

Report of the Chief Financial Officer

Finance Report – August 2011
(Month 05)

Date of meeting 26 September 2011



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Executive Summary

- The Trusts Income and Expenditure position as at Month 5 is a surplus of £3,574k, which is £18k above the month 5 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 £200k (1.5%).
- Total income at month 5 is £152,161k, which is above plan by £1,359k. Patient care contract income is showing an under performance of £692k, details are on page 7.
- Directorate expenditure is adverse to plan by £1,322k and is analysed as follows:
 - Pay (£794k)
 - Non Pay (£411k)
 - Drugs (£117k).

Further details on Expenditure, performance against budget, are provided on pages 12 to 20. An analysis of Reserves is provided at page 25. Further detailed actions have been agreed with Divisions following the movement in month.

- The Trust CIP target for 2011/12 is £12,198k which together with incomplete projects from 2010/11 of £1,877k gives a total of £14,075k. At month 5 £7,419k has been withdrawn from budgets, which represents 53% of the total, the target was set at 55%. Pages 23 and 24 detail the CIP schemes.

- Forecast outturn to 31 March 2012 is estimated to be in line with the planned surplus of £7,037m.
- Cumulative capital spend as at Month 5 was £1,911k, against a plan of £3,194k. Further details are provided on pages 26-27. Full year Capital Resource Limit (CRL), is £22,207k. being £20,240k, (as original Trust Plan Capital Programme) plus PFI/Leases £1,967k (PFI adjustment to follow from SHA). As shown in the Performance Table below, due to the slippage on the decision by the SHA regarding the Pathology Scheme, projected out turn equates to an estimated under spend against CRL and EFL of £3m. (Further details are provided within the Capital Programme 2011/12 report provided separately to the Board). The Trust is allowed to undershoot against these targets. An update has been provided to the SHA and the importance of re-providing for this slippage in 2012/13 limits has been highlighted.
- The cash balance, at £28,895k is higher than plan by £3,400k (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 28 to 32.
- 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

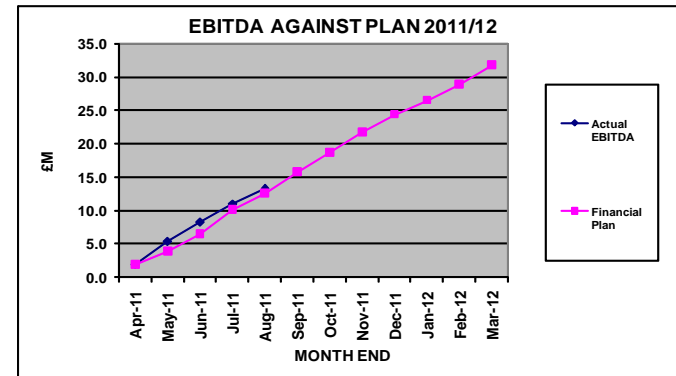
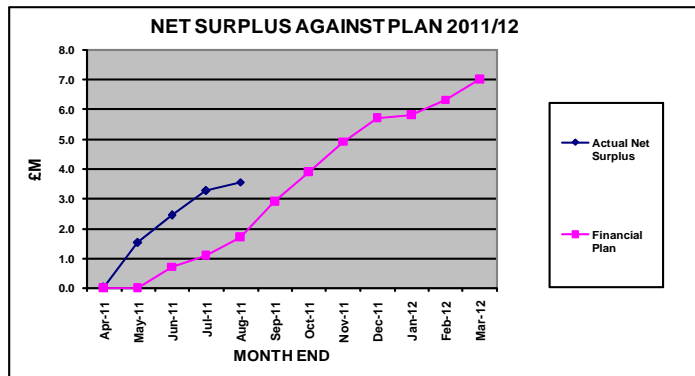
| | Target | Performance | RAG |
|---|-----------|-------------|-----|
| I & E Target Month 5 | £3,555k | £3,574k | |
| CRL (Year end forecast, includes PFI related additions) | £22,207k | £19,207k | |
| EFL (Year end forecast) | (£1,882k) | (£4,882k) | |
| Capital Cost Absorption Rate (Year end) | 3.50% | 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 | | | | | | | | |
| 28,076 | 27,442 | (633) | Patient Activity Income | 329,904 | 334,026 | 137,930 | 137,238 | (692) |
| (251) | 0 | 251 | Patient Activity Contingency | (3,010) | (3,010) | (1,254) | 0 | 1,254 |
| 89 | 125 | 36 | Other Patient Care Income | 1,064 | 1,064 | 444 | 695 | 251 |
| 1,147 | 1,180 | 33 | Education, Training & Research Income | 11,233 | 13,109 | 5,752 | 5,694 | (58) |
| 172 | 165 | (6) | Non Patient Care Other Income | 325 | 3,062 | 877 | 965 | 88 |
| 92 | 120 | 28 | Private Patient Income | 960 | 1,100 | 457 | 485 | 29 |
| 1,317 | 1,417 | 100 | Income on Directorate Budgets | 14,899 | 14,929 | 6,596 | 7,084 | 488 |
| 30,641 | 30,450 | (192) | Total Income | 355,375 | 364,279 | 150,801 | 152,161 | 1,359 |
| Expenditure | | | | | | | | |
| (18,909) | (19,066) | (157) | Directorate Expenditure Budgets - Pay | (214,092) | (225,876) | (94,203) | (94,997) | (794) |
| (6,803) | (6,978) | (175) | Directorate Expenditure Budgets - Non Pay | (75,133) | (77,401) | (32,589) | (33,000) | (411) |
| (2,102) | (2,153) | (51) | Directorate Expenditure Budgets - Drugs | (20,450) | (23,792) | (10,723) | (10,840) | (117) |
| (212) | (0) | 211 | Activity Changes/Service Dev./Cost Pressures Reserves | (19,038) | (9,087) | (2,237) | (0) | 2,237 |
| 1 | 0 | (1) | Inflation and Contingency Reserves | (9,428) | (3,278) | (819) | 0 | 819 |
| 34 | 0 | (34) | Cost Improvement Savings - Brought Forward | 2,199 | 147 | 69 | 0 | (69) |
| 236 | 0 | (236) | Cost Improvement Savings - Current Year | 11,876 | 6,510 | 2,823 | 0 | (2,823) |
| (27,755) | (28,197) | (442) | Total Expenditure | (324,066) | (332,779) | (137,678) | (138,837) | (1,159) |
| 2,886 | 2,252 | (635) | EBITDA Surplus/(Deficit) | 31,309 | 31,500 | 13,123 | 13,323 | 200 |
| 0 | 0 | 0 | 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) | (1,175) | (34) | Depreciation | (13,500) | (13,691) | (5,705) | (5,820) | (116) |
| 8 | 11 | 3 | Interest Receivable | 100 | 100 | 42 | 38 | (4) |
| (123) | (123) | (1) | Interest Payable | (1,472) | (1,472) | (613) | (666) | (52) |
| (658) | (658) | 0 | PDC Dividends (Cost of Capital) | (7,900) | (7,900) | (3,292) | (3,292) | 0 |
| 973 | 307 | (666) | Net Surplus/(Deficit) | 7,037 | 7,037 | 3,555 | 3,574 | 18 |

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 % | 101.5 % | 5 | =EBITDA Actual/EBITDA Budget (both year to date) |
| EBITDA Margin | 8.8 % | 3 | 8.7 % | 8.8 % | 3 | =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 | 2.4 % | 2.3 % | 4 | =Net Surplus/(Deficit)/Total Income |
| Liquidity Ratio | 27.0 Days | 4 | 26.7 days | 32.9 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 4.1 | |



| 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 5 the level of financial risk is low. The CIP risk has reduced in the month following the agreement of further projects at Divisional and CIP Board level to reduce the level of 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 | 1,694 | 0 | 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 byTMT. |
| Contractual Issues:- Re-admissions; CQUIN; Emergency Threshold | Possible | Minor | C2 | 2,400 | 0 | 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 | Almost Certain | Moderate | A3 | 3,000 | 0 | 1. Interim emergency portal will not progress and slippage on Pathology scheme. 2. Capital programme reviewed and schemes b/fwd from 2012/13 as appropriate. SHA informed and importance of providing CRL/EFL in 2012/13 for Pathology scheme highlighted. |

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

SLA and Income: Actual vs. Plan by Specialty

Patient Activity income performance has increased the under performance from month 4 £58k to £691k. The change in variance in month of £633k is due to Division 1 under performing against plan by £519k in the month together with a reduction in partially completed spells amounting to £365k mitigated by over performance in Division 2 which has improved from under performance last month by £189k.

