

**FINANCE AND ACTIVITY MONITORING REPORT
TO 31 DECEMBER 2010**

1. Summary Financial Position December 2010

Finance Risk Rating

	YTD		Y/E Forecast	
	Plan	Actual	Plan	Forecast
EBITDA Margin	4	4	4	4
EBITDA % achieved	5	5	5	5
Return on Assets	5	5	5	5
I&E Surplus Margin	5	5	5	5
Liquidity ratio (days)	5	5	5	5
Overall FRR	5	5	5	5

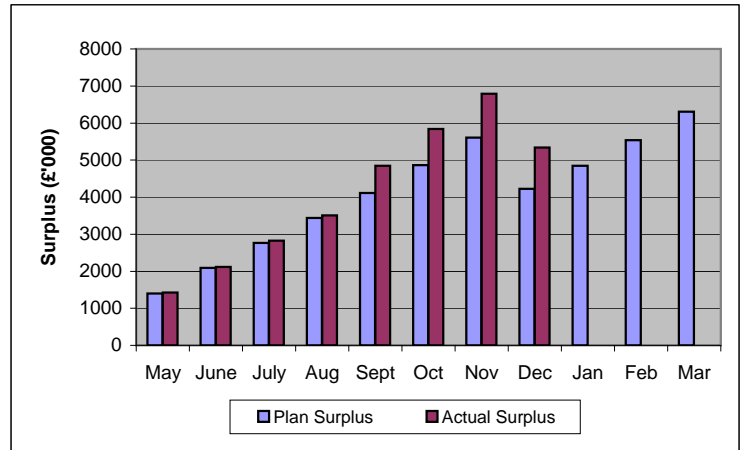
YTD



Forecast



Income and Expenditure



YTD



Forecast



Directorate Positions

	Bud £'000	Act £'000	Var £'000	Var %
Surgical	(14,886)	(15,096)	(210)	(1.4)
Orthopaedics	(7,821)	(7,967)	(146)	(1.9)
Emergency Care	(6,213)	(6,328)	(115)	(1.9)
Critical Care	(10,699)	(10,862)	(162)	(1.5)
Medical	(19,181)	(19,221)	(40)	(0.2)
Womens & Childrens	(16,175)	(16,335)	(160)	(1.0)
Imaging	(4,796)	(4,804)	(8)	(0.2)
Pathology	(4,878)	(4,948)	(70)	(1.4)
Central Services	(14,774)	(14,694)	80	0.5
Cl. Stds & Gov'nance	(3,468)	(3,448)	20	0.6
Chief Executives	(6,974)	(6,947)	27	0.4
Directorate Total	(109,864)	(110,650)	(786)	(0.7)
Central	114,090	115,992	1,902	1.7
Total	4,226	5,342	1,116	26.4

YTD



Forecast



Activity and Income

	Numbers			Value £'000		
	Plan	Actual	Var	Plan	Actual	Var
Elective	24,711	24,313	(398)	25,968	26,065	97
Non Elective	26,566	27,038	472	42,674	42,732	58
Outpatients	193,332	195,167	1,835	21,346	21,759	413
A&E	46,848	48,693	1,845	4,148	4,360	212
Other	864,236	859,855	(4,381)	29,150	28,901	(249)
Total				123,286	123,817	531

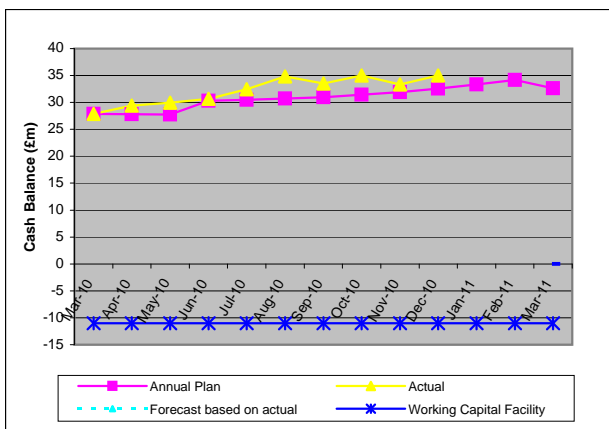
Numbers



Value



Annual Cash Graph Plan v Actual



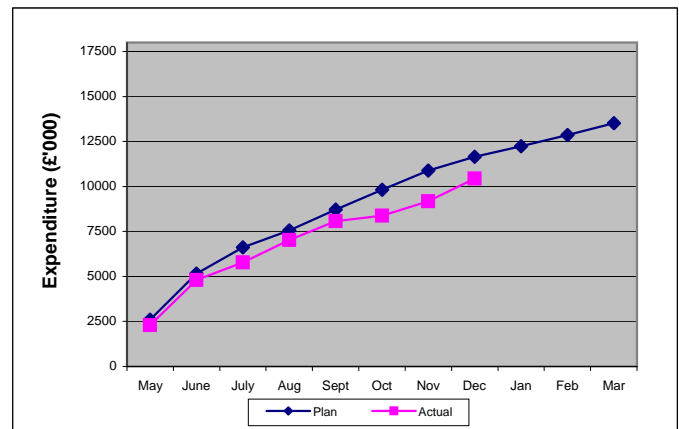
YTD



Forecast



Capital Expenditure



YTD



Forecast



2. DETAILED FINANCIAL POSITION

2.1 Financial Risk Rating

The financial risk rating to date is 4.8, as planned, and it is anticipated that the year end plan of 4.8 will be achieved (see Appendix 1).

2.2 Income and Expenditure Summary

The overall Income and Expenditure position, shown at Appendix 2, details a surplus of £5,342k compared to the planned surplus of £4,226k, a favourable variance of £1,116k.

Although the income position has deteriorated significantly in December, the retained surplus has only reduced by £61k from the £1,177k reported last month. This has been managed through the release of activity and contingency reserves in month.

