

Meeting/ Committee:	Board of Directors	Meeting Date:	24 April 2012
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This paper is for:	Action/Decision	Assurance X	Information
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Title:	Financial Position for the period ending 31 March 2012
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Purpose:	The purpose of this report is to advise the Board of the financial position as at the end of March 2012.
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Summary:	<p>The income and expenditure (I&E) position shows a surplus of £3.0 million. This is around £1.7 million behind the internal target of a £4.7 million surplus. This is higher than the £2.0 million surplus forecast in recent months. This is because of additional income received from commissioners late in the year.</p> <p>The Trust's financial performance in 2011/12 delivered a satisfactory risk rating and cash balances are higher than planned. Despite some overall under-performance in P&E delivery, measures the Trust took during the year improved the rate of delivery across the year. The rate of delivery has also improved significantly from previous years.</p>
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Prepared by:	Jon Connolly and senior members of the Finance team	Presented by:	Chris Newton Director of Finance
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Recommendation:	The Board of Directors is asked to note and comment on the financial position and action identified in response to the position.
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Implications	Legal	Financial X	Safety and Quality	Strategic X	Risk and Assurance X
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FINANCIAL POSITION FOR THE PERIOD ENDING 31 MARCH 2012

BOARD OF DIRECTORS HELD 24 APRIL 2012

1 Introduction

The purpose of this report is to advise the Board of Directors of the financial position at the end of March 2012.

The report is a shortened version of the usual format as the finance team is preparing the financial statements. A full set of financial statements and review of performance will be presented to the Audit Committee and Board of Directors in May.

The numbers in the report are subject to external audit.

2 Summary Position as at 31 March 2012

The income and expenditure (I&E) position shows a surplus of £3.0 million. This is around £1.7 million behind the internal target of a £4.7 million surplus. This is higher than the £2.0 million surplus forecast in recent months. This is because of additional income received from commissioners late in the year.

Three important factors underpin the position:

- We agreed a year-end financial position with North Yorkshire and York PCT at £3.8 million above plan.
- Productivity and Efficiency (P&E) work has delivered around £18.2 million by the year end. This is around £4 million short of the internal target.
- Other pressures are evident around agency, drugs and inflation.

2.1 Risk Rating Performance Against Monitor Plan

This performance generates a predicted financial risk rating at the end of March 2012 of at least 3. 3 is the rating originally planned for the year.

Monitor defines a FRR of 3 as - ***regulatory concerns in one or more components, significant breach unlikely.***

3 Income and Expenditure Analysis

The table below shows performance against plan for the main I&E headings.

Detail	Period ending 31 March 2012			Last Month
	Plan £m	Actual £m	Variance £m	Variance £m
Income				
Activity Income	480.476	481.912	1.436	3.794
Non Activity Income	31.800	38.737	6.937	0.381
Income, Total	512.276	520.649	8.373	4.175
Operating Expenses				
Pay	(310.740)	(312.746)	(2.006)	(1.599)
Drugs	(33.100)	(35.730)	(2.630)	(2.339)
Clinical supplies	(58.160)	(57.853)	0.307	1.531
PFI operating expenses	(23.883)	(24.491)	(0.608)	(0.584)
Other operating expenses	(47.377)	(55.963)	(8.586)	(4.397)
Operating Expenses, Total	(473.260)	(486.783)	(13.523)	(7.388)
Profit (Loss) from Operations (EBITDA)	39.016	33.866	(5.150)	(3.213)
Non-Operating expenses				
Interest Expense	(11.352)	(11.285)	0.067	0.124
Depreciation and Amortisation	(14.289)	(13.484)	0.805	(0.136)
PDC dividend expense	(5.000)	(2.618)	2.382	0.916
PFI Contingent Rent	(4.188)	(4.553)	(0.365)	(0.322)
Other non-operating expenses	0.485	1.111	0.626	0.172
Non-Operating expenses, Total	(34.344)	(30.829)	3.515	0.754
Surplus (Deficit) After Tax excluding Impairments	4.672	3.037	(1.635)	(2.459)
Impairments	(5.000)	(7.930)	(2.930)	(5.595)
Surplus/(Deficit) After Tax	(0.328)	(4.893)	(4.565)	(8.054)

4 Recommendations

Note and comment on the financial position.

Chris Newton
Director of Finance

12 April 2012