| Division | Specialty | Month 5 Variance £000 | Month 5 Variance % | Month 4 Variance £000 | Movement £000 | Notes |
|--------------------------------------|-----------------------|--------------------------|-----------------------|--------------------------|------------------|------------|
| Division 1 | General Surgery | 260 | 3.4 | 337 | (77) | 1 |
| | Critical Care | (113) | (4.7) | (98) | (15) | |
| | Drugs & Devices | (140) | (14.7) | (87) | (52) | |
| | Trauma & Orthopaedics | 580 | 5.8 | 531 | 50 | 2 |
| | Ear, Nose & Throat | (53) | (3.1) | (16) | (37) | |
| | Breast Surgery | (34) | (20.3) | (20) | (14) | |
| | Colorectal Surgery | (51) | (20.1) | (36) | (15) | |
| | Fetal Medicine | 0 | 0.0 | 76 | (76) | |
| | Thoracic Surgery | (40) | (7.8) | (1) | (39) | |
| | Gynaecology | (55) | (1.7) | (25) | (30) | |
| | Obstetrics inc Scans | 219 | 4.1 | 197 | 22 | |
| | GP Direct Access | (110) | (5.3) | (95) | (15) | |
| | Urology | 83 | 3.0 | 70 | 12 | |
| | Cardiac/Cardiology | (950) | (7.9) | (789) | (162) | 3 |
| Other | (17) | (0.1) | 55 | (71) | 4 | |
| Total | | (421) | (0.7) | 98 | (519) | |
| Division 2 | General Medicine | (673) | (4.8) | (754) | 81 | 5 |
| | Clinical Haematology | 216 | 12.5 | 225 | (9) | |
| | Cystic Fibrosis | 65 | 16.2 | 62 | 2 | |
| | Nephrology | 206 | 4.1 | 184 | 22 | |
| | Drugs & Devices | (24) | (0.9) | 31 | (55) | |
| | Paediatrics | 158 | 5.6 | 35 | 123 | 6 |
| | GP Direct Access | 29 | 5.2 | 27 | 2 | |
| | Medical Endoscopy | 123 | 16.2 | 91 | 32 | |
| | Renal | 24 | 73.4 | 4 | 20 | |
| | Accident & Emergency | 82 | 2.0 | 87 | (5) | |
| | Oncology | (152) | (3.5) | (83) | (69) | 7 |
| | Other | 244 | 2.1 | 208 | 36 | 8 |
| | Total | | 299 | 0.6 | 118 | 180 |
| Other | Drugs & Devices | (0) | (0.0) | (0) | 0 | |
| | Other | 0 | 0.0 | 0 | 0 | |
| Total | | (0) | (0.0) | (0) | 0 | |
| Patient Activity as per SLAM | | (122) | (0.1) | 216 | (340) | |
| NET 2010-11 overperformance | | 678 | | 612 | 66 | |
| Partially completed spells and other | | (1,278) | | (913) | (365) | |
| Community Services | | 31 | | 27 | 4 | |
| Patient Activity Income | | (691) | | (58) | (635) | |

- General surgery:** has worsened by (£77k) due to :
 - (£88k) reduction in non-elective admissions , case-mix and excess bed days ;
 - £16k improvement in elective activity (case-mix) ;
 - Outpatient follow-ups have declined slightly.
- Trauma and orthopaedics:** has improved by £50k as a result of:
 - £79k increase in non elective admissions;
 - (£18k) reduction in outpatient attendances ;
 - (£12k) reduction in electives (decrease of 119 spells).
- Cardiac/ cardiology:** has worsened by (£162k) due to :
 - (£256) reduction in elective surgery (M5 fell by 124 spells) ;
 - £93k improvement in non electives (increase in 88 spells).
- Division 1 other:** has worsened by (£71k) due to:
 - reduction of (£52k) in Ophthalmology , (£19k) in Oral surgery , (£25k) in TAVI , (£41k) in Haemophilia products and (£25k) in Vascular Surgery ;
 - £99k improvement in Critical Care .
- General medicine:** has improved by £81k principally due to:
 - £123k increase in non-elective admissions (28 spells)
 - (£29k) reduction in outpatients attendances(217 attendances).
- Paediatrics:** has improved by £123k due to:
 - Increase in non-elective admissions (92 spells).
- Oncology:** has worsened by (£69k) mainly due to:
 - (£101k) reduction in planned same day procedures (80 procedures),
 - £31k increase in Outpatient procedures (132 procedures).
- Division 2 other:** Paediatric Critical Care has continued to over-perform strongly by £82k.

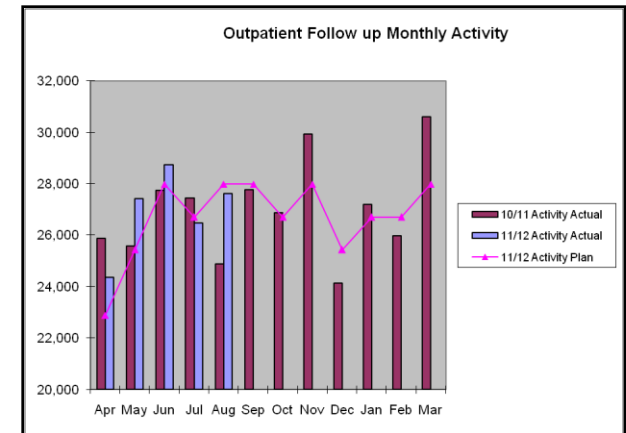
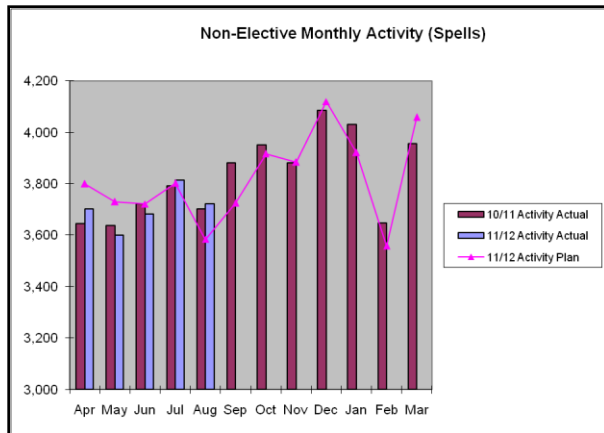
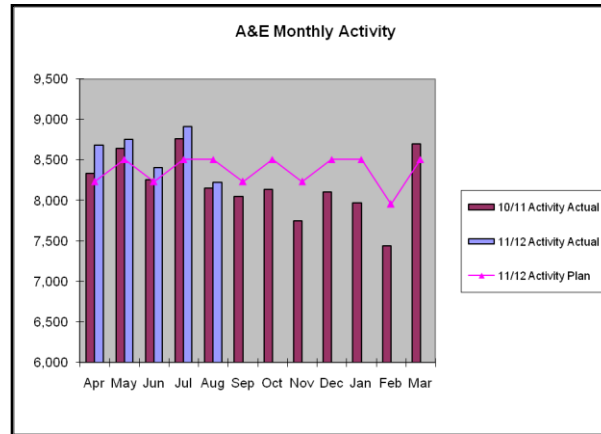
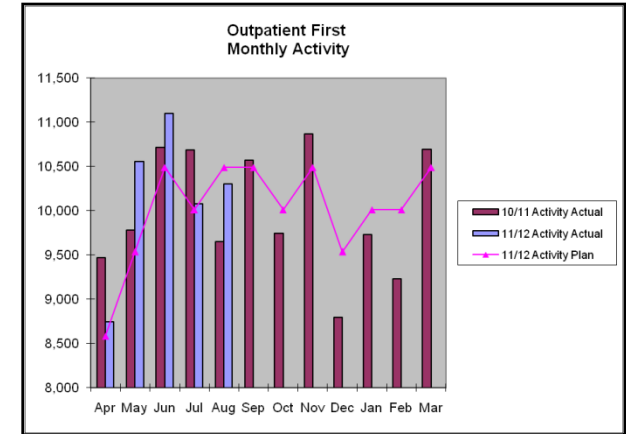
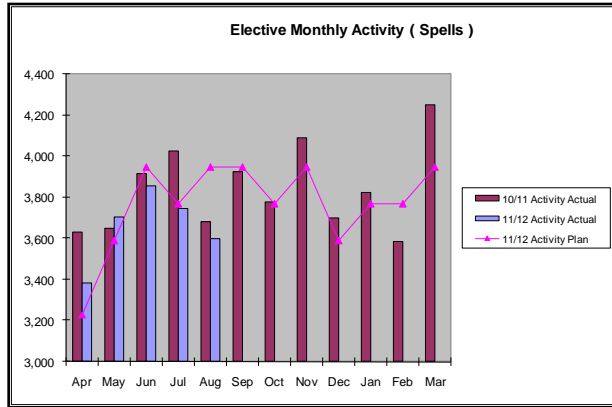
SLA and Income: Actual vs. Plan by POD*