2.2.1 Income

In total NHS clinical income is over recovered by £531k. Appendix 5 provides a summary by point of delivery and specialty.

This is a deterioration from the £1,426k over recovery at month 8. The adverse movement is predominantly on elective and outpatient activity, both of which were significantly affected by the extreme weather conditions in December.

Although non-elective activity was higher than planned in month, PCT payment at marginal tariff for this activity, over the 2008/09 threshold level, has only had a relatively minor impact on the overall income position. This issue has been raised at national level by the FTN. We are currently finalising more detailed work on the costs of the capacity required to deliver the non-elective-activity, compared to the marginal tariff received. A local contract adjustment with the PCT will then be discussed.

In addition to the activity variances the value of the penalty relating to the C Diff target in the Quality Schedule is £242k to date. Under achievement of CQUIN targets relating to vaginal births, breastfeeding and stroke outcomes have resulted in an adverse variance of £236k.

2.2.2 Expenditure

Appendix 3 provides the expenditure breakdown by directorate. Budgets have been flexed to reflect activity variances.

Minor pressure points in a few directorates continue to be closely monitored and contained within the overall position.

The impairment on the new ward block has exceeded the original plan of £2.2m by £300k. Again this is being contained within the overall position.

Within the overall pay expenditure is £4,373k on agency staff, which equates to 5.0% of the total pay cost. This is broken down across medical £3,194k (12.9%), nursing £925k (2.8%), and other £256k (0.9%).

2.2.3 Efficiencies

Appendix 4 details the close monitoring of efficiency plans. There are some deviations from plan which continue to be monitored.

Discussions continue with each Directorate Management Team to review and update current year CIP delivery and the progression of future year's plans, assessing the plans in terms of clinical quality, staff engagement and financial delivery.

2.3 Cash

The actual cash position compared to plan for the period ending 31 December 2010 and the daily cash balances during the month are shown graphically in Appendix 6.

The cash held at 31 December 2010 is £35.0m, which is £2.4m above plan. Appendix 7 shows the cash balance and the reasons for the better than planned performance. In summary these are £1.4m additional surplus, lower capital expenditure net of FTFF loan not drawn down of £0.2, and working capital better than anticipated in the plan of £0.8m.

The position to date gives a liquidity ratio of 79.0 days and a risk rating of 5.

The Trust is meeting the Prudential Borrowing Code Requirements and is anticipated to continue to do so.

2.4 Capital Expenditure

Appendix 9 provides details of the 2010/11 capital programme. The progress of schemes is monitored at regular meetings.

The actual NHS capital expenditure to date is £9.4m, £1.5m below the original plan to date of which £0.8m of the shortfall is due to delays in building projects, of which ward upgrades represents £0.5m and a further £0.7m is equipment, most of which is ordered but not yet commissioned.

There are no breaches and do not envisage any, of the Compliance Framework requirement that capital expenditure be within 25% of Plan. Currently capital expenditure is within 13.5% of Plan and is expected to remain inside the targets set at all quarter ends and at year end.

2.5 Private Patient Income

The terms of authorisation include a limit on private patient income. This was set based on the actual outturn in 2002-03. The Trust has recalculated this following a successful legal challenge to Monitor's initial interpretation of the requirements of the cap. Monitor has verbally confirmed the resulting revised cap of 0.99%.

The actual percentage for the 9 month period to 31 December is 0.52%.

3. OTHER ISSUES

3.1 Banking Tenders

The Trusts Standing Financial Instructions require tendering of commercial banking services every 3 years. Appendix 10 (i) recommends Lloyds Bank are appointed for 3 years from 1 April 2011. An update on the tender for the Trusts working capital facility is included at Appendix10 (ii)

4. CONCLUSION

The deterioration in the income position this month has been supported from the allocation of activity reserves. The elective and outpatient position will not be pulled back in full during the remaining months of the year, resulting in a reduction in the year end forecast income. This will be offset by a marginal reduction only in forecast expenditure, based largely on variable costs.

It is still anticipated that the planned surplus for the year will be exceeded, but less significantly so than previously forecast. The contingency and activity reserves (total £4m) will be not be required in full.

Paul Briddock
Director of Finance and Contracting
19 January 2011

Chesterfield Royal Hospital NHS Foundation Trust

Financial Risk Ratings 1 April 2010 to 31 December 2010

Metric	Weighting	Annual Plan 10/11		Plan 10/11 01/04/10 - 31/12/10		Actual 10/11 01/04/10 - 31/12/10	
		Percentage/ Ratio	Rating	Percentage/ Ratio	Rating	Percentage/ Ratio	Rating
EBITDA Margin	25%	9.5%	4	9.5%	4	10.5%	4
EBITDA, % achieved	10%	100.0%	5	100.0%	5	110.6%	5
Return on Assets	20.0%	9.1%	5	9.2%	5	10.7%	5
I&E Surplus Margin	20.0%	4.6%	5	4.7%	5	5.7%	5
Liquid Ratio (days)	25%	77.1	5	75.3	5	78.8	5
Weighted Average Rating			4.8		4.8		4.8

