

BOARD OF DIRECTORS

DATE OF MEETING	Thursday 26th January 2012
AGENDA ITEM NUMBER	Part I—11a
TITLE	Finance report to the end of December 2011
CONTACT	Mr Bill Gregory, Director of Finance

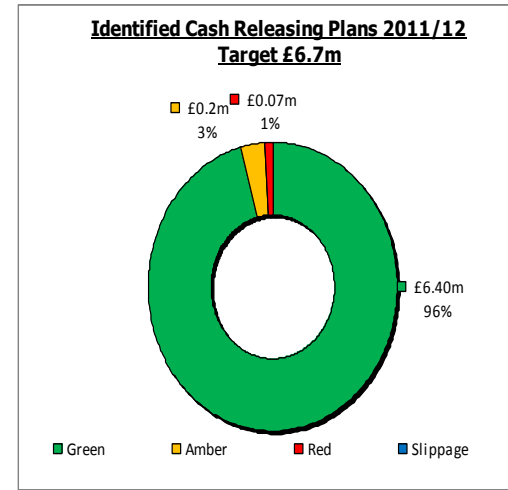
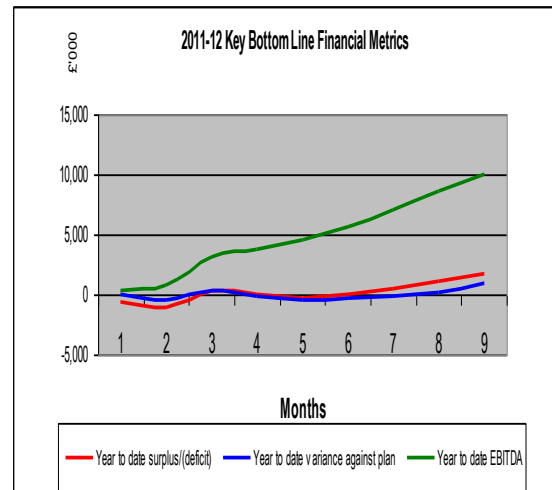
REPORTS INCLUDED:	
1	Finance Board report to the end of December 2011
2	

RECOMMENDATIONS:	To note this report
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Finance Report: to the end of December 2011
Board of Directors Meeting - Thursday 26th January 2012

Overall Summary

- I & E position • £1,745k surplus
- Variance against plan • £981k favourable
- Movement in month • £899k favourable
- EBITDA position • £721k favourable
- EBITDA margin • 5.2%
- Cash at bank • £46.0m
- Liquidity days • 59
- Financial Risk Rating • 3



GREEN	Initiative fully costed and planned. Likely to be partially delivered already, the rest being highly achievable.
AMBER	Initiative planning commenced. Likely to be delivered on time and considered achievable.
RED	Initiative requires further review. Considered feasible in theory but deliverability not confirmed.
BLUE	Unidentified

Cumulative Income and Expenditure Headlines

- The Trust has a surplus of £1,745k as at the end of December, a favourable movement this month of £899k, resulting in a cumulative favourable variance against plan of £981k. Negotiations with Stockport PCT have been finalised this month and a position agreed on readmissions which has improved the non elective income position; this income had been considered at risk and appropriately not recognised previously. Agreement has also been reached on support for Urgent Care and Paediatric Diabetes which has also had a positive income movement. The Trust would also have expected following the trend of the previous two years that adverse weather would affect the Trust in December and whilst emergency activity remains high this has not interrupted planned activity, which has performed well in month.
- Clinical income is £5,556k (3%) above planned levels, a favourable movement in December of £1,228k. Non elective income is £463k (0.9%) above plan with an improvement in month of £1,017k due to the PCT agreement on readmissions and the non elective threshold. However within non-elective income, obstetric income continues to perform below plan and is £981k underachieved as births are now 358 below plan. Elective income is £779k (2.4%) above plan with continued over performance in month; however the elective cap thresholds set for a number of PCTs have been breached and therefore an assessment of this risk has reduced the overall over performance. Non tariff income is above plan by £2,174k (3.9%) a further favourable movement this month of £387k due to the settlement on paediatrics and strong performance in ICU.
- Expenditure is £4,835k (2.7%) overspent, with an adverse movement in month of £523k. Additional beds remain in operation across the Trust to cope with high levels of non elective demand using premium rate staffing. Additional costs have been incurred in supporting the activity delivered above plan for prosthetics and other clinical consumables, as well as a number of specialist tests to meet the return to treatment targets.
- The cost reduction plans have improved further this month with £6.4m (96%) of plans now identified as green. As well as improvement in a number of business groups a number of contingencies have been reviewed this month following the positive outcome of contract agreements with the PCT which has allowed funding to be utilised towards the cost reduction plans. As a result, the full target has now been identified with only £0.07m (1%) of this years target remaining as red. Planning for 2012-13 is now well underway with Business Groups pulling together plans for 2012-13's target by the end of January 2012.