| Admission Type | Annual Plan | Variance To Date | % Variance | Annual Price Plan | Variance To Date £ | % Variance |
|------------------------------|------------------|------------------|--------------|-------------------|--------------------|---------------|
| | | | | £000 | £000 | % |
| Accident and Emergency | 100,423 | 993 | 0.99% | 9,176 | (15) | -0.16% |
| Critical Care | 21,904 | (776) | -3.54% | 15,308 | 230 | 1.50% |
| Elective | 45,204 | (185) | -0.41% | 60,561 | (975) | -1.61% |
| Elective Excess Bed Days | 3,431 | (529) | -15.43% | 787 | (117) | -14.91% |
| Direct Access | 529,744 | (2,144) | -0.40% | 5,032 | (110) | -2.18% |
| Non-elective | 45,818 | (116) | -0.25% | 78,269 | 616 | 0.79% |
| Non-elective Excess Bed Days | 15,562 | (389) | -2.50% | 3,623 | (71) | -1.96% |
| Outpatient First | 120,150 | 1,677 | 1.40% | 18,602 | 191 | 1.03% |
| Outpatient Follow Up | 320,476 | 3,613 | 1.13% | 26,352 | 376 | 1.43% |
| Outpatient Procedures | 33,157 | 1,030 | 3.11% | 6,003 | 142 | 2.36% |
| Renal | 72,096 | 2,225 | 3.09% | 8,758 | 121 | 1.38% |
| Fractions | 32,124 | (403) | -1.25% | 7,827 | (65) | -0.83% |
| Drugs/Devices | 1,501 | 75 | 4.99% | 17,309 | (132) | -0.76% |
| Other | 24,865 | 804 | 3.23% | 18,411 | (313) | -1.70% |
| Grand Total | 1,366,454 | 5,875 | 0.43% | 276,020 | (122) | -0.04% |

*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



SLA and Income: Actual versus Plan by PCT

The table shows the cumulative contract position by Commissioner (excluding CQUIN payments) for August. Overall actual income falls short of plan by (£125k) i.e. (0.09)%. Activity attributable to PCTs continues to over perform by £1,993k whilst Specialised Services Commissioners continues to underachieve by £841k. The most notable over performances are Wolverhampton £632k, South Staffs £680k and Walsall £502k. West Midlands Specialised Commissioning Services and Worcester are under performing by £(841)k and £(195)k respectively. Note: The report is based on the “first cut” of patient activity which includes a level of uncoded activity (cumulatively at 1.6%) which is priced at an average specialty price.

| | SLA Annual Plan | Plan to Date | Actual to date | Variance to Plan | % Variance |
|-----------------------------|-----------------|----------------|----------------|------------------|--------------|
| Commissioner | £000 | £000 | £000 | £000 | |
| South Birmingham | 118 | 48 | 57 | 9 | 18.2% |
| Shropshire | 4,060 | 1,662 | 1,722 | 61 | 3.7% |
| Walsall | 19,937 | 8,173 | 8,676 | 502 | 6.1% |
| Telford | 1,207 | 496 | 637 | 141 | 28.5% |
| Wolverhampton City | 145,175 | 59,423 | 60,055 | 632 | 1.1% |
| Heart of Birmingham | 207 | 85 | 70 | (15) | -17.3% |
| Dudley | 8,208 | 3,367 | 3,316 | (51) | -1.5% |
| Sandwell | 1,657 | 681 | 913 | 233 | 34.2% |
| Birmingham East and North | 221 | 91 | 113 | 22 | 24.8% |
| North Staffs | 78 | 32 | 19 | (13) | -39.6% |
| Stoke | 109 | 45 | 31 | (14) | -32.0% |
| South Staffs | 33,102 | 13,540 | 14,220 | 680 | 5.0% |
| Worcester | 1,952 | 800 | 605 | (195) | -24.3% |
| Acute Services Total | 216,031 | 88,442 | 90,435 | 1,993 | 2.3% |
| Anticipated Income | 1,289 | 1,289 | 0 | (1,289) | -100.0% |
| Specialised Services | 56,778 | 23,500 | 22,659 | (841) | -3.6% |
| NCA | 1,919 | 789 | 772 | (16) | -2.1% |
| Sub Total | 276,017 | 114,019 | 113,866 | (153) | -0.1% |
| Community Services | 52,206 | 21,753 | 21,784 | 31 | 0.14% |

Expenditure by Directorate

Trust Wide Summary

(£382k) overspend in month, (£1323k) overspend ytd

| | Manpower WTEs This Month | | | VARIANCES Cumulative Against Budget | | | | | | | | | | | Patient income against budget | | Expenditure variance Previous Month | | Income Variance Previous Month | |
|--------------------------------------|--------------------------|--------------|-------------|-------------------------------------|---------------|--------------|---------------|--------------|---------------|-----------------|---------------|----------------|------------------|---------------|-------------------------------|--------|-------------------------------------|---------------|--------------------------------|------|
| | | | | Pay | | Non Pay | | Drugs | | Total (pre CIP) | | CIP | Total (incl CIP) | | | | | | | |
| | Budget | Actual | % var | £'000 | % | £'000 | % | £'000 | % | £'000 | % | £'000 | £'000 | % | £'000 | % | £'000 | % | £'000 | % |
| Division 1 | 2,049 | 1,923 | 6.2% | (863) | (2.4%) | (233) | (1.8%) | (61) | (2.1%) | (1,156) | (2.2%) | (1,413) | (2,569) | (5.0%) | (421) | (0.7%) | (2,441) | (6.0%) | 98 | 0.2% |
| Division 2 | 1,582 | 1,540 | 2.6% | (520) | (2.0%) | (271) | (6.2%) | (54) | (0.7%) | (846) | (2.2%) | (1,014) | (1,860) | (4.9%) | 299 | 0.6% | (1,582) | (5.3%) | 118 | 0.3% |
| Community Services | 905 | 962 | -6.3% | (38) | (0.3%) | 270 | 11.2% | (8) | (6.4%) | 224 | 1.4% | (95) | 130 | 0.8% | | | 68 | 0.5% | | |
| Estates and Facilities | 620 | 583 | 6.0% | 132 | 2.1% | 280 | 5.5% | (0) | | 412 | 3.6% | (235) | 176 | 1.6% | | | 188 | 2.1% | | |
| Chief Operating Officer | 10 | 10 | 1.8% | 13 | 4.8% | 16 | 95.1% | 0 | | 28 | 10.0% | 0 | 28 | 10.0% | | | 21 | 12.0% | | |
| Total Operations Directorate | 5,165 | 5,017 | 2.9% | (1,276) | (1.5%) | 61 | 0.2% | (124) | (1.2%) | (1,338) | (1.1%) | (2,757) | (4,095) | (3.5%) | (122) | | (3,746) | (4.0%) | 216 | |
| Corporate Directorates & Other | 741 | 704 | 5.0% | 482 | 4.7% | (473) | (6.3%) | 6 | 29.4% | 15 | 0.4% | (135) | (119) | (0.7%) | | | 182 | 1.3% | | |
| Total Directorate Expenditure | 5,906 | 5,720 | 3.1% | (794) | (0.8%) | (411) | (1.1%) | (117) | (1.1%) | (1,323) | (0.9%) | (2,892) | (4,215) | (3.1%) | (122) | | (3,564) | (3.3%) | 216 | |

| Monthly Manpower Figures in WTEs:- | Budget | Actual |
|------------------------------------|--------|--------|
| April | 5,913 | 5,720 |
| May | 5,939 | 5,755 |
| June | 5,930 | 5,720 |
| July | 5,828 | 5,734 |
| August | 5,906 | 5,720 |

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

Expenditure Commentary

Trust Wide Summary

(£382k) overspend in month, (£1323k) overspend ytd

- The expenditure exception report on pages 13 to 20 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 (£863k), Division 2 (£520k) and Community (£38k) being offset by under spends in Estates & Facilities £132k and COO £13k. Division 1 over spend is related to the use of Waiting List Initiatives to meet activity targets, locum and agency medical staff to meet compliant rotas; covering absence; activity and targets. Nurse bank usage covering vacancies, maternity leave and sickness. Division 2 overspend reflects additional medical staffing to deliver activity, targets, compliant rotas and meet ongoing bed pressure demands together with nurse bank usage covering vacancies, maternity leave and sickness.
- On non pay, Division 1 is over spent by (£233k) year to date this is due to increased Obstetric and Pathology activity, Radiology offsite reporting and efficiency project costs. The non pay position in Division 2 shows an over spend of (£271k) which mainly relates to efficiency project costs and increase in activity in Renal. Estates & Facilities are under spent by £280k, COO by £16k and Community Services are also under spending by £270k.
- The drugs overspend relates to £61k in Division 1, £54k in Division 2 and £8k in Community services.

