GIG CYMRU NHS WALES | Bwrdd Iechyd Prifysgol Betsi Cadwaladr University Health Board

Finance Report September 2011

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1. Executive Summary

1.1 Introduction

As at 31st August 2011 the Health Board is reporting a cumulative in year adverse variance of £15.398 million against the year to date budget of £482.897 million. The year to date adverse variance against budget is 3.19% (£12.406 million as at Month 4 representing an adverse variance of 3.22%).

The Board should be mindful of the need to ensure that expenditure is managed within existing budgets and that mitigating plans are put in place urgently to address areas of overspending.

The underlying budget deficit brought forward into 2010/11 was £31 million, this was reduced over the financial year to £20.348m. This underlying deficit, along with other financial pressures have necessitated an opening savings target of £70.888 million for 2011/2012. A number of new in-year pressures have been identified, which will increase the overall savings target by £7.930 million.

Considerable action has been taken across the Health Board to identify and implement savings plans to ensure financial balance both in-year and recurrently.

To date, savings of £57.126 million have been identified. The Board should be aware that further action is urgently required to ensure that additional savings are identified, and that those identified are delivered.

1.2 Summary of Financial Performance for the period 1st April 2010 – 31st August 2011

The Health Board has a number of financial targets set by the Welsh Government. Table 1 summarises the achievement of these targets as at 31st August 2011.

Table 1 Summary of performance against key financial targets as at 31st August 2011

Key Target	Target	August 2011 Actual	Comments
Achievement of Operational Balance (£000s)			
Achievement against Revenue Resource Limit	£ 0	£(15.398)	This represents an adverse variance of 3.19% against budget.
Achievement against Capital Resource Limit (CRL)	£ 0	On target	The Health Board is forecasting achieving the capital resource limit.
Public Sector Payment Policy (paid by number)			
Non-NHS	95%	96.59%	This is on target but is being closely monitored due to potential changes within the All-Wales National Shared Services Partnership
Cash management			
Cash balance at year end	0	On target	This position is dependent upon achieving break even and maintaining working capital balances.

1.3 Resource Limits

The statutory duty for Welsh Local Health Boards is to ensure that net operating costs do not exceed the resource limits allocated by the Welsh Government in respect of both capital and revenue expenditure.

The annual revenue resource limit for the Health Board is £1,180 million and the Health Board has set delegated budgets through clinical engagement. The reported position as at the 31st August 2011 is a cumulative in year adverse variance of £15.398 million against a year to date budget of £482.897 million (an adverse variance of £12.406 million or 3.22% at Month 4). Sustained efforts continue to be made across the Health Board to achieve financial balance, mindful of patient and staff safety and quality of services.

The in-month position for August 2011 was an over spend of 3.07% against the monthly budget. The Health Board is currently forecasting a year-end breakeven position but this is dependent on the identification and achievement of savings schemes of £70.888 million of which £57.126 million has been identified to date. There are a number of risks surrounding this forecast and further information is provided within section 2.9 of this report. These risks are being robustly managed.

The detail within this report provides further information in support of action being taken to achieve financial balance including the associated risks.

Table 2 Performance against Revenue Resource Allocation

Resource budget to 31st August 2011 £000	Cumulative Actual Net Expenditure £000	Cumulative Variance Under/(over) spend £000	Forecast Year End Variance Under/(over) spend £000
£482,897	£498,295	£(15,398)	£0

1.4 Capital Resource Limit (CRL)

The Health Board has received a current capital resource limit of £24.155 million. The Finance and Performance Committee has approved the capital budget for each category of capital expenditure. Capital expenditure falls into three categories; estates, medical devices and information management and technology.

The strategy group for each category of capital expenditure is responsible for working with Clinical Programme Groups to identify capital bids and prioritise these in line with the corporate objectives and strategy. The detailed programme for each category is monitored via the respective strategy group and the process is overseen via the multidisciplinary Capital Group.

The Health Board has been required to reprioritise its capital expenditure during the year to reflect the requirement to address the capital investment required to address the requirement to improve Orthopaedic access times. At all times, this has been done being mindful of the need to ensure that safety is maintained. The Health Board is forecasting that the capital resource allocation will be fully utilised and is working with the Welsh Government to identify opportunities for further capital support.

The year to date budget and expenditure is detailed within the Table 3 below.

Table 3 Performance against Capital Resource Allocation

Annual Resource Budget £000	Budget to 31st August 2011 £000	Cumulative Actual Expenditure £000	August Variance Under/(over) spend £000	Forecast Year End Variance Under/(over) spend £000
£24,155	£7,435	£7,435	£0	£0

1.5 Public Sector Payment Policy

The Assembly has set a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery of goods or receipt of a valid invoice, whichever is the latest. The Health Board's current performance against the Assembly target is 96.59%. This target will be carefully managed throughout the financial year in collaboration with the All Wales National Shared Services Partnership.

1.6 Cash

The closing cash balance as at 31st August 2011 was £3.411 million. The month end best practice cash balance has been determined by the Assembly as £3.950 million, although it is good practice to achieve a cash balance as close to zero as possible to demonstrate that the Health Board is not receiving cash ahead of need.

The cash position is being monitored on a routine basis and work is ongoing with the Welsh Government to establish the full year cash requirement.

2. DETAILED REPORT

The Health Board has a statutory obligation to operate within the resource limit agreed with the Welsh Government. The full year revenue resource limit is £1,180 million and the performance for the period 1st April 2011 to 31st August 2011 is a cumulative in year adverse variance of £15.398 million against the year to date budget of £482.897 million (overspend of 3.19% against budget). This compares with an over spend in Month 4 of 3.22% or £12.406 million. The Health Board plans to achieve a balanced financial position, mindful of patient and staff safety and quality of service.

A breakdown of expenditure by Clinical Programme Group (CPG) and Corporate Departments is provided in the table below. Further information by CPG and Corporate Departments is provided in the detailed appendices attached to this report.

Table 4 Financial Performance 1st April 2011 to 31st August 2011

	Annual Plan £000	August Plan £000	August Actual £000	August Variance £000	Variance Rate %
CPG					
Primary, Community and Specialist Medicine	173,917	72,417	79,311	6,894	9%
Surgery and Dental	100,133	41,398	45,906	4,508	11%
Children and Young People	42,139	17,516	18,190	674	4%
Womens and Maternal Care	25,757	10,698	11,778	1,080	10%
Mental Health and Learning Disabilities	109,752	45,325	45,698	373	1%
Cancer, Palliative Care and Clinical Haematology	23,981	9,820	10,451	631	6%
Therapies and Clinical Support	43,012	17,606	17,614	8	0%
Pathology	23,738	9,873	10,723	850	9%
Radiology	18,342	7,642	8,471	829	11%
Pharmacy and Medicines Management	140,725	58,635	62,261	3,626	6%
Anaesthetics, Critical Care and Pain Management	29,313	12,162	12,798	636	5%
Total CPGs	**730,809**	**303,092**	**323,201**	**20,109**	
Primary Care	150,651	62,768	62,796	28	0%
Corporate budgets	94,535	39,648	40,140	492	1%
Miscellaneous Income	(55,818)	(23,259)	(22,764)	495	-2%
Other	259,716	100,067	94,341	(5,726)	-6%
Total Net Expenditure	**1,179,893**	**482,316**	**497,714**	**15,398**	3%

	Annual Plan £000	August Plan £000	August Actual £000	August Variance £000	Variance Rate %
Corporate Budgets					
Chief Executive	710	296	181	(115)	-39%
Workforce and Organisational Development	5,051	2,055	1,989	(66)	-3%
Finance*	7,031	2,929	2,670	(259)	-9%
Corporate Planning, Estates Development and Operational Estates	25,343	10,549	11,747	1,198	11%
Nursing, Midwifery and Patient Services	33,082	13,818	13,764	(54)	0%
Governance and Communication*	5,574	2,368	2,232	(136)	-6%
Improvement and Business Support	2,970	1,231	1,186	(45)	-4%
Medical Executive Department	13,964	5,811	6,076	265	5%
Medical Education	228	349	71	(278)	-80%
Director of Therapies	582	242	224	(18)	-7%
Total Corporate Budgets	**94,535**	**39,648**	**40,140**	**492**	**1%**

*Contained within the corporate departments of Finance, and Governance and Communication are budgets covering the services provided by National Shared Services (section 2.14 refers).