Chesterfield Royal Hospital NHS Foundation Trust

Income & Expenditure Statement 1 April 2010 to 31 December 2010





	Annual Budget £'000	For the period 1 April to 31 December 10 Budget £'000	Actual £'000	Variance £'000	Percent Variance	Nov-10 Cum Var. £'000	Quarter Two Cum Var. £'000	Quarter One Cum Var. £'000
INCOME								
Patient Care Income								
Elective Income	34,586	25,968	26,065	97	0.4	676	319	(220)
Non Elective Income	57,323	42,674	42,732	58	0.1	(136)	(20)	(376)
Outpatients	28,450	21,346	21,759	413	1.9	787	516	34
A&E Income	5,531	4,148	4,360	212	5.1	193	195	96
Other types of Activity Income	38,867	29,152	28,903	(249)	(0.9)	(94)	(40)	(105)
Total NHS Clinical Income	164,757	123,288	123,819	531	0.4	1,426	970	(571)
Non NHS Clinical Income								
Private Patient Income	1,000	750	659	(91)	(12.1)	(47)	(7)	(5)
Other Non NHS Clinical Income	1,036	777	883	106	13.6	87	14	(7)
Total Non NHS Clinical Income	2,036	1,527	1,542	15	1.0	40	7	(12)
Other Income								
- Education & Training	6,580	4,935	4,933	(2)	(0.0)	(2)	(1)	0
- Research & Development	276	207	211	4	1.9	4	1	0
- Other Non Patient Care Income	8,924	6,719	6,852	133	2.0	130	91	50
Total Non Patient Care Income	15,780	11,861	11,996	135	1.1	132	91	50
TOTAL OPERATING INCOME	182,573	136,676	137,357	681	0.5	1,598	1,068	(533)
EXPENDITURE								
Pay Expenditure								
Medical & Dental Staff	(31,392)	(24,052)	(24,306)	(254)	(1.1)	(266)	(205)	(145)
Nursing & Midwifery Staff	(42,828)	(32,266)	(32,631)	(365)	(1.1)	(269)	(154)	(180)
Other Staff	(41,229)	(29,980)	(29,712)	268	0.9	240	155	74
Total Pay Expenditure	(115,449)	(86,298)	(86,649)	(351)	(0.4)	(295)	(204)	(251)
Non-Pay Expenditure								
Drugs	(11,143)	(8,384)	(8,625)	(241)	(2.9)	(18)	(33)	118
Clinical Supplies	(16,034)	(12,025)	(12,431)	(406)	(3.4)	(330)	(141)	(105)
Other Expenditure	(22,590)	(16,943)	(15,243)	1,700	10.0	121	(34)	779
Total Non-Pay Expenditure	(49,767)	(37,352)	(36,299)	1,053	2.8	(227)	(208)	792
TOTAL OPERATING EXPENDITURE	(165,216)	(123,650)	(122,948)	702	0.6	(522)	(412)	541
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION (EBITDA)	17,357	13,026	14,409	1,383	10.6	1,076	656	8
Depreciation/Impairment/Profit on disposal	(7,875)	(6,444)	(6,771)	(327)	(5.1)	50	50	0
PDC Dividend	(3,095)	(2,322)	(2,322)	0	0.0	0	0	0
Interest Receivable	200	144	194	50	34.7	42	28	14
Other Financing Costs	(287)	(178)	(168)	10	(5.6)	9	3	1
NET SURPLUS / (DEFICIT)	6,300	4,226	5,342	1,116	26.4	1,177	737	23





Directorate Positions 1 April 2010 to 31 December 2010





Budget For Year £'000	Directorate	1 April 2010 to 31 Dec 2010				Income Variance £'000	Pay Variance £'000	Non Pay Variance £'000	Variance to Nov 2010 £'000	Qtr 2 Variance £'000	Qtr 1 Variance £'000
		Budget To Date £'000	Actual To Date £'000	Variance To Date £'000	Variance To Date %						
(19,665)	Surgical	(14,886)	(15,096)	(210)	(1.4)	12	(235)	13	(187)	(195)	(150)
(10,236)	Orthopaedics	(7,821)	(7,967)	(146)	(1.9)	(3)	(101)	(42)	(133)	(91)	(62)
(8,200)	Emergency Care	(6,213)	(6,328)	(115)	(1.9)	0	(127)	12	(93)	(38)	(61)
(14,314)	Critical Care	(10,699)	(10,862)	(162)	(1.5)	39	(146)	(55)	(89)	(33)	(24)
(24,632)	Medical	(19,181)	(19,221)	(40)	(0.2)	10	0	(50)	(26)	9	8
(21,452)	Womens and Children's	(16,175)	(16,335)	(160)	(1.0)	11	(75)	(96)	(97)	(79)	(63)
(6,440)	Imaging	(4,796)	(4,804)	(8)	(0.2)	17	(24)	(1)	7	16	1
(6,371)	Pathology	(4,878)	(4,948)	(70)	(1.4)	(2)	122	(190)	(55)	(26)	(26)
(20,182)	Central Services	(14,774)	(14,694)	80	0.5	72	33	(25)	100	60	(5)
(5,945)	Cl. Standards&Gov'nance	(3,468)	(3,448)	20	0.6	2	38	(20)	23	27	5
(9,403)	Chief Executives	(6,974)	(6,947)	27	0.4	(11)	100	(62)	79	48	11
(146,840)	Sub Total Directorates	(109,864)	(110,650)	(786)	(0.7)	147	(415)	(517)	(470)	(302)	(367)
153,140	Central	114,090	115,992	1,902	1.7	584	64	1,253	1,647	1,039	390
6,300	Total	4,226	5,342	1,116	26.4	731	(351)	736	1,177	737	23





CHESTERFIELD ROYAL HOSPITAL NHS FOUNDATION TRUST





2010/11 CIP £'000 - In Year Monitoring to 31 December 2010





	Surgery				Orthopaedics			
	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance
Service Redesign	180	63	31	(32)	33	25	20	(5)
Workforce	113	74	48	(26)	38	7	7	0
ALOS	64	25	25	(0)	88	66	47	(19)
Best Practice	27	20	32	12	73	27	(2)	(29)
Non Pay	60	45	23	(22)	51	21	14	(7)
Income	29	22	22	0	0	0	0	0
To Be Identified	77	0	0	(0)	0	0	0	0
TOTAL	549	250	181	(69)	283	145	85	(60)
	Year to Date		Year-end Forecast		Year to Date		Year-end Forecast	
								