Total Corporate and trading accounts

- The pay under spend is due to vacancies across several directorates with the majority of vacancies being in HR - Personnel (5.6wte) and Nursing (9.75wte).
- The non-pay under spend is also split across a number of Directorates and departments.
- Further details and actions are on the following pages.

Operations Divisions Expenditure

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|----------------|-------------|----------------|
| | Month 4 | Month 5 | Movement | |
| Pay | (1,089) | (1,276) | (187) | (1.52%) |
| Non pay | (87) | 61 | 149 | 0.24% |
| Drugs | (75) | (124) | (49) | (1.16%) |
| Total | (1,251) | (1,338) | (87) | (1.12%) |

Corporate and Trading Accounts Expenditure

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|-----------|--------------|--------------|
| | Month 4 | Month 5 | Movement | |
| Pay | 452 | 482 | 30 | 4.71% |
| Non pay | (150) | (473) | (323) | (6.31%) |
| Drugs | 8 | 6 | (2) | 29.42% |
| Total | 310 | 15 | (295) | 0.01% |

| | | | | |
|--------------|--------------|----------------|--------------|----------------|
| Total | (941) | (1,323) | (382) | (0.96%) |
|--------------|--------------|----------------|--------------|----------------|

Expenditure Exception Report

Total Operational Directorate (£87k) overspend in month, (£1338k) overspend ytd

Division 1 £106k underspend in month, (£1156k) 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..

▪ Cardiothoracic Surgery

Current Position

- The pay variance in Cardiothoracic Surgery relates to the costs of Waiting List Initiatives undertaken in month (£28k) and locum and agency JMS (£5k) usage to meet activity targets and ensure adequate medical cover out of hours
- There is also continued pressure in the nursing budget due to maternity and sickness being covered by bank staff.

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|-------------|--------------|---------------|
| | Month 4 | Month 5 | Movement | |
| Pay | (146) | (215) | (69) | (7.8%) |
| Non Pay | 200 | 162 | (38) | 11.6% |
| Drugs | (4) | (5) | (1) | (3.8%) |
| Total | 49 | (58) | (108) | (1.4%) |

Actions

- The Division are reviewing the Directorate to determine measures to control the expenditure.
- Nurse bank usage is being signed off by the Divisional Head of Nursing.

Division 1

£106k underspend in month, (£1156k) overspend ytd

▪ Ophthalmology

Current Position

- The pay overspend is due to the temporary use of an agency consultant to cover maternity leave, changes in consultant employment contracts. JMS was overspent in month due to the use of agency staff and internal locums to cover vacancies. The balance relates to Nursing and Orthoptics where activity increases are causing pressures.
- Non pay is under spent in month due to greater controls that have been put in place in Theatres and outpatients and changes to the CSSD turnaround times that the department has been able to reduce

Actions

- Temporary staffing requirements have been reviewed, the agency consultant has ceased working now that other consultants have returned from summer leave and junior medical staffing requirements are being reviewed.

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|--------------|-------------|---------------|
| | Month 4 | Month 5 | Movement | |
| Pay | (147) | (213) | (67) | (7.3%) |
| Non Pay | 66 | 95 | 29 | 15.8% |
| Drugs | (11) | (16) | (5) | (1.0%) |
| Total | (92) | (134) | (43) | (2.7%) |

▪ Obstetrics & Gynecology

Current Position

Actions

Current Position

- Continued obstetric over performance has resulted in a non pay overspend of (£17k) in month in the Delivery Suite and inpatient wards . There was also higher blood usage across the directorate of (£4k) which again can be attributed to activity levels.

Actions

- Activity over performance continues to be monitored as the birth rate increases. A business case linked to the Women's Unit refurbishment is being developed to address the increases on a sustainable basis.

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|-------------|-------------|---------------|
| | Month 4 | Month 5 | Movement | |
| Pay | 6 | 10 | 4 | 0.2% |
| Non Pay | (39) | (62) | (23) | (10.9%) |
| Drugs | (4) | (7) | (2) | (5.5%) |
| Total | (38) | (59) | (21) | (1.0%) |

Division 1

£106k underspend in month, (£1156k) overspend ytd

▪ Radiology

Current Position

- The continued use of offsite reporting accounts for (£35k) of the in month overspend on non pay . A delay in the commencement of Digital Breast Screening has led to some unexpected film processing charges of (£5k). The balance relates to consumables associated with Stent activity.

Actions

- The Division plans to cease the usage of external reporting by the end of this financial year. Part of this plan includes the replacement of a locum consultant with a substantive post holder who commences in September. At this point consultant job plans are being reviewed and Ultrasound reporting will be delegated to the Sonographer workforce.

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|--------------|-------------|---------------|
| | Month 4 | Month 5 | Movement | |
| Pay | (48) | (45) | 3 | (1.6%) |
| Non Pay | (163) | (206) | (43) | (17.0%) |
| Drugs | 3 | (2) | (4) | (2.5%) |
| Total | (208) | (253) | (45) | (6.3%) |

▪ Orthopaedics

Current Position

- Business Case funding relating to additional activity being commissioned has been allocated to budget in month 5. Part of this budget (Pay £57k, Non Pay £103k) relates to months 1 to 4 which distorts the in month movement but shows a correct year to date variance.
- The year to date pay overspend relates to Waiting List payments which have been incurred to deliver activity within the 18 week target which shows as over performance on contract income.

Actions

- Following the allocation of funding previous overspending has been addressed and the Directorate are now working to deliver activity targets within the allocated funding.

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|------------|------------|---------------|
| | Month 4 | Month 5 | Movement | |
| Pay | (114) | (84) | 30 | (3.1%) |
| Non Pay | (73) | 84 | 157 | 4.3% |
| Drugs | (7) | (7) | 0 | (7.0%) |
| Total | (195) | (7) | 188 | (0.2%) |

Division 2

(£164k) overspend in month, (£846k) overspend ytd

▪ Divisional Management

Current Position

- The non pay over spend relates to (£26k) for the Trust wide efficiency project.

Actions

- There are significant planned savings relating to the implementation of the outpatients' efficiency project which will be used to fund the non recurrent costs incurred.

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|--------------|-------------|---------------|
| | Month 4 | Month 5 | Movement | |
| Pay | (1) | 5 | 6 | 0.4% |
| Non Pay | (82) | (115) | (33) | (170.6%) |
| Drugs | 0 | 0 | (0) | |
| Total | (83) | (110) | (27) | (8.4%) |

▪ A&E

Current Position

- In month, Junior Medical Staff agency costs has shown a reduction. There has also been additional consultant funding which has assisted with the positive in month position.

Actions

- The Directorate is continuing to explore 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.

