

Executive Summary for Submission of Paper to the Trust Board - December 2012 (Month 9)

Paper No. NHST(13)002

Subject: Finance and Activity Report

Purpose: To bring to the attention of the Trust Board high level finance and activity performance issues for the 2012/13 financial year.

Summary

For the month of December 2012 (Month 9) the Trust is reporting an overall Income & Expenditure surplus of £2.176m. At this stage the Trust continues to forecast a surplus of £2.864m an increase of £0.114m due to accounting for a recent land sale.

Total income secured to Month 9 amounts to £212.666m which is £0.447m (0.2%) above plan, and total operating expenditure is £189.881m. For this period NHS Clinical Income has over achieved by £0.498m against plan of £169.994m.

The Trust is still negotiating its financial position with the local commissioners with respect to outturn. It is hoped this will be concluded by January.

The Trust has assumed £23m of support relating to the PFI in this years position. £10m relates to the non-recurrent local health economy TFA approved agreement and £13m to the announced DoH support. To date the Trust has received the full £10m of the cluster support. We have received confirmation that our local CCG will received £13m in January for which the Trust has billed for immediately.

The current status of CIP shows £15.0m of plans . A summary of the RAG status for the plans to deliver the £15m is below:

- Green - £13.942m (Including £5m of the £13m national support)
- Amber - £1.058m (Including activity contribution)

To date the Trust has delivered £9.2m of CIPs which is in line with profiled plans.

Key Risks

	Likelihood	Impact
Commissioners not affording Trust activity and finance plan	High	High
Failure to achieve required CIP	Medium	High
Failure to achieve revised activity plans	Low	Medium
Failure to achieve performance/CQUIN Requirements	Medium	High
Failure to agree developments / TFA proposals	High	High

Actions

Outturn - Monthly contract meetings supplemented with CCG DoF meetings on the health economy financial position.

CIPs - Regular internal assurance meetings, reporting to Trust Board & quarterly external reporting to SHA.

Activity - Regular performance meetings and reporting to Board & SHA, DoF meeting held with Cluster DoF and CCG DoF.

Performance/CQUIN - Regular performance meetings and reporting to Board & SHA.

Developments / TFA approval - Monthly contract meetings with cluster and Commissioners , Strategic Partnership Board meetings.

Conclusion

For month 9 the Trust is broadly in line with its plans at this stage. Delivery of CIP is reliant upon contribution from increased activity - affordability of Commissioners is a risk. The liquidity of the Trust YTD is acceptable but going forward its risk is around timely receipt of the PFI support and activity payment.

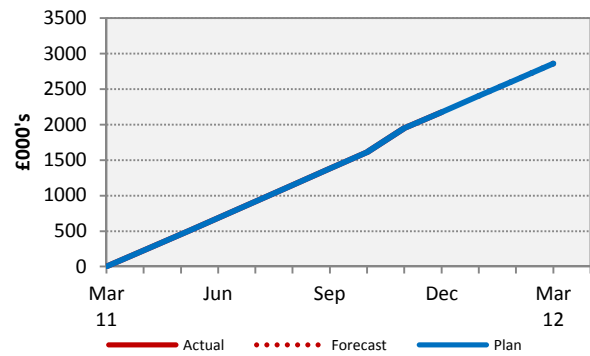
Financial Overview - December 2012 (Month 9)

Income & Expenditure - In line with plan

The Trust is reporting an I & E surplus of £2.176m at the end of M9, this is in line with current financial plans.

At present the Trust is forecasting to achieve its technically adjusted surplus of £2.864m. This has increased due to the recent land sale.

I & E Actual Performance 2012/2013

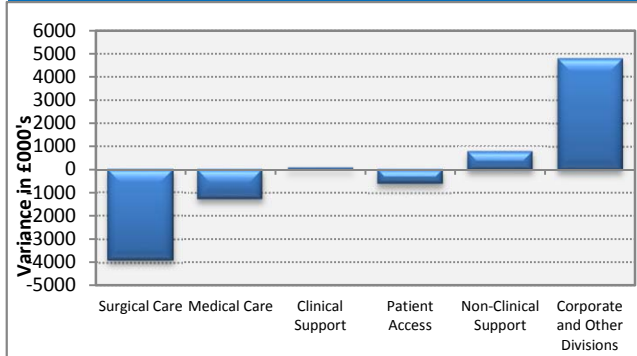


Divisional Performance - Variance to Plan

All Clinical Divisions are currently overspent, with the largest overspends in Surgical Care as a result of non achievement of CIP and Medical pay pressures. The current overspends are being offset with underspends in non-clinical areas.

The main reasons for the overspend are a combination of premium costs to manage staffing pressures related to activity and covering vacancies and sickness. Medical staffing is an area requiring particular attention in order to reduce current levels of spend.

