

Report of the Chief Financial Officer

Finance Report – October 2011
(Month 07)

Date of meeting 28 November 2011



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Executive Summary

- The Trusts Income and Expenditure position as at Month 7 is a surplus of £6,082k, which is £375k above the month 7 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 £751k (4%).
- Total income at month 7 is £215,394k, which is above plan by £2,101k. Patient care contract income is showing an under performance of £944k, details are on page 7.
- Directorate expenditure is adverse to plan by £1,503k and is analysed as follows:
 - Pay (£1014k)
 - Non Pay (£102k)
 - Drugs (£387k).

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 At month 7 £8,313k has been withdrawn from budgets, which represents 59% of the total, the target was set at 69%. 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 7 was £3,674k, against a revised plan of £3,261k. Further details are provided on pages 26 and 27. As reported in previous months, with slippage on the decision by the SHA regarding the Pathology Scheme, the Trust has taken steps to bring forward projects, where possible, to minimise underspend against CRL. Currently £0.5m schemes have yet to be identified, with a risk of potential under spend of circa £2.3m. Work continues to identify further schemes to minimise the underspend. (Further details are provided within the Capital Programme 2011/12 report provided separately to the Board). An updated position will be provided for the Month 8 report.
- The cash balance at £25,794k is higher than plan by £2,297k (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 7	£5,707k	£6,082k	
CRL (Year end forecast, includes PFI related additions)	£22,207k	21702	
EFL (Year end forecast)	(£1,882k)	(£4,882k)	
Capital Cost Absorption Rate (Year end)	3.50%	3.50%	

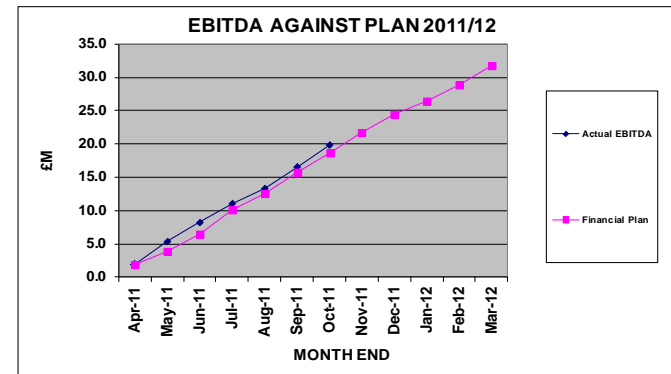
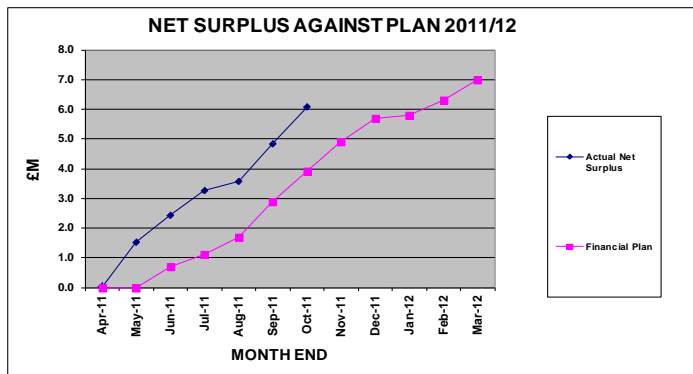
Income & Expenditure Account

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								
28,283	27,785	(498)	Patient Activity Income	329,904	335,322	194,555	193,611	(944)
(251)	0	251	Patient Activity Contingency **	(3,010)	(3,010)	(1,756)	0	1,756
89	193	105	Other Patient Care Income	1,064	1,064	621	1,107	486
1,118	1,208	90	Education, Training & Research Income	11,233	13,486	8,089	8,161	73
966	959	(7)	Non Patient Care Other Income	325	2,570	1,902	1,976	74
97	76	(21)	Private Patient Income	960	1,105	645	611	(34)
1,382	1,374	(8)	Income on Directorate Budgets	14,899	15,396	9,238	9,928	690
31,683	31,594	(89)	Total Income	355,375	365,933	213,293	215,394	2,101
Expenditure								
(19,065)	(18,997)	69	Directorate Expenditure Budgets - Pay	(214,092)	(226,936)	(132,107)	(133,121)	(1,014)
(7,803)	(7,097)	707	Directorate Expenditure Budgets - Non Pay	(75,133)	(78,965)	(46,926)	(47,027)	(102)
(2,108)	(2,225)	(117)	Directorate Expenditure Budgets - Drugs	(20,450)	(24,319)	(15,005)	(15,392)	(387)
37	0	(36)	Activity Changes/Service Dev./Cost Pressures Reserves	(19,038)	(6,787)	(2,550)	0	2,550
(157)	0	157	Inflation and Contingency Reserves	(9,428)	(3,188)	(1,118)	0	1,118
(6)	0	6	Cost Improvement Savings - Brought Forward	2,199	126	75	0	(75)
320	0	(320)	Cost Improvement Savings - Current Year	11,876	5,636	3,439	0	(3,439)
(28,782)	(28,318)	464	Total Expenditure	(324,066)	(334,433)	(194,191)	(195,540)	(1,349)
2,901	3,277	375	EBITDA Surplus/(Deficit)	31,309	31,500	19,102	19,853	751
0	(4)	(4)	Profit/(Loss) on Asset Disposals	0	0	0	(22)	(22)
0	0	0	Impairments of Fixed Assets	(1,500)	(1,500)	0	0	0
(1,141)	(1,246)	(105)	Depreciation	(13,500)	(13,691)	(7,986)	(8,249)	(263)
8	10	2	Interest Receivable	100	100	58	57	(1)
(123)	(136)	(13)	Interest Payable	(1,472)	(1,472)	(859)	(949)	(90)
(658)	(658)	0	PDC Dividends (Cost of Capital)	(7,900)	(7,900)	(4,608)	(4,608)	0
987	1,242	254	Net Surplus/(Deficit)	7,037	7,037	5,707	6,082	375

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

Financial Risk

Financial Risk Rating						
Ratio KPIs	Annual Plan	Rating	Plan to Date	Actual to Date	Rating	Definitions
EBITDA Achieved	100.0 %	5	100.0 %	103.9 %	5	=EBITDA Actual/EBITDA Budget (both year to date)
EBITDA Margin	8.8 %	3	9.0 %	9.2 %	4	=EBITDA/Total Income
Return on Assets	6.1 %	5	5.2 %	na in year	5	=(Net Surplus/(Deficit + PDC Dividend)/Average of assets employed)
I & E Surplus Margin	1.9 %	4	2.7 %	2.8 %	4	=Net Surplus/(Deficit)/Total Income
Liquidity Ratio	27.0 Days	4	26.7 days	35.1 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

The level of financial risk has been reviewed and the risk against achievement of CIP has decreased.

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	3,038	0	<ol style="list-style-type: none"> Following further assessment the level of risk has reduced by £483k. An agreed remedial action plan continues to be actioned. Work is on-going to identify further schemes to meet any anticipated gap.
Contractual Issues:- Re-admissions; CQUIN; Emergency Threshold, over performance	Possible	Minor	C2	1,800	0	<ol style="list-style-type: none"> Systems are in place to alert when issues occur and actions are taken to reduce the risks. Discussions with commissioners are on-going in relation to over performance and PCT QIPP savings. Reserves are held to mitigate this risk.
Capital programme slippage	Likely	Moderate	B3	2,300	505	<ol style="list-style-type: none"> Risk mainly as result of slippage on Pathology Scheme. SHA informed and importance of providing CRL/EFL in 2012/13 highlighted. Capital Programme continues to be reviewed to minimise CRL carry forward and further consider potential to bring forward further projects.