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|--------------|----------|---------------|
| | Month 4 | Month 5 | Movement | |
| Pay | (136) | (130) | 7 | (5.7%) |
| Non Pay | (51) | (52) | (1) | (35.4%) |
| Drugs | (4) | (5) | (2) | (9.5%) |
| Total | (191) | (187) | 4 | (7.5%) |

Community Services

(£53k) overspend in month, £224k underspend ytd

Rehabilitation

Current Position

- The in month pay variance is due to the implementation of the CIP gap of 1% across Community Services. This forms part of the achievement of 2011-12 CIP plans and accounts for £47k of the overspend. The remainder is due to the use of agency medical staff to cover vacancies and sick leave. However, the Pay overspend is being offset by the Non pay under spend.
- The non pay under spend relates to equipment and training budgets, ward stock, limbs, food health and smoking cessation. The rental budget relating to a city centre base is also under spent.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 4 | Month 5 | Movement | |
| Pay | (45) | (104) | (59) | (3.3%) |
| Non Pay | 81 | 116 | 35 | 18.0% |
| Drugs | (13) | (12) | 1 | (20.1%) |
| Total | 23 | (1) | (24) | (0.0%) |

Actions

- The plan is to achieve a balanced budget overall

AHPs

Current Position

- The in month pay variance is due to the implementation of the CIP gap of 1% across Community services. This forms part of the achievement of 2011-12 CIP plans.
- The in month non pay variance mainly relates to Hearing aids and Podiatric instruments.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 4 | Month 5 | Movement | |
| Pay | 48 | 19 | (30) | 0.7% |
| Non Pay | 17 | 68 | 50 | 0.0% |
| Drugs | 0 | 1 | 0 | 47.6% |
| Total | 66 | 87 | 21 | 2.9% |

Community Services

(£53k) overspend in month, £224k underspend ytd

Community Services

Current Position

- The in month pay variance is due to the implementation of the CIP gap of 1% across Community services .
- The Non Pay positive variance relates to several areas, including District Nursing and Anti Coagulation.

Actions

- The plan is to achieve a forecast under spend overall

| | YTD Variances £000 | | | YTD % Var |
|--------------|--------------------|-----------|------------|-------------|
| | Month 4 | Month 5 | Movement | |
| Grand Tot | 3 | (28) | (31) | (0.7%) |
| Non Pay | 40 | 65 | 25 | 14.1% |
| Drugs | 2 | 2 | 1 | 33.6% |
| Total | 45 | 39 | (5) | 0.0% |

Estates and Facilities

£18k underspend in month, £412k underspend ytd

▪ Hotel Services

Current Position

- The non pay budget shows an over spend of (£22k) in month and (£110k) YTD. The overspend is as a result of a combination of high usage on provisions, towels/soap and medical gases due to an increase in activity and also price increases for provisions.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 4 | Month 5 | Movement | |
| Pay | 82 | 83 | 2 | 2.0% |
| Non Pay | (87) | (110) | (22) | (8.6%) |
| Total | (6) | (26) | (21) | (0.5%) |

Actions

- Close monitoring of these budgets will be maintained to ensure that budgets deliver a balanced position.

Finance & Information

(£341k) overspend in month, (£343k) overspend ytd

• Finance

Current Position

- Non pay budgets show an over spend of (£338k) in month and an over spend of (£429k) YTD. This relates to the Trust Materials Management, Procurement and Inpatient Data Capture & Coding efficiency projects and will be offset against savings as they are released.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 4 | Month 5 | Movement | |
| Pay | 8 | 9 | 2 | 3.8% |
| Non Pay | (91) | (429) | (338) | (192.1%) |
| Total | (83) | (420) | (336) | (90.0%) |

Actions

- Savings will be monitored and when released the costs incurred will be funded.

Expenditure Exception Report

- HR - Personnel

Current Position

- The pay budgets show an under spend of £22k in month and an under spend of £81k YTD. This mainly relates to vacancies over which over the last few months have increased to approximately 5.6wte.

It is forecast that the majority of these posts will be filled by the end of the financial year.

| | YTD Variances £000 | | | YTD % Var |
|---------|--------------------|---------|----------|-----------|
| | Month 4 | Month 5 | Movement | |
| Pay | 59 | 81 | 22 | 12.9% |
| Non Pay | 6 | 9 | 3 | 6.1% |
| Total | 65 | 89 | 24 | 11.6% |

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 | Bank | Employed | Overtime | WLI | |
| Division 1 | 2,049 | 1,923 | (863) | 583 | 617 | 450 | 35,276 | 350 | 287 | 37,562 |
| Division 2 | 1,582 | 1,540 | (520) | 628 | 604 | 672 | 25,056 | 188 | 4 | 27,152 |
| Community Services | 905 | 962 | (38) | 171 | 5 | 326 | 13,355 | 129 | 0 | 13,986 |
| Facilities & Estates | 620 | 583 | 132 | 2 | 0 | 234 | 5,765 | 307 | 0 | 6,307 |
| Chief Operating Officer | 10 | 10 | 13 | 0 | 0 | 0 | 251 | 0 | 0 | 251 |
| Total Operations Directorate | 5,165 | 5,017 | (1,276) | 1,384 | 1,226 | 1,681 | 79,703 | 974 | 291 | 85,259 |
| Corporate Directorate & Other | 741 | 704 | 482 | 276 | 0 | 0 | 9,331 | 131 | 0 | 9,738 |
| Total Directorate Pay Expenditure | 5,906 | 5,720 | (794) | 1,660 | 1,226 | 1,681 | 89,034 | 1,105 | 291 | 94,997 |

- Division 1 – Overall Division 1 has a positive variance on WTE of 126 FTE. However, this has not resulted in savings. 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 42 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.

| | 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 | | 1,234 | | 1,670 | | 3,424 |
| Nursing - qual | 734 | 2 | 859 | | 1,972 | 1 |
| Nursing - other | 565 | | 402 | | 1,035 | |
| PAMS | 25 | | | 204 | | 384 |
| Scientific & technical | | 156 | | | | |
| Non-clinical | 357 | 268 | | 301 | 37 | 656 |
| Total | 1,681 | 1,660 | 1,260 | 2,175 | 3,044 | 4,465 |

Community admin bank only reported in FY1112 so therefore not a like for like comparison.

Analysis of Agency in Non Clinical

| | Current Year £000s | Last Year £000s |
|----------------------------------|--------------------|-----------------|
| Operations | | |
| Division 1 | 7 | 27 |
| Division 2 | | 56 |
| Community Services | | |
| Estates & Facilities | 1 | 14 |
| Chief Operating Officer | | |
| Sub-total | 8 | 97 |
| Corporate | | |
| Finance Director | 199 | 111 |
| Nurse Director | 1 | 21 |
| Medical Director | 30 | 27 |
| HR | (7) | 7 |
| Estates Development | 7 | 9 |
| R&D | 29 | 29 |
| Sub-total | 259 | 204 |
| Total Non-Clinical agency | 268 | 301 |

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 5 Spend £000 | YTD Spend to Month 5 £000 | Average Monthly Spend £000 |
| Employed | 5,886 | 5,529 | 17,889 | 89,034 | 4,369 | 13,936 | 69,723 | 14,229 |
| Overtime | 0 | (0) | 205 | 1,105 | (0) | 231 | 1,199 | 229 |
| Agency Staff | 11 | 38 | 322 | 1,660 | 39 | 444 | 2,175 | 372 |
| Medical Locum Staff | 4 | 18 | 228 | 1,226 | 16 | 175 | 774 | 194 |
| Bank | 4 | 136 | 351 | 1,681 | 105 | 300 | 1,260 | 254 |
| WLI | 0 | 0 | 71 | 291 | 1 | 51 | 409 | 79 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 5,906 | 5,720 | 19,066 | 94,997 | 4,529 | 15,137 | 75,541 | 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 £12,245k. Together with incomplete projects from 2010/11 of £1,877k this gives a total of £14,122k. The table below summarises the target CIP for each scheme category and the actual achieved for 2011/12. The position for August shows a withdrawal of CIP from annual budget of £7,419k representing 53% 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 | Notes: |
|-------------------------------|---------------------|---------------------------------------|--|---------------|---------------|--------------|-------------|---|--------|
| | Annual Plan £000 | Blue (withdrawn from budgets) £000 | Still to be achieved Categorised by Risk Rating | | | | Red £000 | | |
| | | | Total £000 | Green £000 | Amber £000 | Red £000 | | | |
| 2011/12 Schemes | | | | | | | | | |
| Estates & Facilities | 1,479 | 872 | 607 | 71 | 155 | 381 | 140 | RAG Status | |
| IT | 247 | 103 | 144 | 13 | 121 | 10 | 0 | | |
| Division 1 | 4,825 | 2,869 | 1,956 | 42 | 1,723 | 191 | 341 | Blue = achieved. | |
| Division 2 | 3,337 | 1,251 | 2,086 | 3 | 1,071 | 1,012 | 22 | | |
| Community Services | 1,776 | 1,549 | 227 | 0 | 227 | 100 | 35 | Green = Ontrack to achieve | |
| Corporate | 534 | 200 | 334 | 0 | 234 | 0 | 0 | | |
| Total 2011/12 Schemes | 12,198 | 6,843 | 5,354 | 130 | 3,530 | 1,694 | 538 | Amber = Some delay in achieving | |
| B/Fwd from 2010/11 | | | | | | | | | |
| Estates & Facilities | 385 | 385 | 0 | 0 | 0 | 0 | 140 | Red = Significant delay / risk / detailed plan to be drawn up | |
| IT | 16 | 0 | 16 | 0 | 16 | 0 | 0 | | |
| Division 1 | 1,268 | 191 | 1,077 | 0 | 1,077 | 0 | 0 | | |
| Division 2 | 326 | 0 | 326 | 0 | 326 | 0 | 0 | | |
| Community Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Corporate | (117) | 0 | (117) | (117) | 1,419 | 0 | 0 | | |
| B/Fwd from 2010/11 | 1,877 | 576 | 1,302 | (117) | 2,838 | 0 | 140 | | |
| TOTAL 2011/12 CIP PLAN | 14,075 | 7,419 | 6,656 | 13 | 6,368 | 1,694 | 678 | | |

