

Board of Directors Meeting: Thursday 5 November 2009

BD2009.89

Subject/title	Financial performance to 30 September 2009 (Month 6)
---------------	--

Lead Executive	Mr Jo Farrar, Interim Finance Director
----------------	--

Background papers	None
-------------------	------

Purpose of paper	To update the Board on the year-to-date financial results and the financial outlook for 2009/10; and to outline the actions required to achieve financial targets.
------------------	--

Action/decision required	For discussion and review
--------------------------	---------------------------

Key purpose (please mark)	Strategy	Assurance	Policy	<u>Performance</u>
---------------------------	----------	-----------	--------	--------------------

Strategic Goal(s)	-
-------------------	---

Strategic Objective (s)	SG3: To achieve financial sustainability and long-term growth
-------------------------	---

Link to: Board Assurance Framework, Trust Key Risks, Annual health check element(s)	RR3, RR4, RR5
---	---------------

Also considered by	-
--------------------	---

Resource and financial impact	-
-------------------------------	---

Consideration of legal, equality, diversity, engagement issues	-
--	---

Acronyms and abbreviations used	Defined in the Annex to this report
---------------------------------	-------------------------------------

## Section A – Key numbers at a glance

Page ref.

I&E position			
In month	£1.0m deficit	£1.9m adverse to plan	3
Year-to-date	£8.5m deficit	£9.3m adverse to plan	3
Full year "raw" forecast	£21.5m deficit	£23.9m adverse to plan and £6m worse than raw forecast at Month 5	4
Revised Forecast	£7.5m deficit	Planned after SHA support, £4.5m due to IFRS and £3m unplanned deficit	4
Risks to forecast	£8.0m	Savings to be achieved by Trust to achieve revised target	5

CIPs			
In month	£3.4m	Better than plan by £0.6m	8
Year-to-date	£14.9m	At planned levels	8
Full year forecast	£39.0m	Revised downwards from Month 5 from £41.6m and forecast variance £1m adverse	8

Divisional financial performance			
A	YTD = £3.5m A	FY forecast £6.8m adverse to plan	9/10
B	YTD = £9.8m A	FY forecast £19.6m adverse to plan	9/10
C	YTD = £2.7m A	FY forecast £4.2m adverse to plan	9/10
D - Corporate	YTD = £1.7m F	FY forecast £0.3m adverse to plan	9/11
E - BRC	YTD = on plan	FY forecast to plan	9/11
F - Trustwide	YTD = £4.5m F	FY forecast £6.1m better than plan	9/11
G - Capital charges	YTD = £0.4m F	FY forecast £0.8m better than planned.	9/11

Capital			
Year-to-date	£7.3m (22%)	Overall, some slippage on planned spend	13
Full year forecast	£33.7m	Subject to further review linked to cash availability	13

Balance Sheet			
Outstanding debt	£19.2m	Increase of £6.0m from last month, primarily relating to quarterly SLA invoices raised	12
Total overdue debt	£6.5m (34%)	£2.1m increase from M5 relating primarily to Oxon overperformance. Action identified to clear.	12
Better Practice Pyt	87% (by no.)	Reduced from M5 (91%). Delay in interface with Pharmacy and systems impacting	12

Cash			
In-month movement	£7.2 outflow	Repayment of PDC dividends, loans and interest.	13

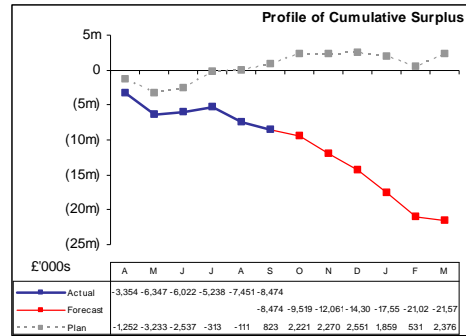
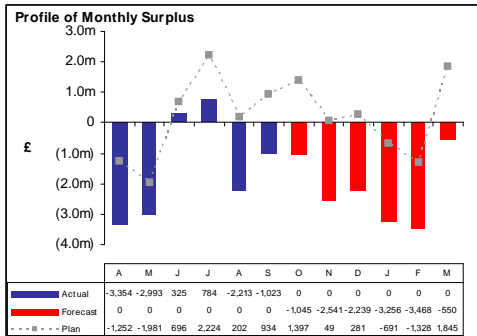
Key metrics and ratios			
Financial Risk Rating	2	YTD rating reflects I&E deficit	App3
EBTIDA margin	YTD = 7.2%	Below planned level of 11.4%	App3
Liquidity	-22.6	Current forecast and worsening due to I&E position	App3
PCT SLA performance	YTD = £0.7mA	Oxfordshire PCT £7.1m (+5.4%) above SLA, other PCTs under plan overall	6
Workforce - temporary	£1.7m	29% higher (£0.4m) - increasing levels of spend	7

Key: A=adverse variance, F=favourable variance

Section B – Current financial performance

Table 1: Income and Expenditure Current Month and Year to Date	Current Month 6			Year to Date Month 6		
	Actual £000s	Plan £000s	Variance £000s	Actual £000s	Plan £000s	Variance £000s
Income:						
Commissioning & RTA Income	40,823	42,432	(1,609)	248,545	249,243	(697)
PP and O/seas Income	948	1,393	(445)	5,447	7,952	(2,504)
Other Income	9,116	9,942	(827)	56,068	59,433	(3,365)
<b>Total Income</b>	<b>50,887</b>	<b>53,768</b>	<b>(2,881)</b>	<b>310,061</b>	<b>316,627</b>	<b>(6,566)</b>
Expenditure:						
Pay costs	(30,319)	(30,249)	(70)	(180,587)	(179,359)	(1,228)
Non Pay costs	(16,816)	(17,365)	548	(107,044)	(105,083)	(1,960)
<b>Total Expenditure</b>	<b>(47,135)</b>	<b>(47,614)</b>	<b>479</b>	<b>(287,630)</b>	<b>(284,442)</b>	<b>(3,188)</b>
<b>EBITDA*</b>	<b>3,752</b>	<b>6,153</b>	<b>(2,402)</b>	<b>22,430</b>	<b>32,185</b>	<b>(9,754)</b>
Depreciation	(2,391)	(2,660)	269	(15,721)	(16,003)	282
Net Interest and Dividends	(2,384)	(2,560)	176	(15,183)	(15,358)	175
Exceptionals						
<b>Surplus/(deficit)</b>	<b>(1,023)</b>	<b>934</b>	<b>(1,957)</b>	<b>(8,474)</b>	<b>823</b>	<b>(9,298)</b>
EBITDA %	7.4%	11.4%		7.2%	10.2%	

\*EBITDA = earnings before interest, tax, depreciation and amortisation



- The Board should note that the reported I&E position differs from the plan against which the SHA monitors the Trust performance (FIMS). Overall the bottom line target for the year is consistent between the two plans. The main differences relate to the profiling of income and expenditure.

- The cumulative deficit as at M6 stands at £8.5m, £9.3m behind plan.
- The adverse YTD position is driven by a number of significant factors:
  - Oxfordshire PCT continues to over-perform against the SLA but at reducing levels, 5.4% year to date compared to 6.6% previously reported. The value of the Oxfordshire PCT cap is now impacting adversely on the reported position (£2.1m). Non-Oxfordshire and higher value specialist work income targets are not being fully realised.
  - A consistent underachievement of planned levels of Private Patient income is reflected in the current shortfall of £2.5m.
  - The under-recovery on Other Income of £3.3m is largely a reflection of under-spends on BRC (£2.3m) and continuing under-recovery on unsubstantiated corporate income targets included within the plan.
  - Adverse variances on pay costs are driven by premium agency and overtime costs offset in part by favourable variances on substantive pay and NHSP costs.
  - CIPs for pay related schemes also continue to run behind plan by approximately £3.5m.
  - The adverse variance on non-pay is largely driven by the higher than planned levels of clinical activity in the earlier months of the year.
- Pay costs were above planned levels in the month and, after adjusting for an under spend on BRC costs and the release of corporate reserves, are £4.1m above plan.
- £2.3m of the £8.5m year to date deficit relates to the impact of IFRS accounting for PFIs. This technical deficit does not count against our DH control total.