	Emergency Care				Critical Care			
	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance
Service Redesign	0	0	0	0	45	11	0	(11)
Workforce	0	0	0	0	154	57	56	(0)
ALOS	0	0	0	0	0	0	0	0
Best Practice	0	0	0	0	0	0	0	0
Non Pay	0	0	0	0	93	70	14	(56)
Income	150	113	113	0	36	0	0	0
To Be Identified	57	0	0	0	83	0	0	(0)
TOTAL	207	113	113	0	411	137	70	(67)
	Year to Date		Year-end Forecast		Year to Date		Year-end Forecast	
								

	Medicine				Women and Children's			
	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance
Service Redesign	443	332	362	29	169	113	114	0
Workforce	79	59	59	0	170	79	40	(39)
ALOS	0	0	0	0	141	83	83	(0)
Best Practice	0	0	0	0	0	0	0	0
Non Pay	9	7	7	0	45	34	34	(0)
Income	90	68	68	0	90	68	54	(14)
To Be Identified	0	0	0	0	13	0	0	(0)
TOTAL	621	466	495	29	628	377	324	(53)
	Year to Date		Year-end Forecast		Year to Date		Year-end Forecast	
								

	Imaging				Pathology			
	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance
Service Redesign	27	9	9	0	15	11	0	(11)
Workforce	0	0	0	0	20	15	15	0
ALOS	0	0	0	0	0	0	0	0
Best Practice	0	0	0	0	0	0	0	0
Non Pay	88	63	57	(6)	0	0	0	0
Income	0	0	0	0	145	109	111	2
To Be Identified	73	0	0	(0)	0	0	0	0
TOTAL	188	72	66	(6)	180	135	126	(9)
	Year to Date		Year-end Forecast		Year to Date		Year-end Forecast	
								

	Central Services				Corporate Departments			
	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance
Service Redesign	361	262	262	0	292	219	219	0
Workforce	18	13	13	0	15	11	11	0
ALOS	0	0	0	0	0	0	0	0
Best Practice	0	0	0	0	0	0	0	0
Non Pay	91	36	36	0	0	0	0	0
Income	77	47	47	0	122	92	92	0
To Be Identified	0	0	0	0	0	0	0	0
TOTAL	546	358	358	0	429	322	322	0
	Year to Date		Year-end Forecast		Year to Date		Year-end Forecast	
								