Memorandum - Procurement CIP included in above table

| | Annual Plan | Blue (withdrawn from budgets) | Still to be achieved | | | | |
|------------------------------|---------------|-------------------------------|----------------------|-----------|--------------|--------------|-----------|
| | | | Total | Green | Amber | Red | |
| 2011/12 Schemes | 12,198 | 6,843 | 5,354 | 130 | 3,530 | 1,694 | 44 |
| B/Fwd from 2010/11 | 1,877 | 576 | 1,302 | (117) | 1,419 | 0 | 0 |
| Total Procurement CIP | 14,075 | 7,419 | 6,656 | 13 | 4,949 | 1,694 | 44 |

CIP Monitoring

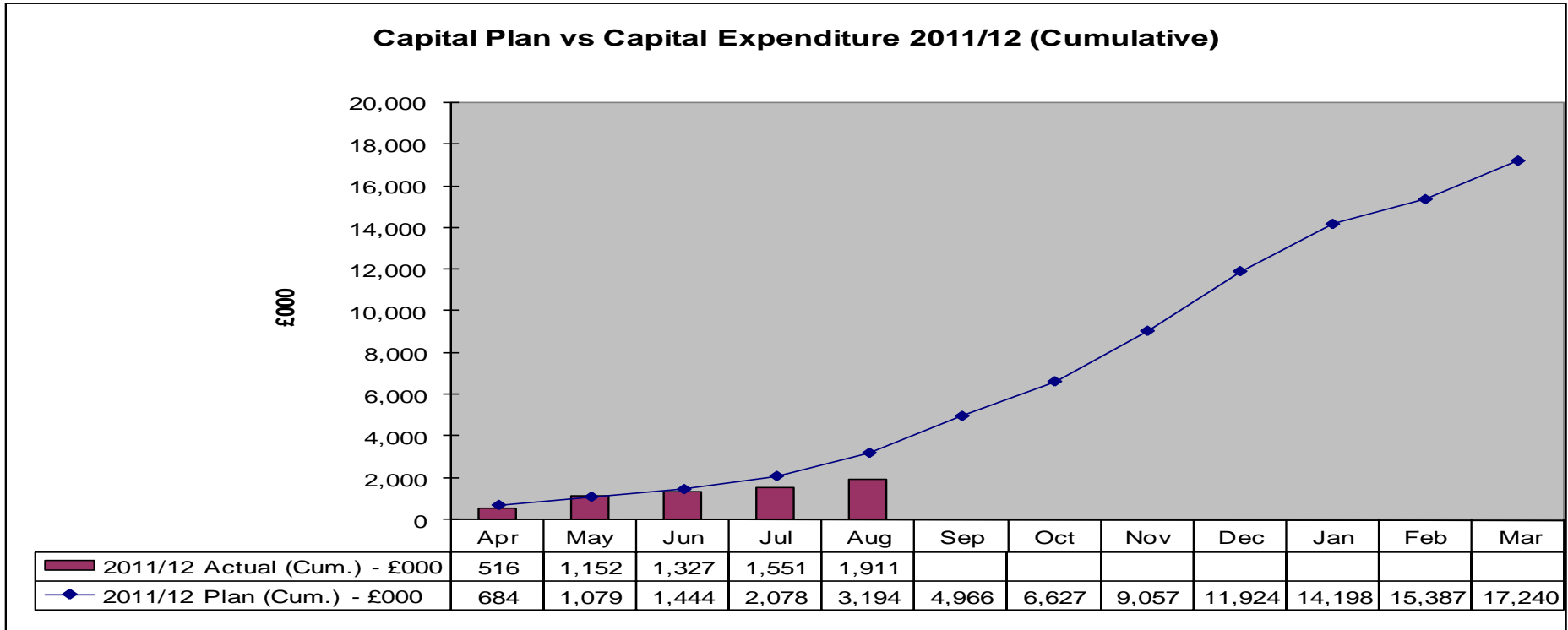
| Division | Scheme | Implementation Date | Savings £'000 | Current Position | Outcome | Mitigation |
|---|---|-------------------------------|---------------|--|----------|---|
| Estates & Facilities | Car Park Management Charges | | 200 | This scheme is no longer valid. | | |
| Estates & Facilities | 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 £'000 | Last Month £'000 | Movement £'000 | |
|------------------------------|------------------------|---------------------|-------------------|---|
| Cost Pressure | 1,922 | 2,026 | (104) | Includes increases in reserves for SIFT Deferred £9k Less funding into budgets for Health Records £4k, Equal Pay Legal & Admin Cost £30k and Senior Mgr Pay Inflation £79k |
| Activity and Developments | 4,140 | 6,269 | (2,129) | Includes increases in reserves for Community Developments £8k Less funding into budgets for A&E Consultants £133k, Oncology Expansion £25k, Breast Feeding £3k, CVO2 Trauma & Orthopaedics £1.296m and TCS BTA Agreement NR £14k, Lucentis Anticipated Income £53k, General Surg Anticipated Income £575k and Wound Mgt £38k |
| Quality | 895 | 895 | 0 | |
| Drugs and Devices | 927 | 1,447 | (520) | Increases in reserves for ICDF Drugs £9k Less funding into budgets for Drugs Growth £424k, Excluded drugs £41k, Chemo drugs - Sth Staffs £34k, Renal Excluded Drugs £30k |
| Non Recurrent Support | 1,204 | 1,297 | (93) | Includes decrease in reserves for Theatre Practitioner Role £47k, Robotic Surg Stocks/Training £14k, Porters Rota Protection £3k, Catering Staff Protection £4k, Heart & Lung Shower Room £0.4k, Health Records £9k, Organ Donor Money £0.7k and electronic Patient Record £15k |
| | 9,087 | 11,933 | (2,846) | |
| Inflation and Contingency | 3,278 | 3,886 | (607) | Includes increases in reserves for Contingency - Community £85k. Less funding into budgets for Energy £31k, VAT 177k, CQC Subscriptions £55k, Procurement £395k, Laundry Charge £34k |
| Patient Activity Contingency | 3,010 | 3,010 | 0 | |
| Grand Total Reserves | 15,375 | 18,828 | (3,453) | |

Capital Expenditure

Full year Capital Resource Limit (CRL), is £22,207k, being £20,240k as original capital programme) plus PFI/ Leases £1,967k (PFI adjustment to follow from SHA). Due to the slippage on the decision by the SHA regarding the Pathology Scheme, the projected outturn of circa £19m currently equates to an estimated underspend against CRL and EFL of circa £3m. The SHA have been notified and requested for the £3m to be reprovided in 2012/ 13 financial limits, ie additional to the previously Trust planned requirement.