Divisional YTD Performance 2012/2013



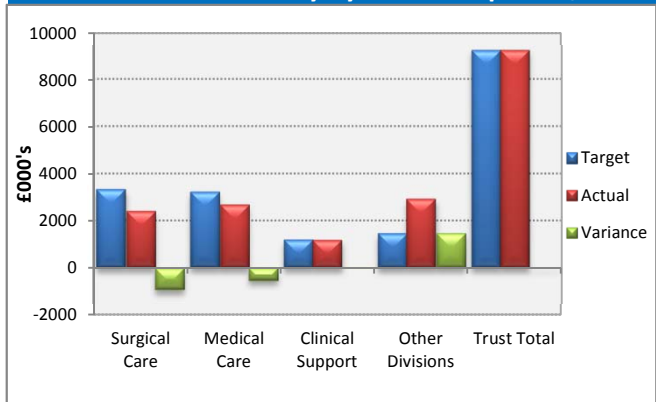
Cost Improvement Programme Delivery

Divisions have delivered £9.243m of CIP which is in line with plans. Contingency of £0.130m has been utilised in month due to slippage on schemes. Plans are in place to recoup this before year end.

Surgical Care and Medical Care are currently behind plan which is being offset by Other Divisions.

The over performance of activity due to increase demand makes bed reduction schemes unachievable at this stage - though LOS improvements are being achieved.

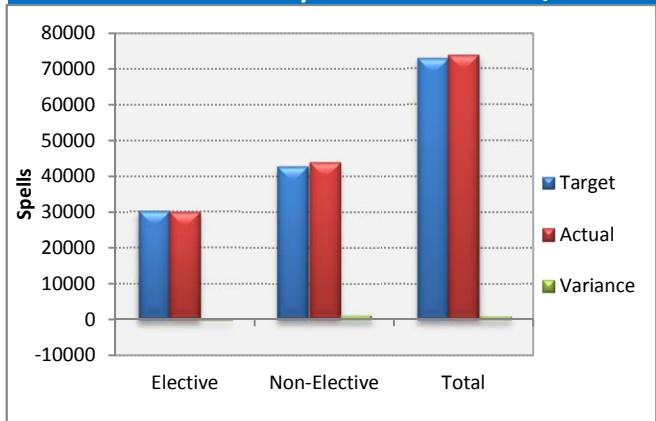
YearToDate CIP Delivery by Care Group 2012/2013



Inpatient Performance

Elective activity, including Planned Same Day/Day case spells, is below plan by 261 spells and Non-Elective activity is above plan by 1194 spells. The overall financial consequence of this performance is a underachievement in income of £0.605m against a combined income plan of £96.9m.

YTD Contract Activity Performance 2012/2013

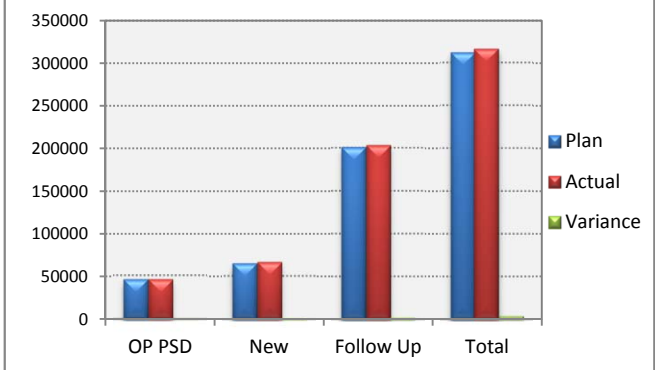


Financial Overview - December 2012 (Month 9)

Outpatient performance

Outpatient attendances are 3,881 (1.24%) attendances above plan. This results in an income gain of £286k compared to YTD plan.

YTD Outpatient Contract Activity Performance 2012/2013



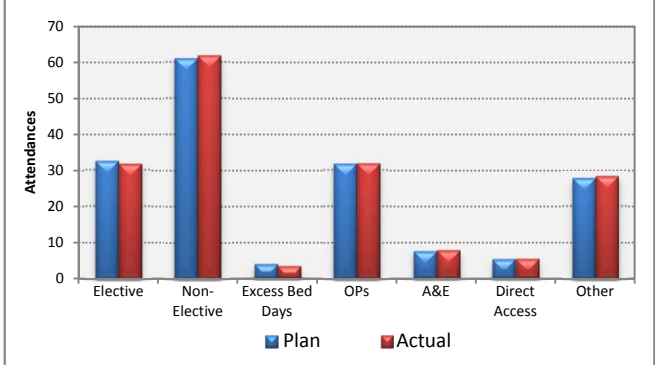
Clinical and Other Income

The Trust has secured £211m for delivering the levels of activity described.

Education and Training is below plan (-£236k) as the expected additional MPET funding will not be released by the NW Deanery until 2014/15.

The Trust is in the process of securing payment for clinical activity with Commissioners.

YTD Income Performance by Activity Type 2012/2013



Statutory and Managerial Financial Target Performance - Achieved

The table opposite shows the current performance against the five key statutory and managerial finance targets.

Against monitors Financial Risk Rating our YTD performance is an acceptable 3 with liquidity remaining at a 3.

2012/2013 Performance Against Targets			
Duty	Target	Month 9	Forecast
Break-Even	To break-even on I&E	£2.176m surplus	£2.864m surplus
Capital Cost Absorption	To achieve a rate of 3.5%	Achieved	Achieve
External Finance Limit	To meet the EFL	Achieved	Achieve
Better Payment Practice Code	95% payments within 30 days or agreed terms with suppliers	Achieved (NHS Suppliers)	Achieve
Capital Resource Limit	To meet CRL	Achieved	Achieve

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