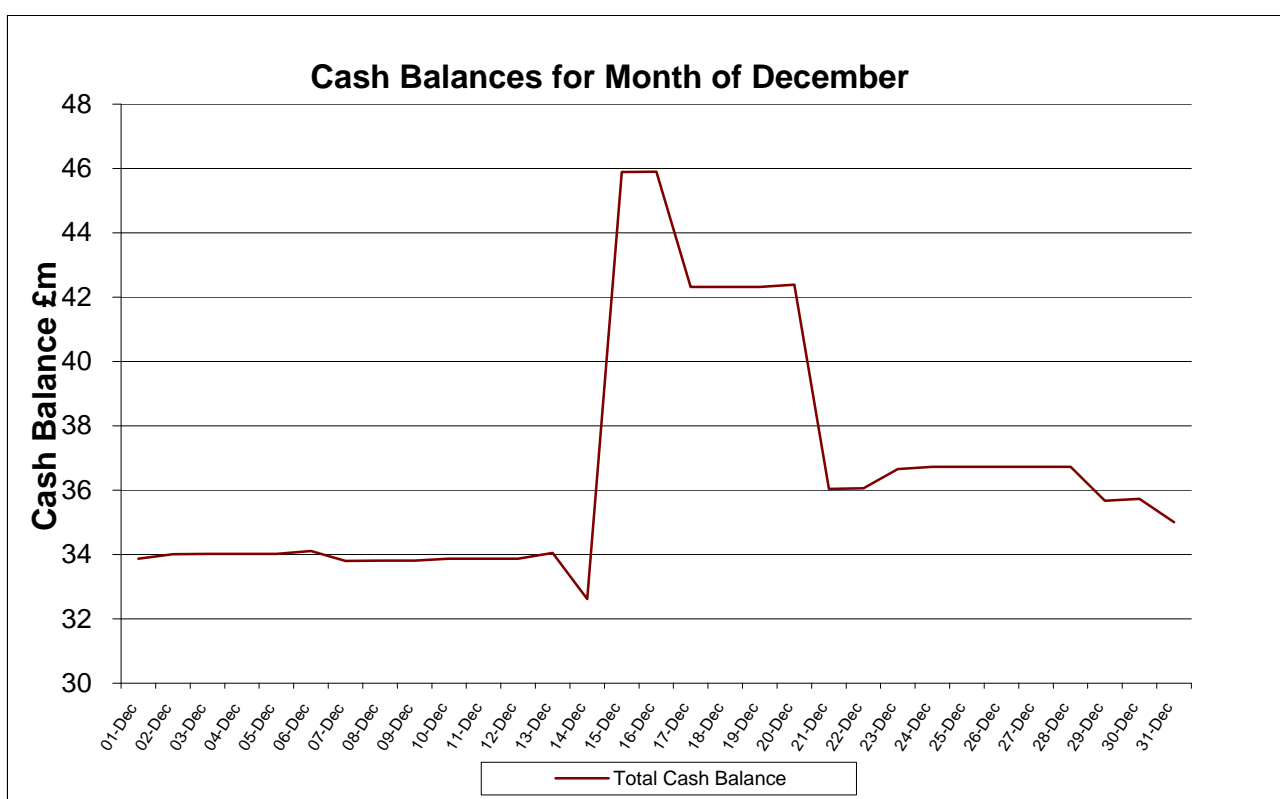
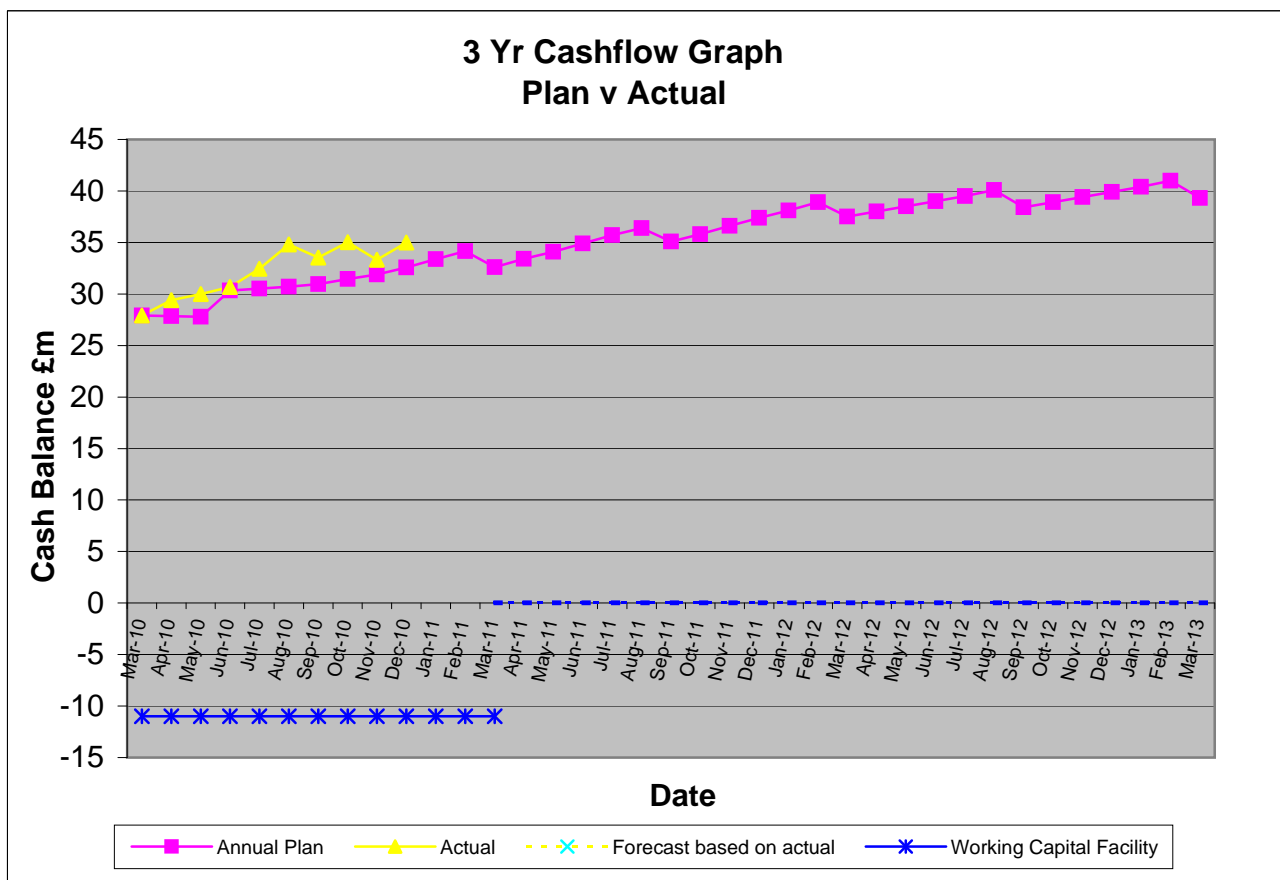
	Central Initiatives				Trust Total			
	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance	Annual Plan	Mth 9 Plan	Mth 9 Ach	Mth 9 Variance
Service Redesign	226	170	170	0	1,791	1,215	1,186	(29)
Workforce	88	66	66	0	694	381	316	(65)
ALOS	40	30	30	0	332	205	185	(20)
Best Practice	14	11	11	0	114	58	41	(17)
Non Pay	58	44	44	0	495	318	228	(91)
Income	1,000	750	750	0	1,739	1,267	1,255	(12)
To Be Identified	0	0	0	0	303	1	0	(1)
TOTAL	1,426	1,070	1,070	0	5,468	3,444	3,210	(234)
	Year to Date		Year-end Forecast		Year to Date		Year-end Forecast	
								

