ITEM: 11/045
Doc: 10

MEETING:	Trust Board – Part 1 23rd March 2011

TITLE:	Financial Position – Month 11 (February 2011)

Executive Summary

1. Month 11 Income and Expenditure

1.1. The I&E position including the impact of IFRS is an actual in-month deficit of £783k, which represents a £731k deterioration against plan. The year-to-date surplus is £236k, £738k better than planned. Once the impact of IFRS is excluded the surplus achieved to date rises to £660k compared to a target deficit of £78k.

1.2. Year to date clinical activity is £512k below the Trust's internal income plan, which includes the cumulative impact of adjustments to reflect additional activity recorded in the earlier months of the year. Activity in February is estimated to be £224k below the internal plan.

1.3. Pay expenditure has reduced in month from £10,973k in January to £10,779k in February but remains £94k over spent against budget.

1.4. Total expenditure on bank and agency reduced slightly from £1,436k in January to £1,432k in February. Expenditure on agency during this period increased by £185k, while bank expenditure has reduced by £189k.

1.5. Non-pay expenditure is over spent by £172k in January.

2. Month 11 Balance Sheet and Cash

2.1. The impact of IFRS on the Trust relating to PFI is £463k, which is excluded from break-even duty performance.

2.2. The Trust's cash balance at the end of February was £5,213k and this reflects the reduced dependency on SLA over-performance this year, movements in working capital balances and the receipt of cash relating to SLA over performance for both 2009/10 and in the year to date. It is assumed that based on the current forecast position that the year end cash position will be in the region of £2.0m, which represents an improvement on the opening balance of £1.1m. Achievement of the External Financing Limit (EFL) would require a year end cash balance that is not less than the opening value.

3. Recovery Plans and Forecast

3.1. A weekly budget review process has been established involving the lead budget holder together with the Chief Executive and Director of Finance, whereby the financial performance of key Directorates is reviewed on a cyclical basis.

3.2. As previously reported, the Trust has entered into a risk sharing arrangement with the North Central London (NCL) sector, which places a non recurrent cap in 2010/11 on the Trusts outturn position for NCL clinical income of £2.3m in return for the avoidance of existing and future 2010/11 challenges/claims/income abatements. The level of over performance based on Month 10 data is £1.8m. The estimated position for month 11 is below plan, which indicates the likelihood that the cumulative income position will not exceed the cap in Month 11.

3.3. The year-end forecast is to break even and this assumes that the unidentified savings target is achieved by the year end. In order to deliver a break even position at year end it will be necessary to ensure continued a) Robust monitoring of budgets, cost pressures and CIPs b) Non-recurrent opportunities c) ongoing review of budgets. The NHS London control target is to break even after excluding IFRS.

4. Recommendations

4.1. The Trust Board is asked to:

- **Note** the reported financial position in Month 11 of a £660k surplus after excluding IFRS
- **Note** the unidentified savings target has been achieved in Month 10 and support the approach to managing the achievement of a break even position on a recurrent basis.

ACTION:	For information / discussion

REPORT FROM:	Jim Davies, Deputy Director of Finance

SPONSORED BY:	Richard Martin, Finance Director

Financial Validation Lead: Director of Finance	Jim Davies

Compliance with statute, directions, policy, guidance Lead: All directors	**Reference:** Best Practice – financial assurance standards; ALE; Accounting Standards; Monitor financial regime

Compliance with Healthcare Commission Core/Developmental Standards Lead: Director of Nursing & Clinical Development	**Reference:**

Compliance with Auditors' Local Evaluation standards (ALE) Lead: Director of Finance	**Reference:** ALE – Financial Management and Financial Reporting Domains

Compliance with requirements of FT application and monitoring regime Lead: Director of Strategy & Performance	**Reference:**

Month 11 Finance Report

5. Month 11 Income and Expenditure Summary

5.1. The Income and Expenditure position is summarised in Figure 1 below. 2010/11 accounts are prepared on an International Financial Reporting Standards (IFRS) basis, although the £463k impact of IFRS on Private Finance Initiatives (PFIs) is excluded from the Trust's break-even duty.

5.2. Year-to-date EBITDA of £12.4m is reported, which is £0.5m better than planned due to higher levels of clinical and non clinical activity (particularly in the earlier months of the year), revised accounting treatment of two specific items, release of provisions and relatively contained levels of expenditure.

5.3. The income and expenditure forecast for the full year reflects the year to date position, together with known changes and estimates for the remainder of the year. As part of this process consideration is also given to the risk of a) the potential for future cost pressures b) risks associated with the recovery of income due to the Trust. On this basis the Trust's plan continues to show a £463k deficit at the year-end on an IFRS basis. The forecast year-end position assumes at this stage that the "forecast" value of the unallocated and unidentified savings target has been achieved, and therefore a balanced forecast outturn has been assumed excluding the effect of IFRS. A forecast of break even is prudent given the achievement to date.