Section C – Full-year forecast

Table 2: Income and Expenditure Year to Date and Forecast	Year to Date Month 6			Full Year Estimate as at September			
	Actual	Plan	Variance	Actual	Plan	Variance	Last Yr Actual
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Income:							
Commissioning & RTA Income	248,545	249,243	(697)	494,874	499,249	(4,375)	489,781
PP and O/seas Income	5,447	7,952	(2,504)	11,946	16,007	(4,061)	9,753
Other Income	56,068	59,433	(3,365)	111,271	117,021	(5,750)	114,772
<b>Total Income</b>	<b>310,061</b>	<b>316,627</b>	<b>(6,566)</b>	<b>618,091</b>	<b>632,277</b>	<b>(14,186)</b>	<b>614,306</b>
Expenditure:							
Pay costs	(180,587)	(179,359)	(1,228)	(365,787)	(358,248)	(7,539)	(351,681)
Non Pay costs	(107,044)	(105,083)	(1,960)	(211,922)	(208,949)	(2,973)	(226,452)
<b>Total Expenditure</b>	<b>(287,630)</b>	<b>(284,442)</b>	<b>(3,188)</b>	<b>(577,708)</b>	<b>(567,197)</b>	<b>(10,512)</b>	<b>(578,133)</b>
<b>EBITDA*</b>	<b>22,430</b>	<b>32,185</b>	<b>(9,754)</b>	<b>40,382</b>	<b>65,080</b>	<b>(24,698)</b>	<b>36,173</b>
Depreciation	(15,721)	(16,003)	282	(31,466)	(31,988)	522	(20,583)
Net Interest and Dividends	(15,183)	(15,358)	175	(30,489)	(30,716)	227	(13,185)
Exceptionals							
<b>Surplus/(deficit)</b>	<b>(8,474)</b>	<b>823</b>	<b>(9,298)</b>	<b>(21,573)</b>	<b>2,376</b>	<b>(23,949)</b>	<b>2,405</b>
EBITDA %	7.2%	10.2%		6.5%	10.3%		5.9%

\*EBITDA = earnings before interest, tax, depreciation and amortisation

Full-year (FY) forecast at Month 6

- The forecast deficit for the year has been revised to £21.5m following the month 6 results and the monthly refresh of the divisional “raw forecasts”.
- The SHA and PCT have been notified of the revised forecast deficit. A number of meetings have been held between the Trust and the SHA to review the position and to agree a way forward.
- The SHA requires the trust to identify and deliver further initiatives that will improve the trust’s position by approximately £8m. On this basis, the SHA will provide additional direct and indirect non-repayable income support to the Trust totalling £6m.
- As a result, the Trust is now targeting a deficit of £7.5m; £4.5m relating to the impact of IFRS and a further £3m “allowable” deficit.
- This is a significant adverse movement (approximately £12.0m) from Month 5 when the trust was projecting a mitigated deficit of £9.5m.

- The movement between M5 and M6 raw forecasts is explained below:

	£M	
<b>Unmitigated position @M5</b>	<b>(15.6)</b>	
Assumed impact of mitigating action	6.1	Further pay initiatives £6.1m
	<b>(9.5)</b>	
Reverse Pay Targets	(6.1)	Little evidence to support achievability of these initiatives
Reduction in Non Oxon Activity	(2.4)	Further analysis of M4-6 income/activity shows decreasing trend
Deterioration in Private Patient Income	(1.1)	YTD shortfall in private patient income showing no signs of recovering
Other Income	(1.1)	Primarily due to revised assessment of income on lab tests (£0.3m); changed assessment of VAT recovery (£0.4m); and reduction in BRC income (£0.3m)
Pay/Agency costs	(2.1)	Largely driven by extrapolation of current levels of above “plan” spend. Primarily in medicine (£0.8m); neuro sciences (£0.2m); general surgery (£0.5m); CCTA (£0.6m); and womens’ (£0.5m)
Non pay - technical	2.1	Rates rebate £1.1m; further IFRS adjustment £0.7m; reversal of bad debt provision £0.3m
Non Pay - other	(1.3)	Assumed non achievement of procurement CIPs (£0.8m); External testing for swine flu (£0.2m); Reassessment of HIV drug prices (£0.2m)
<b>Revised Forecast @ Month 6</b>	<b>(21.5)</b>	
Additional SHA income support	6.0	
Minimum impact of Trust’s actions	8.0	
<b>Revised target deficit</b>	<b>(7.5)</b>	Includes £4.5m “deficit” relating to the treatment of PFIs under IFRS

### Risks to forecast

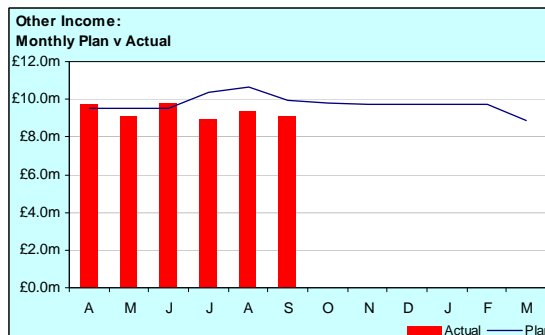
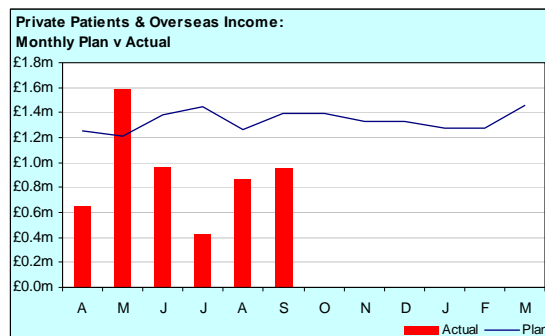
- Without greater control (both financial and operational) the trust's projected financial position may suffer from further volatility and our ability to deliver CIPs will be compromised.
- There is continued uncertainty regarding the trust's position in relation to the 18 week target. Until the scale of the issue, and any resultant backlog of activity, is understood the trust is exposed to as yet unquantified operational (capacity) and financial pressure.
- Activity from non-Oxfordshire PCTs has shown a decreasing trend over M4-M6. The trust would be exposed to further reductions in income if this trend accelerates.
- Increasing pressures of swine flu may adversely impact on the trust.

### Actions and opportunities

- The trust has appointed Colin Whipp as a Director to help manage and improve the trust's operational and financial position.
- The trust will continue to work closely with the SHA, PCTs and other parties to identify further initiatives to help improve the trust's position.
- The trust will drive forward the Joint Activity Management Plan with Oxfordshire PCT, potentially with SHA facilitation. Key areas include reducing delayed transfers of care, reducing referrals from primary care, reducing numbers of A&E attendances and admissions.
- The trust will implement tighter controls in relation to capacity (workforce and beds), stock, and stronger linkages with expected levels of activity.
- A review of recruitment to all vacancies is currently underway.
- A programme of line by line budget and forecast challenge sessions with each directorate and corporate area will be undertaken in conjunction with Mr Whipp (see above). Any areas of discretionary investment will be reviewed.
- The CIPs will be reviewed and the linkage with the projected I&E position validated. The governance arrangements associated with the CIP programme will also be strengthened.
- The current level of procurement initiatives are unambitious and will be robustly reviewed, challenged, and enhanced where possible.
- The trust will review the scale of the planned capital programme to help manage the trust's cash position.