CHESTERFIELD ROYAL HOSPITAL NHS FOUNDATION TRUST

2010-11 NHS PATIENT CARE INCOME - CUMULATIVE TO 31ST DECEMBER 2010

SUMMARY										Nov	Oct	Q2	Q1
		Annual Plan		Plan to Date		Actual to Date		Variance to Date		£'000	£'000	£'000	£'000
		Activity	£'000	Activity	£'000	Activity	£'000	Activity	£'000	%			
Elective Admissions		32,907	34,586	24,711	25,968	24,313	26,065	(398)	97	0.4%	676	445	319
Non-Elective Admissions		35,718	57,323	26,566	42,674	27,038	42,732	472	58	0.1%	(136)	(104)	(19)
Outpatients		257,696	28,450	193,332	21,346	195,167	21,759	1,835	413	1.9%	787	598	515
A & E Attendances		62,464	5,531	46,848	4,148	48,693	4,360	1,845	212	5.1%	193	205	195
Pathology		900,471	4,146	675,354	3,110	672,661	3,137	(2,693)	28	0.9%	133	112	94
High Cost Drugs and Devices		5,581,000	5,581	4,185,750	4,186	4,406,432	4,406	220,682	221	5.3%	21	79	36
Quality Schedule - Penalties		0	0	0	0	0	(242)	0	(242)	100.0%	(217)	(190)	(163)
CQUIN		0	2,413	0	1,810	0	1,574	0	(236)	(13.0%)	(130)	(75)	(43)
Other		248,927	26,726	188,882	20,046	187,194	20,027	(1,688)	(19)	(0.1%)	99	44	36
CLINICAL INCOME - NHS PATIENTS		7,119,183	164,757	5,341,444	123,288	5,561,498	123,819	220,054	531	0.4%	1,426	1,115	970
DIRECTORATE SUMMARY										Nov	Oct	Q2	Q1
		Annual Plan		Plan to Date		Actual to Date		Variance to Date		£'000	£'000	£'000	£'000
		Activity	£'000	Activity	£'000	Activity	£'000	Activity	£'000	%			
100	General Surgery	29,586	15,875	22,195	11,910	21,953	12,190	(242)	280	2.3%	398	363	150
101	Urology	14,669	4,683	11,008	3,526	11,133	3,587	125	62	1.8%	93	32	20
120	ENT	16,393	3,473	12,296	2,599	11,940	2,425	(356)	(174)	(6.7%)	(123)	(105)	(73)
130	Ophthalmology	32,774	4,880	24,584	3,666	23,795	3,308	(789)	(358)	(9.8%)	(217)	(204)	(176)
140	Oral Surgery	7,033	1,669	5,274	1,251	5,174	1,322	(100)	71	5.7%	76	79	45
143	Orthodontics	4,104	377	3,078	283	3,103	300	25	17	5.9%	19	11	9
	Diabetic Retinopathy	16,589	443	12,442	332	7,827	332	(4,615)	0	0.0%	0	0	0
	Other	10,967	2,246	8,225	1,685	6,445	1,675	(1,780)	(10)	(0.6%)	1	(10)	(16)
Surgical Directorate		132,115	33,648	99,103	25,252	91,370	25,140	(7,733)	(112)	(0.4%)	247	167	(41)
110	Orthopaedics	40,189	20,566	30,170	15,519	30,586	15,819	416	300	1.9%	469	278	462
Orthopaedics		40,189	20,566	30,170	15,519	30,586	15,819	416	300	1.9%	469	278	462
180	A & E Non Elective	3,339	2,825	2,501	2,117	2,650	2,139	149	21	1.0%	19	26	51
OP07	A & E Outpatient Follow Up Attendances	1,802	123	1,352	92	1,508	103	157	11	11.6%	10	9	7
180	A & E Attendances	62,464	5,531	46,848	4,148	48,693	4,360	1,845	212	6.8%	193	205	195
Emergency Care Directorate		67,605	8,479	50,701	6,358	52,851	6,602	2,150	244	3.8%	222	241	253
191	Critical Care	9,712	6,964	7,284	5,223	7,482	5,442	198	219	4.2%	171	128	97
Critical Care		9,712	6,964	7,284	5,223	7,482	5,442	198	219	4.2%	171	128	97
300	General Medicine	31,532	31,095	23,461	22,947	23,147	23,167	(314)	220	1.0%	164	216	264
301	Gastroenterology	10,403	3,147	7,802	2,360	6,922	2,205	(880)	(155)	(6.6%)	(96)	(127)	(127)
303	Haematology	7,306	1,842	5,483	1,391	5,767	1,413	284	22	1.6%	41	26	47
320	Cardiology	7,354	1,913	5,516	1,435	5,336	1,452	(180)	17	1.2%	56	33	42
330	Dermatology	17,338	2,340	13,013	1,757	13,306	1,750	293	(7)	(0.4%)	36	21	(3)
340	Respiratory Medicine	1,115	204	836	153	771	136	(65)	(17)	(11.3%)	(13)	(15)	(16)
360	Genito-urinary Medicine	6,099	773	4,574	580	4,489	566	(85)	(14)	(2.3%)	7	12	11
410	Rheumatology	8,077	1,552	6,058	1,164	6,472	1,182	414	18	1.6%	46	29	3
	Other	10,306	702	7,730	527	7,691	555	(39)	29	5.4%	45	42	27
Medical Directorate		99,530	43,569	74,472	32,313	73,901	32,427	(571)	113	0.4%	287	236	248
420	Paediatrics	12,985	4,803	9,644	3,525	9,522	3,455	(122)	(70)	(2.0%)	(32)	(38)	(18)
501	Obstetrics using Bed or Delivery	21,698	8,901	16,266	6,667	16,989	6,931	723	264	4.0%	183	167	122
502	Gynaecology	17,654	5,845	13,346	4,443	13,183	4,143	(163)	(299)	(6.7%)	(161)	(172)	(248)
	Cost & Volume Block	62,452	5,721	46,839	4,291	48,835	4,449	1,996	158	3.7%	185	138	117
		84,728	7,940	63,546	5,955	66,507	5,960	2,961	5	0.1%	5	4	4
Women's and Children's Directorate		199,517	33,210	149,640	24,880	155,036	24,938	5,396	58	0.2%	179	100	(23)
	Imaging	43,541	2,768	32,656	2,076	31,608	1,997	(1,048)	(79)	(3.8%)	(16)	(19)	(20)
Imaging		43,541	2,768	32,656	2,076	31,608	1,997	(1,048)	(79)	(3.8%)	(16)	(19)	(20)
	Pathology	909,221	4,303	684,104	3,267	681,956	3,304	(2,148)	37	1.1%	143	96	104
Pathology		909,221	4,303	684,104	3,267	681,956	3,304	(2,148)	37	1.1%	143	96	104
	Central Services	36,752	1,473	27,564	1,105	30,276	1,191	2,712	86	7.8%	102	74	62
Central Services		36,752	1,473	27,564	1,105	30,276	1,191	2,712	86	7.8%	102	74	62
	Other	5,581,001	9,619	4,185,751	7,216	4,406,432	6,959	220,681	(257)	(3.6%)	(327)	(187)	(170)
Other		5,581,001	9,619	4,185,751	7,216	4,406,432	6,959	220,681	(257)	(3.6%)	(327)	(187)	(170)
CLINICAL INCOME - NHS PATIENTS		7,119,183	164,600	5,341,444	123,210	5,561,498	123,819	220,054	609	0.5%	1,478	1,115	970
CONTRACT VARIATIONS: IN YEAR ADJUSTMENTS TO ANNUAL PLAN										Nov	Oct	Q2	Q1
		Annual Plan		Plan to Date		Actual to Date		Variance to Date		£'000	£'000	£'000	£'000
		Activity	£'000	Activity	£'000	Activity	£'000	Activity	£'000	%			
Contract Variation 4 approved at CMB 5.11.10		157		78		0			(78)		(52)	0	0
- Cytology transferred to Derby Hospitals		157		78		0			(78)		(52)	0	0
ORIGINAL PLANNED INCOME - NHS PATIENTS			164,757		123,288		123,819		531	0.4%	1,426	1,115	970