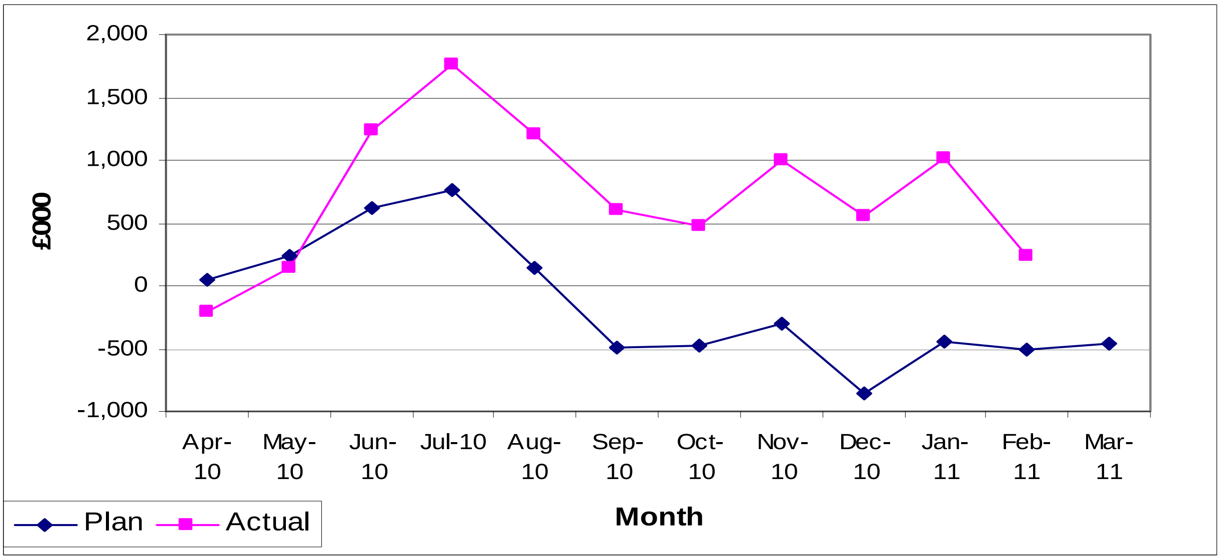
5.4. The income and expenditure is illustrated as follows:

FIGURE 1: Income & Expenditure Summary

Description	Current Month Actual £'000	Current Month Budget £'000	Current Month Variance £'000	Year To Date Actual £'000	Year To Date Budget £'000	Year To Date Variance £'000	Annual Budget £'000	Year-end Forecast £'000
NHS Clinical Income	12,386	12,883	(497)	144,314	144,826	(512)	157,799	158,897
Non NHS Clinical Income	66	54	12	1,040	589	451	642	1,135
All Other Non Clinical Income	2,290	2,126	164	22,904	21,502	1,402	23,518	24,446
Total Income	**14,742**	**15,063**	**(321)**	**168,258**	**166,917**	**1,341**	**181,959**	**184,478**
Pay	10,779	10,685	(94)	116,120	116,361	241	126,945	127,905
Non Pay	3,646	3,474	(172)	39,724	39,883	159	43,345	43,765
Centrally Held Savings	0	(170)	(170)	0	(1,231)	(1,231)	(1,401)	0
Total Expenditure	**14,425**	**13,989**	**(437)**	**155,843**	**155,012**	**(831)**	**168,889**	**171,670**
EBITDA	**316**	**1,074**	**(758)**	**12,415**	**11,905**	**510**	**13,070**	**12,808**
Loss on Disposal of Assets	-	-	-	84	-	84	-	84
Plus Interest Receivable	13	2	11	29	18	10	20	30
Less Interest Payable	210	221	11	2,334	2,454	120	2,675	2,548
Less Depreciation	650	654	4	7,098	7,194	97	7,849	7,740
Less PDC Dividend	252	252	0	2,693	2,777	84	3,030	2,930
Net Surplus / (Deficit) - excluding Impairments	**(783)**	**(52)**	**(731)**	**236**	**(502)**	**738**	**(463)**	**(463)**
Net Surplus / (Deficit) before IFRS (relevant for break-even duty)	(745)	(13)	(731)	660	(78)	738	0	0

5.5. The year to date income and expenditure position shows a net surplus position which is £738k better than the planned position. This includes the in month deficit of £783k, which represents a £731k deterioration against the planned position for the month. This is further reflected in the following figure which illustrates the cumulative income and expenditure performance for the year to date.

FIGURE 2: Overall Income & Expenditure Position – Cumulative Performance



5.6. In summary, the key features of the in month deficit consist of an under performance against plan on clinical income; together with over an over spending position against expenditure. Key features of the expenditure over spend include:

- The effect of CIP targets not achieved in month.
- An increased use of additional staffing to cover staff leave (primarily increased maternity vacancies and some sickness cover), vacant posts and special requirements (mainly the provision of 1:1 and RMN care to patients).
- A requirement to fund the revised clinical nursing establishments for Mary Seacole Ward following its expansion. The expansion of Mary Seacole, and the associated length of stay reductions as a result, have enabled Reckitt Ward to permanently close and Bridges Ward to remain closed throughout the winter.