## Section D – Detailed income and cost analysis

Table 3: Income Plan and Actual for Top Six Customers	Position after 6 months		
	Plan £000s	Actual £000s	Variance £000s
Oxfordshire PCT	132,425	139,567	7,142
Oxfordshire PCT - Discount	0	(2,127)	(2,127)
Oxfordshire PCT - TV Spec	17,280	18,152	872
Buckinghamshire PCT	12,003	12,381	378
Northamptonshire PCT - East Mids Spec	8,504	8,481	(23)
Buckinghamshire PCT - TV Spec	8,601	8,315	(286)
Northamptonshire PCT	8,008	7,959	(49)
All other Commissioning	59,987	53,495	(6,492)
RTA Income & PFI Income	2,435	2,322	(113)
<b>Grand Total</b>	<b>249,243</b>	<b>248,545</b>	<b>-697</b>



## Aggregate PCT income

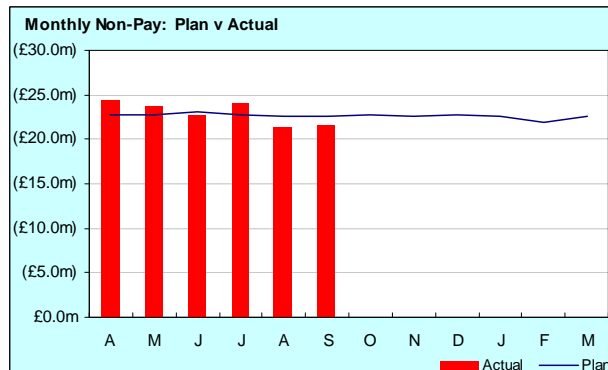
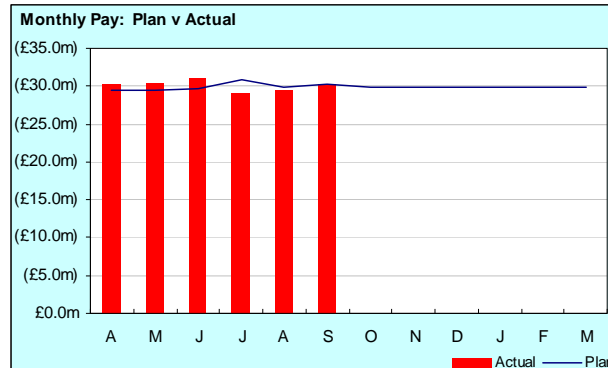
- The reported income for the year to date is based on actual income for Months 1-5, extrapolated for month 6.
- Activity and income for Oxfordshire continues to be above plan with activity exceeding the SLA, to date, by £7.1m (5.4%). In line with the agreed contract, the M6 results and forecast outturn include only £5m of income for this over-performance.
- September activity figures are not yet finalised. Oxfordshire first outpatient attendances (a key area of over performance) reduced in July and August. Non-elective activity (also a source of over performance) also reduced.
- Activity from other PCTs also continues to reduce further below planned levels.

## Private Patient (PP) income

- Actual levels of PP income remain significantly below budgeted levels and are unlikely to recover in the remainder of the year. This performance is reflected in the raw forecast position (adverse variance of £4.1m).

## Other income

- £2.3m of the £3.3m current adverse variance on other income relates to an “under spend” by the Biomedical Research Centre (BRC), matched by under spends on pay and non-pay of £1.7m and £0.6m, respectively.
- The balance of the adverse variance primarily relates to shortfalls on aspirational income targets included with the trust’s plan (£5.4m full year effect).



## Pay costs

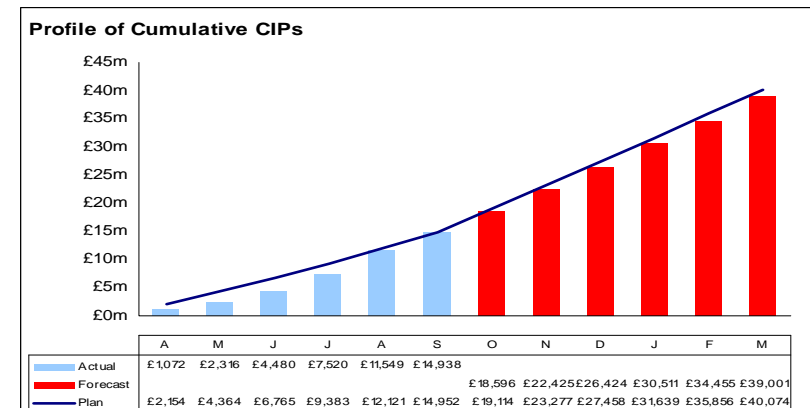
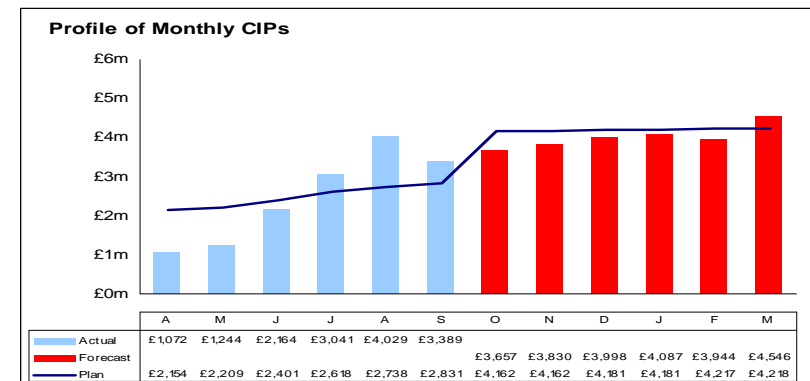
- The cumulative adverse variance on pay of £4.1m (after adjusting for the favourable year to date variance on the BRC of approximately £1.7m and the release of corporate reserves against pay costs of £1.2m year to date) largely matches the slippage on pay CIPs. In month, pay costs were approximately £0.6m adverse to planned levels.
- At month 6, the full year adverse variance on planned pay costs (after adjusting for the BRC and corporate reserves as above) is estimated at approximately £10.5m. This broadly reflects an unmitigated extrapolation of the year to date position.

## Non pay costs

- The underlying year to date position on non-pay spend, after eliminating the BRC under spend (£0.6m) and the favourable impact of a rates rebate (£1.1m), is approximately £3.2m adverse to plan.
- Underlying non-pay expenditure for M6 was approximately £0.2m below planned levels, explained primarily by overachievement of non-pay CIPs.
- The non-pay CIP performance needs to be validated and reconciled to the trust's I&E position.

Section E - Cost Improvement Programme (CIP)

Table 4: CIP Progress	Position after 6 months			Full year estimate as at month 6		
	Plan	Actual	Variance	Plan	Actual	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Pay	8,826	5,369	-3,457	25,202	14,733	-10,469
Non-Pay	6,126	7,283	1,157	14,872	18,153	3,281
Income		2,287	2,287		6,117	6,117
<b>Grand Total</b>	<b>14,952</b>	<b>14,939</b>	<b>-13</b>	<b>40,074</b>	<b>39,002</b>	<b>-1,072</b>



Target savings and cost reduction

- The Trust must deliver the £40.1m CIPs committed within the original plan. This is important operationally, financially, and reputationally.

Position at M6

- For the period to the end of September, the actual CIPs delivered of £14.9m appear in aggregate to be broadly in line with planned levels.
- However, there is significant slippage on pay CIPs year to date and assumed within the forecast year end position.
- Furthermore, both the appropriateness of the income CIPs and the linkage between both the income CIPs and non-pay savings and the I&E position needs to be validated.
- The CIP programme will be a key area of focus for Mr EWhipp (see above).

Section F – Divisional Position: Operational Divisions

Performance by division	Year to date: September			Full Year		Variance to Plan £000s
	Actual	Plan	Variance	Plan	Forecast	
	£000s	£000s	£000s	£000s	£000s	
Operating Divisions						
A	26,270	29,801	(3,531)	58,742	51,900	(6,842)
B	13,159	23,017	(9,858)	46,796	27,214	(19,582)
C	5,064	7,787	(2,723)	14,946	10,776	(4,170)
D - Corporate directorates	(32,574)	(34,259)	1,685	(67,647)	(67,932)	(285)
E - Biomedical Research	0	(158)	158	0	0	0
F - Trustwide (incl PCT inc)	9,233	4,696	4,536	9,644	15,760	6,116
G - Capital Charges	(29,626)	(30,062)	435	(60,105)	(59,292)	813
Surplus/(deficit)	(8,474)	823	(9,298)	2,376	(21,574)	(23,950)

Directorate Summary	Position after 6 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Cancer	281	(2,914)	(2,632)
Specialist Surgery	(2,280)	(330)	(2,610)
Anaesthetics & Theatres	(2,138)	(240)	(2,378)
General Surgery	(3,115)	779	(2,336)
Women's & Sexual Health	(726)	(1,566)	(2,293)
Cardiac	(167)	(1,725)	(1,891)
Medicine 1	(1,836)	423	(1,413)
Renal Centre	(233)	(599)	(832)
Pharmacy and Therapies	(1,008)	488	(520)
Childrens & Genetics	(153)	(64)	(218)
Radiology & Physics	41	(116)	(75)
Div A Divisionwide	(30)	0	(30)
Division B Management	109	(10)	99
Lab med & Clinical Sciences	(181)	367	186
Divisional Services	-8	205	196
Specialist Medicine	198	437	635
<b>TOTAL</b>	<b>(11,247)</b>	<b>(4,865)</b>	<b>-16,112</b>

Further detail on the underlying Directorate and Divisional year to date positions are summarised in Appendix 1 of this report with more detail on the Operational and Corporate areas to follow on pages 8-9 of this report.