Chesterfield Royal Hospital NHS Foundation Trust



Chesterfield Royal Hospital NHS Foundation Trust

Cash Flow Statement 1 April 2010 to 31 December 2010

	Plan Flow £000's	Cash Cash Flow £000's	Variance from Plan £000's
EBITDA	13,026	14,409	1,383
Working Capital Movements	(458)	351	809
Cash Flow from Operating Activities	12,568	14,760	2,192
Capital Expenditure - NHS	(10,858)	(9,475)	1,383
Capital Expenditure - Donated	(800)	(962)	(162)
Proceeds from property disposal	200	0	(200)
Interest Receivable/Payable	51	86	35
Dividend Paid	(1,618)	(1,602)	16
Cash Flow before Financing	(457)	2,807	3,264
Financing			
Donated Funds	800	962	162
Finance leases	(45)	35	80
FTFF loan	4,387	3,310	(1,077)
Net Cash Movement	4,685	7,114	2,429
Reconciliation of Cash Balance Movements			
Opening Cash Balance 01/04/10	27,896	27,896	0
Closing Cash Balance 30/11/10	32,581	35,010	2,429
Net Cash Movement	4,685	7,114	2,429

Chesterfield Royal Hospital NHS Foundation Trust

Balance Sheet as at 31 December 2010

	Plan Balance Sheet 31 December 2010 (£'000)	Actual Balance Sheet 31 December 2010 (£'000)	Variance from Plan (£'000)
FIXED ASSETS	106,649	105,174	(1,475)
CURRENT ASSETS			
- Stock	1,184	1,348	164
- NHS Debtors due within 1yr	3,061	2,364	(697)
- Other Debtors due within 1yr	1,697	1,463	(234)
- Prepayments and accrued income	850	1,700	850
- Non Current Assets Held for Sale	0	130	130
- Cash in hand and at bank	32,581	35,010	2,429
	39,373	42,015	2,642
CURRENT LIABILITIES			
- NHS Creditors due within 1yr	(3,123)	(3,982)	(859)
- Other Creditors due within 1yr	(8,956)	(9,938)	(982)
- S/T provisions	(325)	(296)	29
- S/T Deferred Income & Finance Lease creditor	(1,040)	(384)	656
- S/T FTFF LOAN & INTEREST	(1,277)	(1,071)	206
NET CURRENT ASSETS	24,652	26,344	1,692
TOTAL ASSETS LESS CURRENT LIABILITIES	131,301	131,518	217
DEBTORS DUE OVER 1YR	676	715	39
L/T DEFERRED INCOME & FINANCE LEASE CREDITOR	(526)	(434)	92
L/T PROVISIONS FOR LIABILITIES & CHARGES	(1,573)	(1,536)	37
L/T FTFF LOAN	(8,389)	(7,509)	880
TOTAL ASSETS EMPLOYED	121,489	122,754	1,265
FINANCED BY:			
TAXPAYERS EQUITY			
Public Dividend Capital	49,077	49,077	0
Revaluation Reserve	31,853	31,842	(11)
Donated Asset Reserve	2,629	2,779	150
Income & Expenditure Reserve	37,930	39,056	1,126
	121,489	122,754	1,265

Chesterfield Royal Hospital NHS Foundation Trust

Capital Expenditure Statement 1 April 2010 - 31 Dec 2010

Scheme	Annual plan £000's	For the period 1 Apr 10 - 31 Dec 10		
		Plan to date £000's	Actual £000's	Variance £000's
Main schemes				
Ward upgrades	1,010	835	340	(495)
Chesterfield Birth centre	20	20	(0)	(20)
A&E Resus upgrades	400	385	347	(38)
Patient meal services - maintenance	75	75	44	(31)
General areas upgrade (toilets / stairwells etc) including Scarsdale entrance	725	490	100	(390)
Quality Through Capacity New Wards	4,974	4,824	5,068	244
Generator capacity - electrical standby facility	283	283	283	0
New offices above Infection Control	180	180	130	(50)
Decontamination of Flexible Endoscopes	1,208	1,208	978	(230)
Pathology refurbishment	62	62	32	(30)
Wind Farm	50	0	0	0
Roadway Upgrade	0	0	233	233
MRI Scanner Building Work	248	248	246	(2)
	9,235	8,610	7,802	(808)
Other expenditure				
Directorate Equipment	1,531	785	725	(60)
IT equipment and applications	1,560	1,175	667	(508)
Estates minor works	400	288	198	(90)
2009/10 unders and overs			4	4
Total NHS Funded Capital Expenditure	12,726	10,858	9,395	(1,463)
Donated Assets Capitalised (Building & Equipment)	0	800	962	162
Finance Leases Capitalised (Equipment)	0	0	80	80
Total Capital Expenditure	12,726	11,658	10,437	(1,221)

BANKING SERVICES

Commercial Banking Service

Background

The Trust's standing financial instructions require banking services to be tendered. The Board of Directors and Audit Committee have received and approved papers extending the commercial banking arrangements with Lloyds Bank on several occasions on the grounds of strong banking relationship and value for money.

The Audit Committee and Board of Directors agreed in 2007 to award the Trusts Commercial Banking Service to Lloyds Bank for 3 years from 1 July 2007. The Audit Committee at its meeting on 23 February 2010 approved the request to defer the renewal of the Trust's banking arrangements to 1 April 2011 in order to allow for accounts to be changed in a staggered time frame, as a result of changes to Government Banking Services. The Audit Committee meeting held on 19 January 2011 agreed to recommend to the January Board of Directors meeting that Lloyds Bank be awarded the Commercial Banking Service for three years from 1 April 2011.