6. Health Economy Context

6.1. As previously reported, the Trust has agreed to a risk sharing arrangement with the North Central London (NCL) sector. This arrangement places a non recurrent cap on the Trusts outturn position for NCL clinical income in 2010/11 of £2.3m in return for the avoidance of existing and future 2010/11 challenges/claims/income abatements. The level of over performance based on Month 10 data is £1.8m. The estimated position for month 11 is below plan, which indicates the likelihood that the cumulative income position will not exceed the cap in Month 11.

6.2. This agreement relates only to NCL providers, and is agreed on a non recurrent basis. The purpose of this arrangement reduces the risk to the NCL of an outturn position which cannot be afforded, and while transfering an element of risk to the Trust it also reduces the risk to the Trust of ongoing challenges against reported income. The potential year end over performance could reach £6m compared to a cap of £2.3m, meaning that an income concession of £3.7m has been made available. In addition there is an estimated underachievement of £0.3m of CQUIN, making a total potential income concession to NCL of £4.0m in 2010/11, although based on current performance and given that clinical income has yet to exceed the cap, this would appear unlikely at this stage. This has been recognised in both the forecast and the actual position to date.

7. Income Performance

7.1. NHS Clinical Income is reported based upon the latest fully coded activity data (January 2010), together with an initial estimate for the February position. On this basis the in month position shows an under performance against plan of £497k.

7.2. The assessment of the February NHS clinical income position is based primarily on activity data which has yet to be fully coded, this early assessment indicates a negative variance against plan of £224k, which is included in the in month position.

7.3. Figure 4 below shows income performance by patient type:

FIGURE 3: Income Performance by Patient Type

Point of Delivery	YTD SLA To M10	YTD Actual To M10	YTD Marginal Tariff Adjust-ment	YTD Variance To M10	In Month Variance M10	M9 Late Data Added
Block Contract/Adjustments	5,334	5,448	0	113	17	(305)
Elective Inpatients	6,906	6,997	0	90	(105)	0
Non-Elective Inpatients	39,206	40,819	(830)	782	(53)	2
Excess Bed days	2,612	3,339	(132)	595	51	(1)
Planned Same Day (Day Case)	12,527	12,397	0	(130)	(77)	11
Outpatient Procedures	2,183	2,365	0	182	9	(1)
Outpatient 1st Attends	11,062	10,764	0	(298)	(133)	9
Outpatient Follow Ups	14,325	13,746	0	(579)	(84)	3
Adult High Dependency Bed days	2,331	3,238	0	907	21	0
Adult Intensive Care Bed days	4,689	4,664	0	(25)	(70)	0
Paediatrics High Dependency	661	622	0	(38)	41	0
NICU High Dependency Bed days	1,259	1,218	0	(41)	9	(1)
NICU Intensive Care Bed days	545	650	0	105	(19)	1
NICU Special Care Bed days	3,251	3,882	0	631	58	0
ED Attendances	7,069	7,477	0	408	64	(1)
Direct Access	7,181	7,664	0	483	13	9
Unbundled Imaging	644	1,101	0	457	49	0
Other Activity	3,640	3,352	0	(288)	(54)	6
Grand Total	**125,425**	**129,743**	**(963)**	**3,355**	**(263)**	**(267)**