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

SLA and Income: Actual vs. Plan by Specialty

The Patient activity income performance is now showing an underachievement against plan of £944k, increasing the level of underperformance from the position at month 6 of (£446k) by £500k. There is a favourable change of £191k for division 2, with a deterioration in the position for division 1 by £784k. The combined reduction in income of £595k has been partially offset by the additional income received of £371k for 2010-11 activity, but has then been further offset by a reduction of £304k due to the increase in partially completed spells.

Division	Specialty	Month 7 Variance £000	Month 7 Variance %	Month 6 Variance £000	Movement £000	Notes
Division 1	General Surgery	498	4.6	313	185	1
	Critical Care	(316)	(9.3)	(137)	(179)	2
	Drugs & Devices	(248)	(18.8)	(203)	(44)	
	Trauma & Orthopaedics	628	4.5	697	(68)	
	Ear, Nose & Throat	(32)	(1.3)	(40)	7	
	Breast Surgery	(45)	(18.7)	(43)	(2)	
	Colorectal Surgery	(81)	(22.6)	(60)	(21)	
	Fetal Medicine	0	0.0	0	0	
	Thoracic Surgery	(69)	(9.5)	(27)	(41)	
	Gynaecology	9	0.2	(31)	40	
	Obstetrics inc Scans	287	3.8	316	(29)	
	GP Direct Access	(108)	(3.7)	(111)	3	
	Urology	180	4.6	95	85	
	Cardiac/Cardiology	(1,439)	(8.5)	(1,198)	(241)	3
Other	(326)	(1.8)	152	(478)	4	
Total		(1,062)	(1.2)	(278)	(784)	
Division 2	General Medicine	(908)	(4.6)	(745)	(163)	5
	Clinical Haematology	361	14.7	287	74	
	Cystic Fibrosis	(15)	(2.6)	67	(81)	
	Nephrology	205	2.9	245	(40)	
	Drugs & Devices	(126)	(3.3)	(120)	(5)	
	Paediatrics	322	8.0	207	115	
	GP Direct Access	33	4.1	31	2	
	Medical Endoscopy	165	15.3	143	23	
	Renal	37	82.9	35	2	
	Accident & Emergency	154	2.6	111	43	
	Oncology	(264)	(4.3)	(125)	(139)	6
	Other	682	4.2	321	361	4
	Total		648	1.0	457	191
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		(414)	(0.3)	179	(595)	
NET 2010-11 overperformance		1,163		792	371	7
Partially completed spells and other		(1,710)		(1,406)	(304)	
Community Services		17		(11)	28	
Patient Activity Income		(944)		(446)	(500)	

1 General Surgery : has improved by £185k as a result of :
general increase in non elective (+45 spells) and elective admissions (+ 21 spells)

2 Critical Care: has reduced by £179k due to :
Realignment of specialised services bed day plan to reflect augmented care days

3 Cardiac / Cardiology : This area shows a continuing adverse variance, a net increase of £241k in the month due to :
- reduction in the value of non elective (-7 spells) and elective Cardiac Surgery (+ 2 spells)
- increase in non elective cardiology (+47 spells)
- reduction in PCI's (-49spells)
-reduction in non elective catheters (-15 spells)

4 Other - Division 1 and 2
The emergency threshold adjustment has been revised to give a more accurate representation of the year end impact on the divisions. The in month effect of this adjustment on division 1 is an adverse variance of £475k, with a positive impact on division 2 of £168k

5 General medicine
The reduction in income is mainly due to reduced non elective income of £105k (-37spells) and reduced income on non elective excess bed days of £75k

6 Oncology
There is a continued underperformance on oncology day cases of -£162k (-146 spells) although the in month over performance on clinical oncology outpatient procedures seems to have stabilised at an adverse financial variance of -£9k

7 The 2010/11 agreed activity net over performance has improved by £371k
This follows final agreement on 2010-11 activity, and relates mainly to Walsall PCT.

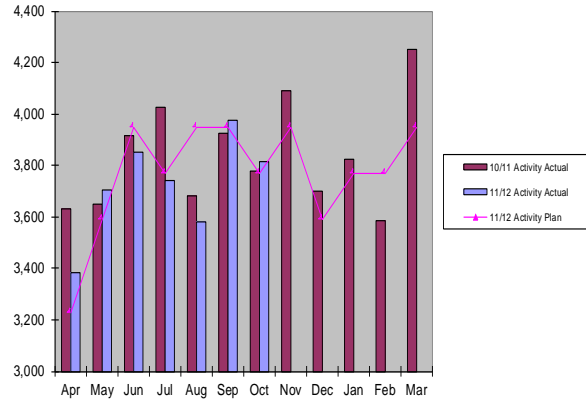
SLA and Income: Actual vs. Plan by POD*

Admission Type	Annual Plan	Variance To Date	% Variance	Annual Price Plan	Variance To Date	% Variance
				£000	£000	%
Accident and Emergency	100,423	934	0.93%	9,176	31	0.33%
Critical Care	23,637	(2,266)	-9.59%	15,308	(264)	-1.72%
Elective	45,204	(138)	-0.31%	60,561	(1,326)	-2.19%
Elective Excess Bed Days	3,431	(592)	-17.24%	787	(130)	-16.47%
Direct Access	529,744	(1,930)	-0.36%	5,032	(108)	-2.15%
Non-elective	45,818	4	0.01%	78,269	877	1.12%
Non-elective Excess Bed Days	15,562	(1,390)	-8.93%	3,623	(304)	-8.38%
Outpatient First	120,189	2,735	2.28%	18,608	384	2.06%
Outpatient Follow Up	321,017	5,282	1.65%	26,396	549	2.08%
Outpatient Procedures	33,157	977	2.95%	6,003	114	1.90%
Renal	72,096	2,967	4.12%	8,758	165	1.88%
Fractions	32,124	(434)	-1.35%	7,827	(54)	-0.69%
Drugs/Devices	1,501	110	7.31%	17,668	(346)	-1.96%
Other	25,109	968	3.86%	18,840	(3)	-0.02%
Grand Total	1,369,011	7,226	0.53%	276,857	(414)	-0.15%

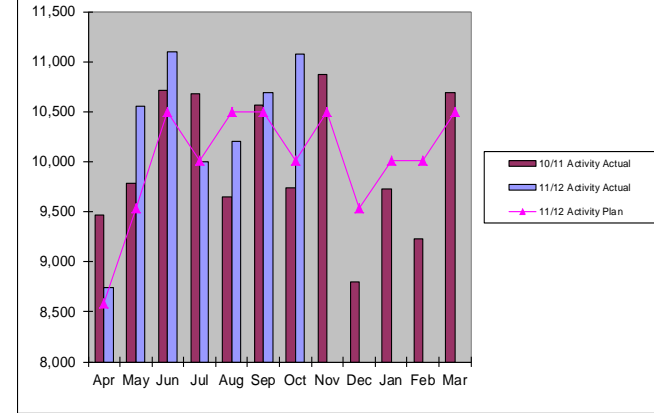
*POD = Points of Delivery

Performance against PCT Activity and Income trends

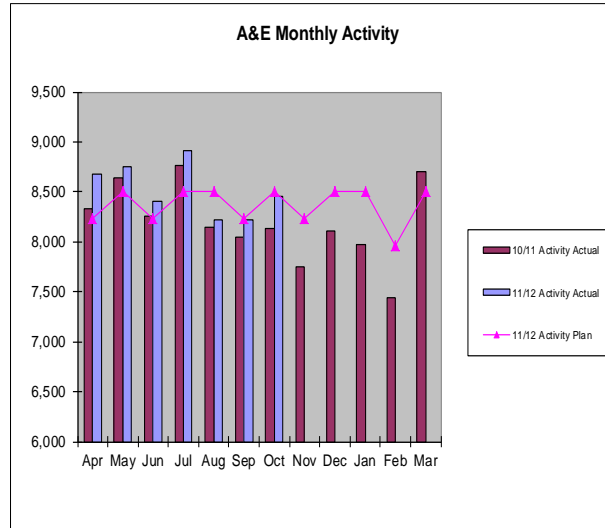
Elective Monthly Activity (Spells)