Largest adverse variances in the month

- The table sets out the largest adverse budget variances (by value) by directorate for the Operational Divisions. The largest five variances are as follows:
  - **Cancer** – The adverse variance is due to under-performance on activity and income. Previously it had been assumed income was at planned levels by with the reallocation of the Oxfordshire PCT over-performance monies, income previously attributed to this area of under-performance has been withdrawn.
  - **Specialist Surgery** - principally due to a shortfall in CIPs and the use of additional, unbudgeted bed capacity using agency staff
  - **Anaesthetics & Theatres** – the directorate has been unable to reduce the number of theatre lists as planned due to demand to retain lists from the front line surgical directorates. The unplanned demand has also disrupted the directorate’s ability to deliver some of its CIPs.
  - **General Surgery** – principally due to a shortfall and delay in implementing CIPs and the use of additional, unbudgeted bed capacity at both the JR and Horton
  - **Womens & Sexual Health** - largely driven by slippage on savings combined with reduced income.

## Oxford Radcliffe Hospitals

Table 7: Division A Summary	Year to date: September			Full Year		
	Actual	Plan	Variance	Plan	Forecast	Variance to Plan
	£000s	£000s	£000s	£000s	£000s	£000s
Income:						
Commissioning & RTA	89,619	90,890	(1,271)	181,974	178,615	(3,359)
PP & O/seas	996	1,408	(412)	2,828	2,222	(606)
Other Income	2,368	2,148	220	4,230	4,691	461
<b>Total Income</b>	<b>92,984</b>	<b>94,447</b>	<b>(1,463)</b>	<b>189,032</b>	<b>185,528</b>	<b>(3,504)</b>
Expenditure:						
Pay costs	(37,708)	(36,246)	(1,463)	(73,292)	(76,367)	(3,075)
Non Pay costs	(29,005)	(28,400)	(605)	(56,998)	(57,260)	(263)
<b>Total Expenditure</b>	<b>(66,714)</b>	<b>(64,646)</b>	<b>(2,068)</b>	<b>(130,290)</b>	<b>(133,627)</b>	<b>(3,337)</b>
<b>Net position</b>	<b>26,270</b>	<b>29,801</b>	<b>(3,531)</b>	<b>58,742</b>	<b>51,900</b>	<b>(6,842)</b>

Table 8: Division B Summary	Year to date: September			Full Year		
	Actual	Plan	Variance	Plan	Forecast	Variance to Plan
	£000s	£000s	£000s	£000s	£000s	£000s
Income:						
Commissioning & RTA	94,624	95,947	(1,323)	192,293	188,064	(4,229)
PP & O/seas	1,748	2,691	(943)	5,444	3,759	(1,686)
Other Income	2,924	3,373	(449)	6,596	5,840	(756)
<b>Total Income</b>	<b>99,296</b>	<b>102,010</b>	<b>(2,715)</b>	<b>204,334</b>	<b>197,663</b>	<b>(6,670)</b>
Expenditure:						
Pay costs	(60,389)	(57,094)	(3,295)	(113,828)	(119,920)	(6,093)
Non Pay costs	(25,748)	(21,899)	(3,848)	(43,710)	(50,529)	(6,819)
<b>Total Expenditure</b>	<b>(86,136)</b>	<b>(78,993)</b>	<b>(7,143)</b>	<b>(157,538)</b>	<b>(170,449)</b>	<b>(12,911)</b>
<b>Net position</b>	<b>13,159</b>	<b>23,017</b>	<b>(9,858)</b>	<b>46,796</b>	<b>27,214</b>	<b>(19,581)</b>

Table 9 Division C Summary	Year to date: September			Full Year		
	Actual	Plan	Variance	Plan	Forecast	Variance to Plan
	£000s	£000s	£000s	£000s	£000s	£000s
Income:						
Commissioning & RTA	63,781	64,539	(758)	129,261	127,923	(1,339)
PP & O/seas	1,296	2,170	(875)	4,356	2,773	(1,584)
Other Income	8,892	7,947	945	15,986	17,359	1,373
<b>Total Income</b>	<b>73,969</b>	<b>74,656</b>	<b>(687)</b>	<b>149,604</b>	<b>148,054</b>	<b>(1,550)</b>
Expenditure:						
Pay costs	(52,926)	(52,780)	(146)	(106,467)	(106,967)	(500)
Non Pay costs	(15,979)	(14,088)	(1,890)	(28,191)	(30,312)	(2,121)
<b>Total Expenditure</b>	<b>(68,905)</b>	<b>(66,869)</b>	<b>(2,036)</b>	<b>(134,658)</b>	<b>(137,279)</b>	<b>(2,621)</b>
<b>Net position</b>	<b>5,064</b>	<b>7,787</b>	<b>(2,723)</b>	<b>14,946</b>	<b>10,776</b>	<b>(4,170)</b>

- Division A** has under-achieved against its YTD plan by £3.5m due largely to reduced levels of income and unplanned and unbudgeted costs to meet additional demand. The forecast outturn has improved by £1.8m since M5 as a result of allocating the division's "share" (£3.0m) of the additional £5m income for Oxfordshire over-performance, in part offset by a worsening assessment of future pay and non-pay costs, including additional costs for winter capacity and drug prices increases (£1.2m)
- Division B** has under-achieved its plan to date by £9.9m, and is forecasting it will be £19.6m adverse to plan at the year end. The Divisional forecast outturn has deteriorated from M5 by £3.6m despite being allocated approximately £0.5m of additional PCT income. This slippage primarily results from the inclusion of additional costs for agency staff (£1.4m) to cope with on-going additional capacity, an assessment of CIP savings as no longer deemed achievable (£0.8m) and to a lesser extent the impact of lower than planned activity in August on PCT and PP income (£1.4m).
- Division C** has under-achieved against its YTD plan by £2.7m and is forecasting that its year-end position will be £4.2m adverse to plan. The Division is reporting adverse variances on income of £0.7m despite being allocated £0.9m of additional PCT income and on expenditure of £2.0m. The worsening forecast (£0.5m) is largely a factor of a revision to the planned level of PP income achievable in the year.

Table 10: Directorate Summary Division D (Corporate Directorates)	Position after 6 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Central Trust Services	(30)	0	(30)
Clinical Governance Unit	18	14	32
CRS Implementation	746	(359)	387
Division D Division Wide	0	0	0
Elective Access	30	(1)	29
Estates and Facilities	1,369	(15)	1,354
Finance & Procurement	268	(45)	222
Horton Management	(35)	0	(35)
Human Resources & Admin	50	40	90
Medical Director	127	(52)	75
Nursing/Midwifery Directorate	90	(108)	(18)
OHIS, Telecoms, Med Recs	(75)	(280)	(355)
Patient Access	23	(3)	20
Planning & Communications	98	(14)	84
Private Patients	104	(273)	(169)
<b>Division Total</b>	<b>2,782</b>	<b>(1,098)</b>	<b>1,685</b>

Table 11: Biomedical Research Centre Division E	Position after 6 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
	2,504	(2,346)	158
<b>Division Total</b>	<b>2,504</b>	<b>(2,346)</b>	<b>158</b>

Table 12: Trustwide budgets Division F	Position after 6 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Strategic Change	(195)	188	(7)
Teaching Training Research	206	432	638
Trust Wide	2,760	1,144	3,905
<b>Division Total</b>	<b>2,772</b>	<b>1,764</b>	<b>4,536</b>

