The Whittington Hospital NHS
NHS Trust

ITEM: 09/044
DOC: 8

MEETING: Trust Board
18th March 2009

TITLE: Financial Position – Month 11 (February 2009)

Executive Summary

1. Month 11 Income and Expenditure

1.1. The overall I&E position to 28th February 2009 is a surplus of £1,769k, which is £202k worse than planned. This year-to-date position is consistent with last month's forecast.

1.2. The income position in February was good, with over-performance in January above that estimated last month, and high estimated over-performance for February based on un-coded data.

1.3. Pay expenditure remained very high in February – £579k above budget. Expenditure on bank and agency staff remained high, with the main explanation being the full opening of Eddington, Reckitt, Coyle and Victoria wards to meet additional patient demand.

1.4. Non-pay expenditure was £373k higher than planned in February – with notable increases in utility bills (which were forecast) and in high-cost patient appliances such as prostheses.

1.5. In addition to the planned £250k of provision release, there was a review of in-year credit note provisions (reduced from £2.2m to £1.9m) and additional historical provisions totalling £260k were also released into the I&E position.

1.6. The year-to-date position continues to include several non-recurrent items, which when removed show a significant underlying financial deficit of around £4m year-to-date. The current forecast remains at £2m due to the higher than expected release of provisions that has been required.

2. Month 11 Balance Sheet and Cash

2.1. The closing cash balance at the end of February was £3.2m, £0.9m below the forecast position. The majority of this difference is explained by delayed payment of estimated over-performance agreed with Islington PCT, and higher than expected payments relating to increased agency usage.

2.2. Capital payments were £479k below forecast in February and there remains a risk that the capital programme allocation, although full, will not be entirely utilised by the end of March unless projects are actively managed and slippage prevented. It is essential to have paid invoices or completed work in this financial year to avoid project expenditure being carried forward to an already full 2009/10 capital programme.

3. 2008/09 Forecast

3.1. The detailed bottom-up forecasting exercise that was undertaken in previous months has been updated for Month 11. The forecast indicates that the Trust is projecting a 'likely case' £1,986k surplus for 2008/09 – this remains contingent upon strong income over-performance in March and the release of further provisions no longer required. Further details of this forecast are given in Section 13.

3.2. A particular emphasis should be placed on the following key priorities for the remainder of the year:

- Reduction in pay expenditure – if pay costs remain at Month 10 and 11 levels in March, achievement of the £2m planned surplus depends upon activity levels being sufficient to generate income to cover this expenditure
- Achievement of DTC income target – currently significantly below plan, with additional problems so far in February due to the adverse weather conditions
- Maintenance of income levels sufficiently above SLA plan to cover other targets and cost pressures – these targets were not met this month

4. Recommendations

4.1. The Trust Board is asked to:

- **Note** the financial performance for the first eleven months of 2008/09
- **Note** the year-end forecast of £2m and the reliance upon non-recurrent items and activity levels to achieve this
- **Note** the continued importance of the key priorities outlined above
- **Note** the proposed reporting arrangements for Month 12 and year-end

ACTION:	For information / discussion

REPORT FROM:	Tim Jaggard, Deputy Director of Finance

SPONSORED BY:	Richard Martin, Finance Director

Financial Validation Lead: Director of Finance	Tim Jaggard

Compliance with statute, directions, policy, guidance Lead: All directors	**Reference:** Best Practice – financial assurance standards; ALE; Accounting Standards; Monitor financial regime

Compliance with Healthcare Commission Core/Developmental Standards Lead: Director of Nursing & Clinical Development	**Reference:**

Compliance with Auditors' Local Evaluation standards (ALE) Lead: Director of Finance	**Reference:** **ALE – Financial Management and Financial Reporting Domains**

Compliance with requirements of FT application and monitoring regime Lead: Director of Strategy & Performance	**Reference:**