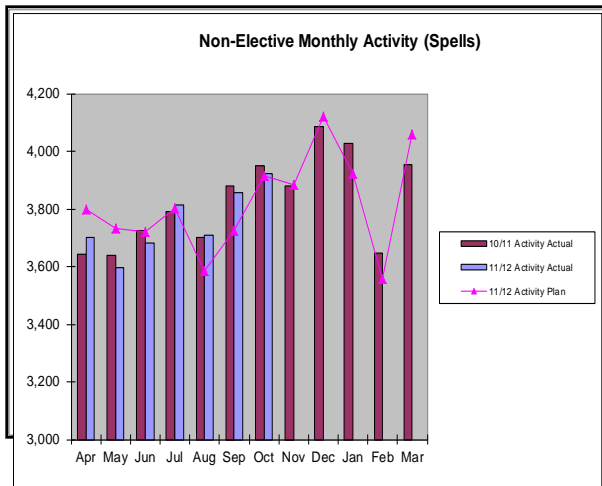
Outpatient First Monthly Activity



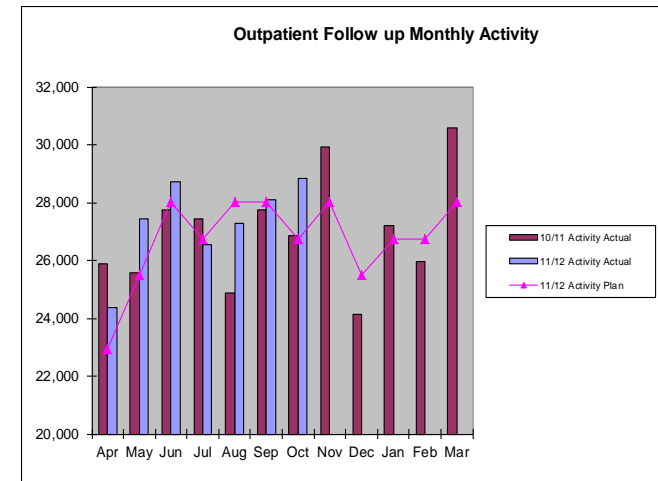
A&E Monthly Activity



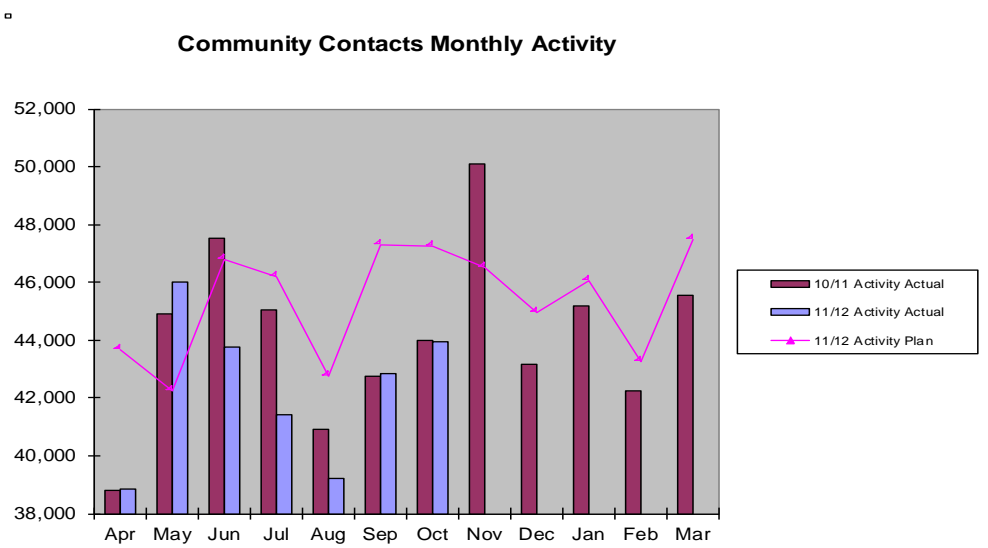
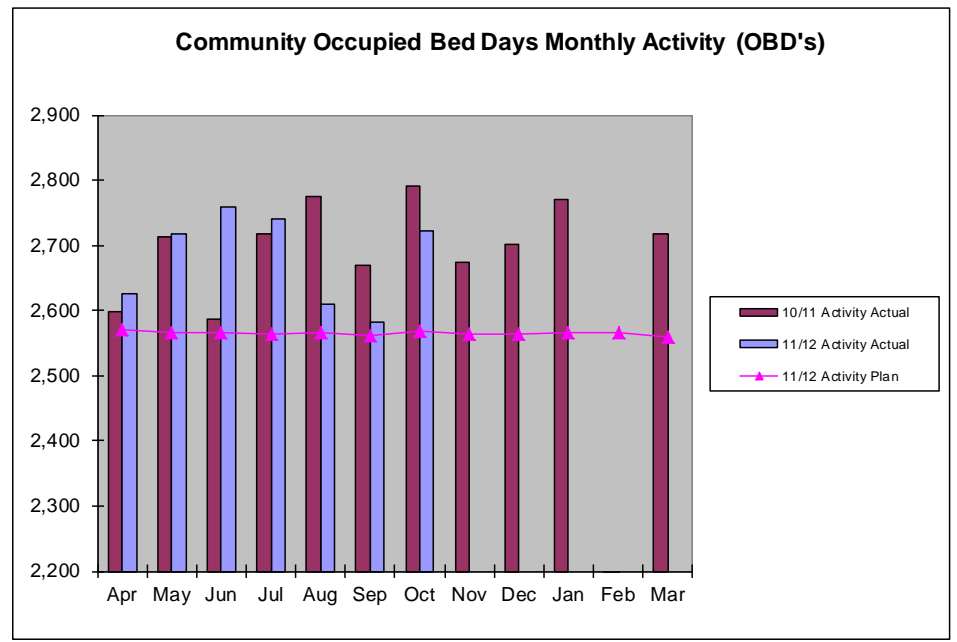
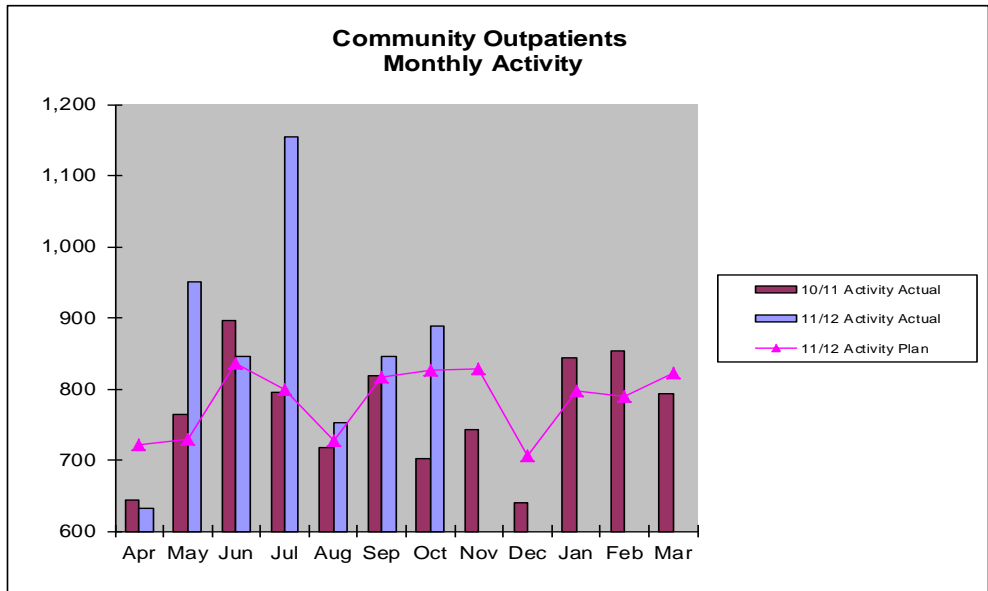
Non-Elective Monthly Activity (Spells)



