

To: Gloucestershire Partnership NHS Trust Board

From: Director of Finance

Date: 9th January 2006

SUBJECT: FINANCE REPORT FOR PERIOD ENDING 30th November 2005

1. INTRODUCTION

1.1 This report outlines the Trust's financial performance for the 2005/06 financial year.

2. 2005/06 FINANCIAL TARGETS

2.1 The Trust's performance against the key financial targets for Month 8 is summarised below:

	TARGET	YTD	Forecast
Income & Expenditure Account	Break-even	£1,269k surplus	Break even
External Financing Limit	£810k	N/A	£810k
Capital Resource Limit	£2,844k	N/A	£2,092k
Capital Cost Absorption	3.5%	N/A	3.5%
Public Sector Payment Policy	95%	93%	90%

3. INCOME & EXPENDITURE

3.1 The Trust is reporting a year to date surplus of **£1,269k** as summarised on Appendix 1. SLA income is £168k under recovered, care group expenditure is £344k under spent and negative budgets are £1,116 ahead of plan.

SLA Income

3.2 SLA income is currently **£168k** under recovered. This variance is made up of the following positions:

Out of county PCTs	£38k under recovered
NCA Income	£103K under recovered
Mayfield	£27k under recovered

3.3 The variance on Mayfield is in line with the favourable expenditure position for Mayfield, as the Trust is obliged to invoice actual costs.

- 3.4 NCA activity levels continue to remain low, but has improved from last month. The under recovery on 'Out of county PCTs' has increased this month due to a patient leaving the Low Secure Unit and being replaced by an in county patient. Both out of county beds are now filled by in county patients.
- 3.5 It has been indicated to the Trust that we will receive some non-recurring support of £60k from the DAT for community drug and alcohol treatment slots, however we have not yet received this offer in writing. It is still expected that income will breakeven by the year end.
- 3.6 The County Council has agreed to give the Trust an additional £125k for this year only to cover some of the over spends within section 31 however this additional funding has not been received and is not reflected in the Section 31 income position.
- 3.7 MEND income is currently at breakeven, as expenditure levels have not yet been adjusted by invoices.

Care Groups:

- 3.8 CAMHS is currently **£186K over spent** (9% of budget), which represents a small increase of £4k from last month's position, but reduction of in real terms of 1% when compared to budget. The main areas of overspend continue to be :
- Waiting Lists - £71k over spent
 - Management/Admin - £28k over spent
 - Medical staffing - £64k over spent
- 3.9 Although plans were drawn up to terminate agency expenditure on waiting lists, this has not happened and there still remain two unfunded members of staff. Medical staffing has increased due to the correction of a recharge however Management/Admin has reduced significantly.
- 3.10 CAMHS have not yet made a contribution to the vacancy review however posts have been identified that could contribute to the saving. The forecast out turn remains at £180k over spent.
- 3.11 The **Learning Disabilities** position at the end of month 8 is **£257K overspent** (4% of budget) which represents an increase of £81k from the position at month 7. This position however is after the reduction to budgets for the CRES saving target of £64k from Windrush and St Mary's.
- 3.12 There continues to be over spends across all of the inpatient units, however the level of overspending, in percentage terms, has either remained the same apart from at Windrush.
- | | | | |
|---|------------|-------|---------------------------|
| • | Windrush | £225k | 42% over spent (41% Oct.) |
| • | St Mary's | £35k | 11% over spent (11% Oct.) |
| • | Westridge | £109k | 17% over spent (17% Oct.) |
| • | Hollybrook | £94k | 8% over spent (8% Oct.) |

The October percentage variance for Windrush and St Mary's has been adjusted for the CRES saving to make a meaningful comparator for November's figure. The use of unplanned bank and agency staff continue to be the drivers behind the variance at Windrush.

- 3.13 The year end forecast position for LD still remains at £360k over spent. As reported last month, the management of sickness levels and recruitment at Hollybrook continue to be closely managed to facilitate the achievement of the year end forecast.
- 3.14 The financial position of the **Older Age** care group at month 8 is **£443K** under spent (6% of budget), which represents an improvement of £93k from last month. The West Glos and C&V teams both continue to under spend (both are £54k and £36k under spent respectively) due to vacancies which are not being covered by agency/bank staff due to the community setting of the work. The C&T team is £3k under spent.
- 3.15 The care group has so far only contributed £31k to the vacancy review against a target of £105k. The forecast year end position for this care group is in the region of £507k under spent, which is after their target contribution to the vacancy review and CRES savings.
- 3.16 **Working Age** is currently **£348K under spent** (2% of budget), which represents an increase of £50k from month 7.
- 3.17 The likely contribution of £150k for the Supporting People's saving plans has been factored into the care group position for month 8. The forecast year end position for this care group is in the region of £589k under spent, which is after the contribution to the Supporting People savings plan.
- 3.18 **Social Services** are showing an over spend of **£120k** at month 8, which is an £9k reduction from the position at month 7. This is due to over commitments on the community care budgets.
- 3.19 Work still continues to find additional savings to recover the community care overspend. The forecast outturn for Social Services is £91k.
- 3.20 **Substance Misuse** is currently **£5K** (less than 1%) under spent. It is expected that this care group will under spend by £26k by the year end.
- 3.21 **MEND** is currently showing an overall over spend of **£66k** due to agency/bank expenditure at Pine View. Vacancies still remain due to the uncertainty over the future of this contract, so the use of bank and agency is expected to continue. The Trust nursing bank system has been expanded to now include Pine View in an effort to reduce the reliance on agency staffing. The forecast outturn is £75k over spent against income currently agreed.
- 3.22 **Mayfield** expenditure budgets are currently **£28k** under spent and this is matched by the under recovery on income detailed at 3.3.