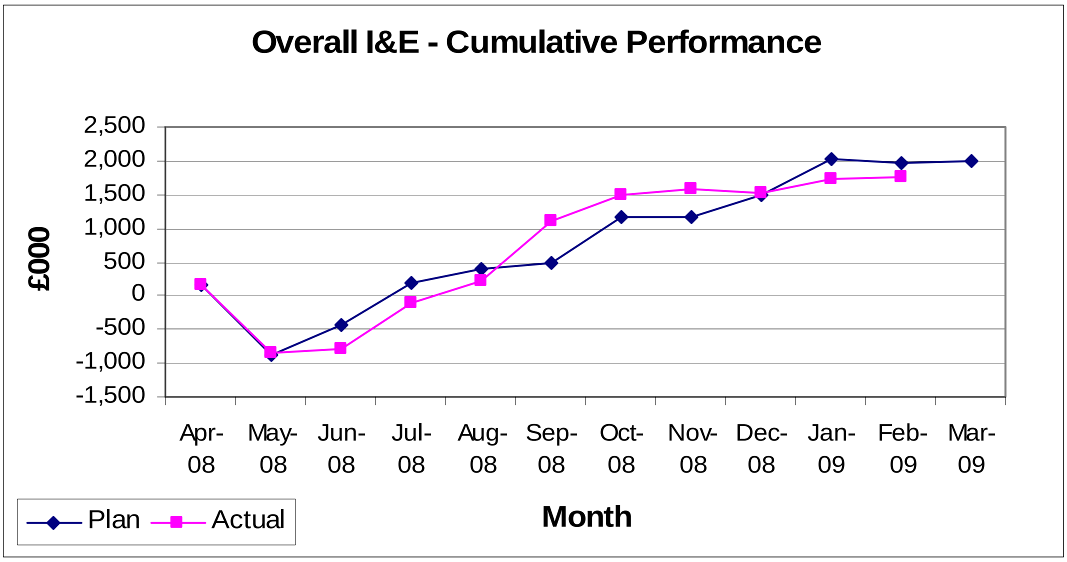
Month 11 Finance Report

5. Income and Expenditure Summary

5.1. The Income and Expenditure position is summarised in the table and chart below:

FIGURE 1 Description	Current Month			Year To Date			Annual Budget
	Actual £'000	Budget £'000	Variance £'000	Actual £'000	Budget £'000	Variance £'000	£'000
NHS Clinical Income	11,815	11,040	775	127,654	126,851	803	138,616
Non NHS Clinical Income	35	64	(29)	798	705	93	769
All Other Non Clinical Income	2,025	1,655	371	22,090	20,456	1,634	22,364
Total Income	**13,875**	**12,759**	**1,116**	**150,542**	**148,012**	**2,530**	**161,748**
Pay	9,500	8,921	(579)	102,400	99,782	(2,618)	108,938
Non Pay	3,514	3,142	(373)	38,676	38,059	(617)	41,838
Total Expenditure	**13,014**	**12,063**	**(951)**	**141,076**	**137,841**	**(3,235)**	**150,775**
EBITDA	**861**	**696**	**165**	**9,466**	**10,171**	**(705)**	**10,973**
Plus Interest Receivable	6	30	(24)	243	305	(63)	355
Less Interest Payable	0	0	0	1	0	(1)	50
Less Depreciation	516	455	(61)	4,440	5,007	567	5,462
Less PDC Dividend	318	318	0	3,498	3,498	0	3,816
Net Surplus / (Deficit)	**33**	**(48)**	**81**	**1,769**	**1,971**	**(202)**	**2,000**

FIGURE 2



5.2. EBITDA of £9,466 to date is reported, which is £705k worse than planned as this is calculated before the depreciation underspend that is contributing to the overall I&E surplus.

5.3. The apparent strong financial performance to date is due to a number of factors:

- Planned release of provisions – totalling £3m for the year (£2.75m to date)
- Additional 2007/08 Market Forces Factor (MFF) payment from DH - £50k
- A favourable variance on depreciation (£567k total to Month 11) as described in previous months. Note: This is lower than Month 10 due to a one-off impairment of £106k for equipment considered decommissioned as a result of the asset verification exercise due to reaching the end of their useful lives earlier than expected.
- Recognition of the year-to-date proportion of a) £500k maternity funding and b) £400k waiting list funding from Islington PCT
- Unanticipated payment of a number of 2007/08 outstanding debts of around £400k relating largely to SLA over-performance
- Review of creditor balances held (i.e. amount owing to other organisations) - £341k released in November
- Reduced credit note provisions following an assessment of outstanding claims – in November and December these reductions together amounted to £429k above the planned £250k per month provision release
- Recognition of the WFL settlement – a total positive impact on the I&E position of £590k due to clearing historical debts that had been provided for
- Reduction in provision held for agenda for change costs in Month 11 (above £250k planned provision release) - £260k

5.4. The total of the non-recurrent items above is around £5.8m at Month 11. At the same time as reviewing and releasing old provisions, new provisions are also added where necessary. It is also worth noting that there will almost certainly be some non-recurrent items in future years, but that the extent of these is estimated to be significantly lower than in 2008/09.

