

NWLH budget position and savings plan with reference to the implications on NHS Harrow

EXECUTIVE SUMMARY

1. Introduction

This report details the financial results for November 2011.

SHA approval of the 2011/12 planned deficit of £9.7m has been confirmed. This includes £19.55m savings and £9m transitional support from the NWL sector.

2. Revenue Income & Expenditure

The table below shows a year to date deficit of £12,106K, £675K worse than budget.

Revenue Income & Expenditure Position to 30th November 2011 (£000's)

Description	Budget Full Year	Budget YTD	Actual YTD	Variance YTD
Income	373,855	245,177	243,028	(2,149)
Pay	228,986	152,829	152,917	(88)
Non Pay	129,110	86,806	85,258	1,548
Total Expenditure	358,096	239,635	238,175	1,460
EBID	15,759	5,542	4,853	(689)
Depreciation	12,358	8,239	8,239	0
Interest Payable/Receivable	6,982	4,655	4,641	14
PDC Dividends Payable	6,119	4,079	4,079	0
	25,459	16,973	16,959	14
Surplus/(Deficit)	(9,700)	(11,431)	(12,106)	(675)

The year to date position includes non-recurrent benefits arising from settlement of prior year outstanding invoices.

3. Income

Income is (£2,149K) below budget.

Year to Date Summary

Description	Variance £000s	Comment
NHS Patient Care	(2,093)	Most areas of activity are below plan at CMH, both elective and non-elective. Incomes from non-elective activity and elective activity are above plan at NPH. This position is likely to be exacerbated by the night closure of A&E at CMH.
Private Patients	(336)	The Private Patient unit income is short of target by (£222K). St Mark's private endoscopy activity is lower than planned levels at (£112K) below budget.
Non Patient Related	280	Predominantly nonrecurring Estates income of £156K.
Total	(2,149)	

4. Expenditure

4.1 Pay

Pay budgets are overspent by (£88K) year to date. Overspendings on junior and middle grade medical staff and nursing have been off-set by underspends elsewhere.

Year to Date Summary

Current Month (wte)				Year to date Expenditure (£000's)		
Budget	In Post	Variance		Budget	Actual	Variance
259	255	4	<u>Medical</u>	23,829	23,010	819
517	544	(27)	Consultant	22,265	23,320	(1,055)
			Medical Other			
776	799	(23)	Total Medical	46,094	46,330	(236)
			<u>Nursing</u>			
145	150	(5)	A&E	4,321	4,400	(79)
114	121	(7)	ITU	3,506	3,837	(331)
1,881	1,935	(54)	Other	50,568	50,470	98
2,140	2,206	(66)	Total Nursing	58,395	58,707	(312)
1,833	1,819	14	Total Other	48,340	47,880	460
4,749	4,824	(75)	TOTAL	152,829	152,917	(88)

The Medical Other overspend is mainly due to employment of middle grade agency staff in both A&E departments (£758K).

A reduction in agency expenditure from the 2010/11 levels was planned in 2011/12, due to the appointment of substantive staff to medical and nursing vacancies.

The level of temporary spend in April 2009 as a proportion of total pay was 10.4%, April 2010 12.8%, April 2011 10.8% and in November 2011 is 11.4%.

The following table details the five Medical and Nursing areas which have spent the most on temporary staff year to date. Temporary staff expenditure is shown as a percentage of total pay for each area. Agency expenditure in these areas accounts for 54% of the Trust's Medical and Nursing agency expenditure.

Bank & Agency cost compared with Total Pay cost to Month 8							
Department Name	Bank £000's	Agency £000's	Substantive £000's	Total Pay £000's	Bank %	Agency %	Total %
MEDICAL							
A & E Medical (NPH)	223	628	1347	2,198	10.1%	28.6%	38.7%
A & E Medical (CMH)	113	486	808	1,407	8.0%	34.5%	42.6%
Medical Anaesthetics (NPH)	128	355	3,476	3,959	3.2%	9.0%	12.2%
Urology (NPH)	134	255	348	737	18.2%	34.6%	52.8%
Surgical Gastro (NPH)	107	130	1217	1,454	7.4%	8.9%	16.3%
NURSING							
Main Theatres (NPH)	285	507	1,588	2,380	12.0%	21.3%	33.3%
Delivery Suite (NPH)	283	413	2,410	3,106	9.1%	13.3%	22.4%
Itu (NPH)	309	371	1,866	2,546	12.1%	14.6%	26.7%
A & E Nursing (NPH)	520	144	2,196	2,860	18.2%	5.0%	23.2%
Florence Ward (NPH)	239	80	781	1100	21.7%	7.3%	29.0%

4.2 Non-Pay

Non-Pay budgets are underspent by £1,562K. This includes non-recurrent benefits from settlement of prior year creditors.