Outpatient Follow up Monthly Activity



Community Performance against PCT Activity and Income trends



Community activity is now included for the material elements

SLA and Income: Actual versus Plan by PCT

The table shows the cumulative contract position relative to Commissioners' plans and resulting variations (excluding COUIN payments) for October. Overall actual income is less than plan by £397k [-0.21%]. Activity attributable to PCT's continues to over perform by £2,751k whilst Specialised Services Commissioners have underachieved by £1041k

The most notable favourable variances to plan are South Staffs (£924k) and Wolverhampton (£787k) and Walsall (£770k).

Note: The report is based on the "first cut" of patient activity which includes a level of uncoded activity. This uncoded activity (8.05%) 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	118	68	72	4	5.9%
Shropshire	4,060	2,350	2,430	81	3.4%
Walsall	19,937	11,544	12,314	770	6.7%
Telford	1,207	700	883	183	26.1%
Wolverhampton City	145,175	83,928	84,715	787	0.9%
Heart of Birmingham	207	120	92	(28)	-23.2%
Dudley	8,208	4,753	4,770	17	0.4%
Sandwell	1,657	961	1,260	298	31.0%
Birmingham East and North	221	128	163	35	27.0%
North Staffs	78	46	27	(19)	-41.7%
Stoke	109	63	48	(15)	-24.3%
South Staffs	33,102	19,139	20,063	924	4.8%
Worcester	1,952	1,131	846	(285)	-25.2%
Acute Services Total	216,031	124,932	127,683	2,751	2.2%
Anticipated Income	2,129	2,109	0	(2,109)	-100.0%
Specialised Services	56,778	33,055	32,014	(1,041)	-3.1%
NCA	1,919	1,112	1,096	(16)	-1.4%
Sub Total	276,857	161,207	160,793	(414)	-0.3%
Community Services	52,286	30,403	30,420	17	0.06%
Overall income	329,143	191,610	191,213	-397	-0.21%

Expenditure by Directorate

Trust Wide Summary

£659k underspend in month, (£1503k) 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	2,008	1,941	3.3%	(1,167)	(2.3%)	(465)	(2.5%)	(141)	(3.5%)	(1,774)	(2.4%)	(1,652)	(3,426)	(4.7%)	(1,062)	(1.2%)	(3,111)	(5.0%)	(278)	(0.4%)	
Division 2	1,622	1,591	1.9%	(628)	(1.7%)	(288)	(4.6%)	(248)	(2.3%)	(1,163)	(2.1%)	(1,239)	(2,402)	(4.5%)	648	1.0%	(2,264)	(5.0%)	457	0.8%	
Community Services	969	933	3.7%	(24)	(0.1%)	433	12.5%	2	0.9%	411	1.8%	0	411	1.8%			232	1.2%			
Estates and Facilities	613	581	5.2%	163	1.8%	439	5.9%	(0)		602	3.7%	(338)	264	1.6%			229	1.7%			
Chief Operating Officer	6	6	3.0%	26	7.2%	21	94.0%	0		48	12.2%	0	48	12.2%			34	10.0%			
Total Operations Directorate	5,218	5,052	3.2%	(1,629)	(1.4%)	141	0.4%	(388)	(2.6%)	(1,876)	(1.1%)	(3,229)	(5,105)	(3.1%)	(414)	(0.3%)	(4,881)	3.5%	179	0.1%	
Corporate Directorates & Other	748	705	5.7%	614	4.3%	(242)	(2.1%)	1	2.9%	373	2.0%	(285)	88	0.3%			(480)	(2.3%)			
Total Directorate Expenditure	5,966	5,757	3.5%	(1,014)	(0.8%)	(102)	0.1%	(387)	(2.6%)	(1,503)	(0.7%)	(3,514)	(5,017)	(2.6%)	(414)	(0.3%)	(5,361)	(3.2%)	179	0.1%	

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
September	5,911	5,724
October	5,966	5,757

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

Expenditure Commentary

Trust Wide Summary

£659k underspend in month, (£1503k) 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 (£1,167k), Division 2 (£628k) and Community (£24k) being offset by under spends in Estates & Facilities £163k and COO £26k. 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 on-going bed pressure demands together with nurse bank usage covering vacancies, maternity leave and sickness.
- On non pay, Division 1 is over spent by (£465k) year to date this is due to increased Obstetric and Orthopaedic activity, and Radiology offsite reporting. The non pay position in Division 2 shows an over spend of (£288k) which mainly relates to costs of additional efficiency projects, A&E consumables, Gastro and Emergency wards. Estates & Facilities are under spent by £439k, COO by £21k and Community Services are also under spending by £433k.

- The drugs overspend relates to (£141k) in Division 1, (£248k) in Division 2 and £2k 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 (7.28wte) and Nursing (5.71wte).
- The non-pay over spend mainly relates to the Trading Accounts which is off set by income and also to Bad Debts which relates the increase provision required in respect of RTA (activity against RTA income) and Trust Debts (against private Patients income).
- Further details and actions are on the following pages.

Operations Divisions Expenditure

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(1,609)	(1,629)	(20)	(1.38%)
Non pay	(37)	141	178	0.40%
Drugs	(276)	(388)	(112)	(2.59%)
Total	(1,922)	(1,876)	46	(1.12%)

Corporate and Trading Accounts Expenditure

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	526	614	88	4.29%
Non pay	(771)	(242)	529	(2.12%)
Drugs	5	1	(4)	2.88%
Total	(240)	373	613	0.19%

Total	(2,162)	(1,503)	659	(0.77%)
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Expenditure Exception Report

Total Operational Directorate £46k underspend in month, (£1876k) overspend ytd

Division 1 (£239k) overspend in month, (£1774k) 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 non pay variance in Cardiothoracic Surgery relates to increased perfusion costs in the month (£31k).
- The balance of the overspend is from the Cardiothoracic ward where usage of consumables and Vac therapy in month has increased due to the needs of patients.

Actions

- Expenditure continues to be reviewed against activity levels, including clinical coding.
- Vac therapy usage and protocols are being reviewed by the Head of Nursing along with the Tissue Viability team.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(312)	(357)	(45)	(9.2%)
Non Pay	141	104	(37)	5.3%
Drugs	(13)	(13)	(0)	(8.8%)
Total	(183)	(266)	(83)	(4.4%)

Division 1

(£239k) overspend in month, (£1774k) overspend ytd

Divisional Management

Current Position

- Following the funding of the outpatient efficiency project (non recurrently from slippage on reserves) a non pay underspend has occurred in month.

Actions

- The costs will continue to be monitored and funded on a monthly basis and the project efficiencies attributed to CIP.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(7)	(2)	5	(0.3%)
Non Pay	(85)	(21)	64	(21.2%)
Total	(92)	(23)	68	(3.4%)

Obstetrics & Gynaecology

Current Position

- Continued obstetric over performance has resulted in a non pay overspend of (£14k) in month in the Delivery Suite and inpatient wards. In Gynaecology outpatients the type of activity being seen (ablations) has also impacted on device costs.