Use of Agency and Bank staff

3.23 The table below details the trend in cumulative total agency and nursing bank spend:

	Cumulative position		Forecast
	to		Outturn
	M7	M8	M12
	£000	£000	£000
Nursing Agency	1,019	1,097	1,409
Medical Agency	650	771	951
Other Agency	237	313	393
Total Agency	1,906	2,181	2,753
Bank	1,005	1,187	1,781
Total Pay	36,439	41,984	63,295
Agency %age of pay	5.2%	5.2%	4.3%
Bank %age of pay	2.8%	2.8%	2.8%

3.24 The above table demonstrates that the proportion spent on bank and agency has remained the same from the cumulative position at month 7.

3.25 The forecast outturn for agency has been adjusted to reflect the impact of the additional measures around staff control.

Trust-wide Budgets

3.26 Trust-wide budgets are **£86K under spent** and depreciation is **£7k under recovered** and interest receivable is **breakeven**. Interest payable is **£14K over spent** and relates to unwinding of discount. PDC is **£1K over spent**.

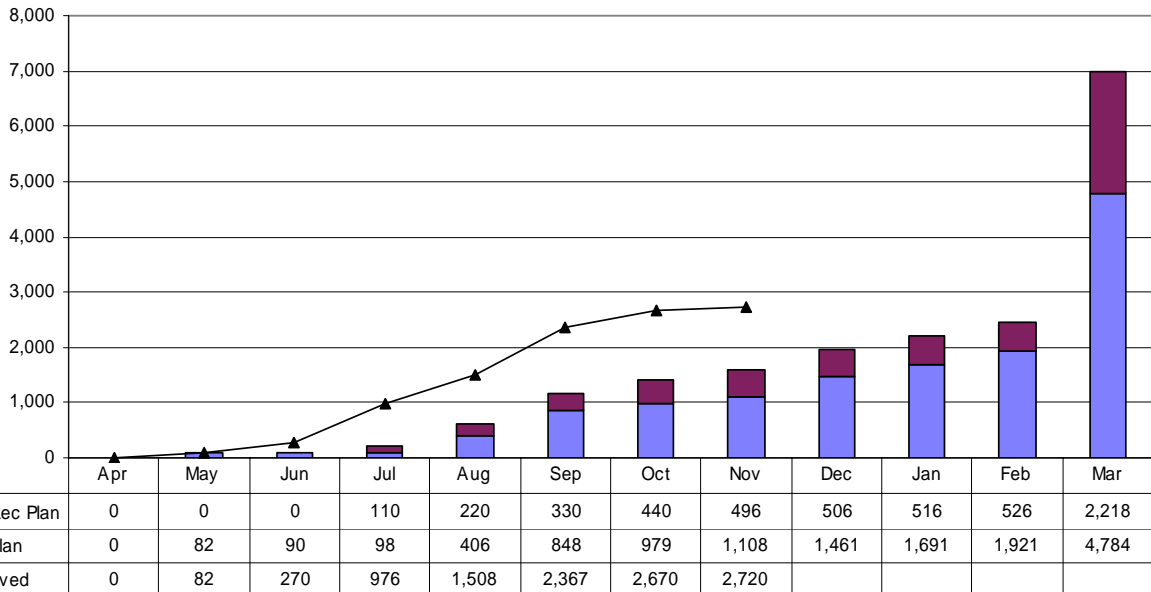
3.27 Hosted services are currently **£62k** under spent.

Negative Budgets

3.28 The cumulative position of the negative budgets are as follows:

Achievement of Negative Budgets 2005/6

£000



- 3.30 It is important to note that most of the savings, as depicted above, are not planned to be achieved until later in the financial year. It is therefore imperative that schemes are achieved, as failure will result in a sharp deterioration in the financial performance of the Trust.
- 3.31 Negative budgets continue to be monitored and appendix 2 shows the status of each negative budget, with achievement split by recurrent/non recurrent. The Trust is currently £1,116k ahead of plan, and this over recovery of savings against plan is contributing significantly to the Trust's surplus position at month 8.