Description of non-recurrent item	Month 11 Value (£000s)	Month 12 Forecast Value (£000s)
Surplus reported at Month 10	**1,769**	**2,000**
Planned provision release to Month 10	2,750	3,000
Additional MFF from 2007/08	50	50
Non-recurrent reduction in depreciation	480	553
Maternity and Waiting List Funding	750	900
Unanticipated payment of 07/08 debt	400	400
Release of creditor balances	341	341
Unplanned provision release at M8, 9 & 11	689	689
Recognition of WFL settlement (amount over and above planned provision release shown above)	340	340
Underlying deficit after adjusting for items above	**(4,031)**	**(4,273)**

5.5. The Trust had a number of provisions at the start of 2008/09 that have subsequently been assessed as not being required – this is unlikely to be the case at the start of 2009/10 and as a result the Trust's income and expenditure position next year cannot be reliant upon significant provision releases on a similar scale to 2008/09.

6. Income Performance

6.1. NHS Clinical Income is reported based upon the latest coded activity data (January 2009). In addition, February un-coded activity (where available) indicated that performance was above plan by around £500k (larger than in previous months) and this value has been accrued for.

6.2. As in previous months, adjustments have been made to reduce income based on anticipated non-payment for certain items. Changes from Month 10 include:

- Follow-up outpatient attendances above the PCT target - agreement has been reached for the penalty not to be applied to several specialties and this provision has been reduced to reflect this. Final agreement is expected soon
- N12 Maternity activity – a recent audit has highlighted that some women admitted ante-natally may not meet the criteria for an admission. A revised estimate of reimbursement to the PCT has been included
- Disputed activity – as in previous months, a general provision has been made for estimated disputes from PCTs

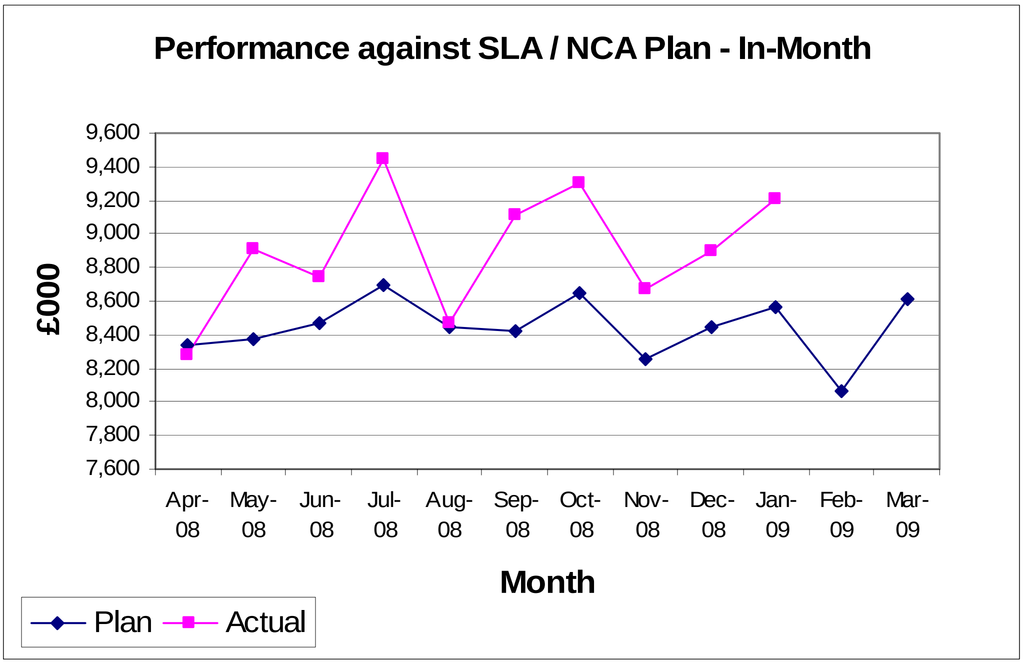
6.3. The total of all in-year provisions relating to 2008/09 income is £1.9m at Month 11, a reduction of around £0.3m from Month 10 which is further supporting the I&E position

6.4. Over-performance against SLAs (including non-contract activity) increased by £584k in January, which was a strong month in activity terms. Achievement of the £2m surplus remains dependent upon continued strong over-performance against SLA plans in the remainder of the year.