Table 13: Operating Expenses Division G	Position after 6 months		
	Expend variance	Income variance	Net variance
	£000s	£000s	£000s
Operating Expenses	482	(46)	435
<b>Division Total</b>	<b>482</b>	<b>(46)</b>	<b>435</b>

- Division D's** YTD position shows a favourable variance to plan of £1.6m and includes a benefit of £1m relating to a rates rebate, also reflected in the forecast outturn position. The Division a small adverse variance to plan for the financial year (£0.3m). The position masks underlying issues particularly on OHIS, Private Patients (for Ward 5C/D and Wytham Wing) and CRS where deficits are reported. A further urgent review is being undertaken in these areas to mitigate against further adverse variances.
- Division E (BRC)** has a budget of £12.5m, with income matched to expenditure. Unlike previous years, any under spends at year-end may cannot be carried over into the next financial year. The YTD position shows an under spend of approximately £2.3m. The BRC have asserted that it has plans in place to spend this year's budget in full.
- Division F (Trust wide)** shows a favourable variance which reflects the release of corporate reserves of circa £3.0m and savings on lease costs netted off with cost pressures on operational management costs. The over recovery on income relates largely to higher than budgeted receipts on VAT claims.
- Division G (Operating Expenses)** reports an improved position which reflects further changes as a result of IFRS accounting. The budget includes depreciation and interest charges payable.

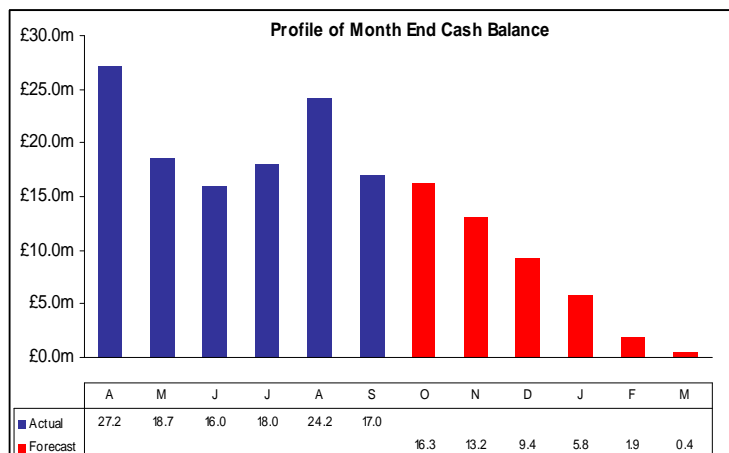
## Section G – Balance Sheet

Table 14: Balance Sheet for month 6	Last month balance	Current Month	Movement in Month
	£000s	£000s	£000s
<b>Fixed Assets</b>			
Intangible Fixed Assets	3,348	3,280	(68)
Tangible Fixed Assets	652,539	651,935	(604)
<b>Total Fixed Assets</b>	<b>655,887</b>	<b>655,216</b>	<b>(672)</b>
<b>Current Assets</b>			
Stocks and Work in progress	9,470	9,493	23
Debtors	41,444	41,564	119
Investments	190	190	0
Cash	24,231	17,021	(7,210)
<b>Total Current Assets</b>	<b>75,336</b>	<b>68,268</b>	<b>(7,067)</b>
<b>Other Assets</b>			
Debtors > 1 year	2,494	2,402	(92)
<b>Total Other Assets</b>	<b>2,494</b>	<b>2,402</b>	<b>(92)</b>
<b>Current Liabilities</b>			
Creditors < 1 year	(96,412)	(91,914)	4,498
<b>Total Current Liabilities</b>	<b>(96,412)</b>	<b>(91,914)</b>	<b>4,498</b>
<b>Other Liabilities</b>			
Creditors > 1 year	(255,930)	(253,559)	2,371
Provisions for liabilities and charges	(2,292)	(2,292)	0
<b>Total Other Liabilities</b>	<b>(258,222)</b>	<b>(255,852)</b>	<b>2,371</b>
<b>Total Assets Employed</b>	<b>379,082</b>	<b>378,120</b>	<b>(962)</b>
<b>Taxpayer's Equity</b>			
Public Dividend Capital	(172,586)	(172,586)	0
Revaluation Reserve	(140,668)	(140,951)	(283)
Donated Asset Reserve	(75,055)	(74,833)	222
Government Grant Reserve	(77)	(77)	0
Other Reserves	(1,743)	(1,743)	0
I&E Reserve	3,595	3,595	0
Current year I&E	7,451	8,474	1,023
<b>Total Taxpayer's Equity</b>	<b>(379,082)</b>	<b>(378,120)</b>	<b>962</b>

## Month 6 Balance Sheet

- The reduction of cash was due to the bi-annual payments of PDC dividends (£4.8m) and repayment of loans with interest (£2.4m).
- The value of current liabilities changed in the month primarily as a result of IFRS adjustments to the Accounts.
- Work is continuing within the finance department to review the balance sheet of the trust and, in particular, the significant net current liability position
- In September there has been a decrease in performance on Non-NHS invoices from 90.6% to 87% by number but 88.4% to 86.2% by value.
- Performance for NHS invoices also shows a decrease in performance with 71.7% by number and 90.5% by value being processed within 30 days.

## Cash and Capital Spend



**Table 15:  
Capital Expenditure Summary**

Project Code/Name	Annual CRL £000s	Year to date as at month: 6	
		Actual £000s	Forecast Achieved %
Cardiac Expansion	3,055	2,508	82%
CRS	372	23	6%
Churchill PFI Group 3 Medical equipment	3,460	68	2%
JR PFI Unitary payment reversionary interest	106	0	0%
CH PFI Unitary payment reversionary interest	123	0	0%
Bio Medical Research Centre	2,131	143	7%
All Other Schemes	24,488	4549	19%
Disposals		0	
<b>Total</b>	<b>33,735</b>	<b>7,291</b>	<b>22%</b>

- The current cash balance for the Trust (£17.0m at month 6) is fairly strong but in light of the revised projected financial position for the Trust, the latest assessment of the cash position illustrates a need to ensure that cash is proactively managed.
- The current cash projection reflects £6m of non-payable support from the SHA but does not fully reflect the measures required to manage the cash position particularly in the last quarter of the financial year. The required additional savings of £8m mandated from the SHA meeting should be cash releasing but the impact of these savings have yet to be reflected in the cash forecast.
- The Trust has no access to temporary borrowing and to manage cash is already looking to take the following measures:
  - Review of planned spend on the capital programme
  - On-going review of working capital
- The cash position of the trust is bolstered by under spends on the BRC, relating to both past and current years.
- The Trust CRL for the year has increased due to funding received to support further capital spend within BRC. Slippage on the capital programme is also contributing to the current cash balance. Historically, this is a feature of the programme. It is proposed that the cash profile for proposed spend will be reviewed with a view to stopping or deferring non-essential spend. An urgent review is currently being undertaken.
- The FRR for the Trust are outlined in Appendix 3 to this report.

### Annex - Abbreviations and acronyms used

Activity Management Plan	The actions agreed with Oxfordshire PCT to target the reduction in the volume of patient services being used
Better Practice Payment Code	The requirement for public sector bodies to settle all (undisputed) supplier invoices with 30 days of receipt
BRC	Biomedical Research Centre
Capital Resource Limit (CRL)	The maximum level of capital investment set for the year for the Trust by the Department of Health
Cost improvement programme (CIPs)	An annual programme of cash-releasing efficiency and productivity measures
DH	Department of Health
Earnings Before Interest, Taxation, Depreciation & Amortisation (EBITDA)	The surplus of income over expenditure before accounting for these particular costs
Financial Risk Rating (FRR)	A composite measure used by Monitor to assess the financial performance and risk of NHS Foundation Trusts

Performance Improvement & Cost Reduction Programme (PICRP)	See CIPs
Plan	The budget agreed by the Board
Primary Care Trust (PCT)	An NHS commissioner of the Trust's patient services
SLA	Service Level Agreement (the contract agreed with another organisation for the provision of services)
Whole Time Equivalent (WTE)	A workforce measure which expresses staff in terms of their full-time equivalent numbers – eg. a person working half time would equate to a 0.5 WTE
YTD	Year- to-date