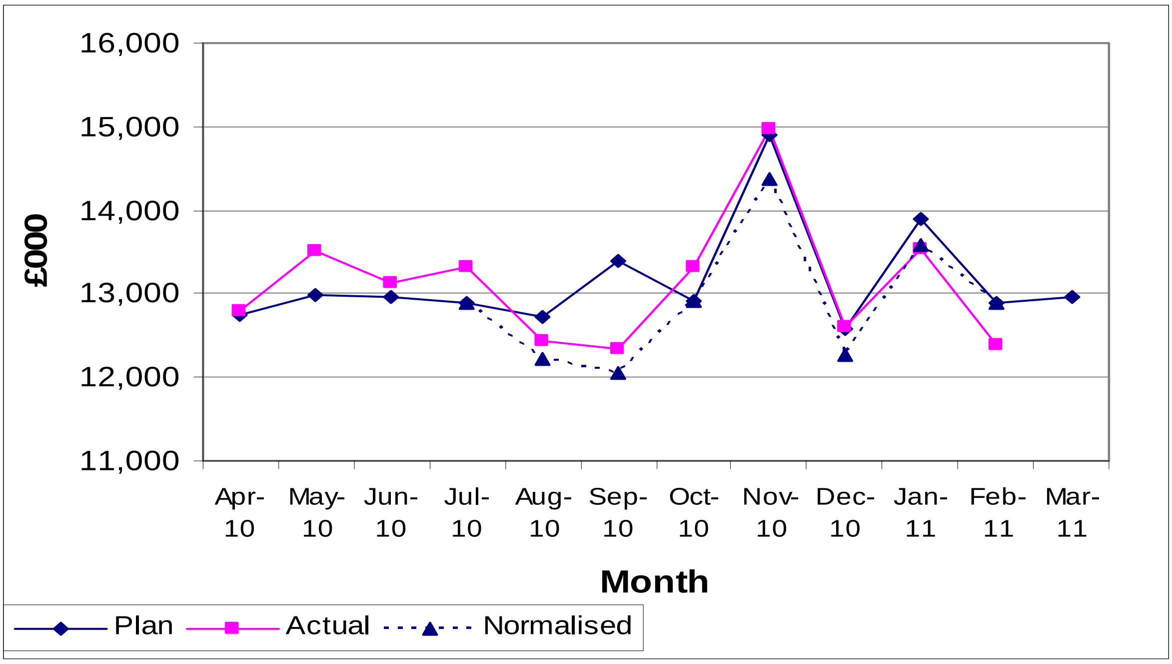
7.4. The year to date variance to Month 10 is shown net of the marginal tariff adjustment for non elective activity. In terms of the total over performance shown to date(£3.4m) £1.7m relates to NCL activity.

7.5. Key points to note from the analysis of income (year to date variance to Month 10) are summarised as follows:

- The main areas of over performance relate to non elective inpatients (£782k), together with high dependency critical care bed days (£907k), excess bed days (£595k) and NICU special care bed days (£631k).
- The main areas where income is below the planned level include outpatients (first appointments £298k and follow up appointments £579k).

7.6. Performance against the internally set income plan is further illustrated in the following figure:

FIGURE 4: Performance Against Internal Income Plan – In Month



7.7. As well as the planned and actual position a further line is included to show the income plan excluding the effect of activity related budget adjustments from August onwards. This provides a clearer indication of actual performance against the original planned income position (before activity related increases to the plan).

7.8. The total value of all other non clinical income highlighted in Figure 1 is £2,290k in month 11 and £22,904k cumulatively. This is further illustrated in the following figure:

FIGURE 5: All Other Non Clinical Income

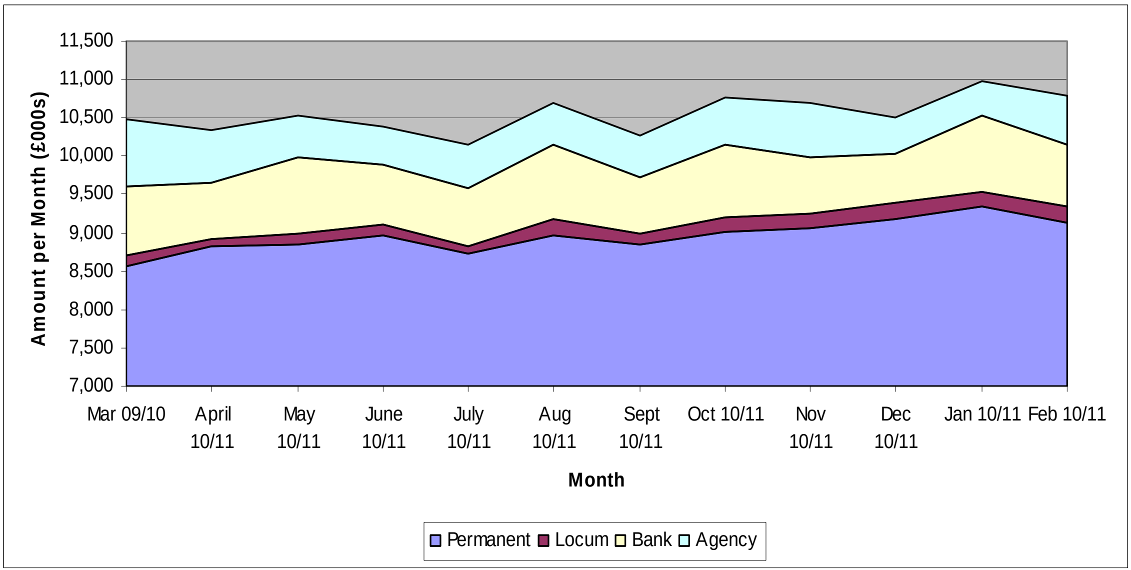
Description	Current Month			Year To Date			Annual
	Actual £'000	Budget £'000	Variance £'000	Actual £'000	Budget £'000	Variance £'000	Budget £'000
Service Increment for Teaching & Research SIFT)	721	721	0	7,928	7,928	0	8,649
Medical & Dental Education Levy MADEL)	424	424	0	4,659	4,659	0	5,082
Non Medical Education & Training NMET)	83	100	(18)	908	879	29	979
Provider to Provider SLAs	348	347	1	2,760	2,749	11	3,096
Merit Awards	55	56	(1)	587	617	(30)	673
Income Generation e.g. car park, accommodation, canteen	85	91	5	870	999	129	1,089
Research & Development	67	33	34	402	406	(3)	439
Other	508	355	(153)	4,790	3,266	(1,524)	3,510
Total	**2,290**	**2,126**	**(164)**	**22,904**	**21,502**	**(1,402)**	**23,518**

8. Expenditure Performance

8.1. The in month position shows an over spend of £437k against a cumulative over spend position of £831k for the year to date.