The Trust's approach over the years has been to develop long-term relationships with a core group of quality banks in order that it would be in a strong position in any unforeseen circumstances that may arise. The hope being that the establishment of a high degree of confidence and commitment between the parties would increase the likelihood of banks meeting funding requirements at crucial times, and at short notice. This approach is in line with that issued by Monitor in its Treasury Management guidance.

The Trust has now undertaken a tendering exercise with the four banks with which it has a relationship and a further major player-HSBC. The current arrangements are:

- Lloyds - currently used for commercial bank accounts and Investments
- Yorkshire Bank (Clydesdale) - currently used for investments
- Barclays - currently used for investments
- Nat West - currently used for investments

Findings

The tender assumed that the relationship and current arrangements with our security firm would remain in place and asked banks to tender using the current volumes of transactions.

Yorkshire Bank declined our offer to tender on the grounds that they did not feel that they could meet the requirements of the Hospital both from a pricing and servicing point of view.

Submissions received from the other four tenderers were as follows: -

	LLOYDS	HSBC	BARCLAYS	NAT WEST
Annual Gross Banking Charges – Year 1	£770	£10,076	£12,383	£8,011
Price review mechanism – years 2 & 3	Prices subject to RPI increases	Subject to annual review	Subject to annual review	Prices to increase in line with RPI
Ranking based on weighted evaluation criteria (see Note 1)	1	4	2	3

Note 1

In line with Trust policy the tenders were subjected to evaluation and ranking using both cost and quality measures. The criteria used, and their weightings, were as follows: -

- 1) Net cost to Trust (70% weighting)
- 2) Electronic banking, information and security systems (20% weighting) and
- 3) Support team access (10% weighting).

The Lloyds Bank tender response includes the statement that they will continue to waive the majority of our banking fees, other than the variable transaction costs shown above, as they value the relationship they hold with the Trust.

Although Lloyds traditionally offer the best quote, further clarification was sought due to the exceptionally low value of the tender (the Trust currently pays a £3,250 annual fixed charge). Their reply stated that £770 was the correct charge as there would be no fixed charge for a 3 year contract, and that they will continue to provide the other money transaction business on a free basis to the Trust.

The Barclays tender submission includes access to their “MT Advantage” deposit account which offers an advantageous interest rate on cash deposited by customers who place their money transaction business with them.

The current interest rate differential between this account and other accounts available to the Trust gives rise to the possibility that the higher banking charges levied by Barclays may be offset by higher levels of interest received by the Trust.

However this current differential is not guaranteed. The rate offered by Barclays is under constant review and the differential may be squeezed in the new financial year as the Trust will then be in a position to offer longer term deposits, at more favourable rates, to other banks. Due to the uncertainty inherent with future rates it is thought that the significantly lower up front banking charges offered by Lloyds Bank offers the best value option for the Trust.

Recommendations

The Trust's SFI's require acceptance of the best value bid.

The Audit Committee held on 19 January 2011 agreed to recommend the appointment of Lloyds Bank for three years from 1 April 2011.

The Board of Directors are asked to approve that the commercial banking services contract be awarded to Lloyds Bank for a further 3 year period, commencing 1 April 2011.

BANKING SERVICES

Committed Working Capital Facility

Background

A committed working capital facility forms part of the assessment by Monitor of the liquidity of the Trust. This measure of liquidity, together with other financial ratios and measures, form part of the overall weighted financial risk rating of the Trust by Monitor.

The hospital has had such a facility since it became a foundation trust on 1 January 2005, but has never drawn on the facility.

The Trust last tendered for a three year rolling committed working capital facility for the period 1 April 2007 to 31 March 2010. This resulted in a contract for an £11,000,000 facility being awarded to Lloyds.

As part of the Annual Planning process last year this contract was extended by one year to 31 March 2011 and is now due for renewal.

It had been hoped that, in the meantime, an alternative facility would become available through the Foundation Trust Financing Facility (FTFF), but this is not now likely for those trusts with liquidity risk ratings of 4 or 5 which it is forecast the Trust will have.

Consequently, invitations to tender were recently issued to the three banks most active in this market. The requirement was for an £11,000,000 facility committed for two years, but with a break option after one year exercisable by the Trust

It is not anticipated that there will be a need to draw on this facility, its primary purpose being to strengthen the ratios used by Monitor in assessing the financial robustness of the Trust.

The replies to the Trust's tender are currently being assessed with Monitor to ensure that the draft committed working capital agreements submitted with the tenders comply with the overriding requirement of meeting Monitor's definition of a committed facility. Facilities which do not fulfil this requirement cannot be included in any assessment of financial strength.

A comparison is given below of the costs to the Trust of having such a facility.

Costs of the facility	LLOYDS TSB	NAT WEST	BARCLAYS
Set up/arrangement fee and/or annual costs	Arrangement fee of 30 basis points - £33,000 p.a.	Arrangement fee of 40 basis points - £44,000 p.a.	Arrangement fee of 30 basis points - £33,000 p.a.
Utilisation interest	LIBOR + 2.5%	Base Rate +2.25%	LIBOR + 1%
Non utilisation fee	Not applicable	Not applicable	Not applicable

Recommendation

The set up cost of the Working Capital Facility is identical between Lloyds Bank and Barclays Bank, utilisation is very unlikely so has not been taken into account.

Monitor is currently developing changes to the clauses that allow the facility to count as a committed facility and these will be included in its 2011/12 Compliance Framework. The Trust will critically evaluate the clauses offered by each bank to ensure they comply with those acceptable to Monitor.

The Board of Directors are asked to give authority to the Director of Finance to complete the above work. They are also asked to authorise, in principle, the approval for the Trust to enter into an agreement for an £11,000,000 committed working capital facility. This will be with the bank whose tender provides the best value to the Trust, whilst meeting Monitor's definition of such a facility.