Actions

- Activity over performance continues to be monitored as the number of births continue to rise. A business case linked to the Women's Unit refurbishment has now been agreed to address the increases on a sustainable basis through the opening of a Midwifery Led Unit.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	13	10	(2)	0.1%
Non Pay	(113)	(142)	(29)	(18.5%)
Drugs	(7)	(8)	(1)	(4.9%)
Total	(107)	(140)	(33)	(1.7%)

Division 1

(£239k) overspend in month, (£1774k) overspend ytd

▪ Radiology

Current Position

- £22k of the in month Non Pay overspend relates to off-site reporting costs. The level of expenditure in this area is now significantly reduced from previous levels.
- A further £11k was due to a one-off charge for the refurbishment of the processing room in the breast unit due to the move to digital imaging.
- The balance can be attributed to expenditure on consumables, balloons and catheters reflecting the activity seen in month.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(33)	(25)	7	(0.7%)
Non Pay	(209)	(261)	(52)	(15.1%)
Drugs	(3)	(7)	(4)	(8.0%)
Total	(244)	(293)	(49)	(5.2%)

Actions

- The plan to reduce off site reporting continues to be implemented.
- A project has commenced to look at the procurement processes and costs for consumables within radiology.

▪ Urology

Current Position

- In order to achieve Cancer targets within Urology it has been necessary to engage an Agency Consultant causing a pay overspend in month of £24k.

Actions

- The Directorate and the Division are addressing how this activity may be delivered in a sustainable way without the use of agency staffing.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(64)	(88)	(24)	(9.1%)
Non Pay	4	2	(3)	2.0%
Drugs	7	8	1	10.4%
Total	(52)	(78)	(26)	(6.9%)

Division 2

£7k underspend in month, (£1163k) overspend ytd

▪ Divisional Management

Current Position

- The significant improvement in the year to date overspend position on non pay reflects the funding of efficiency projects

Actions

- None

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	16	12	(4)	0.7%
Non Pay	(131)	(33)	98	(12.7%)
Drugs	(1)	(4)	(3)	(51.0%)
Total	(115)	(25)	90	(1.2%)

▪ A&E

Current Position

- The increased pay overspend relates to Junior Medical Agency costs due to vacancies and additional shifts covering increased admissions
- The non pay overspend relates to an increase in consumables due to the mix of patient cases now coming through A&E.

Actions

- The Directorate continues to explore the possibilities of recruitment to the middle grade doctors.
- The Directorate continues to review activity and case mix in relation to non pay spend.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(136)	(151)	(15)	(4.7%)
Non Pay	(69)	(76)	(7)	(37.0%)
Drugs	(7)	(8)	(1)	(10.2%)
Total	(212)	(235)	(23)	(6.7%)

Community Services

£178k underspend in month, £411k underspend ytd

Rehabilitation

Current Position

- The non pay under spend relates to equipment and training budgets, ward stock, limbs, food health and smoking cessation.

Actions

- The plan is to achieve a balanced budget overall.

	YTD Variances £000			YTD % Var
	Month 5	Month 6	Movement	
Pay	(104)	(122)	(17)	(3.2%)
Non Pay	116	136	20	17.0%
Drugs	(12)	(16)	(4)	(22.2%)
Total	(1)	(2)	(1)	(0.0%)

AHPs

Current Position

- The movement in non pay is due to continuing under spend on podiatry instruments and other non pay, also the reinstatement of budget previously anticipated as contract reduction (podiatry).

Actions

- Budgets to be reviewed for non recurrent CIP 2011/12 and recurrent contribution

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(5)	(0)	5	(0.0%)
Non Pay	84	154	70	23.1%
Drugs	1	1	0	56.2%
Total	79	154	75	3.6%

Estates and Facilities

£85k underspend in month, £602k underspend ytd

Medical Physics

Current Position

- The non pay budget shows an under spend of £28k in month and £190k YTD. This is due to tightly controlled budget management across all non pay areas and the timing of orders in Clinical Engineering and the Clinical Resource Centre.

Actions

- The budget will continue to be monitored to ensure that it remains within balance.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	89	113	24	6.5%
Non Pay	163	190	28	39.4%
Drugs	(0)	(0)	(0)	
Total	251	303	52	13.7%

Site Services

Current Position

- The non pay budget shows an under spend of £35k in month and £153k YTD. The in month under spend relates to tightly controlled budget management across all non pay areas.

Actions

- The budget will continue to be monitored to ensure that it remains within balance.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(1)	11	11	4.0%
Non Pay	119	153	35	95.6%
Total	118	164	46	37.9%

Finance & Information

£646k underspend in month, £185k underspend ytd

• Finance

Current Position

- Non pay budgets show an under spend of £576k in month and an under spend of £5K YTD. The in month change is due to the funding of the Trusts Efficiency Schemes (including Materials Management and Procurement).

Actions

- The budget will continue to be monitored to ensure that it is in balance at year end.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(16)	(26)	(10)	(18.4%)
Non Pay	(572)	5	576	0.5%
Total	(588)	(21)	567	(1.8%)

• Procurement

Current Position

- Pay budgets show an under spend of £22k in month due to the funding of the agency staff in the Materials Management Efficiency Savings Scheme and an under spend of £15k YTD which is due to vacancies.

Actions

- The budget will continue to be monitored to ensure that it is in balance at year end.

	YTD Variances £000			YTD % Var
	Month 6	Month 7	Movement	
Pay	(7)	15	22	2.4%
Non Pay	5	7	2	6.3%
Total	(2)	22	24	0.0%

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	2,008	1,941	(1,167)	694	797	638	49,515	484	428	52,558
Division 2	1,622	1,591	(628)	896	846	984	35,451	250	5	38,431
Community Services	969	933	(24)	276	5	416	18,344	183	0	19,223
Facilities & Estates	613	581	163	2	0	384	8,029	436	0	8,850
Chief Operating Officer	6	6	26	0	0	0	343	0	0	343
Total Operations Directorate	5,218	5,052	(1,629)	1,867	1,648	2,422	111,681	1,353	433	119,405
Corporate Directorate & Other	748	705	614	391	0	0	13,148	176	0	13,716
Total Directorate Pay Expenditure	5,966	5,757	(1,014)	2,259	1,648	2,423	124,829	1,529	433	133,121

- Division 1 – Overall Division 1 has a positive variance on WTE of 67 WTE. 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 31 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.
- Community Services shows a positive variance on WTE of 36 WTE.

	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		1,622		2,213		3,424
Nursing - qual	1,049	2	1,205		1,972	1
Nursing - other	814		592		1,035	
PAMS	35			261		384
Scientific & technical		249				
Non-clinical	524	387		401	37	656
Total	2,423	2,259	1,797	2,875	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	9	29
Division 2		58
Community Services	3	
Estates & Facilities	1	31
Chief Operating Officer		
Sub-total	13	118
Corporate		
Finance Director	295	157
Nurse Director	3	13
Medical Director	41	44
HR	(7)	14
Estates Development	6	16
R&D	37	39
Sub-total	374	283
Total Non-Clinical agency	387	401