8.2. Pay expenditure has reduced in month from £10,973k in January to £10,779k in February. The following figure illustrate staffing expenditure trends, together with the split between agency, bank, locum and permanent staff.

Figure 6: Staffing Expenditure Trends



8.3. A comparison of expenditure against the budgeted position shows an overspend of £94k. The following figure further illustrates the in month pay variance for each Directorate and how much of that variance is attributable to CIP savings.

FIGURE 7: Comparison of Pay Expenditure Against Budget by Directorate

Directorate	Month 11 Pay Actuals	Month 11 Pay Budget	Month 11 Variance	Pay CIP in Mth 11
Access/Diagnostics/Planned Care	1,245	1,231	(14)	(24)
Central CIP Target (Operations)	53	(23)	(75)	(80)
Director Of Primary Care	25	33	8	0
Medicine & Therapies	2,704	2,568	(136)	(58)
Surgery & Cancer	2,356	2,357	1	(8)
Women & Children Services	2,291	2,194	(98)	(4)
Pharmacy	346	349	4	0
Facilities	959	972	13	(14)
Finance	236	244	8	0
Human Resource Directorate	119	112	(7)	0
Information Mgmt & Tech	211	186	(24)	1
Medical Education	20	20	0	0
Nursing & Clinical Develop	93	57	(37)	0
Planning & Performance	71	66	(5)	0
Clinical Trials	52	48	(4)	0
Reserves	0	344	344	0
Trust Finance	(0)	(75)	(74)	(75)
Grand Total	**10,779**	**10,685**	**(94)**	**(262)**

8.4. Total expenditure on bank and agency reduced slightly from £1,436k in January to £1,432k in February. Expenditure on agency during this period increased by £185k, while bank expenditure has reduced by £189k.

8.5. In overall terms pay expenditure is £94k higher than budgeted levels in month, together with under achievement of CIP, there are two key areas which contribute to the over spending position against pay budgets in month; Medicine & Therapies £136k and Maternity Services £98k. Further explanation of which is provided as follows:

- Medicine & Therapies (£136k): The over spending position relates to the continued use of temporary nurse staffing across medical wards (a combination of Agency & Bank) to cover vacancies, maternity leave, and to allow for higher levels of dependency e.g. 1:1 care for patients requiring specialist care. In addition additional nurse recruitment has taken place within the Mary Seacole Ward to cover additional 6 beds that were opened within the extended Acute Admissions Unit, this is above the funded level of establishment.
- Maternity Services (£98k): The over spend within Maternity Services has resulted from a combination of issues, which has required the use of additional staffing. Such issues include; the equivalent of 9.40 whole time equivalent staff currently on maternity leave, 2.60 whole time equivalent staff currently on long term sick leave, a range of vacancies and other leave which have required additional cover attracting the premium costs associated with agency.

8.6. Non-pay expenditure was £172k over spent in February, compared to a cumulative under spend of £159k. The following figure illustrates the in month non pay variance for each Directorate and how much of that variance is attributable to CIP savings.

FIGURE 8: Comparison of Non Pay Expenditure Against Budget by Directorate

Directorate	Month 11 Non Pay Actuals	Month 11 Non Pay Budget	Month 11 Variance	Non Pay CIP in Mth 11
Access/Diagnostics/Planned Care	467	434	(34)	(5)
Central CIP Target (Operations)	(18)	6	24	0
Director Of Primary Care	7	5	(1)	0
Medicine & Therapies	259	225	(34)	(14)
Surgery & Cancer	569	541	(28)	(10)
Women & Children Services	194	160	(34)	0
Pharmacy	693	669	(24)	(33)
Facilities	728	630	(98)	(29)
Finance	37	41	4	0
Human Resource Directorate	68	84	17	(1)
Information Mgmt & Tech	108	83	(24)	(1)
Medical Education	32	38	6	0
Nursing & Clinical Develop	293	289	(4)	0
Planning & Performance	24	17	(7)	1
Clinical Trials	0	0	0	0
Reserves	0	92	92	0
Trust Finance	184	160	(25)	(29)
Grand Total	**3,646**	**3,474**	**(172)**	**(122)**

8.7. Of the total over spend against non pay budgets, £122k relates to CIP which has not been achieved in Month. Other key areas of over spend relate to facilities and more specifically utilities costs, which have been reassessed based on the latest available information and which contribute £38k towards the in month over spend. Access Diagnostics and Planned Care has over spent by a total of £34k in month relates largely to the use of reagents in haematology and Imaging. The over spend within Womens and Childrens Services (£34k) relates to increased expenditure on clinical consumables.