The Health Board is forecasting a year-end balanced position, although this is dependent on sustained efforts in respect of the delivery of cash releasing efficiency savings (CRES) and the management of cost pressures (section 2.9 refers). One of the key challenges is addressing the legacy structural deficit of £20.348m, which is included in the total of £70.888m of cash releasing savings required to break even.

The following sections provide further analysis on the year-to-date performance and highlights actions being taken to ensure a balanced year end position.

2.2 Income

The Health Board has £1,168.684 million in confirmed revenue resource allocations from the Welsh Government. In addition, the Health Board has agreement in principle from the Welsh Government for a further £11.209 million of revenue allocations. Formal confirmation of the additional allocation is being proactively sought. The Health Board's total expected revenue allocation is therefore £1,179,893.

2.3 Expenditure

Table 4 above details the year to date expenditure and significant efforts are being made to address the adverse variances and formulate additional cash releasing savings plans mindful of maintaining safety and the quality of services. The Health Board has taken a robust and proactive approach to the management of its financial performance which includes the following:

- management of key elements of expenditure including payroll costs, non-pay expenditure and contracting for services with other healthcare providers (sections 2.4 – 2.6 refer);

- implementation of agreed cash releasing efficiency savings plans (section 2.7 refers); and

- reduction in management costs (section 2.8 refers).

Further action is now required to ensure that the Health Board achieves a balanced financial position. This will include close scrutiny across all areas of pay and non-pay expenditure.

2.4 Payroll Related Costs

Within the services provided directly by the Health Board the total annual payroll budget is £548.779 million which accounts for 73% of the total expenditure in this area. The expenditure on payroll for Month 5 amounted to £48.218 million, an over spend in-month of £2.035 million. This represents an in-month overspend of 4.22% and a year-to-date over spend of 4.58%. The cumulative overspend as at Month 4 was 4.62% of budget and the reduced rate of overspending reflects the sustained efforts being taken across the Health Board to reduce and manage costs.

The Health Board has taken pro-active measures to manage variable payroll costs in relation to overtime, bank nursing and agency and locum expenditure whilst maintaining patient safety. Expenditure on agency and locum costs remains a key challenge for the Health Board due to specific recruitment difficulties within the more rural parts of the North Wales region. Additional support measures have been implemented including a review of clinical staff rotas. There are in month fluctuations in variable payroll costs reflecting the Health Board's need to utilise such flexibility to ensure safe levels of cover at ward level and across all services.

Table 5 Variable Payroll Costs

Month	Agency £000	Bank £000	Overtime £000
Sept 2010	1,196	539	135
Oct 2010	1,334	414	206
Nov 2010	1,592	433	188
Dec 2010	1,053	430	243
Jan 2011	1,651	249	183
Feb 2011	1,502	532	273
Mar 2011	1,798	506	292
April 2011	1,292	628	335
May 2011	1,220	569	247
June 2011	1,205	624	237
July 2011	1,386	543	242
Aug 2011	1,511	609	280

The Health Board's staff sickness absence rate as at the end of July 2011 was 4.77% (4.61% cumulative for 2010/2011). This is higher than the Health Board's agreed sickness absence target of 4.55% which is set at a national level. Monitoring of sickness absence

continue to be undertaken and reported to each CPG and Corporate Department. The Health Board is actively supporting staff back to work which will reduce the costs of sickness absence.

The Health Board continues to offer the Voluntary Early Release Scheme (VERS). Applications are assessed to ensure that there are no patient safety and service issues.

2.5 Non Pay Expenditure

The Health Board has taken action to implement stringent controls over non-pay expenditure without compromising safety and quality of services. These include:

- Themed work across CPGs and Corporate Departments to review the nature and volume of goods used. This has highlighted areas where lower cost items are available and also provided good indicators of high use areas to enable further investigation within CPGs and Corporate Departments. This work has enabled standardisation of products across the Health Board to reduce variability, help with stock management and to support the renegotiation of volume contracts. This work is undertaken with clinical engagement to ensure that safety and quality are not compromised.

- A review of contracts from the former legacy bodies to ensure that the Health Board receives the best price and benefits from volume contracts. This will mitigate the risk of differential pricing within the Health Board for products and services from suppliers.

- A review of expenditure has been undertaken to identify items not considered critical to patient or staff safety. Actions have been approved by the Board of Directors including processes to cover exceptions. Actions taken include reducing the range of stationery that is routinely available and blocking the procurement of items such as water coolers, furniture, use of external venues, attendance at non-mandatory courses and subscriptions to journals (outside of library contracts). The Health Board has processes in place to ensure that purchases necessary to maintain staff and patient safety are actioned.

- The Health Board has reinforced the need for all purchases to be supported by a Purchase Order and all suppliers have been advised that failure to quote this on invoices will result in the invoice being returned unpaid. The use of the purchase order system enables restrictions approved by the Board of Directors to be fully implemented and ensures that purchases are made in accordance with negotiated contracts.

The delivery of non-pay goods and services is supported by the All Wales Shared Service Procurement Department. The department provides professional support and collaborative working with colleagues across the organisation and throughout Wales. In 2011/12 the team has a challenging target of delivering at least £5 million of cash releasing savings. Concerns have been raised surrounding the delivery of savings, and the Health Board is working actively with the team to ensure the delivery of savings.

As at 31st August 2011 savings of £2.117 million have been achieved and the department is forecasting that the full year savings target will be achieved.

The department continues to work to identify further areas for review and further supports both Corporate Departments and Clinical Programme Groups in delivering their cash releasing savings targets.

2.6 Continuing Health Care

Expenditure in respect of Continuing Health Care (CHC), including NHS Registered Nursing Care, continues to represent a significant challenge across the NHS in Wales due to both increased demand for new packages and the underlying complexity of these packages.

The CHC budgets have been devolved to CPGs to promote the integration with core services. This is particularly important in the Mental Health and Learning Difficulties CPG where early work has already contained expenditure growth.

The full year budget for the Health Board is £74.300 million and the current forecast outturn position for Month 12 is £78.989 million. Action continues to be taken to mitigate this challenge whilst ensuring that appropriate care packages are put in place which represents good quality and offer value for money. A national procurement group has been established to review contracts for Continuing Health Care. See Appendix 5.1 for more information.

2.7 Cash Releasing Efficiency Savings Plans (CRES)

The Health Board inherited a structural deficit from its legacy bodies of £31 million. Sustained efforts have been made to reduce this and the opening position for 2011/2012 was a recurring deficit of £20.348 million.

In addition to the recurring structural deficit the Health Board has a number of other significant cost pressures arising from increased demands for services and inflationary pressures. To achieve a balanced position for 2011/2012 it has been necessary to set a cash releasing efficiency target of £70.888 million. A number of new in-year pressures have been identified, which will increase the overall savings target by £7.930 million.

The Health Board has identified total cash releasing savings, supported by detailed plans, of £57.126 million this includes £53.755 million of recurring savings.

Sustained efforts are being made to bridge the gap as a matter of urgency, always mindful of quality and safety. Changes have been made to increase the pace of financial recovery plans in terms of additional support to key areas. All plans are subject to scrutiny to assess any clinical or financial risks to ensure that safety and quality of service are maintained. Key areas of activity relate to workforce redesign and repatriation of work from external providers.

The Health Board is also focused on the areas of productivity and efficiency to ensure that the targets including length of stay, bed occupancy rates, theatre utilisation and day case rates are established.

The Health Board continues to offer the Voluntary Early Release Scheme and an updated position of the savings being generated by this scheme is included in the Savings Report presented separately.

Action will continue to be taken to monitor the delivery the savings plans and a detailed report is submitted to each meeting of the Finance and Performance Committee.

An analysis of the £57.126 million of identified savings is provided within the table below.