6.5. The year-to-date position is summarised below by patient type - note that these values exclude the Market Forces Factor (MFF) top-up of 37% which is until next year payable separately on PbR activity by the Department of Health:

FIGURE 3	**Activity**			**Finance £000s**		
Patient Type	**Plan To M10**	**Actual To M10**	**Variance To M10**	**Plan To M10**	**Actual To M10**	**Variance To M10**
Block Contract/Emergency Threshold	0	0	0	14,087	14,087	0
Adult High Dependancy Beddays	2,101	2,367	266	1,642	1,850	208
Adult Intensive Care Beddays	2,655	2,965	310	5,042	5,631	589
Day Cases	11,778	13,866	2,088	7,231	8,528	1,298
Direct Access	513,914	558,442	44,528	5,712	5,968	256
ED Attendances	66,733	63,449	(3,284)	4,899	4,646	(252)
Elective Inpatients	2,827	2,306	(521)	5,330	4,855	(475)
Excess Beddays	11,525	10,493	(1,032)	1,917	1,687	(230)
NICU High Dependancy Beddays	1,044	966	(78)	1,007	932	(75)
NICU Intensive Care Beddays	738	665	(73)	996	898	(98)
NICU Special Care Beddays	5,911	5,854	(57)	2,359	2,282	(77)
Non-Elective Inpatients	19,565	20,394	829	16,759	17,080	321
Other Activity	11,919	29,337	17,418	1,040	1,509	468
Outpatient 1st Attends	44,450	50,588	6,138	7,706	8,741	1,035
Outpatient Follow Ups	98,438	115,265	16,827	8,247	9,460	1,213
Outpatient Procedures	3,205	4,229	1,024	681	883	202
Grand Total				**84,657**	**89,038**	**4,381**

FIGURE 4



6.6. Significant favourable in-month variances were in outpatient attendances, showing a total £2.4m variance to date (before the provision in respect of the follow up ratio). Critical care activity has shown a reduced over-performance in recent months despite reports that the critical care unit is full. This is partly due to the fact that critical care activity (billed on a per day basis) is not reported until each patient is discharged from hospital. However, data quality and completeness in this area should remain a focus.

6.7. Excess bed day activity showed a large under-performance of £123k in January. Whilst this is a loss of income, the reduced cost that the reduction in length of stay that this implies is encouraging and will offset the loss of income.

6.8. Elective activity remained low in January (£65k under-performance), reaffirming the necessity to plan and monitor elective and day case activity together in 2009/10.

6.9. Day case activity was strong at £227k above SLA plan but was still below the Trust's internal target. The combined performance of day cases and elective inpatients – i.e. total elective activity - is now £823k above SLA plan. However, this is before meeting additional DTC income targets which at Month 10 totalled some £2m (before MFF). After factoring in the anticipated year-to-date ophthalmology income from the Royal Free (£507k) this brings total elective income to £670k below target as at the end of January.

6.10. DTC activity targets continue to be missed on a weekly basis. However, it is also important to consider the cost of meeting the targets if this involves running relatively inefficient Saturday lists with few patients. In 2009/10 there must be a focus on reducing these additional lists and making best use of theatre capacity within standard hours.

7. Expenditure Performance

7.1. Pay expenditure in February was, as in January, significantly overspent (£579k), in contrast to improvements that had been made up until December. This has given rise to a very significant year-to-date overspend of over £2.6m. The particular issues in January and February contributing to high pay expenditure included:

- High levels of staff sickness
- Increased numbers of admissions leading to additional wards being opened (Coyle, Victoria, Eddington and Reckitt were all fully open for the whole of February)
- Reported high levels of activity on the Intensive Care Unit
- The use of expensive agency staff
- Expenditure on the new Midwifery-Led Birthing Unit

7.2. A total of £1.2m was spent on bank and agency staff in February. Indications are that additional activity income will not cover this additional spend. Therefore control of pay expenditure must be a priority for the remainder of the year and a focus for 2009/10 – particularly in areas such as theatres and the Emergency Department where expenditure is well in excess of agreed establishment levels.