9. Cost Improvement Programme (CIP)

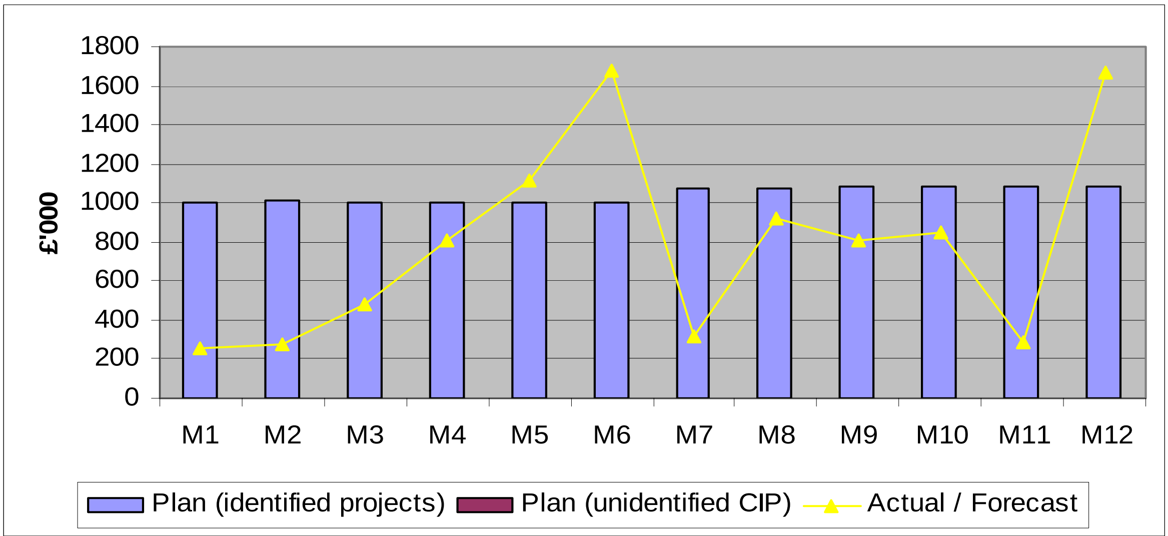
9.1. Performance against the year-to-date proportion of CIP target of £12.5 million is summarised in the table below. As reported last month, the previously unidentified CIP target has this month been converted into a productivity improvement target.

FIGURE 9: CIP Monthly Performance and Forecast Against Plan

Category	Initial full year target £'000	Target to month 11 £'000	Savings achieved at month 11 £'000	Proportion of Year-to-date target achieved £'000	Year-to-date shortfall £'000 £'000
"CIP A" workstreams	4,982	4,517	2,493	55%	(2,024)
"CIP B" savings identified through budget-setting	3,676	3,363	2,266	67%	(1,097)
Year-to-date underspends locked into budgets	0	0	216		216
Activity-related productivity improvements	3,842	3,535	2,814	80%	(721)
Total	**12,500**	**11,415**	**7,789**	**68%**	**(3,626)**

9.2. Month by month savings delivered against the target, and forecast, are represented in the graph below. The uneven profile is due to the timing of recognition of activity-related productivity improvements : in months 5 and 6, the productivity improvements achieved in months 1-5 were recognised, and in months 8-9 the productivity improvements achieved in months 6-8 were recognised, and in month 10 we recognised productivity improvements in month 9.

FIGURE 10: CIP Monthly Performance and Forecast Against Plan



9.3. Year-to-date cumulative performance is 68% against plan this month, compared to 74% last month.

9.4. **CIP A Projects**

54% of the year-to-date target has been delivered, compared to 58% last month; the deterioration is due to continued under-performance by some projects that have been postponed into next year, plus high agency staff expenditure in month 11.

9.5. **CIP B Projects**

The rate of achievement overall has fallen from 69% last month to 67% this month.

9.6. **Activity-related Productivity Improvements**

No additional productivity improvements have been delivered in month 11.