Table 6 Cost Improvement Plans

Work-stream	Recurring £000	Non Recurring £000	Total £000
CHC (excl. DTOC)	425	0	425
Estates/Energy	2,545	0	2,545
Externally Commissioned Services	12,167	0	12,167
Medicines Management (Primary and Secondary Care)	9,980	7	9,987
Procurement & Other Non Pay (excl. energy)	8,585	432	9,017
Shared Services	0	0	0
Management Costs	3,238	51	3,289
Specialist Services	1,967	0	1,967
Workforce Modernisation	14,848	2,881	17,729
Total	**53,755**	**3,371**	**57,126**

2.8 Management Costs

As part of budget setting in March 2010 the Health Board agreed that management structures would be reviewed to maximise the gains arising from the integration of the Health Board. This strategy included establishing structures with an overall reduction in management costs of 20%. Following considerable efforts across CPGs and Corporate Departments, agreement has been reached on the changes to staff structures required to deliver the necessary cost reductions. This methodology has been rolled forward into the opening budgets of 2011/2012.

This work has been undertaken under the organisational change policy and in consultation with staff and their staff side representatives to ensure that there is good staff engagement in agreeing a fit for purpose management structure that adds value to the Health Board.

2.9 Risks to achievement of financial breakeven

The full-year cash releasing efficiency savings target of £70.888 million requires significant reductions in expenditure across all of the Health Board's activities. The achievement of this target is dependent on being able to implement workforce re-design, reduce expenditure on non pay items and manage other pressures such as demand for Continuing Health Care and expenditure with other healthcare providers including WHSSC. The CRES target for each area is underpinned by a detailed schedule of savings and these are subject to robust monitoring and investigation.

The residual risks have been identified and are summarised in the table below:

Table 7 Risks to achievement of financial breakeven

Risk	Detail	Impact / probability
Delivery of CRES Management Cost Pressures	The achievement of the cash releasing savings target of £70.888 million is critical to the year end balanced position. Furthermore, the Health Board continues to manage a number of other cost pressures including the cost of utilities such as oil, gas and electricity.	High
Revenue consequences of depreciation and impairments	The funding for depreciation has not yet been finalised and the Health Board has a number of pressures in respect of schemes completed in 2010/2011. This issue has been raised with WG both during agreement of the 2010/2011 baseline and in their monthly reporting requirements.	High
Continuing Health Care growth.	Demand for new continuing care placements continues to present a significant challenge as noted within section 2.6 of this report.	High
Contracts with WHSCC for specialised services.	In 2010/2011 an adverse variance was experienced on this contract. In developing the budget strategy Specialist Services will require continued careful management.	High
Expenditure with other Healthcare providers.	Historically the Health Board has experienced cost pressures in this area. Management of the risks pertaining to changes to Primary Care Trusts and cross-border issues is a key challenge and robust action is being taken to analyse underlying activity to identify opportunities to make the savings required without impacting on quality and safety of service.	High
Clinical Negligence and Personal Injury Claims	The Health Board is required to provide for its share of all clinical negligence and personal injury claims which are assessed as probable or certain. The assessment is based on the professional judgement of the managing solicitor and is beyond the control of the Health Board. The NHS in Wales is experiencing a general increase in the number of claims and due to changes in the legal funding. Action has been taken to review all claims currently assessed as possible to identify those that may be reclassified as probable by the year end.	Medium
Primary care prescribing	Primary Care prescribing for drugs expenditure is committed by GP independent contractors based on national prices outside the control of the Health Board. Medicines Management Plans are in place and individual project leads identified to work with GPs. In addition, further saving schemes are being taken forward to make effective use of prescribing opportunities between Primary and Secondary	Medium

Risk	Detail	Impact / probability
	Care. This will not impact on quality of prescribing.	
Redress Act	New arrangements for managing concerns across the NHS Wales came into force 1st April 2011. The Redress Act requires a more robust and systematic review of concerns. This includes a formal determination of whether a qualifying liability exists and if it does the Health Board is expected to make an offer of redress to the injured party. This offer may be by way of a cash payment or additional care (or a mixture of the two).	Medium
A4C Preceptorship	Significant progress has been made in assimilating staff under the preceptorship arrangements (i.e. applicable to Band 5 staff).	Low
Pay modernisation for staff grade and associate specialist (SAS) doctors	Pay for Staff Grade and Associate Specialist (SAS) is subject to pay modernisation. An initial allocation of £3.043 million has been received from the Welsh Government and most affected staff have now been assimilated.	Low

2.10 Management of the Capital Programme

The Health Board has a duty not to exceed the Capital Resource Limit set by the Welsh Government and must operate its capital programme within these limits, currently £24.155 million.

The capital programme is broadly split into three elements; estates, medical devices and information management and technology. The allocation for each of the three elements of capital expenditure is separately managed and a schedule of schemes is developed to ensure that in year expenditure meets the allocation. The table below provides a breakdown of the schemes approved to date.

Table 8 Capital Programme 2011/2012

Capital Project	Annual CRL £000	Expenditure to Month 5 £000	Schemes approved for 2011/2012 £000
All Wales Capital Programme	15,025	3,580	15,025
Information Technology	1,794	708	1,794
Equipment	2,620	659	2,620
Estates	2,690	2,155	2,690
Other Discretionary	2,026	83	2,026
Other funded	1,400	250	1,400
Sub-Total	**£25,555**	**£7,435**	**£25,555**
Disposals/Donations/ Government Granted	(1,400)	(250)	(1,400)
TOTAL	**£24,155**	**£7,185**	**£24,155**

The discretionary allocation includes a contingency element, this contingency element has been utilised to support the need for increased orthopaedic services. The current forecast is that the programme will be managed to meet the Capital Resource Limit.

It is recommended that a review is undertaken of the benefits arising from the capital investments completed during the previous financial year.

2.11 Debtors

As at the 31st August 2011, the Health Board has a balance of £9.711 million (£11.928 million as at Month 4). Of the £9.711 million currently outstanding £2.096 million has yet to reach its due date (i.e. is less than 30 days old).

An escalation policy is in place to ensure that debts are actively managed and appropriate action taken at an early stage, along with a review of systems to improve the quality of information that is provided in support of the invoice request to avoid unnecessary queries and delays in payment.

The Health Board is following the revised arbitration process for debt recovery between Welsh NHS bodies. To support this, the Health Board is working with colleagues across NHS Wales to resolve outstanding queries in a timely manner.

Table 9 Analysis of Debtors Outstanding by Type, Value and Age

	Value at Month 5 £000	0-26 Weeks £000	> 26 Weeks £000
Welsh NHS	853	853	0
Other NHS	5,330	2,240	3,090
Other public sector	1,572	1,321	251
Non NHS	1,956	1,202	754
Total	**9,711**	**5,616**	**4,095**

2.12 Cash Balance and Management

The closing cash balance as at 31st August 2011 is £3.411 million against a best practice target of £3.950 million. The Welsh Government has a best practice closing cash balance guide equivalent to 1/300th of the total Revenue and Capital resource limits although it is good practice to achieve a cash balance as close to zero as possible.

The cash position is being monitored on a regular basis, and the full year forecast forms the basis of the assessment of the cash requirement from the Welsh Government.

2.13 Creditors

The Health Board is required to pay 95% (by number) of all non-NHS invoices within 30 days of either the receipt of the goods or a valid invoice, whichever is the later. The year-to-date achievement of this target is 96.59%. A further analysis of the achievement of this target by type and value is provided in the table below.

Table 10 Analysis of Payment Days by Creditor Type as at 31st August 2011

Non-NHS	Number	£'000
Total bills paid to date	96,828	121,783
Total bills paid within target	93,528	118,042
Percentage of total bills paid within target	96.59%	96.93%
NHS	**Number**	**£'000**
Total bills paid to date	2,654	89,814
Total bills paid within target	2,487	88,535
Percentage of total bills paid within target	93.71%	98.58%

The Health Board is achieving this key target and continues to work with the NHS Wales Shared Service partnership to ensure this is maintained. This process is being strengthened through the increased use of automated purchase orders and the use of scanning technology to match invoices with purchase orders. This increases efficiency and enables further focus on data quality by reducing the need for data input.

The best practice standard for all Public Sector bodies requires the payment of invoices relating to small and medium sized organisations within 10 days. Currently 78.12% of Non NHS invoices, by number, are paid within 10 days, and this is expected to improve through the use of automated techniques.

2.14 All Wales Shared Service Partnership (AWSSP)

The formal transfer of activities into the All Wales Shared Service Partnership took place on the 1st April 2011. The following activities were included:

- Human Resources (payroll, travel, pension & recruitment)
- Accounts Payable
- Procurement
- Internal Audit

Each functional area is overseen by a national Head of Service who is accountable to the Director of Shared Service and the National Committee. The governance and reporting arrangements are being finalised through the development of a memorandum of understanding between all parties.

