

THE NEWCASTLE UPON TYNE HOSPITALS NHS FOUNDATION TRUST

COUNCIL OF GOVERNORS

FINANCIAL POSITION: 2011/12 (MONTH 6)

1. Executive Summary

This paper sets out the financial position for the 6 months ended 30<sup>th</sup> September 2011.

2. Summary of Financial Position : 2011/12 (Month 6)

A summary of the financial position is reported below:

<p>a) <b><u>Income and Expenditure</u></b></p> <ul style="list-style-type: none"> <li>• Financial Targets</li> </ul> <p>[including Consolidated Risk Rating, measured on a range of 1 (lowest) to 5 (highest)]</p> <ul style="list-style-type: none"> <li>• Income Position</li> <li>• Expenditure Position</li> </ul>	<p>An overall Risk Rating of 4 has been achieved to Month 6 which is ahead of plan result.</p> <p>The 'Earnings before Interest, Depreciation and Amortisation' (EBITDA) surplus was £36,490k (Plan: £26,688k) and the Income &amp; Expenditure surplus (including impairments) was £199k (Plan: -£6,199).</p> <p>Income was above plan at month 6 due primarily to additional income from over performance and specialist services.</p> <p>Operating expenditure to month 6 is higher than plan, a key factor being expenditure on activity over performance, rates and energy.</p>
<p>b) <b><u>Cost Improvement Programme (CIP)</u></b></p> <ul style="list-style-type: none"> <li>• 2011/12 CIP target = £37.2m</li> </ul>	<p>The total Cost Improvement Programme for 2011/12 is £37.2m. Recurrent plans of £36.1m have been identified, giving a forecast shortfall of £1.2m. There are a number of schemes identified as having a high risk of non-delivery, however, which will be monitored as the year progresses. The Trust must identify alternative schemes to meet this shortfall.</p>
<p>c) <b><u>Capital Expenditure</u></b></p> <ul style="list-style-type: none"> <li>• 2011/12 Full Year Capital Plan = £32,503k</li> </ul>	<p>Capital expenditure at month 6 was £11.7m against a plan of £15.5m. The variance is predominantly related to on equipment replacement Brighton Grove and Biomedical Research Centre build costs. It is expected that there will be slippage of £5m against the capital programme by the year end.</p>

d) <b><u>Liquidity</u></b>	The cash balance at 30 <sup>th</sup> September 2011 was £79.8m, £16.8m higher than plan, primarily due to slippage on the capital programme and higher than planned net current asset position.
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3. **Recommendation**

To receive the Month 6 financial position for 2011/12.

**Wendy Jones**  
**Associate Finance Director**  
**11<sup>th</sup> November 2011**