Additional Measures

Staff control

- 3.32 The impact of this measure will not be robustly measurable until the end of December and a verbal update will be given at the Board.

Minimum spending plans

- 3.33 Work is ongoing at ascertaining the amounts that can be removed from budgets by avoiding discretionary expenditure, however initial results indicate that the amounts are already contained in the forecast outturns. Work still continues however to identify further areas of discretionary expenditure and work by the management accountants indicate the following possible savings by care group:

- Working Age - £60k so far, work still ongoing
- Older Age - £25k so far, work still ongoing
- Substance Misuse - £10k so far, work still ongoing
- LD – £15k so far, work still ongoing
- CAMHS – work still ongoing
- Corporate – work still ongoing

A verbal update will be presented at the Board on the latest position.

Service Change

At the executive team meeting on 12th December, it was the proposal to permanently reduce staffing level at Colliers Court was approved and will result in a recurring saving this year of £73k. Additionally, it was also approved to temporarily close Sherbourne House which will generate non recurring savings of £65k this year.

Forecast Outturn

3.34 The table below details the range of possible month 12 positions for the care groups

Forecast Outturn 2005/06

Month 8 Estimate

	Variance	Forecast Outturn		
	YTD	Best	Probable	Worst
	Reported	£000	£000	£000
Income	166	100	0	249
CAMHS	186	0	180	200
LD	256	170	360	400
WA	-349	-700	-589	-349
OA	-443	-550	-507	-443
SS	121	0	91	120
SM	-5	-50	-26	0
Mend/Mayfield	33	-27	74	90
Trust wide	-86	-86	0	0
Hosted	-62	-200	-151	-100
Forecast (Surplus)/ Deficit	-183	-1,343	-568	167

3.35 The revised probable care group outturn is currently an under spend of £568k, assuming all of the saving plans and care group positions are achieved.

3.36 The latest forecast position is shown below:

	05/06 Recurrent Forecast £000s	05/06 Non recurrent Forecast £000s	05/06 Forecast £000s
Original deficit forecast	8,352	0	8,352
Savings made	-3,219	-2,080	-5,299
Additional pressures funded	692	418	1,110
Current position	5,825	-1,662	4,163
Negative Budgets Savings forecast	-1,378	-520	-1,898
Adjust for Ref Costs		300	300
Forecast Outturns		-568	-568
Potential max AfC reserve not used by year end	-722		-722
Service Change approved by Board	-73	-65	-138
Staff Control		-1,000	-1,000
Reassessed minimum spend		-137	-137
Total (surplus)/deficit forecast	3,652	-3,652	0

3.37 Work continues to implement further savings, however breakeven represents the optimistic case. The overall worst case results in a deficit of £1.9m (which assumes that saving plans are only partially met) and the best case a surplus of £925k therefore the reported forecast to the Strategic Health Authority remains at break even until progress against outstanding savings plans are known.

4. BALANCE SHEET

4.1 A summary balance sheet is provided in Appendix 3, which includes a forecast position for March 2006. The forecast debtors/creditors positions are artificially high due to the Trust contributing cash to assist with the AGW-wide cash shortfall. The total contribution consists of:

- £3m – managing year end debtors/creditors
- £0.5m – capital brokerage
- £0.6m – cash from dispute with Worcester County Council

5. CAPITAL

5.1 The Capital Report is attached at appendix 4. This shows a year to date under spend of £368k against budget of £1,591k.

5.2 Significant variances include

- Honeybourne Project £102k under spent - this relates to outstanding payments and fees for the project
- Minor capital £100k under spent – this consists of many small programmes that are under spending including:
 - Hollybrook gardens £20k under spent – work will start when weather conditions permit
 - Barnsley gardens £16k under spent – tenders are being assessed
 - Greyfriars doors £15k under spent – requirements have now been assessed
 - Hollybrook wet room, £9k under spent – access issues have prevented work starting

5.3 At the Capital Control Group meeting on 20th December, it was proposed to make the following virements to budgets:

- £4k from Safety Privacy & Dignity to Health & Safety
- £2k from Fire Precaution to Health & Safety

5.4 Capital expenditure is still forecast to under spend by £677k by the year end, this under spend assumes the purchase of additional office space (but not include the fitting out) for £825k as well as the CAMHS development of £240k.

6. PUBLIC SECTOR PAYMENT POLICY (PSPP)

PSPP performance cumulative to month 8 is 94% i.e., 93% of invoices have been paid within 30 days, however this may get worse at the year end due to cash brokerage.

7. EFL

The Trust is forecasting it will manage within its approved EFL for 2005/06, although our limit will change at the year end due to the cash brokerage exercise. A cashflow summary is provided at appendix 5 that reconciles the changes in cash from 1st April 2005.

8. COST OF CAPITAL ABSORPTION

The Trust is forecasting it will achieve the target rate of 3.5% within the permitted tolerances.

9. RECOMMENDATIONS

The Board is asked to note the contents of this report and approve the Capital Programme virements.