Work is ongoing to develop a national dashboard to highlight activity levels and key performance targets to provide assurance on the effectiveness, efficiency and economy of the new arrangements. Until the national reporting arrangements are formalised, a local dashboard is being developed to monitor performance.

The established local arrangements continue whereby the achievement of cash releasing savings by the procurement team, the Public Sector Payment Policy and HR issues are examined by the Finance Department to highlight any variances and concerns. To date, no issues have been highlighted that need to be brought to the attention of the Board.

The importance of ensuring that the quality of service is maintained part of change is being closely monitored and the risks highlighted as part of the Health Board risk register.

2.15 Oracle Finance System Upgrade

The Health Board uses the Oracle e-Financials system for all ordering, procurement and financial management activities. The system is operated on an All-Wales basis, with all LHBs and Trusts using the same system and platform, and it is managed by a specialist external IM&T service provider, Patech.

The system is currently operating at version 11, however the global Oracle strategy requires all e-Financial systems to be updated to version 12 by 31 March 2012.

This is a significant project which is being formally project managed on an All-Wales basis.

The final date for migration is currently being evaluated, in order to ensure as minimal operation disruption and risk as is possible, although it is anticipated that the entire system will be unavailable for a period of 6 days during January 2012. The Health Board is working with colleagues across NHS Wales to ensure sound controls and contingencies are in place during the period of down-time, particularly to support the procurement of any urgent clinical consumable items.

The final plans will be presented to the Committee once the date and timings have been agreed across Wales and with the Service Provider.

3. FUTURE YEARS FORWARD LOOK – FINANCIAL PLANNING

The Health Board approved the 2011/2012 budget and the underlying methodology in March 2011. The approach adopted aims to achieve in year financial balance whilst tackling the underlying recurring deficit to ensure a sustainable position moving forward into future financial years.

The pace of change is critical with CPG and Corporate Functions having to meet savings targets and address risks whilst the Health Board continues to ensure the safety and quality of core front line services.

4. CONCLUSION

The current financial performance for the period 1st April 2010 – 31st August 2011 is an adverse variance of £15.398 million compared with the profiled budget of £482.897 million. The Month 5 year to date adverse variance is 3.19%.

Robust action is being taken to identify and implement the cash releasing saving plans necessary to achieve a balanced year end position. The Health Board is forecasting a year end breakeven position at this time and has identified the associated risks and is taking robust action to mitigate the effect of these.

The Health Board remains committed to improving the health of the population of North Wales whilst ensuring safety, value for money and clinical engagement. The Health Board continues to take significant action to implement CRES plans to support the long term financial stability of the organisation and reduce the underlying recurring deficit. Star Chamber and Performance Review meetings have been held with each Clinical Programme Group to identify necessary actions and support required to drive forward the required changes.

4.1 Recommendations

It is recommended that the Board accepts the report.

The Board should be aware that further action is required to ensure that additional savings are identified, and that those identified are delivered.

The Board should be mindful of the need to ensure that expenditure is managed within existing budgets and that mitigating plans are put in place urgently to address areas of overspending.

ANALYSIS OF FINANCIAL POSITION BY CPG

Primary, Community and Specialist Medicine

Current Position

The year to date over spend at the end of Month 5 is £6.894 million, this includes £1.348 million for CHC and £5.546 million for Community & Acute services (C&A).

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£000s	£000s	£000s
Pay	133,121	4,322	860
Non Pay	17,200	1,361	428
Income	(1,570)	(137)	(65)
C&A Total	148,751	5,546	1,223
CHC	25,165	1,348	213
Total	173,916	6,894	1,436

The CHC over spend is an increase of £0.213 million in the month. This rate of overspend has reduced by £0.114 million from Month 4. There have been fewer new packages this month, 135 compared to 162 in Month 4. Following a review 6 cases have been reclassified to the Mental Health and Learning Disabilities CPG.

The C&A over spend in month is £1.223 million, up from £0.942 million in Month 4. The over spend in pay is up £0.225 million in the month, with the nursing over spend £65,000 higher. This was caused by pressures from activity and sickness . The Medical pay over spend is up by £122,000. An additional consultant has been recruited in the Emergency Department in Wrexham, increased costs have been incurred in Out of Hours (£64,000) and there has been a £37,000 increase in Agency and Locum medical spend to cover absences for leave and sickness. Non pay spend, in particular drugs costs (up £118,000), have increased further, reflecting activity which is well above plan, particularly in the Emergency Department attendances and elective admissions.

In the year to date position, the areas of pay over spend are within nursing (£2.862 million) and medical agency (£1.439 million). The main areas of nursing over spend are community hospitals (£1.433 million), which are the focus of several workforce redesign schemes; and wards (£1.167 million) which have incurred the majority of the additional bank holiday enhancement costs over the Easter and May period, combined with increased activity. The CPG continues to incur high medical agency costs because of difficulties recruiting permanently to clinical posts, most notably in the Emergency Departments in Glan Clwyd and Bangor. Non-pay pressures include an over spend of £1.215 million on drugs reflecting the high levels of activity and the use of high cost drugs in line with guidance.

Primary, Community and Specialist Medicine (continued)

2011-12 Financial Recovery Plans

- Further opportunities for workforce redesign are being implemented whilst maintaining patient and staff safety.
- Revised nursing rotas have been agreed and nurse bank and overtime usage are strictly controlled. These are being implemented using E-Rostering whilst ensuring that patient safety remains a priority.
- Schemes to reduce Length of Stay and treat patients closer to home are being implemented in line with the Organisational Change Policy.
- Further work is being done with Medicines Management CPG on opportunities for drug savings via homecare contracts or using FP10s to save VAT.
- Repatriation of some services from the Countess of Chester and Liverpool Heart & Chest Hospital is well underway with a new Arrhythmologist now appointed and new outpatient clinics opening at Deeside Hospital.

Surgery and Dental

Current Position

The CPG over spent by £870,000 in August 2011, which is £301,000 lower than the average monthly over spend in the first five months of last year. The £147,000 improvement in the level of overspend compared to the previous month was primarily due to:

- medical agency costs reduction due to a reduction in agency usage in General Surgery and Urology.
- a decrease in the costs of prostheses, medical and surgery equipment and ophthalmic costs.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month	Annual Forecast Overspend
	£'000s	£'000s	£'000s	£'000s
Pay	84,722	3,679	722	
Non Pay	22,015	945	246	
Income	(6,604)	(116)	(98)	
Total	100,133	4,508	870	9,859

The year to date over spend of £4,508,000 relates mainly to a nursing over spend of £999,000 due to an over establishment of 44.84wte and an over spend on medical agency of £2,837,000. There is also a £718,000 over spend on medical and surgical equipment, mainly within theatres.

2011-12 Financial Recovery Plans

- Agency usage has been reviewed in detail by the clinical leads. Middle grade appointments over the coming months are expected to ease the agency cost pressure. The increase in training grade vacancies from August has increased the pressure on agency costs but it is still expected that £1.1m of agency savings can be made in the second half of this financial year.
- Proposals to repatriate out of area services have been fully costed and the repatriation business case will be tabled at the next CPG Board.
- The Theatre procurement group continues to ensure the cost effectiveness of non pay usage in Theatres.
- Nurse staffing levels continue to be closely controlled through E Rostering and minimum but safe nurse staffing levels are being maintained on the wards.
- Proactively review staff sickness to provide support to staff to return from leave where appropriate.
- The CPG will start to deliver management cost savings once the tier 4 structures are implemented.

Children and Young People

Current Position

The CPG is overspending by £674,194 as at Month 5 due to non pay pressures, namely drugs (£204,469), travel (£125,734) and CHC packages (£411,486).

An under spend of £39,088 is being delivered on the Pay budgets, However the Pay position deteriorated in month due to agency costs being incurred for a CAMHs medical post.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£000s	£000s	£000s
Pay	41,683	(39)	62
Non Pay	823	316	34
CHC	3,973	411	42
Income	(4,340)	(14)	(4)
Total	42,139	674	134

The year-end forecast position is an over spend of £1,669,000 being 3.96% of the annual budget based on savings plans identified to date and additional cost pressures due to requirement to cover middle grade vacancies. The position includes for an £988,000 over spend on CHC packages.