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 7 Spend £000	YTD Spend to Month 7 £000	Average Monthly Spend £000
Employed	5,944	5,600	17,834	124,829	4,369	14,219	98,024	14,229
Overtime	0	(1)	221	1,529	(0)	231	1,633	229
Agency Staff	13	39	324	2,259	39	277	2,875	372
Medical Locum Staff	4	19	230	1,648	16	216	1,185	194
Bank	5	100	321	2,423	105	294	1,797	254
WLI	0	0	67	433	1	1	485	79
Other	0	0	0	0	0	0	0	0
Total	5,966	5,757	18,997	133,121	4,529	15,238	105,999	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 £12,198k. Together with incomplete projects from 2010/11 of £1,877k 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 October shows a withdrawal of CIP from annual budget of £8,313k representing 59% 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				Red £000	
			Total £000	Green £000	Amber £000	Red £000		
2011/12 Schemes								
Estates & Facilities	1,479	895	584	0	181	404	140	
IT	247	116	131	13	118	0	0	
Division 1	4,825	3,304	1,521	0	484	1,037	160	
Division 2	3,337	1,594	1,743	90	625	1,028	40	
Community Services	1,549	1,549	0	0	0	100	35	
Corporate	534	215	319	0	219	0	0	
Trust Wide	227	65	162	0	162	0	0	
Total 2011/12 Schemes	12,198	7,737	4,461	104	1,788	2,569	375	
B/Fwd from 2010/11								
Estates & Facilities	385	385	0	0	0	0	140	
IT	16	0	16	0	16	0	0	
Division 1	1,268	191	1,077	0	608	469	0	
Division 2	326	0	326	0	326	0	0	
Community Services	0	0	0	0	0	0	0	
Corporate	(25)	0	(25)	(25)	0	0	0	
Trust Wide	(93)	0	(93)	0	(93)	0	0	
B/Fwd from 2010/11	1,877	576	1,302	(25)	857	469	140	
TOTAL 2011/12 CIP PLAN	14,075	8,313	5,763	79	2,645	3,038	515	

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	2,068	1,275	793	13	475	305	74
B/Fwd from 2010/11	535	0	535	0	207	327	0
Total Procurement CIP	2,603	1,275	1,328	13	683	632	74

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.		Replacement scheme being investigated.
Estates & Facilities	Schemes below £200k		1,664	£1.28m achieved		
Sub-Total Estates & Facilities			1,864			
IT	Schemes below £200k		263	£116k achieved		
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 but unlikely to achieve full savings in 11/12		Work in progress
Division 1	Ward Closure (Reduction in LOS)	TBC	818	Commenced but further work required in relation to activity pressures		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	£3.08m achieved		
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 but unlikely to achieve full savings in 11/12		LoS Review commenced
Division 2	Schemes below £200k		1,616	£1.58m achieved		
Sub-Total Division 2			3,663			
Community	Schemes below £200k		1,776	All achieved		
Sub-Total Community			1,776			
Corporate	Schemes below £200k		417	£215k achieved		
Sub-Total Corporate			417			
			14,075			

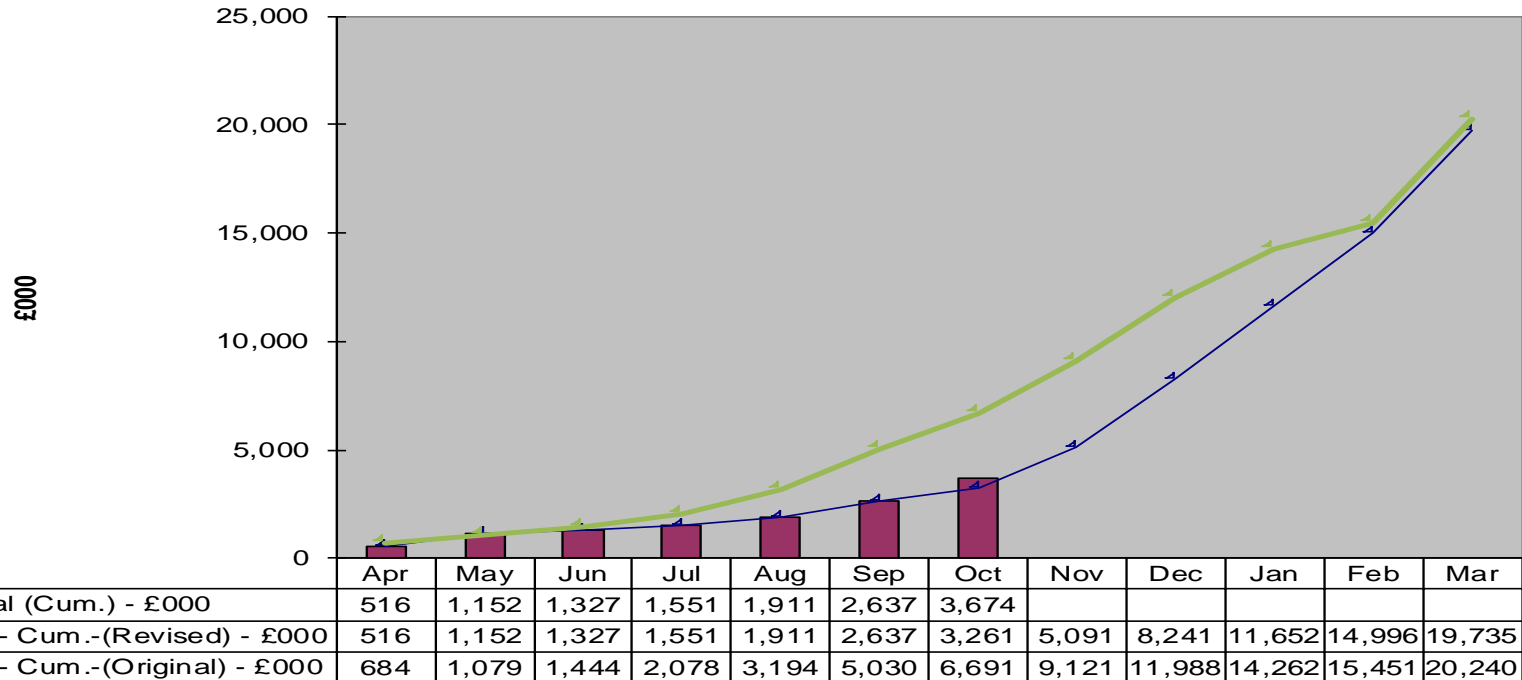
Reserves

Reserve	Current Month £'000	Last Month £'000	Movement £'000	
Cost Pressure	1,159	1,930	(771)	Includes funding into budgets for Winter Pressures Contingency £513k, Pharmacy Staff £50k, IT Data Quality Support £3.6k, ICT Strategy £18k, Training & Development - NVQ & IT Training £16k, FT Costs Including WCF £150k to fund non recurrent scheme and SIFT Deferred £20k
Activity and Developments	2,544	4,127	(1,582)	Includes increases in reserves for Wound Management £38k, Midwifery Services CVO12 £9.3k, CVO COM 65 Stroke Consultants £56k, Healthy Lifestyle Services £156k, MADEL Contract £16k, Lucentis Anticipated Income £52k, General Surgery Anticipated Income £33k and PFO Anticipated Income £6.5k. Less funding into budgets for Trauma & Orthopaedics Development £30k, CCTV in Bell Library £3.2k, Simulation Centre for Resus £24k, Neonatal Move to A3 Estates £14k, Breast Feeding £2.8k, CVO2 Trauma & Orthopaedics £150k, TCS BTA Agreement NR £1,662k to fund non recurrent scheme, Wound Management £38k and Stent Anticipated Income £25k
Quality	884	884	0	
Drugs and Devices	896	882	14	Includes increases in reserves for Excluded Drugs £74k. Less funding into budgets for Step Down Beds £43k, Insulin Pumps £17k
Non Recurrent Support	1,304	1,168	136	Includes increases in reserves for Non Recurring WMSCT Contribution Spec Nursing £34k and Transfer Slippage on Reserves for non recurrent use £406k. Less funding into budgets for Training Foundation Degree £14k, CCTV in Library £11.3k, Catering Staff Protection £4k, Emergency Portal Implementation £151k, Health Records £11.3k, Robotic Surgery/Theatre Design £105k, Electronic Patient Record £2k, ICCU Scanning £0.5k and E Discharge Rollout Non Recurring £5k
	6,787	8,991	(2,204)	
Inflation and Contingency	3,188	3,222	(34)	Includes increases in reserves for JMS Flex Trainees/Contract Adj £16k. Less funding into budgets for Energy £27k and Procurement £23k
Patient Activity Contingency	3,010	3,010	0	
Grand Total Reserves	12,985	15,223	(2,238)	

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 £21,702k currently equates to an estimated underspend against CRL and EFL of £505k. Further review of the Capital Programme to minimise CRL carry forward is currently being undertaken including further consideration of bringing projects forward.