1. Finance Tables

Income and Expenditure for the period ending 31st December 2011

	Trust Annual Plan	Year-to-date			Month 8 variance	Movement M9-M8
		Plan	Actual	Variance		
	£k	£k	£k	£k	£k	£k
INCOME						
Elective	41,981	32,198	32,977	779	969	(190)
Non Elective	66,880	49,118	49,581	463	(554)	1,017
Outpatient	33,367	24,545	24,507	(37)	20	(58)
A&E	8,229	6,229	6,216	(14)	(5)	(8)
Total Income at Full Tariff	150,457	112,090	113,281	1,191	430	761
Non-tariff income	73,276	55,186	57,360	2,174	1,787	387
Clinical Income - NHS	223,733	167,276	170,641	3,365	2,217	1,148
Private Patients	179	134	50	(83)	(70)	(13)
Other	1,697	1,273	1,481	208	159	49
Non NHS Clinical Income	1,875	1,407	1,531	125	89	36
Research & Development	749	566	524	(42)	(50)	9
Education and Training	6,487	4,867	5,078	211	211	(0)
Stockport Pharmaceuticals/RQC	5,092	3,830	3,979	149	143	6
Other income	9,948	7,495	9,242	1,748	1,718	29
Other Income	22,276	16,757	18,823	2,066	2,022	44
TOTAL INCOME	247,884	185,439	190,996	5,556	4,328	1,228
EXPENDITURE						
Pay Costs	(177,657)	(133,127)	(133,125)	2	(250)	252
Drugs	(10,729)	(8,053)	(8,953)	(900)	(804)	(95)
Clinical Supplies & services	(17,015)	(12,754)	(13,877)	(1,123)	(899)	(224)
Other Non Pay Costs	(30,039)	(22,301)	(25,116)	(2,815)	(2,359)	(456)
TOTAL COSTS	(235,440)	(176,235)	(181,070)	(4,835)	(4,311)	(523)
EBITDA	12,444	9,204	9,925	721	16	705
Depreciation	(7,333)	(5,472)	(5,199)	273	118	156
Interest Receivable	216	153	123	(30)	(52)	22
Interest Payable	(960)	(727)	(727)	0	0	0
Fixed Asset Impairment	0	0	0	0	0	0
Unwinding of Discount	(54)	0	0	0	0	0
Profit/(Loss) on disposal of fixed assets	0	0	16	16	0	16
PDC Dividend	(3,192)	(2,394)	(2,394)	0	(0)	0
RETAINED SURPLUS/(DEFICIT) FOR PERIOD	1,121	763	1,745	981	82	899

Statement of Financial Position as at 31st December 2011

	31-Mar-11 £000	31-Dec-11 £000
Non Current assets	135,528	134,970
Current Assets/(Liabilities)		
Inventories	2,085	1,828
Trade receivables and prepayments	7,224	11,283
Cash and cash equivalents	42,634	46,030
Current Liabilities	(22,786)	(29,692)
Provisions under 1 year	(2,523)	(1,800)
	26,634	27,650
Total Assets Less Current Liabilities	162,162	162,620
Non Current Liabilities	(26,325)	(24,815)
Provisions for Liabilities and Charges	(1,865)	(1,799)
	133,972	136,007
Total Assets Employed	133,972	136,007
Financed by:		
Taxpayers' Equity		
Public Dividend Capital	80,960	81,250
Revaluation Reserve	48,922	48,922
Donated Asset Reserve	0	0
Income and Expenditure Reserve	4,091	5,835
	133,972	136,007
Total Taxpayers Equity	133,972	136,007