2011-12 Financial Recovery Plans

- A review of all repatriated neonatal activity to be undertaken to determine whether this activity can be provided locally.
- A review of Continuing Health Care packages is ongoing to determine whether local services can be provided more cost effectively and to ensure all transitional cases are treated in accordance with agreement.
- A review of contracts with tertiary providers is to be undertaken to ensure all referrals are appropriate.
- A review of staff allowances being undertaken to determine whether the payments remain appropriate.

Womens and Maternal Care

Current Position

The CPG is overspending by £1,080,157 as at Month 5 due to pressures on both Pay and Non Pay budgets, there is an improved position in month of £28,763 on the run rate on Pay and Non Pay costs.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£000s	£000s	£000s
Pay	25,777	579	101
Non Pay	419	511	101
Income	(439)	(10)	(9)
Total	25,757	1,080	193

Pressures on Pay budgets include £482,934 on the Medical Pay budgets due to the required use of agency to cover middle grade vacancies and £96,244 across other budgets.

Pressures on the non-pay budgets include medical & surgical supplies (£227,469), drugs (£109,881), and travel (£104,549).

The year-end forecast position is an over spend of £2,132,000 being 8.28% of the annual budget based on the savings schemes identified delivering in full.

2011-12 Financial Recovery Plans

- A business case is to be presented to the Executive Team to repatriate 50% of maternity and 40% of gynaecology services from external providers to improve local access to services. A Capital investment will be required to provide the additional capacity needed.
- A review is taking place with Pharmacy colleagues on drug expenditure, to identify opportunities for savings whilst maintaining the quality and safety of services.
- A review of Consultant job plans and Middle Grade rotas has been concluded across the three sites which will be put into place over the coming months resulting in significantly reduced agency costs and will ensure stability.
- A review of night time working is being undertaken to ensure consistency and determine whether any efficiencies can be delivered. A Task and Finish Group has been set up to undertake this review.
- Sickness levels have reduced significantly within the CPG following review, which remains ongoing.
- Savings are being delivered on ablation equipment having negotiated reduced prices, agreement is now being sought from clinicians to standardise products to deliver further savings.

Mental Health and Learning Disabilities

Current Position

The CPG position deteriorated this month by £251,000 due to CHC overspend of £103,000 and one-off charges totalling £126,000. The one-off charges included a reduction in income from Cardiff Deanery and locum medical cover for the holiday period.

	Annual Budget	YTD Variance	Increase/ (Decrease) in Month
	£000s	£000s	£000s
Pay	69,899	(220)	(77)
Non Pay	2,647	421	195
CHC	43,995	224	103
Income	(6,789)	(52)	30
Total	109,752	373	251

Pay was £77,000 underspent for the month because of the continuing number of vacancies (75 wte under-establishment) although savings on permanent staff are offset by unbudgeted locum, bank and overtime expenditure.

Non pay overspend has increased to £491,000, the main items being Travel £177,000 over budget, Voluntary Organisations contributions £33,000, Voluntary Early Release Scheme (VERS) £88,000 over budget and drugs £83,000 over budget.

Invoiced income is £52,000 favourable to budget including the Local Authority Learning Disability and Substance Misuse Service where contracts are being reviewed.

The Continuing Health Care (CHC) budget is £224,000 overspent. Patient placements have reduced from 2010/11 by 11 to a total of 1,144 at Month 5 after a transfer of 6 patients from the Primary, Community and Specialist Medicine CPG. Pressure on CHC fee and package rates remains a high financial risk.

2011-12 Financial Recovery Plan

- Contracts control processes are being scrutinised to ensure that all direct and indirect (including Corporate) costs are being fully recovered in a timely manner and that any disputed issues are flagged up for prompt agreement and resolution.
- Savings plans currently depend upon holding high numbers of vacancies and need a greater focus on sustainable service change. Similarly the CHC savings plans depend on redesign and integration of MHLD resources services which needs to be accelerated.
- Additional capacity has increased the ability of the service to repatriate activity.

Cancer, Palliative Medicine and Clinical Haematology

Current Position

The CPG is reporting a £631,083 deficit at the end of Month 5 and has seen an increase in the rate of over spend compared to previous months. This is largely attributable to the realignment of repatriation saving plans and further increases in drug costs, which are £0.5m higher in the first five months compared to the average cost in 2010-11.

	Annual Budget	Year To Date Variance	Increase/ (Decrease) in Month
	£,000s	£,000s	£,000s
Pay	13,952	70	146
Non Pay	11,519	509	390
Income	(1,490)	53	(314)
Total	23,981	631	222

2011-12 Financial Recovery Plan

The 2011-12 CRES plan has identified to-date recurrent savings of £1.2 million. The majority have come from drug savings and management workforce re-design, however the CPG recognises the need to identify further recurrent savings in order to meet its financial duty to break even.

The CPG continues to focus on reviewing services with a strong emphasis on continuing to modernise the workforce to deliver both clinically safe services and financial imperatives through service improvement.

- The CPG is working with the Pharmacy and Medicines Management CPG to develop joint CPG saving initiatives and is in the process of reviewing opportunities for drug savings via homecare contracts.

Therapies and Clinical Support

Current Position

The CPG is reporting a £7,539 deficit at the end of Month 5 which includes a commitment of £80,276 for Voluntary Early Release costs (VERS). The underlying position has seen an improvement of £56,300 relating to the transfer of costs for surgical patient appliances.

	Annual Budget	Year To Date Variance	Increase/ (Decrease) in Month
	£000s	£000s	£000s
Pay	37,351	154	291
Non Pay	8,183	108	(146)
Income	(2,522)	(255)	(206)
Total	43,012	8	(60)

2011-12 Financial Recovery Plan

- The CPG is in the process of developing joint CPG savings initiatives by undertaking a review of procurement and external maintenance contracts with a view to future in-house provision.

- The CPG has identified a recurrent savings plan in full and is in the process of reviewing further schemes for 2012-13.

Pathology

Current Position

The CPG is reporting an over spend in Month 5 of £850,000; this reflects an improvement in the rate of overspending over previous months, at 8.61% of budget (previously 9.98%).

	Annual Budget £000s	YTD Overspend £000s	Increase/ (Decrease) in Month £000s
Pay	**11,792**	**870**	**151**
Non Pay	**12,962**	**(11)**	**(58)**
Income	**(1,016)**	**(9)**	**(13)**
Total	**23,738**	**850**	**80**

The trend in direct payroll expenditure has improved as the effects of leavers through the VERS scheme takes effect. Expenditure on non-pay items was under spent during the period, predominantly due to laboratory consumables although expenditure for fresh blood and medical gases remain over spent. The budget for pathology activity at the Countess of Chester Hospital transferred to the CPG during the period, which has contributed to the under spend in the month as activity levels reduce. Income improved during the month and now exceeds budget to date.

2011-12 Financial Recovery Plans

- Data to assist demand management has been collated and analysed. Activity to date is currently 3.17% greater than in 2010/11. Internal trading is being implemented and recharges for activity to other CPGs will commence shortly.
- The repatriation of services from English providers continues. Pathology activity from the Countess of Chester Hospital is 7.39% lower than 2010/11, with further reductions anticipated as the year progresses. Activity previously sent to Chester is contributing to increased activity at the Wrexham laboratories.
- The new dedicated pathology transport service commenced 5th September. Transport is seen as a major enabler for future service reconfiguration.
- Preparations continue for the implementation of the integrated LIMs Information Technology patient activity system for Pathology, which will deliver further efficiencies. It is planned that LIMs will be operational in December.

Radiology

Current Position

The CPG is reporting an over spend in Month 5 of £829,000. This reflects an increase in the rate of overspending over the previous month, at 10.85% of budget (previously 8.71%).

Direct payroll costs have improved during the period, as the impact of VERS leavers takes effect. Overtime remains low and there have been no bank or agency costs to date. Non-pay expenditure increased further for consumables, drugs and maintenance contracts; expenditure to date is being scrutinised by the CPG. Income increased during the period, but remains below budget.