Capital Plan vs Capital Expenditure 2011/12 (Cumulative)

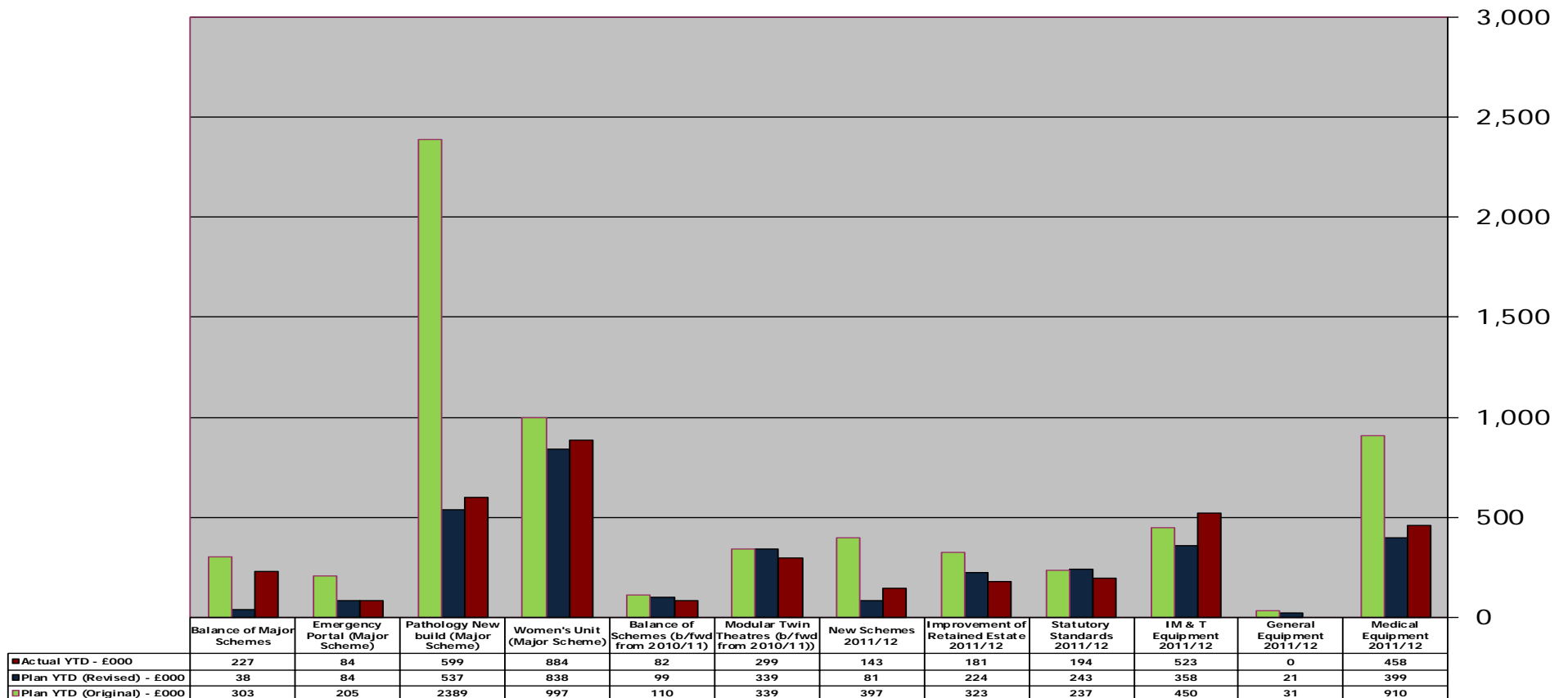


- At the end of October 2011 the Programme was £0.4m overspent, being 13% of revised planned spend of £3.3m.
- The main variance relates to overspend on IT schemes of £0.17m - expenditure earlier than planned.

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 31st October 2011

Trade and Other Receivables as at 31 October 2011 are £13,397, a breakdown is provided on page 30.

This includes invoiced NHS £3,113k and gross Non-NHS £1,211k receivables. A more detailed analysis of the invoiced receivables is shown on page 31.

Calculated debtor days for the year to date are 6.66 days compared to a plan of 7.13 days.

A more detailed analysis of Trade & Other Payables together with Borrowings is provided on page 32.

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 96%
- Volume 90%

The Retained Earnings figure reflects the improved year to date surplus. For month 7 this has also been adjusted to include the Donated Asset Reserve as per the Directive from the Department of Health

	<u>October 2011</u> <u>Plan £000</u>	<u>October 2011</u> <u>Actual £000</u>	<u>September</u> <u>2011 Actual</u> <u>£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	244,168	239,266	239,432	(165)	243,180
Intangible Assets	880	830	856	(26)	779
Other Non Current Assets	1,030	1,031	1,031	0	1,030
TOTAL NON CURRENT ASSETS	246,078	241,128	241,318	(191)	244,989
CURRENT ASSETS					
Inventories	4,748	4,625	4,648	(23)	4,744
Trade and Other Receivables	11,403	13,397	13,120	277	15,055
Cash and cash equivalents	23,497	25,794	25,502	292	11,786
TOTAL CURRENT ASSETS	39,648	43,815	43,269	546	31,585
Non Current Assets Held for Sale	800	800	800	0	800
TOTAL ASSETS	286,526	285,743	285,388	355	277,374
CURRENT LIABILITIES					
Trade & Other Payables	(34,705)	(32,845)	(33,612)	767	(29,935)
Borrowings	(2,101)	(1,844)	(1,844)	0	(2,076)
Provisions for Liabilities and Charges	(1,726)	(1,517)	(1,517)	0	(1,726)
TOTAL CURRENT LIABILITIES	(38,532)	(36,207)	(36,973)	767	(33,736)
NET CURRENT ASSETS / (LIABILITIES)	1,116	7,609	6,296	1,313	(2,152)
TOTAL ASSETS LESS CURRENT LIABILITIES	247,994	249,536	248,415	1,122	243,637
NON CURRENT LIABILITIES					
Other Liabilities	(8,411)	(6,744)	(6,869)	125	(7,389)
Provision for Liabilities and Charges	(497)	(497)	(497)	0	(497)
TOTAL NON CURRENT LIABILITIES	(8,908)	(7,241)	(7,366)	125	(7,886)
TOTAL ASSETS EMPLOYED	239,086	242,295	241,048	1,247	235,751
FINANCED BY TAXPAYERS EQUITY					
Public Dividend Capital	170,082	170,082	170,082	0	170,082
Retained Earnings	(70)	3,139	1,892	1,247	(3,404)
Revaluation Reserve	68,884	68,884	68,884	0	68,884
Other Reserves	190	190	190	0	190
TOTAL TAXPAYERS EQUITY	239,086	242,295	241,048	1,247	235,751

Trade Receivables

<u>Trade & Other Receivables</u>	<u>October</u>	<u>September</u>	<u>Variance</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
NHS Receivables - Revenue	3,113	3,757	(644)	-17.1%
NHS Partially Completed Spells	1,517	1,326	191	14.4%
NHS Accrued Income	1,559	858	701	81.8%
Non NHS Sales Ledger	1,211	1,237	(26)	-2.1%
Provision for Impairments of Receivables	(914)	(915)	1	-0.2%
TCS Receivables & Prepayments	838	838	0	0.0%
Non NHS Accrued Income	554	614	(60)	-9.8%
Prepayments	3,016	2,946	70	2.4%
RTA / Injury Claims due within 1 year	1,665	1,573	92	5.9%
VAT	461	561	(99)	-17.7%
Other	377	326	51	15.7%
Total Trade & Other Receivables	13,397	13,120	277	2.1%

- Further analysis of invoiced NHS and Non-NHS Receivables is provided on page 31.
- The movement in month for NHS Accrued Income relates to credit notes being raised for £0.6m with the final agreement of 2010/ 11 patient activity. This is then reflected in the NHS Receivables movement also.