9.7. **Forecast**

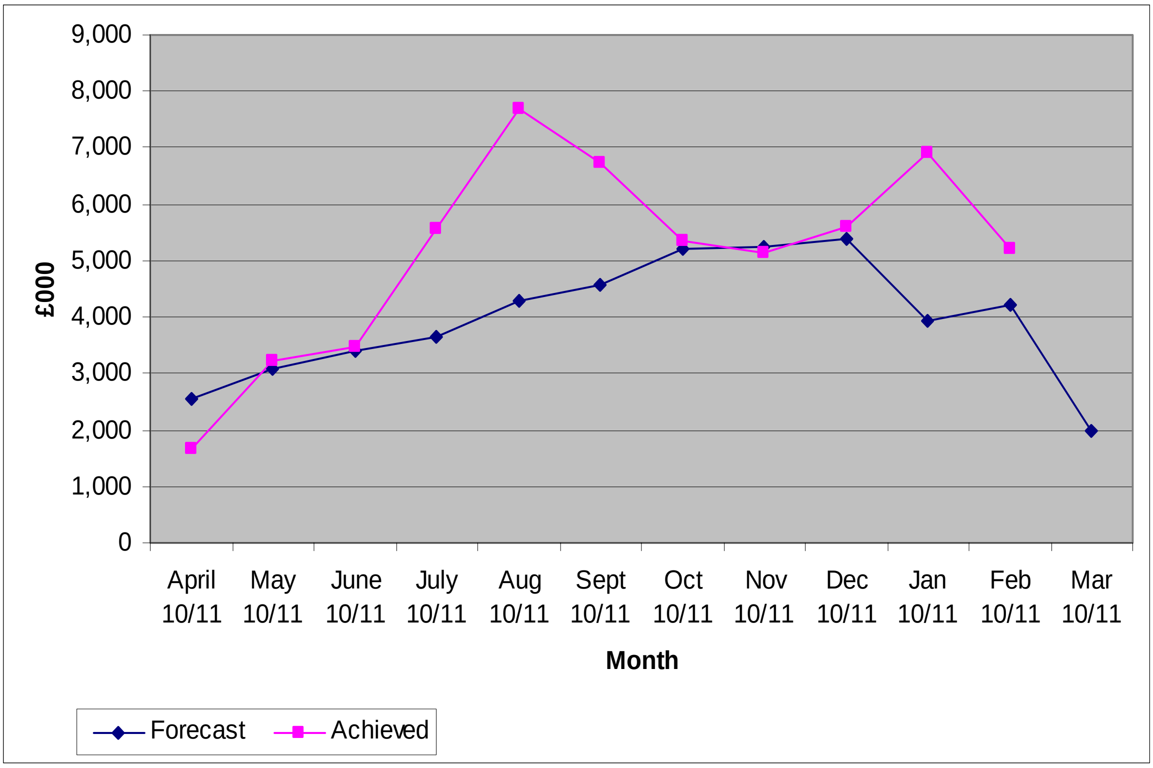
The forecast CIP achievement by year-end is £9.5 million. This forecast comprises £2.8m to be delivered by the CIP "A" workstreams, £2.7 m by the CIP "B" savings identified by budget holders (including agreed underspends), and £4 m through activity-related productivity improvements.

10. Cash

10.1. The chart below provides a summarised cash flow forecast. The Trust's cash balance at the end of February was £5,213k. Higher levels of balance will be possible this year as SLAs have been set at a more realistic level and this is equivalent to approximately £1m per month in cash that was not seen in the early months last year. Some movement in working capital balances have also assisted the position. In addition to which the trust has received payment for invoices relating to SLA over performance for 2009/10 and in the year to date, against which provisions had previously been made.

10.2. The year end forecast position is £2.0m and there is no penalty to over-achieving this value although failure would result in a breach of a statutory duty (EFL). An improvement in the cash balance would require either a surplus or an improved working capital position relative to the values held at the start of the year. Neither is assumed at this stage.

FIGURE 11: Rolling Cashflow Forecast



11. Balance Sheet / Statement of Financial Position

11.1. The adverse I&E impact of IFRS accounting on the Trust's PFI scheme remains at £463k for the full year, as reported last month. As described above, this impact is excluded for the purposes of performance against statutory break-even duty.

11.2. The large increase in fixed assets, current and non-current liabilities is as a result of the IFRS requirement to bring PFI onto the balance sheet. It is now treated as the Trust's asset with a finance arrangement (and associated liability) to pay for the asset over the life of the PFI agreement. The balance sheet is summarised below:

FIGURE 12: Balance Sheet / Statement of Financial Position

Description	As at 1st April 2010 £'000	As at 31st January 2010 £'000	2010/11 Year-end Forecast £'000
Property, plant and equipment	132,801	131,402	135,528
Intangible assets	1,186	954	929
Trade and other receivables	2,346	2,699	2,721
Non-current assets	**136,334**	**135,055**	**139,179**
Inventories	1,122	1,196	1,196
Trade and other receivables	7,089	5,633	5,715
Cash and cash equivalents	1,146	5,213	1,992
Current assets	**9,357**	**12,042**	**8,902**
Trade and other payables	15,543	17,227	15,078
Borrowings	1,964	1,967	1,967
Provisions	1,424	2,358	3,983
Current liabilities	**18,930**	**21,552**	**21,028**
Borrowings	38,838	37,638	37,555
Provisions	1,946	1,762	1,762
Non-current liabilities	**40,784**	**39,400**	**39,317**
Total assets employed	**85,976**	**86,146**	**87,736**
Public dividend capital	48,134	48,134	48,206
Retained earnings	10,658	10,914	10,664
Revaluation reserve	25,904	25,884	27,666
Donated asset reserve	1,280	1,214	1,199
Total taxpayers' equity	**85,976**	**86,146**	**87,736**

12. Payment of Creditors

12.1. The Department of Health requires that Trusts pay creditors in accordance with the Better Payments Practice Code. The target is to pay creditors within 30 days of receipt of goods or a valid invoice, whichever is later, unless other terms have been agreed.