	Annual Budget £000s	YTD Overspend £000s	Increase/ (Decrease) in Month £000s
Pay	**15,409**	**471**	**142**
Non Pay	**3,655**	**286**	**145**
Income	**(722)**	**72**	**10**
Total	**18,342**	**829**	**297**

2011-12 Financial Recovery Plans

- Data to assist demand management has been collated and analysed. Activity to date is currently 2.39% greater than in 2010/11. Internal trading is being implemented and recharges for activity to other CPGs will commence shortly. The exercise has also provided new benchmarking data for the CPG to review.
- Procurement of a new single PACS continues, with negotiations with the short listed final three suppliers taking place during September; full implementation will assist with the efficiency of future service provision.
- The review and redesign of current on-call arrangements continue. It is anticipated that a shift system will replace current on-call arrangements.

Pharmacy and Medicines Management (P&MM)

Current Position

The P&MM CPG is reporting an adverse variance of £3.626 million for Month 5, which is based on April to August pay and non-pay data. The expenditure values for GP Prescribing and the Community Pharmacy contract are estimated from April to June 2011 data and historic expenditure trends.

The £3.626 million overspend position is predominately attributable to GP Prescribing costs and the CPG has actioned a range of savings programmes to reduce the impact of prescribing growth and to reverse the overspend trend. April to June GP Prescribing data has shown a 3.9% rise in prescription activity compared to the same period in 2010/11, however, the overall cost impact was 1.1% lower for same 3 month period compared to 2010/11.

Other areas of budgetary responsibility outside of GP Prescribing remain relatively stable and the CPG is anticipating that any cost pressures will be off-set with favourable Income variances.

	Annual Budget	YTD (Under)/ Overspend	Increase/ (Decrease) in Month
	£000s	£000s	£000s
Pay	11,930	234	61
Non Pay	994	(18)	(13)
GP Prescribing	100,883	3,514	745
Community Pharmacy Contract	29,374	125	66
Income	(2,456)	(229)	(12)
Total	140,725	3,626	847

2011-12 Financial Recovery Plans

- Continuation of work-force restructuring and re-design whilst maintaining patient and service safety.
- Work continues to expand the provision of automated dispensing via new dispensing machines.
- Promotion and support of the 2011/12 GP Local Enhanced Service scheme and the GP Quality Outcome Framework for Medicines Management to promote quality and cost effective prescribing.
- The CPG is continuing to promote existing savings plans and is actively developing and promoting a range of new prescribing saving schemes and identifying other saving opportunities, including joint CPG initiatives. This process is monitored and reviewed by the CPGs Clinical Economy Group and at locality levels.

Anaesthetics, Critical Care and Pain Management

Current Position

The CPG over spent by £208,000 in August 2011, giving a year to date over spend of £636,000. Included within this is a year to date under spend on CHC (Continuing Healthcare - long term ventilation patients) of £29,000. There was a £196,000 deterioration compared to the over spend in July 2011 due to:

- The impact of the slippage on critical care development funds allocated in July (£111,000).
- An increase in medical agency costs in the Centre and West (£102,000).

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	26,251	596	220
Non Pay	3,378	59	(29)
Income	(316)	(20)	17
Total	29,313	636	208

The year to date over spend can mostly be attributed to an over spend on Medical Staffing of £816,000 of which £676,000 is attributable to agency costs.

Although there is a small year to date under spend on CHC and the forecast assumes that CHC will break even at the year end, there is a likelihood of a significant increase in long term ventilation patients later in the year that could put significant pressures on the CHC budget.

2011-12 Financial Recovery Plans

- Given the difficulties in recruiting within the UK, the CPG interviewed potential medical recruits from Hungary in May. This led to the successful recruitment of 2 locum doctors who started in July and August. It is expected that regular agency usage will stop from January 2012 creating a £300,000 agency saving this year.
- The CPG has successfully repatriated Pain Management patients creating contract savings of £90,000 for BCU for 2011/12. It is anticipated that £50,000 of additional savings can arise from the repatriation of nerve block patients from October this year.
- The CPG will continue to maximise the income it generates from Resuscitation training and look to develop Cardiopulmonary Exercise Testing as an income generator.

Primary Care

Current Position

The Month 5 forecast reflects an under spend of £230,000 against the 2011-12 Primary Care budget.

The GMS Out of Hours budget has been reduced by £436,207 for 2011-12 based on a phased savings plan for the redesigned North Wales Service. This will not impact on the quality of the service provided.

Commissioning plans are currently being finalised with Primary Care contractors.

	Annual Budget	YTD Overspend/ (Underspend)	Increase/ (Decrease) in Month
	£000s	£000s	£000s
Pay	**1,767**	**27**	**6**
Non Pay	**148,884**	**1**	**(18)**
Income	**0**	**0**	**0**
Total	**150,651**	**28**	**(12)**

2011-12 Financial Recovery Plans

- Commissioning plans are currently being finalised with Primary Care contractors to ensure that the ring-fenced allocations are being utilised effectively.
- Out of Hours costs will be monitored closely to ensure that anticipated savings are realised in line with the phased plan.
- The primary care budgets will be continually scrutinised to ensure that a balanced year end position is achieved.

Office of the Chief Executive

Current Position

Pay is under spending due to a post being proactively held vacant and non pay is under spending due to very close scrutiny being applied to all non pay purchases.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	615	(54)	(16)
Non Pay	97	(60)	(1)
Income	(2)	(1)	(3)
Total	710	(115)	(20)

2011-12 Financial Recovery Plans

- The Chief Executive Department has no immediate plans to fill the vacancy, and will continue to closely scrutinise all non pay purchases.

Workforce and Organisational Development Department

Current Position

The department continues to work within the available resources. The loss of income to the Occupational Health department is a risk due to some high value contracts being lost. Price increases in 2011/12 have enabled partial recovery of this lost income.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	5,405	(46)	(18)
Non Pay	556	(41)	48
Income	(910)	21	(15)
Total	5,051	(66)	(15)

2011-12 Financial Recovery Plans

- The Executive Department continues to exercise control over the non pay expenditure, and seek further opportunities to reduce costs, and increase income opportunities.
- The organisational wide project to reduce Sickness Absence remains on track to commence in October.

Finance Department

Current Position

The over spend in payroll costs reflects the Department's challenging savings target in 2011/12. Restructuring is progressing, and a significant number of employees have used the voluntary early release scheme, with new applications continuing to come through the system. Whilst the financial saving for the applications approved in 2010/11 can be seen in the monthly pay bill, for those which have been approved in 2011/12 the majority of the savings will not be seen until the next financial year.

Significant action has been taken to reduce non pay costs in 2010/11 and the benefit of these reductions is now reflecting in the ledger.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	4,814	214	48
Non Pay	2,300	(436)	(107)
Income	(83)	(37)	(6)
Total	7,031	(259)	(65)

2011-12 Financial Recovery Plans

- The Department is striving to further develop income generation opportunities which can support the frontline service.
- Support is being provided for the introduction of National Shared Services to enable long term service improvement and delivery of further savings.
- There is a continued review and scrutiny of non pay expenditure.

Corporate Planning Department

Current Position

Pay costs are overspending whilst the department implements the new management structure. The senior team for the department should be in place by the end of September.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	979	103	33
Non Pay	398	(117)	(28)
Income	(1)	(1)	0
Total	1,376	(15)	5

2011-12 Financial Recovery Plans

- Pay budgets are being reviewed alongside the implementation of structure.
- VERS applications are being considered which enable staffing base to be reduced to an affordable level.

Estates Development and Operational Estates Department

Current Position

Pay is underspending due to vacancies being held and capitalisation of staff costs, where appropriate in relation to approved capital developments. The price increases for energy will continue to impact on non pay expenditure. The estates rationalisation continues to be an important savings target to improve the non pay position.

The Department has undertaken a review of the estate and identified opportunities to maximise income from third parties.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	8,111	(379)	(89)
Non Pay	16,793	1,596	262
Income	(937)	(4)	(6)
Total	23,967	1,213	167

2011-12 Financial Recovery Plans

- The remaining estate is being reviewed to ensure efficient utilisation, and where possible bring forward action to aid achievement of the target.
- Continue to review and monitor work on capital schemes to ensure that all relevant staff time is charged appropriately to capital.

Nursing Services

Current Position

The Non Pay under spend is primarily due to savings against the Education Contract.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	3,218	(19)	(4)
Non Pay	1,355	(110)	(14)
Income	(293)	2	(30)
Total	4,280	(127)	(48)

2011-12 Financial Recovery Plans

- Strict controls in place for use of overtime, additional hours and bank without impacting on quality and safety of services.
- The implementation of the management structure is progress continues as approved.

