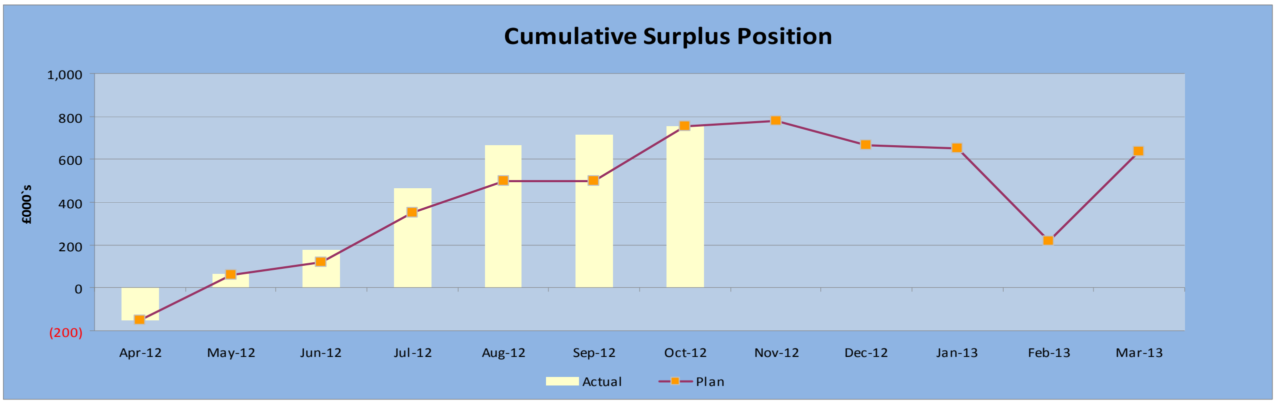
Action required by the Board of Directors

To receive and note the financial report and associated appendices.

FINANCE REPORT FOR THE PUBLIC BOARD OF DIRECTORS FOR THE PERIOD ENDING 31 OCTOBER 2012

Financial Performance Summary

Area of Review	Key Highlights	Year to date Monitor Financial		
		October Plan	October Actual	Q3 Plan
Financial Summary ~ Overall Risk Rating	* As at month 07 the EBITDA value is below the plan due to shortfalls in CIP performance and the continuation of increased costs in proportion to the level of Income. * PBR contract income is an estimated figure for October but indications are from informational data that activity levels remain above plan but the level of overtrade in the month has reduced significantly. * Overall the FRR is 3.15 which is lower than the planned value of 3.45. *The overall position is a surplus of £752,000 which is in line with the plan for October but this is because the expected expenditure level on depreciation and PDC are below plan. The significant change this month is that although the level of income has significantly slowed down over the last 2 months the level of expenditure on nursing and medical staffing has continued. We need to improve the level of spend on servicing additional beds and review medical satffing costs across the Medical group. The Surgical group also needs to review productivity as the spend on Surgical services has increased in proportion to their level of overtrade.	3	3	3
Operational Performance EBITDA Margin %	* At month 06 the EBITDA has a 5.06% return on Income FRR 3. which is lower than the plan of 5.69%. * CIP shortfalls from the expected plan are causing the level of deterioration along with the increased levels of expenditure on nursing and medical staffing	3	3	3
Operational Performance EBITDA Margin % Achieved to plan	The EBITDA margin achieved is lower than expected .	5	5	5
Liquidity	* The liquidity ratio shows that working capital (cash + debtors- Creditors) is able to cover 39 days of the Trust`s operating expenses, which is what was expected in the plan. Cash was £10.1 M which is £1M above the expected plan of £9M .	4	4	4
Use Of Assets	* The Trust has made a 4.85% return on capital employed which is lower than the expected plan for October of 5.43% . * The current capital programme of £6.2M is approved, capital spend to date is £498,000. Payments for Interserve and the Cardiology Catheter lab work account for the majority of the spend to date.	4	3	3
Income & Expenditure Position	* The overall position is a surplus of £752,000 which is the same as the plan, but only because of the underspends on depreciation and PDC. The main issues for October are as noted above in that the income levels have significanly slowed down over the last two months and yet the expenditure levels have not. We are still spending increased amounts to service additional beds and medical staffing continues to remain high across the Medical and Surgical groups. The level of CIP shortfall continues and the risks on the delivery of CQUIN remain . It is vital that we manage expenditure levels better as the income levels will not support the continued proportions of expenditure on nursing and medical staffing.	2	2	2



A C Copley, Deputy Director of Finance, 20 November 2012

Octobers Reports Month 07 2012/13