

THE NEWCASTLE UPON TYNE HOSPITALS NHS FOUNDATION TRUST

COUNCIL OF GOVERNORS

FINANCIAL POSITION: 2011/12 (MONTH 8)

1. Executive Summary

This paper sets out the financial position for the 8 months ended 30th November 2011.

2. Summary of Financial Position : 2011/12 (Month 8)

A summary of the financial position is reported below:

<p>a) <u>Income and Expenditure</u></p> <ul style="list-style-type: none"> Financial Targets <p>[including Financial Risk Rating, measured on a range of 1 (lowest) to 5 (highest)]</p>	<p>An overall Financial Risk Rating of 4 was achieved to Month 8 which is a good score and ahead of Plan.</p> <p>The 'Earnings before Interest, Depreciation and Amortisation' (EBITDA) was £48,191k (Plan: £37,587k) and the Income & Expenditure surplus (after impairments) was £513k (Plan: -£9,001k).</p>
<ul style="list-style-type: none"> Income Position 	<p>Income was £16.5m above Plan at month 8 (Actual: £562,439k; Plan: £545,984k), due primarily to additional income from PCO contracted services, specialised services and matched resources.</p>
<ul style="list-style-type: none"> Expenditure Position 	<p>Expenditure was £6.9m higher than Plan at month 8. The major variances were £4m additional expenditure on drugs and devices matched by income (matched resources), £2.7m for business rates relating to new PFI facilities (partially backdated) and £0.7m additional major revenue expenditure.</p>
<p>b) <u>Cost Improvement Programme (CIP)</u></p> <ul style="list-style-type: none"> 2011/12 CIP target = £37.2m 	<p>The total Cost Improvement Programme for 2011/12 is £37.2m, inclusive of £2.2m relating to Newcastle Community Services. Recurrent plans of £33.4m were identified, giving a forecast shortfall of £3.8m. A review of reserves identified funding to meet the forecast shortfall. There are a number of schemes identified as having a risk of non-delivery, which will continue to be monitored.</p>
<p>c) <u>Capital Expenditure</u></p> <ul style="list-style-type: none"> 2011/12 Full Year Capital Plan = £32,503k 	<p>Capital expenditure at month 8 was £14.3m against a Plan of £20.7m. The variance is predominantly related to slippage which is expected to be £8.4m by the year end.</p>

d) <u>Liquidity</u>	The cash balance at 30 th November 2011 was £82.8m, £23m higher than Plan, primarily due to slippage on the capital programme, variances in working capital balances to Plan and the improvement in the I&E position.
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3. **Recommendation**

To receive the Month 8 financial position for 2011/12.

Wendy Jones
Associate Finance Director
11th January 2012