Patient Services

Current Position

Pay has reduced in month again. Reduced catering income still remains an issue, particularly in relation to vending machines.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	25,603	(31)	(20)
Non Pay	6,121	71	10
Income	(2,922)	33	12
Total	28,802	73	2

2011-12 Financial Recovery Plans

- Strict controls to continue regarding the use of overtime, additional hours, bank usage and vacancy control without impacting on quality and safety of services.
- Additional savings schemes are continually being considered to further reduce the current level of expenditure, and maximise income.
- Accommodation charges have been reviewed across the organisation.
- Work is ongoing to standardise the use of cleaning materials, review supplier contracts.
- Approved voluntary early release scheme applications will generate savings of £550,000 in 2011/12.

Governance and Communication Department

Current Position

The Governance Department is now showing the benefit of a reduction in payroll costs due to number of voluntary early release scheme applications taken in 2010/11. The Losses and Compensation expenditure incurred an increase in expenditure this month, specifically relating to Clinical Negligence payments which are under the Welsh Risk Pool limit. The NHS redress scheme is being closely monitored to ensure any revenue impacts are highlighted early.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	3,021	(185)	(37)
Non Pay	2,557	67	167
Income	(4)	(18)	6
Total	5,574	(136)	136

2011-12 Financial Recovery Plans

- Ongoing work to identify the trends in compensation claims and identify action to reduce the risk of recurrence.
- The management restructuring is progressing and the majority of Tier 5 appointments have now been made.
- Strict controls are in place over other non pay expenditure.

Improvement and Business Support Department

Current Position

Strict control is being exercised over all expenditure to ensure costs remain within budget.

	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	2,876	(65)	(14)
Non Pay	186	(1)	(7)
Income	(92)	21	1
Total	2,970	(45)	(20)

2011-12 Financial Recovery Plans

- Continued review of pay cost to ensure these remain within budgeted establishment.
- Continued control over the non pay expenditure.
- Regular review of income opportunities to ensure that income is maximised in relation to modernisation initiatives.

Medical Executive Department (including Information Technology)

Current Position

Pay related costs continue to overspend, with Medical Records and Information Management being the key areas of expenditure over budget.

While non-pay expenditure is generally below plan, there are areas of overspend which are being reviewed.

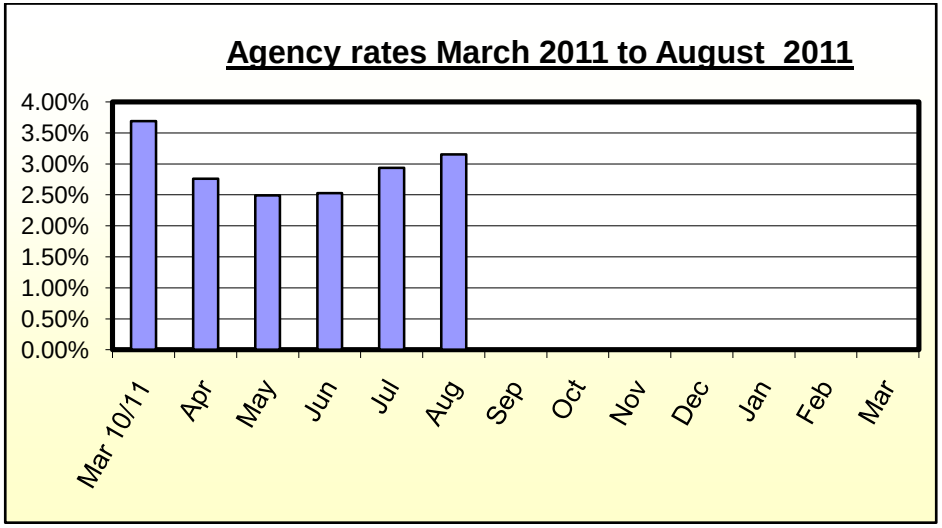
	Annual Budget	YTD Overspend	Increase/ (Decrease) in Month
	£'000s	£'000s	£'000s
Pay	10,255	211	(4)
Non Pay	4,299	(25)	12
Income	(590)	79	(25)
Total	13,964	265	(17)

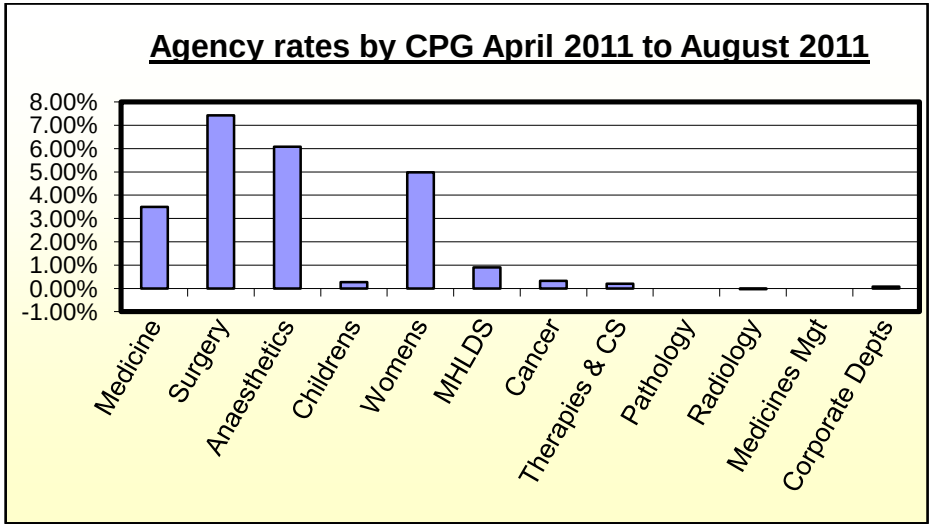
2011-12 Financial Recovery Plans

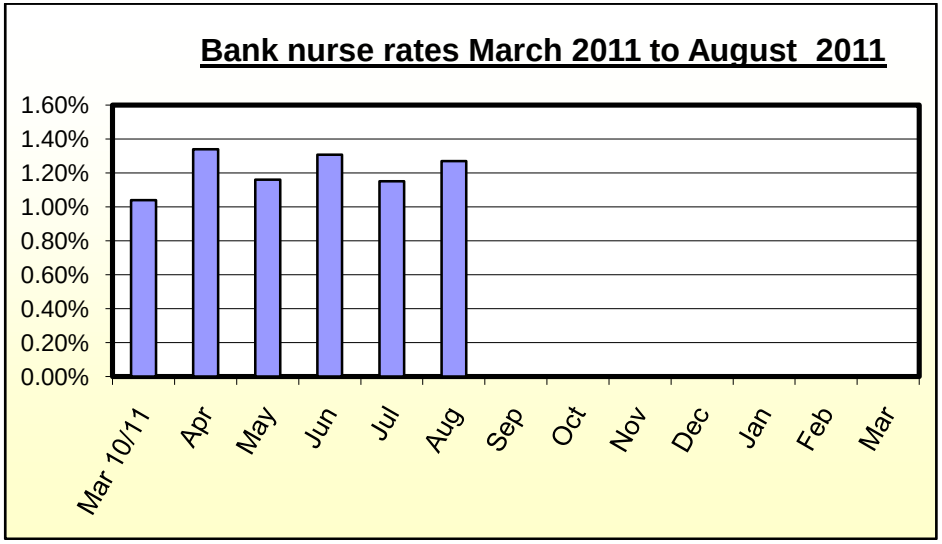
- Continued review and identification of relevant staffing costs for capitalisation.
- Work is ongoing on the management structure.
- Recruitment controls continue to apply without impacting on patient and staff safety.
- Scrutiny of information technology contracts and expenditure is ongoing to maximise possible opportunities from joint purchasing power and joint contracting.
- Continued Implementation of the new policy on reclaiming costs for personal calls made from BCUHB owned mobile phones.