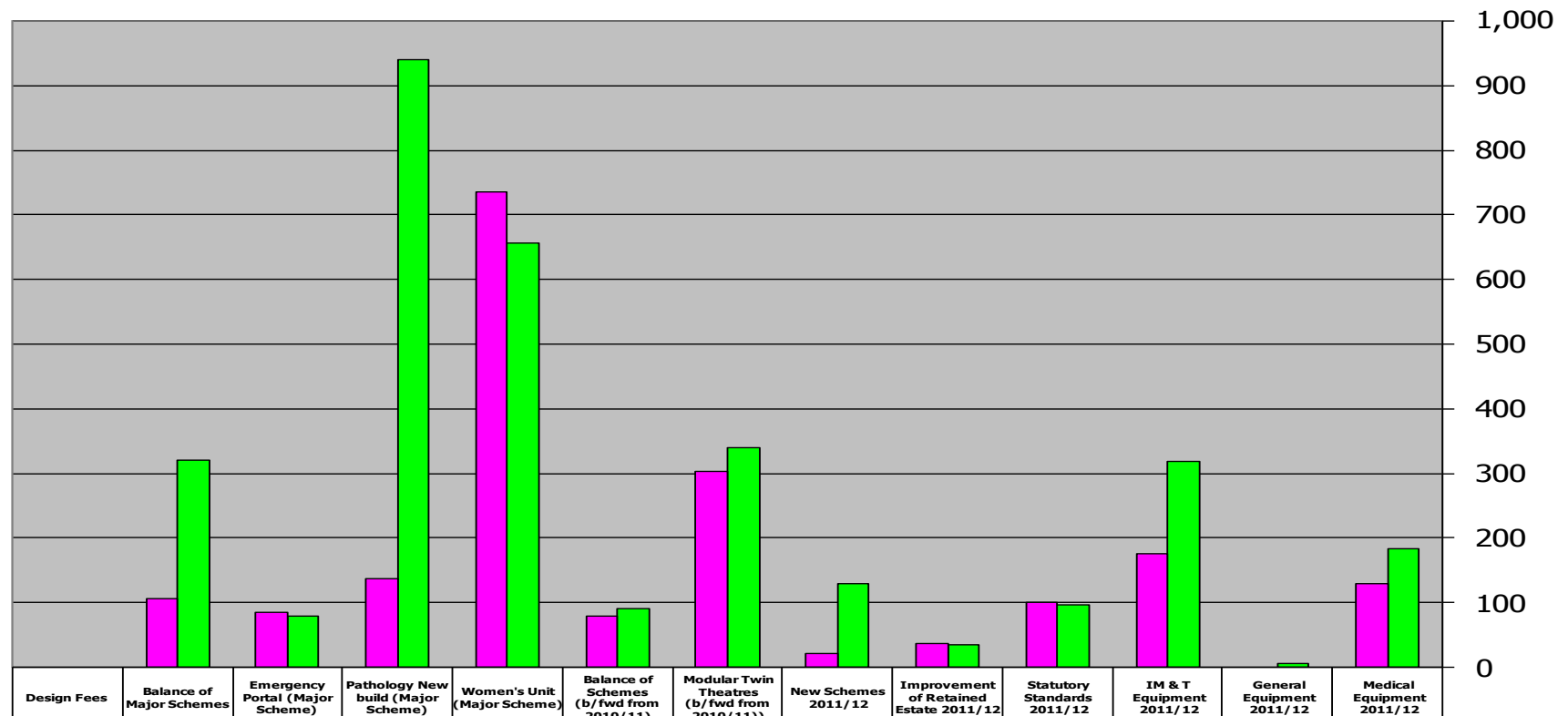
At the end of August 2011 the Programme was underspent against the revised plan by £1.3m (40%) with a spend of £1.9m against plan of £3.2m.

The main variances relate to underspend on Pathology New Build - £0.8m – reduced cash flow on enabling works due to delay in SHA approval and IM&T - £0.1m – Acumentive and ePrescribing & Medicines Management;

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)



| | | | | | | | | | | | | | |
|---------------------|---|-----|----|-----|-----|----|-----|-----|----|-----|-----|---|-----|
| ■ Plan YTD - £000 | 0 | 320 | 80 | 940 | 657 | 90 | 339 | 130 | 35 | 96 | 319 | 5 | 183 |
| ■ Actual YTD - £000 | 0 | 106 | 84 | 137 | 735 | 80 | 304 | 22 | 37 | 100 | 176 | 0 | 130 |

Statement of Financial Position as at 31st August 2011

Trade and Other Receivables as at 31 August 2011 are £9,856, a breakdown is provided on page 29.

This includes invoiced NHS £2,756k and gross Non-NHS £1,121k receivables. A more detailed analysis of the invoiced receivables is shown on page 30.

Calculated debtor days for the year to date are 5.26 days compared to a plan of 9.59 days.

A more detailed analysis of Trade & Other Payables together with Borrowings is provided on page 31.

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 91%
- Volume 90%

| | <u>August 2011</u> <u>Plan £000</u> | <u>August 2011</u> <u>Actual £000</u> | <u>July 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 | 242,791 | 239,159 | 239,977 | (818) | 243,180 |
| Intangible Assets | 880 | 881 | 878 | 4 | 779 |
| Other Non Current Assets | 1,030 | 1,031 | 1,031 | 0 | 1,030 |
| TOTAL NON CURRENT ASSETS | 244,701 | 241,072 | 241,887 | (814) | 244,989 |
| CURRENT ASSETS | | | | | |
| Inventories | 4,748 | 4,268 | 3,685 | 583 | 4,744 |
| Trade and Other Receivables | 11,403 | 9,856 | 9,932 | (76) | 15,055 |
| Cash and cash equivalents | 25,495 | 28,895 | 27,181 | 1,714 | 11,786 |
| TOTAL CURRENT ASSETS | 41,646 | 43,019 | 40,799 | 2,220 | 31,585 |
| Non Current Assets Held for Sale | 800 | 800 | 800 | 0 | 800 |
| TOTAL ASSETS | 287,147 | 284,891 | 283,485 | 1,406 | 277,374 |
| CURRENT LIABILITIES | | | | | |
| Trade & Other Payables | (35,603) | (34,884) | (33,629) | (1,255) | (29,935) |
| Borrowings | (2,101) | (2,005) | (2,019) | 14 | (2,076) |
| Provisions for Liabilities and Charges | (1,726) | (1,517) | (1,517) | 0 | (1,726) |
| TOTAL CURRENT LIABILITIES | (39,430) | (38,407) | (37,166) | (1,241) | (33,736) |
| NET CURRENT ASSETS / (LIABILITIES) | 2,216 | 4,612 | 3,633 | 979 | (2,152) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 247,717 | 246,484 | 246,319 | 165 | 243,637 |
| NON CURRENT LIABILITIES | | | | | |
| Other Liabilities | (8,709) | (6,821) | (6,944) | 123 | (7,389) |
| Provision for Liabilities and Charges | (497) | (497) | (497) | 0 | (497) |
| TOTAL NON CURRENT LIABILITIES | (9,206) | (7,318) | (7,441) | 123 | (7,886) |
| TOTAL ASSETS EMPLOYED | 238,511 | 239,166 | 238,878 | 288 | 235,751 |
| FINANCED BY TAXPAYERS EQUITY | | | | | |
| Public Dividend Capital | 170,082 | 170,082 | 170,082 | 0 | 170,082 |
| Retained Earnings | (2,430) | (1,726) | (2,033) | 307 | (5,299) |
| Revaluation Reserve | 68,884 | 68,884 | 68,884 | 0 | 68,884 |
| Donated Asset Reserve | 1,785 | 1,736 | 1,755 | (19) | 1,895 |
| Other Reserves | 190 | 190 | 190 | 0 | 190 |
| TOTAL TAXPAYERS EQUITY | 238,511 | 239,166 | 238,878 | 288 | 235,751 |

Trade Receivables

| <u>Trade & Other Receivables</u> | <u>August</u> | <u>July</u> | <u>Variance</u> | |
|--|---------------|--------------|-----------------|--------------|
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>%</u> |
| NHS Receivables - Revenue | 2,756 | 3,668 | (912) | -24.9% |
| NHS Partially Completed Spells | 1,398 | 1,551 | (153) | -9.9% |
| NHS Accrued Income | 79 | (709) | 788 | -111.2% |
| Non NHS Sales Ledger | 1,121 | 1,082 | 38 | 3.6% |
| Provision for Impairments of Receivables | (803) | (793) | (10) | 1.2% |
| Non NHS Accrued Income | 628 | 374 | 254 | 67.9% |
| Prepayments | 2,703 | 2,465 | 237 | 9.6% |
| RTA / Injury Claims due within 1 year | 1,437 | 1,395 | 43 | 3.1% |
| VAT | 279 | 632 | (354) | -55.9% |
| Other | 258 | 266 | (8) | -3.0% |
| Total Trade & Other Receivables | 9,856 | 9,932 | (76) | -0.8% |

- Further analysis of invoiced NHS and Non-NHS Receivables is provided on page 30.

Receivables by Category

• Overall Debt decreased by £0.9m, in the main as a result of a reduction of NHS debt.

Of the total £2.1m PCT debt, £1.7m relates to Wolverhampton PCT including recharges for Dermatology Services (£0.3m), Emergency Portal (£0.2m) and contributions to records (£0.2m), whilst £0.3m is outstanding on the Community SLA with South Staffs. Invoices outstanding for more than 3 month relate to balances on 2010/11 contract activity. It is expected that the activity will be finalised in October to facilitate prompt payment.

