised for payment

Trade, Other Payables & Borrowings

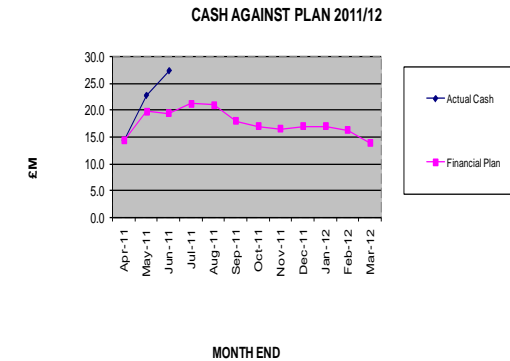
Trade & Other Payables	June	May	Variance	
	£000	£000	£000	%
NHS Payables - Revenue	(1,474)	(1,705)	231	-13.6%
Non NHS Trade Payables - Revenue	(5,412)	(4,365)	(1,047)	24.0%
Non NHS Trade Payables - Capital	(1,366)	(1,838)	471	-25.6%
Dividend and Interest Accrual	(1,975)	(1,317)	(658)	50.0%
Tax & Social Security	(4,802)	(4,795)	(7)	0.1%
Pensions	(2,731)	(2,760)	29	-1.1%
Accruals	(10,895)	(9,420)	(1,476)	15.7%
Balance Transfer Agreement (BTA)	(2,045)	(2,045)	0	0.0%
Deferred Income (inc. Trading Accounts)	(5,230)	(5,209)	(21)	0.4%
Other	(455)	(263)	(192)	73.0%
Total Trade & Other Payables	(36,385)	(33,716)	(2,669)	7.9%

- The dividend payable is accrued and then paid twice a year in September and March.
- Accruals increased in month mainly in respect of NHSLA CNST premium, as a standing order is being agreed, accruals for the lease for TCS premises, and for other recharges for services provided by the PCT.

Borrowings	June	May	Variance	
	£000	£000	£000	%
PFI - Capital Repayments	(1,947)	(1,947)	0	0.0%
Finance Leases - Capital Repayments	(86)	(100)	14	-14.0%
Total Current Borrowings	(2,034)	(2,048)	14	-0.7%
	June	May	Variance	
	£000	£000	£000	%
PFI - Capital Repayments	(6,812)	(6,936)	123	-1.8%
Finance Leases - Capital Repayments	(207)	(207)	0	0.0%
Total Non Current Borrowings	(7,019)	(7,142)	123	-1.7%

Cash Flow Statement - period ending 30th June 2011

	June Plan £000	June Actual £000	June Variance £000
OPERATING ACTIVITIES			
Total Operating Surplus/(Deficit)	4,291	4,665	374
Depreciation	3,423	3,446	23
Fixed Asset Impairments	0	0	0
Transfer from Donated Asset Reserve	(105)	(105)	0
Interest Paid	(368)	(370)	(2)
Dividends Paid	0	0	0
(Increase)/Decrease in Inventories	0	628	628
(Increase)/Decrease in Trade/Receivables	3,652	4,885	1,233
Increase/(Decrease) in Trade/Payables	3,018	6,682	3,664
Increase/(Decrease) in Provisions	0	(154)	(154)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	13,911	19,677	5,766
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	25	16	(9)
Payment for Property, Plant and Equipment	(4,577)	(3,468)	1,109
Payment for Intangible Assets	0	(68)	(68)
Payment for Other Assets	0	0	0
Proceeds from Disposals	0	0	0
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(4,552)	(3,520)	1,032
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	9,359	16,157	6,798
FINANCING			
Capital Element of Finance Lease and PFI	(448)	(412)	36
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	(448)	(412)	36
INCREASE/(DECREASE) IN CASH	8,911	15,745	6,834
CASH BALANCES			
Opening Balance 1st April 2011	11,786	11,786	0
Closing Balance at 30 June 2011	20,697	27,531	6,834



The cash balance, at £27.5m, is higher than plan of £20.7m by £6.8m. This is mainly as a result of:- the improved surplus £0.3m, a reduction in inventories and receivables of £1.9m. And an increase in payables of £3.6m against plan (Prior year closing cash balance £11.8m).