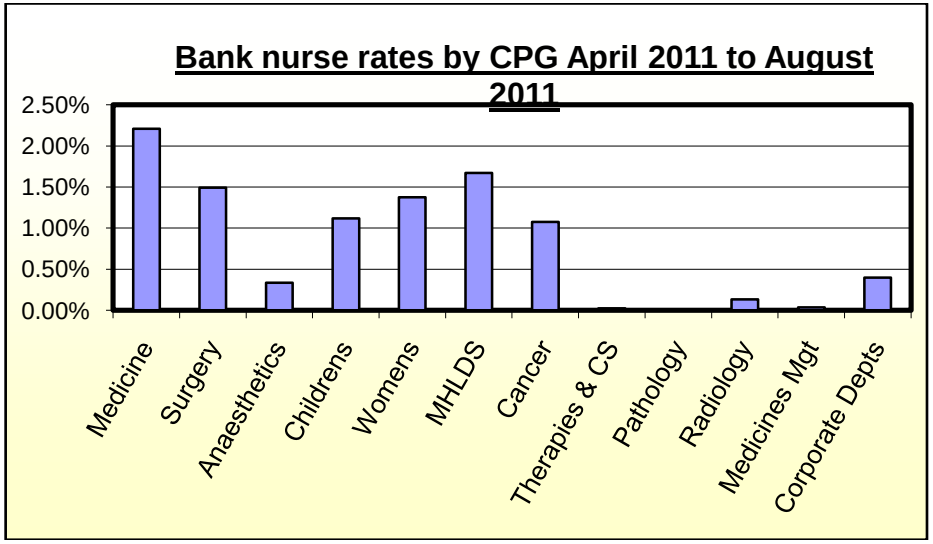
Key pay indicators as at 31st August 2011

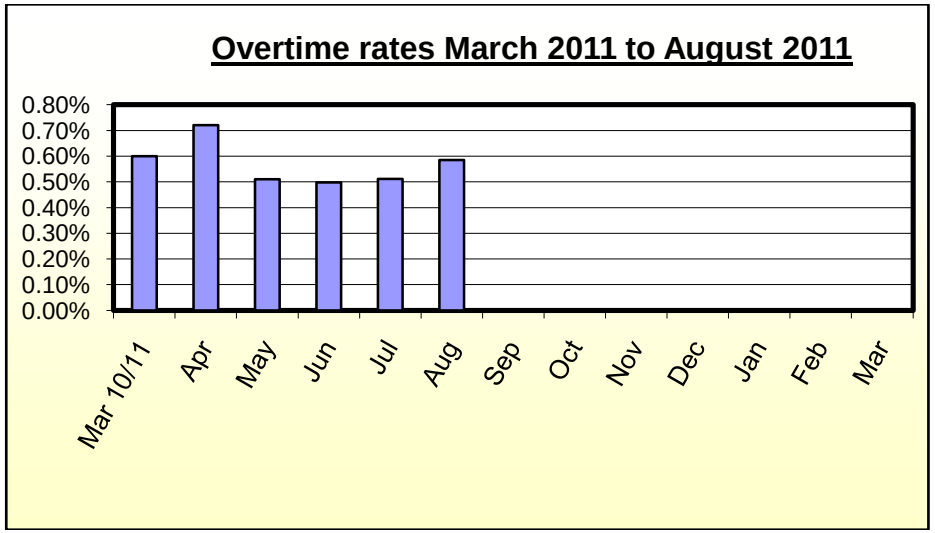
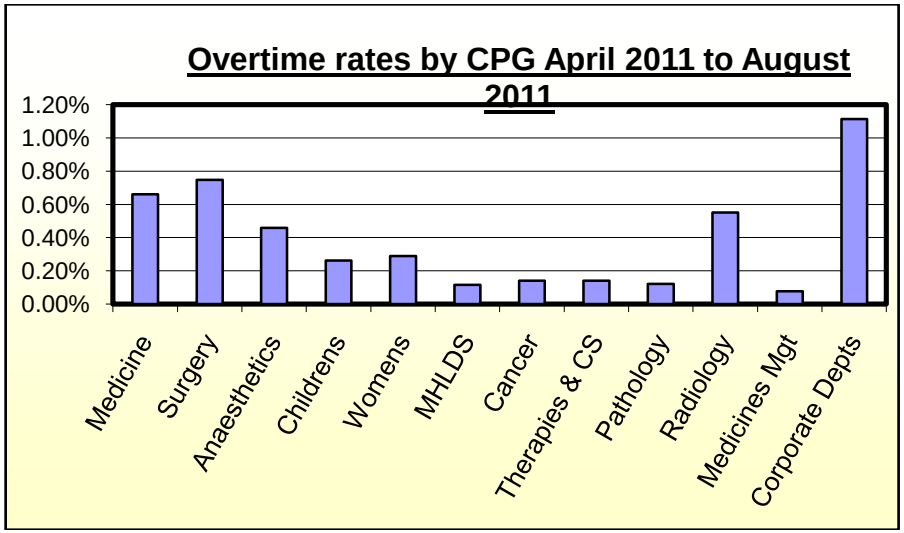
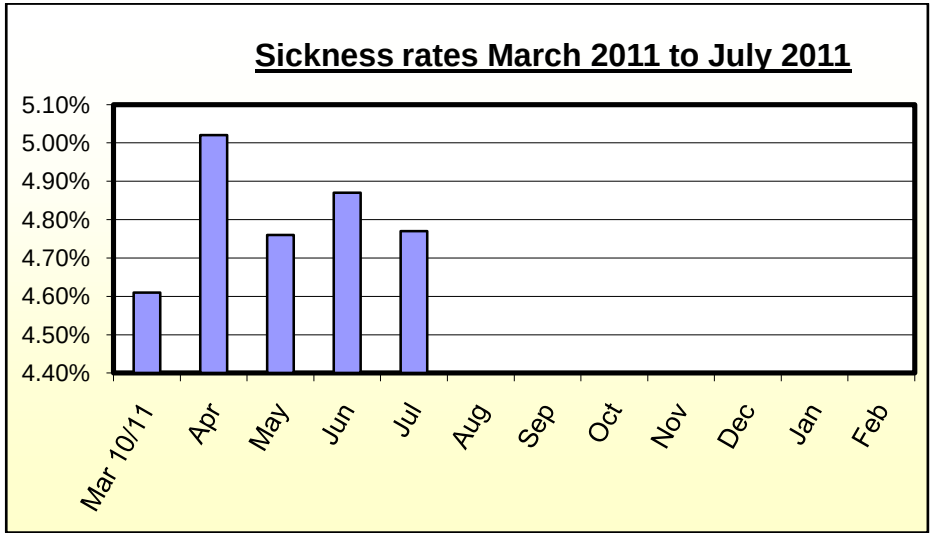
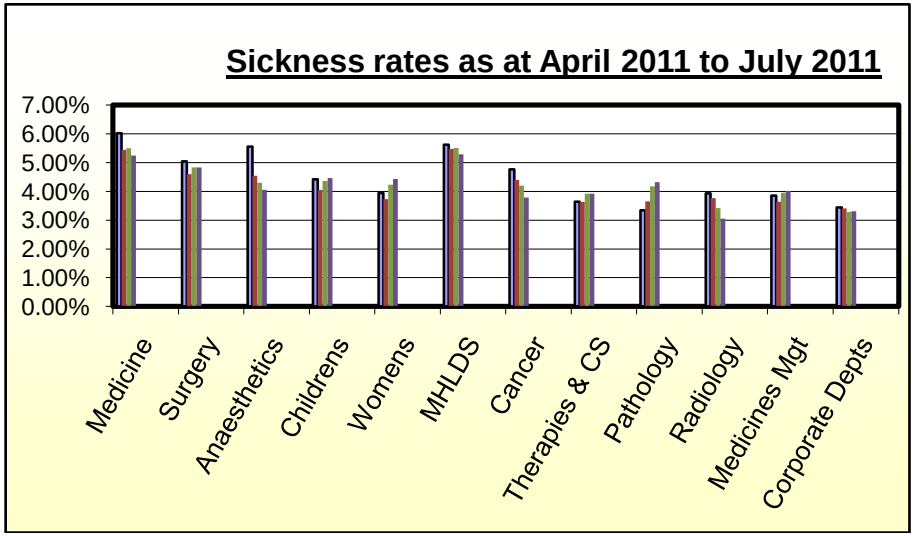
Note – Where analysis is given by CPG Corporate Departments also includes Estates and Facilities.









Key pay indicators as at 31st August 2011

Note – Where analysis is given by CPG Corporate Departments also includes Estates and Facilities.