Division and Directorate In Month Position for Period 6: September 2009

													Actual Surplus/Deficit -£1,022,841 ▼		
	WTE		Pay			Non-Pay			Income			Total			
	Budget	Actual	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Cardiac	392.01	329.64	-1,388	-1,253	135 ▲	-1,064	-1,199	-135 ▼	3,502	2,886	-616 ▼	1,050	434	-616 ▼	
Div A Divisionwide	3.60	3.60	-20	-23	-3 ▼	-2	-22	-19 ▼	0	0	0 ▲	-22	-44	-23 ▼	
Medicine 1	795.16	825.21	-2,569	-2,943	-375 ▼	-338	-360	-22 ▼	4,516	5,566	1,050 ▲	1,610	2,263	654 ▲	
Renal Centre	355.24	326.67	-1,217	-1,231	-14 ▼	-1,120	-1,206	-86 ▼	3,982	4,263	281 ▲	1,645	1,827	181 ▲	
Specialist Medicine	265.29	255.25	-922	-924	-2 ▼	-2,240	-2,251	-11 ▼	3,877	5,288	1,411 ▲	716	2,113	1,398 ▲	
<b>Division A</b>	<b>1,811.30</b>	<b>1,740.37</b>	<b>-6,115</b>	<b>-6,374</b>	<b>-258 ▼</b>	<b>-4,764</b>	<b>-5,037</b>	<b>-273 ▼</b>	<b>15,878</b>	<b>18,004</b>	<b>2,126 ▲</b>	<b>4,999</b>	<b>6,593</b>	<b>1,595 ▲</b>	
Anaesthetics & Theatres	960.01	957.95	-3,592	-3,915	-322 ▼	-903	-894	9 ▲	1,991	2,282	291 ▲	-2,504	-2,527	-23 ▼	
Cancer	362.64	344.16	-1,294	-1,162	132 ▲	-1,319	-1,371	-52 ▼	4,407	2,646	-1,761 ▼	1,793	113	-1,680 ▼	
Division B Management	54.98	54.78	-126	-129	-3 ▼	-51	-16	35 ▲	3	1	-3 ▼	-173	-144	29 ▲	
General Surgery	666.33	667.09	-2,154	-2,560	-406 ▼	-733	-1,119	-386 ▼	5,394	6,400	1,006 ▲	2,507	2,721	214 ▲	
Specialist Surgery	576.93	603.84	-2,322	-2,432	-111 ▼	-659	-927	-267 ▼	5,911	6,193	282 ▲	2,930	2,835	-96 ▼	
<b>Division B</b>	<b>2,620.89</b>	<b>2,627.82</b>	<b>-9,489</b>	<b>-10,198</b>	<b>-709 ▼</b>	<b>-3,665</b>	<b>-4,327</b>	<b>-661 ▼</b>	<b>17,706</b>	<b>17,522</b>	<b>-185 ▼</b>	<b>4,552</b>	<b>2,997</b>	<b>-1,555 ▼</b>	
Childrens & Genetics	636.61	572.76	-2,449	-2,390	59 ▲	-321	-455	-134 ▼	4,379	4,830	451 ▲	1,609	1,985	376 ▲	
Divisional Services	7.30	7.10	-48	-51	-3 ▼	-2	-3	-1 ▼	4	38	34 ▲	-46	-16	30 ▲	
Lab Med & Clinical Sciences	474.06	462.33	-1,639	-1,606	33 ▲	-599	-688	-89 ▼	1,715	2,091	376 ▲	-522	-203	319 ▲	
Pharmacy and Therapies	330.41	314.44	-852	-962	-110 ▼	-515	-482	32 ▲	547	512	-35 ▼	-819	-932	-113 ▼	
Radiology & Physics	461.91	429.67	-1,848	-1,755	93 ▲	-521	-728	-208 ▼	1,691	1,872	181 ▲	-677	-611	66 ▲	
Women's & Sexual Health	569.54	529.64	-2,275	-1,978	298 ▲	-196	-323	-127 ▼	4,400	3,693	-707 ▼	1,929	1,393	-536 ▼	
<b>Division C</b>	<b>2,479.83</b>	<b>2,315.94</b>	<b>-9,110</b>	<b>-8,742</b>	<b>369 ▲</b>	<b>-2,153</b>	<b>-2,680</b>	<b>-527 ▼</b>	<b>12,737</b>	<b>13,036</b>	<b>300 ▲</b>	<b>1,474</b>	<b>1,615</b>	<b>141 ▲</b>	
Central Trust Services	5.51	6.50	-61	-74	-13 ▼	-7	-7	0 ▲	0	0	0 ▲	-69	-81	-13 ▼	
Clinical Governance Unit	27.58	28.40	-105	-105	1 ▲	-6	-3	3 ▲	10	15	5 ▲	-101	-93	8 ▲	
CRS Implementation	41.00	30.53	-181	-132	49 ▲	-73	-17	56 ▲	93	30	-64 ▼	-162	-120	42 ▲	
Division D Division Wide	0.00	0.00	0	0	0 ▲	0	0	0 ▲	0	0	0 ▲	0	0	0 ▲	
Elective Access	106.58	101.90	-221	-202	20 ▲	-8	-6	2 ▲	1	1	0 ▲	-229	-207	22 ▲	
Estates and Facilities	245.28	223.91	-557	-567	-10 ▼	-3,530	-2,311	1,219 ▲	772	797	24 ▲	-3,315	-2,081	1,234 ▲	
Finance & Procurement	115.80	119.40	-346	-360	-14 ▼	-169	-149	20 ▲	100	82	-17 ▼	-415	-427	-12 ▼	
Horton Management	8.97	11.38	-45	-51	-6 ▼	-1	-1	0 ▲	1	1	0 ▲	-46	-51	-6 ▼	
Human Resources & Admin	73.88	77.07	-298	-247	51 ▲	-133	-209	-76 ▼	62	55	-7 ▼	-369	-402	-33 ▼	
Medical Director	30.99	15.86	-197	-200	-3 ▼	-40	-15	25 ▲	31	24	-7 ▼	-206	-191	15 ▲	
Nursing/Midwifery Directorate	56.62	57.04	-211	-223	-12 ▼	-97	-58	39 ▲	72	53	-19 ▼	-236	-228	8 ▲	
OHIS, Telecoms, Med Recs	162.14	158.77	-437	-441	-4 ▼	-197	-245	-48 ▼	367	331	-37 ▼	-267	-355	-89 ▼	
Patient Access	48.03	45.95	-130	-135	-5 ▼	-20	17	37 ▲	3	2	-1 ▼	-147	-117	30 ▲	
Planning & Communications	73.65	67.75	-224	-207	17 ▲	-43	-42	0 ▲	19	24	5 ▲	-247	-225	22 ▲	
Private Patients	100.87	65.61	-199	-166	32 ▲	-23	-18	6 ▲	296	245	-51 ▼	73	61	-12 ▼	
<b>Division D</b>	<b>1,096.90</b>	<b>1,010.07</b>	<b>-3,213</b>	<b>-3,111</b>	<b>102 ▲</b>	<b>-4,347</b>	<b>-3,064</b>	<b>1,283 ▲</b>	<b>1,826</b>	<b>1,657</b>	<b>-169 ▼</b>	<b>-5,734</b>	<b>-4,518</b>	<b>1,216 ▲</b>	
<b>Biomedical Research Centre</b>	<b>77.16</b>	<b>65.04</b>	<b>-1,167</b>	<b>-930</b>	<b>237 ▲</b>	<b>-325</b>	<b>-105</b>	<b>221 ▲</b>	<b>1,334</b>	<b>1,034</b>	<b>-300 ▼</b>	<b>-158</b>	<b>0</b>	<b>158 ▲</b>	
Strategic Change	0.00	5.82	-21	-25	-4 ▼	-21	-9	12 ▲	42	30	-12 ▼	-0	-3	-3 ▼	
Teaching Training Research	15.60	20.68	-578	-667	-88 ▼	-45	-11	35 ▲	3,051	3,189	138 ▲	2,427	2,512	85 ▲	
Trust Wide	26.47	16.73	-555	-273	282 ▲	-2,030	-1,571	459 ▲	962	-3,808	-4,771 ▼	-1,623	-5,652	-4,030 ▼	
<b>Division F</b>	<b>42.07</b>	<b>43.23</b>	<b>-1,155</b>	<b>-965</b>	<b>190 ▲</b>	<b>-2,096</b>	<b>-1,591</b>	<b>505 ▲</b>	<b>4,055</b>	<b>-589</b>	<b>-4,644 ▼</b>	<b>804</b>	<b>-3,144</b>	<b>-3,948 ▼</b>	
<b>Operating expenses</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0 ▲</b>	<b>-5,243</b>	<b>-4,796</b>	<b>447 ▲</b>	<b>241</b>	<b>230</b>	<b>-11 ▼</b>	<b>-5,003</b>	<b>-4,566</b>	<b>436 ▲</b>	
<b>TOTAL TRUST</b>	<b>8,128.15</b>	<b>7,802.47</b>	<b>-30,249</b>	<b>-30,319</b>	<b>-70 ▼</b>	<b>-22,593</b>	<b>-21,598</b>	<b>995 ▲</b>	<b>53,777</b>	<b>50,894</b>	<b>-2,882 ▼</b>	<b>934</b>	<b>-1,023</b>	<b>-1,957 ▼</b>	