5. QIPP

5.1 The current top level plan for the year is shown in the following table

Area	Value £m
Identified Plans	16.20
Out-Patients	0.75
Staff savings from redundancy	1.50
Unidentified	1.10
Savings Target	19.55

Identified Plans: Divisions have now identified £9.4m and an additional £6.8m generated from trust wide initiatives, e.g. removal of double running of nurses and supply chain productivity gains.

Outpatients: The Outpatient scheme is being re-designed, reviewing clinic templates to enable cash release of savings. This scheme has a high adverse risk rating.

Additional staff savings: £1.5m has been targeted for achievement, however, the requisite reduction in the number of staff required to deliver this saving have not been identified.

Unidentified: The QIPP cabinet is seeking further schemes to deliver the £1.1m currently unidentified. There have been no movements since last month.

6. **Risks**

The principal risks and mitigations are shown in the table below.

Description	Mitigation	Accountable Officer	Progress
Impact of income lost resulting from the temporary night closure of A&E at CMH	Ensure processes are in place to maximise the transfer of this activity to NPH to minimise income loss. Identify the reduction in costs associated with the closure.	Dena Marshall	Working with LAS & Care UK to develop pathways to minimise loss of activity.
Delivery of the revised QIPP forecast of £18.05m	Fortnightly meetings chaired by the CEO to ensure <ul style="list-style-type: none"> • Identification of savings • Delivery of identified schemes 	Peter Coles	Work streams established with Executive sponsor and senior management lead All schemes subject to monthly RAG status monitoring Continuous review in year to identify new schemes to mitigate risk of slippage, including Divisional reviews.
Securing payments for patient care activity undertaken	Risk is Purchaser challenges to contract monitoring data leading to non-payment for patient care.	Kishamer Sidhu	Regular communication with PCTs. Mitigating investments being considered. Contesting of Purchaser challenges.
Achievement of planned activity and contract performance targets including CQUINS	Contract agreed with the NW London Sector. No significant activity increases assumed.	Dena Marshall	Regular monitoring and reporting of activity and performance. Streamlining emergency and elective care pathways between sites. Sector support for changes/transitions.
Energy: volume and price pressures	Financial Management within budgeted levels	Gary Munn	Tight control on consumption
Security of Vascular Surgery service development income	Agreement of contract variation with NWLCP	Kishamer Sidhu	Discussion in progress.
Insufficient cash to meet operational needs	PDC has been included in the plan to finance the cash position.	Kishamer Sidhu	Agreement in principle of PDC.

