

TRUST BOARD PUBLIC – JULY 2015

Agenda Item Number: 144/15
Enclosure Number: (10)

Subject:	Quarter 1 Delivery Against Business Plan
Prepared by/ Sponsored by / Presented by:	Richard Eley, Interim Finance Director
Purpose of paper	For Information
Key points for Trust Board members <i>Briefly summarise in bullet point format the main points and key issues that the Trust Board members should focus on including conclusions and proposals</i>	<ul style="list-style-type: none"> • The I&E position is £3.4m adverse to plan, based on a £16m deficit for the year. • Capital programme reduced by £4.8m and expenditure being contained within the plan. 50% of revised plan released and remainder to be agreed in October 2015. • Executive Team producing a plan to recover the position.
Options and decisions required	Just for noting, no decisions required.
Next steps / future actions:	Production of a full set of year end estimates and an action plan to address the shortfalls.
Consideration of legal issues (including Equality Impact Assessment)?	N/A
Consideration of Public and Patient Involvement and Communications Implications?	N/A

Links to Portsmouth Hospitals NHS Trust Board Strategic Aims, Assurance Framework/Corporate Risk Register	
Strategic Aim	Develop sufficient financial strengths to adapt to change and invest in the future
BAF/Corporate Risk Register Reference (if applicable)	
Risk Description	
CQC Reference	Effective

Committees/Meetings at which paper has been approved:	Date
N/A	

Quarter 1 Delivery Against Business Plan

Introduction

1. The report summarises progress against the main elements of the Business Plan for the first quarter of the financial year. Much of this information is contained within the financial elements of the IPR.

Key metrics for 2015/16

2. Monitoring against the financial plan is on the following basis;
 - I&E Financial Plan – (£16m) Deficit
 - External Financing Limit (EFL) - £2.5m year end cash balance
 - Capital Resource Limit (CRL) - £20.5m initially – Now £15.7m
 - Cost Improvement Plan (CIP) - £16.95m
3. The Board has clearly stated that it wants the end of year I&E position to be lower than the initial £16m planned deficit.
4. During the first quarter the Executive has worked to reduce the size of the capital programme for the year to the level of depreciation. This has resulted in the capital programme being revised down to £15.7m.

Income and Expenditure position

5. The I&E position for the Trust for the first quarter gives a deficit of £9.8m compared to a budgeted deficit of £6.4m giving an adverse variance to plan of **£3.4m**.
6. The main reasons for the adverse performance are;
 - £2.8m – Excess cost of temporary staff compared to standard cost
 - £0.8m – Non-Pay related to Income above target
 - £1.1m - Unfunded Investments
 - £0.5m - Unachieved CIP
 - £0.7m - Legacy Costs
 - £0.5m - One off costs
7. These were partially offset by;
 - £1.8m - Income achieved above target
 - £1.2m – Staff vacancies

Capital position

8. Trust Board decided to only release 50% of the reduced Main capital programme - £5.8m. Expenditure against this element of the programme is £1.3m. Consideration as to whether to release the remainder of the programme will be reviewed in October 2015.

Conclusions and actions

9. The financial position after the first quarter gives cause for considerable concern. The management is currently working on a plan to bring the adverse position to plan under control and to reduce the proposed deficit.