Division and Directorate Year to Date Position for Period 6 Ending September 2009

													Actual Surplus/Deficit -£8,474,243 ▼		
	WTE		Pay			Non-Pay			Income			Total			
	Budget	Actual	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Cardiac	392.01	329.64	-7,969	-7,615	354 ▲	-6,248	-6,769	-521 ▼	20,347	18,622	-1,725 ▼	6,130	4,239	-1,891 ▼	
Div A Divisionwide	3.60	3.60	-119	-138	-19 ▼	-13	-24	-11 ▼	0	0	0	-132	-162	-30 ▼	
Medicine 1	795.16	825.21	-15,401	-17,074	-1,673 ▼	-2,010	-2,174	-163 ▼	27,455	27,878	423 ▲	10,044	8,630	-1,413 ▼	
Renal Centre	355.24	326.67	-7,218	-7,203	14 ▲	-6,713	-6,961	-247 ▼	23,738	23,140	-599 ▼	9,807	8,976	-832 ▼	
Specialist Medicine	265.29	255.25	-5,539	-5,679	-139 ▼	-13,416	-13,078	337 ▲	22,907	23,344	437 ▲	3,952	4,587	635 ▲	
<b>Division A</b>	<b>1,811.30</b>	<b>1,740.37</b>	<b>-36,246</b>	<b>-37,708</b>	<b>-1,463 ▼</b>	<b>-28,400</b>	<b>-29,005</b>	<b>-605 ▼</b>	<b>94,447</b>	<b>92,984</b>	<b>-1,463 ▼</b>	<b>29,801</b>	<b>26,270</b>	<b>-3,531 ▼</b>	
Anaesthetics & Theatres	960.01	957.95	-21,545	-23,042	-1,497 ▼	-5,357	-5,998	-641 ▼	11,455	11,215	-240 ▼	-15,447	-17,825	-2,378 ▼	
Cancer	362.64	344.16	-7,792	-7,578	214 ▲	-7,849	-7,781	67 ▲	24,551	21,637	-2,914 ▼	8,910	6,278	-2,632 ▼	
Division B Management	54.98	54.78	-755	-804	-49 ▼	-302	-144	158 ▲	19	9	-10 ▼	-1,038	-939	99 ▲	
General Surgery	666.33	667.09	-12,983	-14,481	-1,498 ▼	-4,475	-6,092	-1,617 ▼	31,747	32,526	779 ▲	14,288	11,952	-2,336 ▼	
Specialist Surgery	576.93	603.84	-14,019	-14,483	-464 ▼	-3,917	-5,732	-1,816 ▼	34,239	33,909	-330 ▼	16,303	13,694	-2,610 ▼	
<b>Division B</b>	<b>2,620.89</b>	<b>2,627.82</b>	<b>-57,094</b>	<b>-60,389</b>	<b>-3,295 ▼</b>	<b>-21,899</b>	<b>-25,748</b>	<b>-3,848 ▼</b>	<b>102,010</b>	<b>99,296</b>	<b>-2,715 ▼</b>	<b>23,017</b>	<b>13,159</b>	<b>-9,858 ▼</b>	
Childrens & Genetics	636.61	572.76	-14,676	-14,579	97 ▲	-2,166	-2,417	-251 ▼	25,484	25,420	-64 ▼	8,642	8,425	-218 ▼	
Divisional Services	7.30	7.10	-286	-289	-3 ▼	-12	-18	-6 ▼	22	227	205 ▲	-276	-80	196 ▲	
Lab Med & Clinical Sciences	474.06	462.33	-9,859	-9,968	-109 ▼	-3,792	-3,864	-72 ▼	9,937	10,304	367 ▲	-3,714	-3,528	186 ▲	
Pharmacy and Therapies	330.41	314.44	-5,506	-5,591	-84 ▼	-3,087	-4,011	-923 ▼	3,227	3,715	488 ▲	-5,367	-5,887	-520 ▼	
Radiology & Physics	461.91	429.67	-11,002	-10,691	311 ▲	-3,529	-3,799	-270 ▼	9,804	9,688	-116 ▼	-4,727	-4,801	-75 ▼	
Women's & Sexual Health	569.54	529.64	-11,450	-11,808	-358 ▼	-1,502	-1,870	-368 ▼	26,181	24,615	-1,566 ▼	13,229	10,936	-2,293 ▼	
<b>Division C</b>	<b>2,479.83</b>	<b>2,315.94</b>	<b>-52,780</b>	<b>-52,926</b>	<b>-146 ▼</b>	<b>-14,088</b>	<b>-15,979</b>	<b>-1,890 ▼</b>	<b>74,656</b>	<b>73,969</b>	<b>-687 ▼</b>	<b>7,787</b>	<b>5,064</b>	<b>-2,723 ▼</b>	
Central Trust Services	5.51	6.50	-356	-369	-13 ▼	-44	-61	-17 ▼	0	0	0	-399	-430	-30 ▼	
Clinical Governance Unit	27.58	28.40	-649	-640	9 ▲	-36	-26	10 ▲	61	74	14 ▲	-624	-592	32 ▲	
CRS Implementation	41.00	30.53	-1,086	-705	382 ▲	-441	-77	364 ▲	559	200	-359 ▼	-969	-582	387 ▲	
Division D Division Wide	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	
Elective Access	106.58	101.90	-1,357	-1,321	36 ▲	-47	-52	-6 ▼	3	2	-1 ▼	-1,400	-1,371	29 ▲	
Estates and Facilities	245.28	223.91	-3,379	-3,472	-93 ▼	-20,830	-19,368	1,462 ▲	4,556	4,541	-15 ▼	-19,653	-18,299	1,354 ▲	
Finance & Procurement	115.80	119.40	-2,060	-2,215	-155 ▼	-1,010	-588	422 ▲	597	552	-45 ▼	-2,473	-2,251	222 ▲	
Horton Management	8.97	11.38	-272	-305	-34 ▼	-5	-6	-1 ▼	3	3	0	-273	-308	-35 ▼	
Human Resources & Admin	73.88	77.07	-1,699	-1,556	143 ▲	-935	-1,028	-93 ▼	378	418	40 ▲	-2,255	-2,166	90 ▲	
Medical Director	30.99	15.86	-1,166	-1,072	94 ▲	-240	-207	33 ▲	186	133	-52 ▼	-1,221	-1,146	75 ▲	
Nursing/Midwifery Directorate	56.62	57.04	-1,257	-1,308	-51 ▼	-582	-441	140 ▲	432	325	-108 ▼	-1,407	-1,425	-18 ▼	
OHIS, Telecoms, Med Recs	162.14	158.77	-2,614	-2,604	10 ▲	-1,181	-1,267	-85 ▼	2,204	1,924	-280 ▼	-1,591	-1,946	-355 ▼	
Patient Access	48.03	45.95	-781	-806	-25 ▼	-117	-69	48 ▲	17	14	-3 ▼	-881	-861	20 ▲	
Planning & Communications	73.65	67.75	-1,336	-1,268	68 ▲	-256	-226	30 ▲	115	100	-14 ▼	-1,477	-1,393	84 ▲	
Private Patients	100.87	65.61	-1,190	-999	191 ▲	-139	-227	-88 ▼	1,694	1,421	-273 ▼	365	196	-169 ▼	
<b>Division D</b>	<b>1,096.90</b>	<b>1,010.07</b>	<b>-19,201</b>	<b>-18,639</b>	<b>562 ▲</b>	<b>-25,863</b>	<b>-23,643</b>	<b>2,220 ▲</b>	<b>10,805</b>	<b>9,708</b>	<b>-1,098 ▼</b>	<b>-34,259</b>	<b>-32,574</b>	<b>1,685 ▲</b>	
Biomedical Research Centre	77.16	65.04	-7,108	-5,428	1,680 ▲	-1,953	-1,129	824 ▲	8,904	6,558	-2,346 ▼	-158	0	158 ▲	
Strategic Change	0.00	5.82	-128	-284	-156 ▼	-125	-164	-39 ▼	252	440	188 ▲	-1	-8	-7 ▼	
Teaching Training Research	15.60	20.68	-3,470	-3,519	-49 ▼	-279	-24	255 ▲	18,304	18,736	432 ▲	14,555	15,193	638 ▲	
Trust Wide	26.47	16.73	-3,331	-1,693	1,638 ▲	-12,386	-11,264	1,122 ▲	5,860	7,004	1,144 ▲	-9,857	-5,953	3,905 ▲	
<b>Division F</b>	<b>42.07</b>	<b>43.23</b>	<b>-6,929</b>	<b>-5,496</b>	<b>1,433 ▲</b>	<b>-12,790</b>	<b>-11,451</b>	<b>1,339 ▲</b>	<b>24,416</b>	<b>26,180</b>	<b>1,764 ▲</b>	<b>4,696</b>	<b>9,233</b>	<b>4,536 ▲</b>	
Operating expenses	0.00	0.00	0	0	0	-31,505	-31,023	482 ▲	1,443	1,397	-46 ▼	-30,062	-29,626	435 ▲	
<b>TOTAL TRUST</b>	<b>8,128.15</b>	<b>7,802.47</b>	<b>-179,359</b>	<b>-180,587</b>	<b>-1,228 ▼</b>	<b>-136,499</b>	<b>-137,978</b>	<b>-1,479 ▼</b>	<b>316,681</b>	<b>310,090</b>	<b>-6,591 ▼</b>	<b>823</b>	<b>-8,474</b>	<b>-9,298 ▼</b>	