The cash plan above may be subject to change at month 4 following further review of the updated Long Term Financial Model.

Detailed Statement of Cash Flows – 30th June 2011

	Apr 2011 Actual £000	May 2011 Actual £000	June 2011 Actual £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	April 2012 Forecast £000s	May 2012 Forecast £000s
Receipts														
PCTs/LCCB's	21,808	34,822	29,905	27,662	26,663	25,262	27,422	27,078	26,047	26,218	25,572	31,864	27,102	27,097
Department of Health	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other NHS	4,091	1,119	825	600	600	600	600	600	600	600	600	600	600	600
- NMET	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- SIFT	147	147	161	150	150	150	150	150	150	150	150	150	150	150
- MADEL	719	719	702	650	650	650	650	650	650	650	650	650	650	650
VAT Recovered	627	380	0	220	220	220	220	220	220	220	220	220	220	220
Other Non NHS	693	618	763	350	350	350	350	350	350	350	350	350	350	350
Interest Received	6	4	6	6	7	6	6	6	7	7	7	6	11	10
Sale of Fixed Assets	0	0	0	0	0	0	0	0	800	0	0	0		
Total Receipts	28,091	37,809	32,362	29,638	28,640	27,238	29,398	29,054	28,824	28,195	27,549	33,840	29,083	29,077
Payments														
Net Pay	11,250	11,229	11,240	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,000	11,000
Tax and NI	3,186	4,837	4,839	4,850	4,850	4,850	4,850	4,850	4,850	4,850	4,850	4,850	4,600	4,600
Pensions	2,186	2,723	2,761	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,500	2,500
Agency Staff	143	301	353	300	300	300	300	300	300	300	300	300	300	300
Non Pay	6,474	9,203	7,465	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,000	7,500	7,500
Capital	2,020	880	647	600	1,100	1,800	1,700	2,400	2,800	2,300	2,200	3,900	1,952	1,952
Interest Payable	123	123	123	123	123	123	123	123	123	123	123	123	123	123
PFI/Lease Principal Repaid	137	137	137	137	137	137	137	137	137	137	137	137	137	137
PDC Dividends	0	0	0	0	0	3,954	0	0	0	0	0	3,954	0	0
Total Payments	25,519	29,433	27,565	28,460	28,960	33,614	29,560	30,260	30,660	30,160	30,060	35,214	28,112	28,112
Movement in Month	2,572	8,376	4,797	1,178	(320)	(6,376)	(162)	(1,206)	(1,836)	(1,965)	(2,511)	(1,374)	971	965
Opening Balance	11,786	14,358	22,734	27,531	28,709	28,389	22,013	21,851	20,645	18,809	16,844	14,333	12,959	13,930
Closing Balance	14,358	22,734	27,531	28,709	28,389	22,013	21,851	20,645	18,809	16,844	14,333	12,959	13,930	14,895

Charitable Funds

The Royal Wolverhampton Hospitals NHS Trust Charity – Summary Information for the period ended 30th June 2011. The chart below notes higher value transactions that occurred within the last quarters.

Q1 Information				
Opening balance 31 Mar 2011	Donations	Inv. Income	Exp.	Closing Balance 30 Jun 2011
£'000	£'000	£'000	£'000	£'000
3,038	76	15	(91)	3,038

Includes a donation for Paeds Cystic Fibrosis £4k; League of Friends (WEI) £12.7k; donations for Deanesly of £8.5k; £2.5k for critical care; £2k legacy for General Purposes and a donation of £6k for A&E from BOE Publishing Ltd.

The main areas are £25k on equipment for Ophthalmology including a Haag Streit Slit Lamp; £20k for Royal awards; £18k for research nurse Haematology; £3k for the Deanesly Centre and £1.5k for renal unit. All other expenditure is for small items.

**For Noting:-
2010/11 Accounts**

The Charitable Fund Annual Reports and Accounts for 2010-1 will be audited the week of 25 July 2011 and will be taken to the Charity Committee meeting on 2 August 2011.