Conclusions

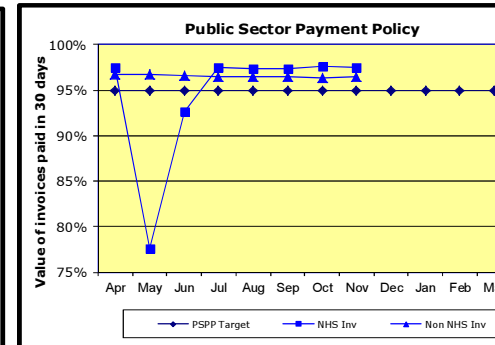
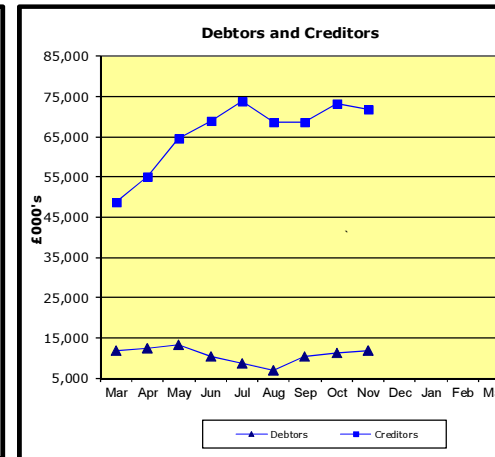
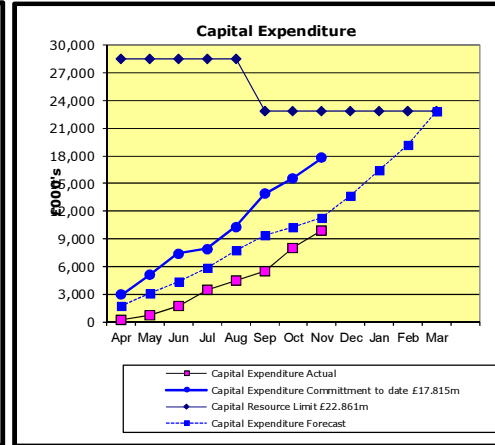
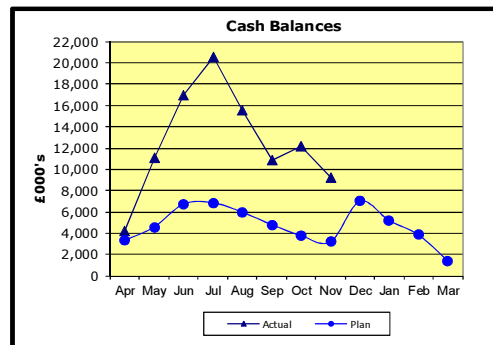
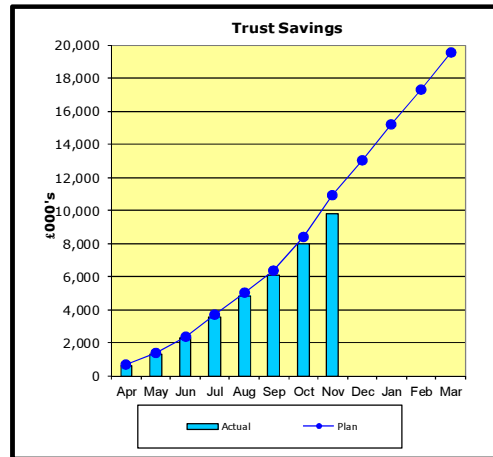
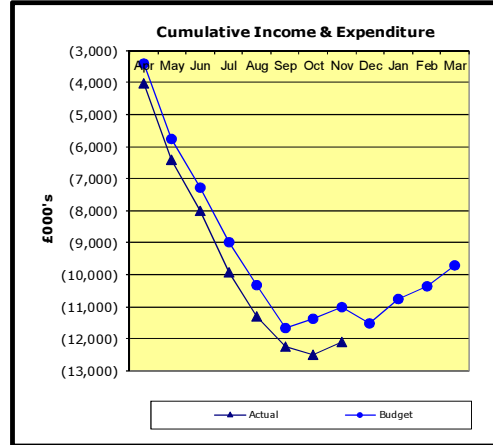
The Trust forecast income and expenditure position is maintained at a deficit of £9.7m subject to the risks above being mitigated.

EXECUTIVE SUMMARY

Surplus/(Deficit) (£000's)			
	Plan	Actual	Variance
Year To Date	(11,431)	(12,106)	(675)

Income & Expenditure (£000's)				
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Variance By Division (£000s)	
Divisions	YTD
Emergency & Specialist Medicine	1,321
Cancer, Critical Care & Out Patients	(1,123)
Womens, Children's & Head and Neck	(1,334)
St Marks, Surgery, Pathology & Radiology	(1,786)
Elderly Care, Therapies & Pharmacy	1,120
Sub Total - Clinical Divisions	(1,802)
Non Clinical	1,127
Sub Total - Non Clinical Divisions	1,127
Total Variance	(675)



Executive Summary		
YTD Variances (£000's)		
Income	(2,149)	NHS Patient care (£2,093K) Private Patients (£336K) Non Patient £280K
Pay	(88)	Medical (£237K) Nursing (£312K) Other £461K
Non-Pay	1,562	Settlement of creditors
Total	(675)	

- Quality, Innovation, Productivity and Prevention (QIPP)**
- The full year target is £19.55m
 - QIPP forecast revised to £18.05m as a result of non-delivery of staff restructuring savings £1.5m
 - Identified schemes £15.7m
 - Restructuring of out-patients £0.75m
 - Unidentified £1.6m

- Key Risks**
- Loss of income resulting from the temporary night closure of A&E at CMH.
 - Delivery of the revised QIPP forecast of £18.05m.
 - Securing payment for patient care activity.
 - Achievement of activity and contract performance targets.
 - Energy : Volume and price pressures.
 - Security of Vascular surgery service development income.
 - Insufficient cash to meet operational needs.

- Key Assumptions**
- Month 8 patient care income projected from the October contract monitoring data.
 - Breakeven forecast assumes risks as above mitigated and targets achieved.