**Appendix 2 – Cost Improvement Programme (CIP) – savings for period ending September 2009**

Project/Workstream Title & Brief Description	Total Net Saving FY09/10 £'000	Project Risk Rating	To July 2009			Aug-09			Sep-09			YTD			Year End Forecast		
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
			Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Forecast	Variance
Cost Control - Blood & Blood Products	178	G	57	29	- 28	15	6	- 9	15	5	- 10	87	40	- 47	178	166	- 11
Cost Control - Medicines Management	1,713	G	558	679	121	144	541	396	144	162	18	847	1,382	536	1,713	2,852	1,139
Cost Control - Procurement	6,472	A	2,135	904	- 1,231	539	473	- 66	543	161	- 382	3,217	1,538	- 1,678	6,472	5,299	- 1,173
Cost Control - Salary Sacrifice	699	A	233	9	- 224	58	6	- 53	58	73	14	349	87	- 262	699	421	- 278
Cost Control - Directorate Initiatives NP	2,197	A	316	926	610	79	284	205	111	246	135	507	1,456	950	2,197	3,742	1,545
Cost Control - Directorate Initiatives P	4,890	A	-	283	283		92	92		47	47	-	422	422	4,890	832	- 4,058
Estate Review	1,000	R	333	90	- 243	83	800	717	83	1,100	1,017	500	1,990	1,490	1,000	3,226	2,226
Productivity - IP Stay	1,722	G	216	34	- 181	181	71	- 110	189	30	- 160	586	135	- 451	1,722	706	- 1,016
Productivity - Labs	366	G	119	2	- 117	31	1	- 29	31	1	- 29	181	5	- 176	366	31	- 335
Productivity - Non Clinical	384	G	112	19	- 94	34	5	- 29	34	9	- 25	180	32	- 148	384	133	- 251
Productivity - OP	70	G	14	10	- 4	7	7	0	7	7	0	28	24	- 4	70	39	- 31
Productivity - Radiology	317	G	64	49	- 16	32	12	- 19	32	-	- 32	128	61	- 67	317	134	- 183
Productivity - Theatres	2,730	G	631	222	- 408	262	31	- 231	262	9	- 254	1,155	262	- 893	2,730	826	- 1,904
VFM - IP Staff	4,577	G	1,320	798	- 522	370	495	125	384	378	- 6	2,074	1,672	- 403	4,577	4,576	- 2
VFM - Labs Staff	658	G	111	43	- 68	39	18	- 20	48	19	- 29	198	81	- 117	658	325	- 333
VFM - Medical Staff	1,892	R	500	366	- 134	157	104	- 53	171	90	- 81	828	559	- 269	1,892	2,195	304
VFM - Non Clinical Staff	2,786	A	845	393	- 452	229	140	- 89	239	171	- 68	1,313	704	- 609	2,786	1,801	- 985
VFM - Radiology Staff	1,251	G	392	382	- 10	107	96	- 11	107	31	- 76	607	510	- 97	1,251	960	- 291
VFM - Theatres Staff	1,510	A	503	536	33	126	134	8	126	-	- 126	755	670	- 85	1,510	1,590	80
Workforce Development - Performance Management	160	R	53	54	0	13	13	0	13	13	0	80	80	0	160	167	7
Other - Pay	1,192	A	366	183	- 182	97	58	- 39	98	42	- 56	561	284	- 277	1,192	1,399	207
Other - Non-Pay	3,313	A	503	1,508	1,005	133	640	507	135	795	660	771	2,944	2,172	3,313	7,583	4,270
	<b>40,074</b>		<b>9,383</b>	<b>7,520</b>	<b>- 1,863</b>	<b>2,738</b>	<b>4,029</b>	<b>1,291</b>	<b>2,831</b>	<b>3,389</b>	<b>558</b>	<b>14,952</b>	<b>14,938</b>	<b>- 14</b>	<b>40,074</b>	<b>39,002</b>	<b>- 1,072</b>

### Appendix 3 – Financial Risk Rating (FRR)

Financial Risk Rating	Weight	Metric %	Annual Plan	Risk Rating	
				Year to Date	Forecast Outturn
<b>Metric</b>					
EBITDA margin	25%	7.2%	4	3	3
EBITDA, % achieved	10%	69.7%	4	2	3
ROA	20%	-1.3%	3	2	2
I&E surplus margin	20%	-2.0%	2	2	2
Liquid ratio	25%	-22.6	3	1	1
<b>Weighted Average</b>	100%		3.2	2	2.1

Mimimum Financial Performance	Risk Rating Plan	Mimimum Required to achieve Target Rating	Current Forecast	Mimimum Required to achieve Target Rating £000s	Forecast Outturn £000s
<b>Metric</b>					
EBITDA margin	4	9.0%	8.7%	56,168	54,389
EBITDA, % achieved	4	85.0%	83.6%	55,318	54,389
ROA	3	3.0%	1.5%	9,633	4,918
I&E surplus margin	2	-2.0%	-0.5%	(12,482)	(2,862)
Liquid ratio	3	15.0	-33.1	23,738	(52,409)

- The Financial Risk Rating (FRR) is used as a measure of a trust’s ongoing financial health. An aspirant FT is required to have a minimum FRR of 3 at the point of authorisation and in its first full year as an FT, rising to 4 thereafter.
- Achievement against each of these measures is scored from 1 to 5, with 1 indicating the highest level of risk.
- The Trusts FRR score for the first six months is 2, largely driven by the YTD deficit.
- With a forecast break-even position at year-end, the Trust’s FRR would be 2. This would represent a “risk of significant breach in Terms of Authorisation in the medium term (e.g. 9 to 18 months in the absence of remedial action” should the Trust be working fully under FT principles. The position is exacerbated as, under existing terms, the Trust does not have access to a working capital facility to improve its liquidity score.