Of the £1.1m Non NHS debt, 15%, being £0.165m, is over 2 months and bad debt provision has been made against all of this. 62% of this £0.165 m relates to Private Patient Income, the process for which has been altered

August 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 | 29 | 27 | 1 | 1 | 0 | 0 |
| | PCT | 2,137 | 133 | 1,169 | 317 | 28 | 490 |
| | SHA | 2 | 0 | 0 | 0 | 0 | 2 |
| | TRUST | 588 | 204 | 224 | 78 | 33 | 49 |
| NHS Total | | 2,756 | 364 | 1,394 | 396 | 61 | 541 |
| NON | OTHER | 701 | 197 | 417 | 52 | 10 | 25 |
| | PRIVATE PATIENTS | 349 | 78 | 50 | 118 | 3 | 100 |
| | IRISH/SCOTT/WELSH | 71 | 4 | 40 | 0 | 0 | 27 |
| | Sub Total | 1,121 | 279 | 507 | 170 | 13 | 152 |
| | Bad Debt Provision | -165 | | | | -13 | -152 |
| NON Total | | 956 | 279 | 507 | 170 | 0 | 0 |
| Grand Total | | 3,712 | 643 | 1,901 | 566 | 61 | 541 |

£210k of non NHS debt has been settled in September and a further £246k has been promised for payment. The NHS debt settled relates mainly to that 1 to 2 months old.

July 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 | -1 | -2 | 1 | 0 | 0 | 0 |
| | PCT | 3,158 | 1,474 | 1,042 | 89 | -343 | 896 |
| | SHA | 2 | 0 | 0 | 0 | 2 | 0 |
| | TRUST | 509 | 201 | 181 | 77 | 7 | 43 |
| NHS Total | | 3,668 | 1,673 | 1,224 | 166 | -334 | 939 |
| NON | OTHER | 670 | 452 | 137 | 43 | 8 | 30 |
| | PRIVATE PATIENTS | 329 | 78 | 126 | 4 | 22 | 99 |
| | IRISH/SCOTT/WELSH | 83 | 44 | 10 | 0 | 1 | 28 |
| | Sub Total | 1,082 | 574 | 273 | 47 | 31 | 157 |
| | Bad Debt Provision | -158 | | | | -25 | -133 |
| NON Total | | 924 | 574 | 273 | 47 | 6 | 24 |
| Grand Total | | 4,592 | 2,247 | 1,497 | 213 | -328 | 963 |

Of the debt overdue by 1 month of £0.5m, 42%, relates mainly to salary recharges, being £159k to Wolverhampton Council and £56k to Compton Hospice. Of the Private Patients debt overdue by 2 months, £75k relates to one patient and is in query with BUPA, (which continues to be addressed by senior management), and £38k for another patient has been agreed to be settled by BUPA.

Trade, Other Payables & Borrowings

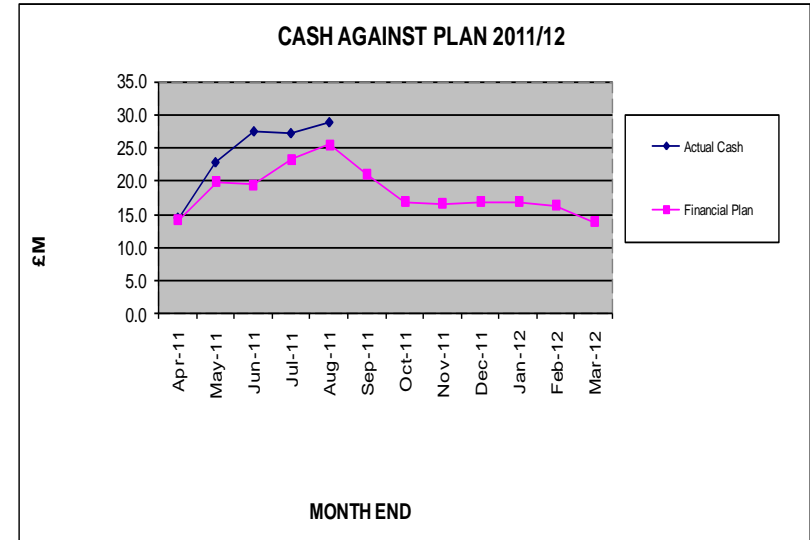
| Trade & Other Payables | August | July | Variance | |
|---|-----------------|-----------------|-----------------|-------------|
| | £000 | £000 | £000 | % |
| NHS Payables - Revenue | (1,478) | (1,828) | 350 | -19.2% |
| Non NHS Trade Payables - Revenue | (3,308) | (3,546) | 239 | -6.7% |
| Non NHS Trade Payables - Capital | (1,009) | (981) | (29) | 2.9% |
| Dividend and Interest Accrual | (3,292) | (2,633) | (658) | 25.0% |
| Tax & Social Security | (4,680) | (4,706) | 26 | -0.5% |
| Pensions | (2,707) | (2,711) | 4 | -0.1% |
| Accruals | (11,068) | (9,559) | (1,509) | 15.8% |
| Balance Transfer Agreement (BTA) | (2,045) | (2,045) | 0 | 0.0% |
| Deferred Income (inc. Trading Accounts) | (4,835) | (5,099) | 263 | -5.2% |
| Other | (461) | (521) | 60 | -11.5% |
| Total Trade & Other Payables | (34,884) | (33,629) | (1,254) | 3.7% |

- The dividend payable is accrued and then paid twice a year in September and March.
- Accruals increased in month mainly due to Community Services.

| Borrowings | August | July | Variance | |
|-------------------------------------|----------------|----------------|-----------------|--------------|
| | £000 | £000 | £000 | % |
| PFI - Capital Repayments | (1,947) | (1,947) | 0 | 0.0% |
| Finance Leases - Capital Repayments | (58) | (72) | 14 | -19.5% |
| Total Current Borrowings | (2,005) | (2,019) | 14 | -0.7% |
| | | | | |
| | August | July | Variance | |
| | £000 | £000 | £000 | % |
| PFI - Capital Repayments | (6,614) | (6,738) | 123 | -1.8% |
| Finance Leases - Capital Repayments | (207) | (207) | 0 | 0.0% |
| Total Non Current Borrowings | (6,821) | (6,944) | 123 | -1.8% |

Cash Flow Statement - period ending 31st August 2011

| | August Plan £000 | August Actual £000 | August Variance £000 |
|--|---------------------|-----------------------|-------------------------|
| OPERATING ACTIVITIES | | | |
| Total Operating Surplus/(Deficit) | 7,418 | 7,503 | 85 |
| Depreciation | 5,705 | 5,820 | 115 |
| Fixed Asset Impairments | 0 | 0 | 0 |
| Transfer from Donated Asset Reserve | (159) | (159) | 0 |
| Interest Paid | (613) | (668) | (55) |
| Dividends Paid | 0 | 0 | 0 |
| (Increase)/Decrease in Inventories | 0 | 476 | 476 |
| (Increase)/Decrease in Trade/Receivables | 3,652 | 5,199 | 1,547 |
| Increase/(Decrease) in Trade/Payables | 5,995 | 4,222 | (1,773) |
| Increase/(Decrease) in Provisions | 0 | (208) | (208) |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 21,998 | 22,185 | 187 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest Received | 42 | 38 | (4) |
| Payment for Property, Plant and Equipment | (7,584) | (4,358) | 3,226 |
| Payment for Intangible Assets | 0 | (118) | (118) |
| Payment for Other Assets | 0 | 0 | 0 |
| Proceeds from Disposals | 0 | 0 | 0 |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | (7,542) | (4,438) | 3,104 |
| NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING | 14,456 | 17,747 | 3,291 |
| FINANCING | | | |
| Capital Element of Finance Lease and PFI | (747) | (638) | 109 |
| NET CASH INFLOW/(OUTFLOW) FROM FINANCING | (747) | (638) | 109 |
| INCREASE/(DECREASE) IN CASH | 13,709 | 17,109 | 3,400 |
| CASH BALANCES | | | |
| Opening Balance 1st April 2011 | 11,786 | 11,786 | 0 |
| Closing Balance at 31 August 2011 | 25,495 | 28,895 | 3,400 |



CASH AGAINST PLAN:-

The cash balance, at £28.9m, is higher than plan of £25.5m by £3.4m. This is mainly as a result of the lower capital spend against plan of £3.2m (Prior year closing cash balance £11.8m).