12.2. The Trust's performance, which is measured both in terms of volume and value, is tabled below, with a comparison to the prior year in the second table.

FIGURE 13: Comparison of Pay Expenditure Against Budget by Directorate

Detail	NHS Payables Number	Non NHS Payables Number	NHS Payables £000	Non NHS Payables £000
Current Year to Date Performance				
Total bills paid	5,188	43,782	12,007	42,012
Total paid within target	4,780	36,843	10,715	35,920
Percentage paid within target	**92%**	**84%**	**89%**	**86%**
2009/10 Performance				
Total bills paid	5,064	50,163	10,439	52,150
Total paid within target	4,320	33,253	6,252	35,096
Percentage paid within target	**85%**	**66%**	**60%**	**67%**

13. Top 10 Overspending Areas, 2010/11 Forecast and Risks

13.1. The forecast position for NHS Clinical income is not assumed to be materially different from plan. The effect of the NCL income cap and non recurrent gains have been reflected. In overall terms the plan takes into considerations such risks can be considered at this stage to be prudent. Expenditure levels have been, and continue to be reviewed with budget holders and the forecast reflects actual levels along with expected trends for the remainder of the year. Clearly for the Trust to achieve a balanced position particularly within the context of the current economic environment it is essential that costs are controlled effectively for the remainder of the year. Cost containment and productivity improvement continues to be a key theme in securing and maintaining a viable organisation.

13.2. In order to improve the likely forecast, the focus will be on the delivery of the CIP, robust budgetary control and the identification of opportunities to reduce the unidentified savings target. While the income cap referred to earlier does provide more certainty in terms of NCL income, overall income levels do fluctuate and it is not possible to be certain over the likely year end position at this point. Financial performance meetings continue to be held with all budget holders/managers, CIP and budgetary performance will be reviewed by the Chief Executive and Director of Finance, and the Executive Committee. At these meetings financial performance is scrutinised, action plans are identified, and forecasts challenged.

Figure 14: Top 10 Overspending Areas and year End Forecasts

	Month 11 Variance		Year End variance	
Top 10 Overspending areas	**In-month £000**	**Year-to-date £000**	**Straight-line projection £000**	**Forecast £000**
Emergency Department	(120)	(854)	(932)	(976)
Central CIP Target (Operations)	(76)	(400)	(437)	(479)
Midwives	(96)	(291)	(317)	(389)
Medical Wards	(111)	(325)	(354)	(394)
Director Facilities	(40)	(229)	(250)	(268)
Acute Medicine Admin	(52)	(198)	(216)	(252)
Histopathology	(25)	(183)	(199)	(207)
Urology	(20)	(149)	(162)	(169)
Pharmacy Medicine	69	(125)	(136)	(222)
Obstetrics & Gynae	(63)	(124)	(135)	(207)
Total	**(535)**	**(2,877)**	**(3,138)**	**(3,561)**

13.3. It should be noted that CIP targets that have not been allocated to specific budget lines or service areas, and are instead held centrally, are showing a shortfall. It is the intention to agree a method to reallocate to those areas where the savings will be achieved.

13.4. The year to date position now includes £1,255k of non-recurrent credits that were not planned for in the original budget and so it is stressed that a recurrent solution to balancing the budget remains a priority. There are a number of significant risks remaining and these are described below:

- Activity exceeds the agreed cap with NCL commissioners, incurring additional costs with no additional income through activity, although expected levels of cost have been reflected in the forecast.
- Increased non-achievement of CIP targets – the forecast implicitly assumes the current expenditure CIP achievement percentage remaining constant for the remainder of the year, but there is a risk of further non-achievement e.g. productivity gains do not achieve the expectations.
- Legal costs are higher than anticipated
- Cost pressures materialise that were not anticipated in budget-setting
- Data is not input onto PAS and other information systems in a timely way
- Recruitment problems and increased use of Agency staff
- Further upward trends in expenditure forecasts

Overall, the position for the first four months of the year has demonstrated a stronger than expected level of activity, while the level of activity over plan for the last six months has been at a more modest level. Non recurrent solutions and improvements in the forecast for non clinical income and expenditure areas have helped to resolve the in year risk from the original £3.2m. Additional ideas to complete the CIP and continued efforts to deliver the existing CIP would place the Trust in a stronger position going forward.