Receivables by Category

Overall Debt decreased by £0.7m.

Older PCT debt mainly relates to Wolverhampton PCT, circa £0.8m. A significant element of this debt is in respect of additional service provision, for example Dermatology, and is not seen to be at risk. The profile has been raised with the PCT to ensure urgent action and cash settlement.

The private patients debt includes £147k for three cases. The balance is mainly due to numerous invoices, where BUPA has not settled the full amount due to a differing view on contract price. The Trust has arranged to meet them again to resolve these outstanding issues. The Trust, however, has made provision for these within the income and expenditure position.

October 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	356	78	276	1	1	0
	PCT	2,000	326	461	-213	848	578
	SHA	59	31	26	0	0	2
	TRUST	698	84	186	244	101	83
NHS Total		3,113	519	949	32	950	663
NON	OTHER	784	335	349	43	10	47
	PRIVATE PATIENTS	377	107	13	35	26	196
	IRISH/SCOTT/WELSH	50	17	6	0	5	22
	Sub Total	1,211	459	368	78	41	265
	Bad Debt Provision	-269				-41	-228
NON Total		942	459	368	78	0	37
Grand Total		4,055	978	1,317	110	950	700

September 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	264	236	26	1	1	0
	PCT	2,745	1,255	-104	936	272	386
	SHA	28	26	0	0	0	2
	TRUST	720	226	179	154	81	80
NHS Total		3,757	1,743	101	1,091	354	468
NON	OTHER	873	417	92	316	31	17
	PRIVATE PATIENTS	319	21	59	29	117	93
	IRISH/SCOTT/WELSH	45	15	1	3	0	26
	Sub Total	1,237	453	152	348	148	136
	Bad Debt Provision	-284				-148	-136
NON Total		953	453	152	348	0	0
Grand Total		4,710	2,196	253	1,439	354	468

With the settlement of £0.2m of the older debt in month, invoices overdue by 2 months has now reduced to 25% of the total debt outstanding. The main element of this debt relates to Private Patients, 73%, please refer to above for detail on action being taken in this regard.

Trade, Other Payables & Borrowings

<u>Trade & Other Payables</u>	<u>October</u>	<u>September</u>	<u>Variance</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
NHS Payables - Revenue	(1,981)	(4,243)	2,262	-53.3%
Non NHS Trade Payables - Revenue	(3,714)	(3,299)	(415)	12.6%
Non NHS Trade Payables - Capital	(1,549)	(1,140)	(409)	35.9%
Dividend and Interest Accrual	(658)	0	(658)	
Tax & Social Security	(4,755)	(4,775)	19	-0.4%
Pensions	(2,723)	(2,668)	(55)	2.0%
Accruals	(10,654)	(9,790)	(864)	8.8%
Balance Transfer Agreement (BTA)	(2,045)	(2,045)	0	0.0%
Deferred Income (inc. Trading Accounts)	(4,399)	(5,173)	774	-15.0%
Other	(367)	(480)	113	-23.5%
Total Trade & Other Payables	(32,845)	(33,612)	767	-2.3%

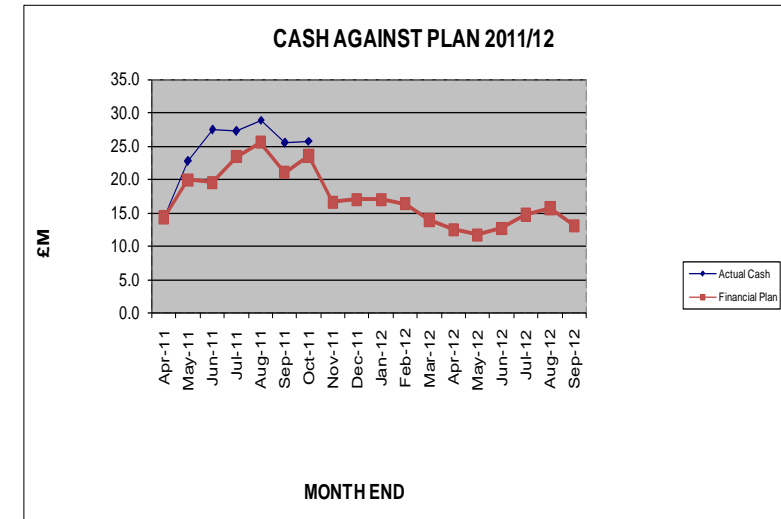
<u>Borrowings</u>	<u>October</u>	<u>September</u>	<u>Variance</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
PFI - Capital Repayments	(1,728)	(1,728)	0	0.0%
Finance Leases - Capital Repayments	(116)	(116)	0	0.0%
Total Current Borrowings	(1,844)	(1,844)	0	0.0%

	<u>October</u>	<u>September</u>	<u>Variance</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
PFI - Capital Repayments	(6,623)	(6,735)	111	-1.7%
Finance Leases - Capital Repayments	(121)	(135)	14	-10.4%
Total Non Current Borrowings	(6,744)	(6,869)	125	-1.8%

- There is a decrease in NHS Payables of £2.2m. This relates to the settlement in October, following receipt of an invoice from Wolverhampton PCT for the lease of premises for months 1 to 6.
- The increase in the Accrual for the Dividend Payable is due to cash settlement only being made twice yearly, September and March.

Cash Flow Statement - period ending 31st October 2011

	October Plan £000	October Actual £000	October Variance £000
OPERATING ACTIVITIES			
Total Operating Surplus/(Deficit)	11,117	11,604	487
Depreciation	7,986	8,249	263
Fixed Asset Impairments	0	0	0
Transfer from Donated Asset Reserve	(200)	(200)	0
Interest Paid	(859)	(949)	(90)
Dividends Paid	(3,950)	(3,950)	0
(Increase)/Decrease in Inventories	0	440	440
(Increase)/Decrease in Trade/Receivables	3,652	2,496	(1,156)
Increase/(Decrease) in Trade/Payables	6,116	3,038	(3,078)
Increase/(Decrease) in Provisions	0	(208)	(208)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	23,862	20,520	(3,342)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	58	57	(1)
Payment for Property, Plant and Equipment	(11,164)	(5,522)	5,642
Payment for Intangible Assets	0	(170)	(170)
Payment for Other Assets	0	0	0
Proceeds from Disposals	0	0	0
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(11,106)	(5,635)	5,471
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	12,756	14,885	2,129
FINANCING			
Capital Element of Finance Lease and PFI	(1,045)	(877)	168
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	(1,045)	(877)	168
INCREASE/(DECREASE) IN CASH	11,711	14,008	2,297
CASH BALANCES			
Opening Balance 1st April 2011	11,786	11,786	0
Closing Balance at 31 October 2011	23,497	25,794	2,297



CASH AGAINST PLAN:-

The cash balance, at £25.8m, is higher than plan of £23.5m by £2.3m. This is mainly as a result of the lower capital spend against plan. (Prior year closing cash balance £11.8m).