

# Portsmouth Hospitals NHS Trust Business Plan 2014/15 Finance

Trust Board  
April 2014  
Plan v5.2

1. The 2014/15 financial plan:
  - Delivers a £1.2m (0.25%) surplus in 2014/15.
  - Contains an in-year contingency reserve of £2.1m.
  - Assumes £416.4m of SLA Income, subject to finalisation of agreement with commissioners in line with the recently announced outcome of the TDA Dispute Resolution Process (DRP).
  - Contains £6.0m of net expenditure risk relating to insufficient robustness of cost containment schemes.
2. Capital expenditure proposals of £13.1m (excluding Component Accounting under PFI) have been identified and these continue to be refined, taking into account the operational and strategic importance of individual schemes and the cash funding available.
3. The Trust continues to review its liquidity position with the TDA and will develop a strategy as part of its 5 year plan submissions due at the TDA on 20<sup>th</sup> June 2014.
4. The Operational Delivery Group will provide an operational oversight to the delivery of the 2014/15 financial plan.

## Finance - CSC Expenditure Budgets

CSC Expenditure Budgets	£'000	£'000
<b>SLA Income</b>		416,404
<b>CSC Expenditure:</b>		
CHAT	(45,588)	
Clinical Support	(48,565)	
Emergency Care	(21,648)	
Internal Medicine	(41,505)	
MOPRS	(24,161)	
Renal	(25,585)	
Surgery & Cancer	(40,055)	
W&C	(33,051)	
Facilities	(52,198)	
Corporate	(28,768)	
MSK	(22,491)	
Head & Neck	(18,701)	
Executive	(11,011)	
Trading	554	
R&D	<u>374</u>	
Sub Total - CSC Expenditure	(412,399)	
Corporate Reserves	<u>(2,948)</u>	
<b>Total Expenditure</b>		(415,348)
<b>2014/15 I&amp;E</b>		<b>1,056</b>

Budgets have been set by CSC to reflect the normalised (underlying) forecast outturn for 2013/14 plus:

- Unavoidable cost pressures (2.3m)
- Specific contractual non-pay inflation items (0.2m) and pay-award/increment inflation (£2.9m)
- Share of local savings scheme target (£3.5m)
- Share of operational productivity savings targets relating to:
  - Cessation of premium rate (£0.5m)
  - Repatriation of outsourcing (£0.9m)
  - Length of stay (£1.0m)
  - Clinic minutes (£0.5m)
  - Theatre utilisation (£0.5m)
- Share of identified procurement savings (£1.2m)
- Share of workforce savings target (£4.5m):
  - Medical (£3.8m)
  - Nursing (0.4m)
  - Other (£0.3m)
- Share of growth/service development monies (£9.4m).

Corporate reserves (£2.9m net) have yet to be allocated into CSC positions (see subsequent slides).

## Finance – Central Reserves and Unidentified (Still to find)

Central Expenditure Reserves	Total £'000
Inflation: Pay (including CEA)	(144)
Inflation: Drugs (Passthrough)	(1,960)
Inflation: Drugs (excl passthrough)	(1,181)
Cost Pressure: In-year Contingency	(2,073)
Inflation: Non Pay	(934)
Inflation: Francis & Keogh	(800)
Inflation: Unitary Payment & Indexation	(652)
Inflation: Friends & Family	(381)
<b>Total Central Reserves</b>	<b>(8,125)</b>

Unidentified - Still to Find	Total £'000
Central Savings Schemes (technical n/r)	3,077
Supply Chain: Pharmacy	1,000
Supply Chain: Procurement	800
Hospital of Choice - Private Patients	300
<b>Total - Unidentified Still to Find</b>	<b>5,177</b>

Total (as per 'Corporate Reserves) (2,948)

## Finance – Proposed Capital Plan

Capital Proposals	Commitm't b/f £'000	New Requirem'ts £'000	Total Requirem't £'000
Medical Equipment replacement - deferred from 13/14	533		533
MRI 2nd delayed from 13/14	1,336		1,336
Other carried forward from 13/14	1,597		1,597
Medical Equipment replacement		833	833
Medical Equipment replacement - big ticket (CT scanner)		960	960
ICT - ongoing Projects		2,363	2,363
ICT - prioritised projects		1,512	1,512
Service Developments - Endoscopy capacity		500	500
Service Developments - various		1,614	1,614
Estate Utilisation		1,025	1,025
Externally funded capital schemes (Donated Assets)		564	564
Financial Planning - Revenue to Capital contingency		300	300
<b>Total Capital Requirement (prior to NHS central monies)</b>	<b>3,466</b>	<b>9,671</b>	<b>13,137</b>
Less: Capital monies from NHS central successful bids		(310)	(310)
Less: Externally funded capital schemes		(564)	(564)
<b>Total Capital Requirement (net of NHS central monies)</b>	<b>3,466</b>	<b>8,797</b>	<b>12,263</b>

The capital proposals of £13.1m gross in the programme above include:

- £0.3m of schemes supported by additional funding (public dividend capital), and
- £0.6m of schemes supported by Charitable Funds.

In addition, £5.0m of component accounting capital expenditure relating to PFI has been incorporated into Trust plans.

Cost Improvement Programme	Total
<b>Operational Productivity:</b>	
LoS/Bed Utilisation	1,000
Theatre - repatriation of outsourcing	856
Theatre - Utilisation	500
Theatre - Ceasation of Premium Rate Activity	500
Clinic Minutes/Ratios	499
<b>Sub Total</b>	<b>3,355</b>
<b>Workforce Deployment:</b>	
Nursing	420
Medical	3,781
Other	300
<b>Sub Total</b>	<b>4,500</b>
<b>Hospital of Choice</b>	
Being the Hospital of Choice - R&D	500
Being the Hospital of Choice - Private patients	300
<b>Sub Total</b>	<b>800</b>
<b>Procurement</b>	
Procurement - Supply Chain	2,000
Procurement - Pharmacy	1,000
<b>Sub Total</b>	<b>3,000</b>
<b>Other:</b>	
Local CSC Savings Schemes	3,500
Central Savings Schemes (technical n/r)	3,077
<b>Sub Total</b>	<b>6,577</b>
<b>Total Cost Improvement Programme</b>	<b>18,233</b>

1. Finalise SLA contracts in line with the outcome of TDA announced Dispute Resolution Process (DRP).
2. CSCs to identify additional local savings schemes and actions to close down or mitigate other financial risks.
3. Workforce, pharmacy, procurement, R&D and private patient schemes to be finalised
4. 5 year financial plan and Integrated Business Plan (IBP) to be prepared for TDA submission on 20<sup>th</sup> June 2014.
5. Trust's Operational Delivery Group to provide the operational oversight required to the delivery of the 2014/15 financial plan