7.3. Medical staffing expenditure improved in February, with only a minimal overspend. However, the year-to-date overspend of £1.7m on locum, bank and agency medical staffing is significant and better aligning of activity and capacity planning will be required in 2009/10.

7.4. Non-pay expenditure is over budget by £373k in February – this is after accounting for non-pay provision releases. Significant overspends were recorded in patient appliances – expenditure on prostheses was high and is being investigated. In addition, gas and electricity bills in February were higher than originally budgeted for at the start of the year (although increases had been built into previous months' forecasts). Expenditure on legal expenses was higher than expected due to a backlog of invoices being received. A process is being developed to ensure appropriate accrual of this expenditure as it is incurred.

8. Cost Pressures and Central Budgets

8.1. Claims against central budgets were minimal in February, with the exception of a £240k prudent reduction in the distinction award budget following late notification of 2008/09 funding. This is being investigated and will be challenged if deemed incorrect.

8.2. The total value of central budgets relating to cost pressures that have not yet been claimed is around £870k. This effective underspend is already included within the pay and non-pay lines in Figure 1.

9. Cost Improvement Programme (CIP)

9.1. Performance against the CIP is summarised in the charts below. The target to the end of February was £3.8m, against which £4.4m has been validated (£544k of this being non-recurrent savings). In-month performance was in line with the target.

9.2. The total target for the year remains at £4.2m. The forecast value is £4.35m, with an additional non-recurrent CIP of £0.6m predicted over and above this recurrent value. The year-end forecast assumes the likely scenario that both Reckitt and Eddington wards remain open, with additional income due to increased activity offsetting the CIP underachievement.

9.3. As reported in previous months, the CIP for 2009/10 is being developed (a minimum target of a challenging £8m recurrent savings), with Directors involved in forming detailed plans for achieving this target. The 2010/11 CIP is also being discussed.

Figure 5

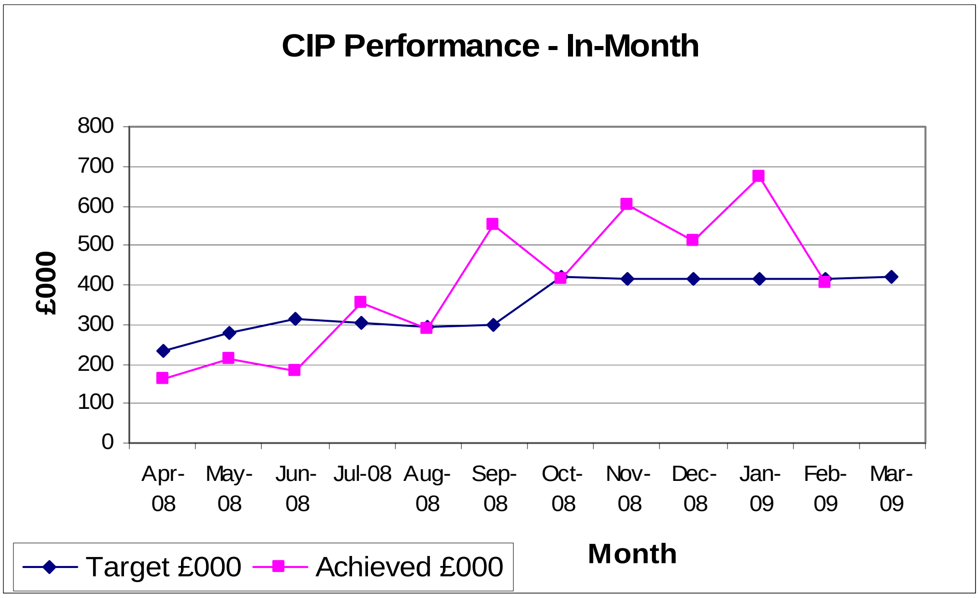
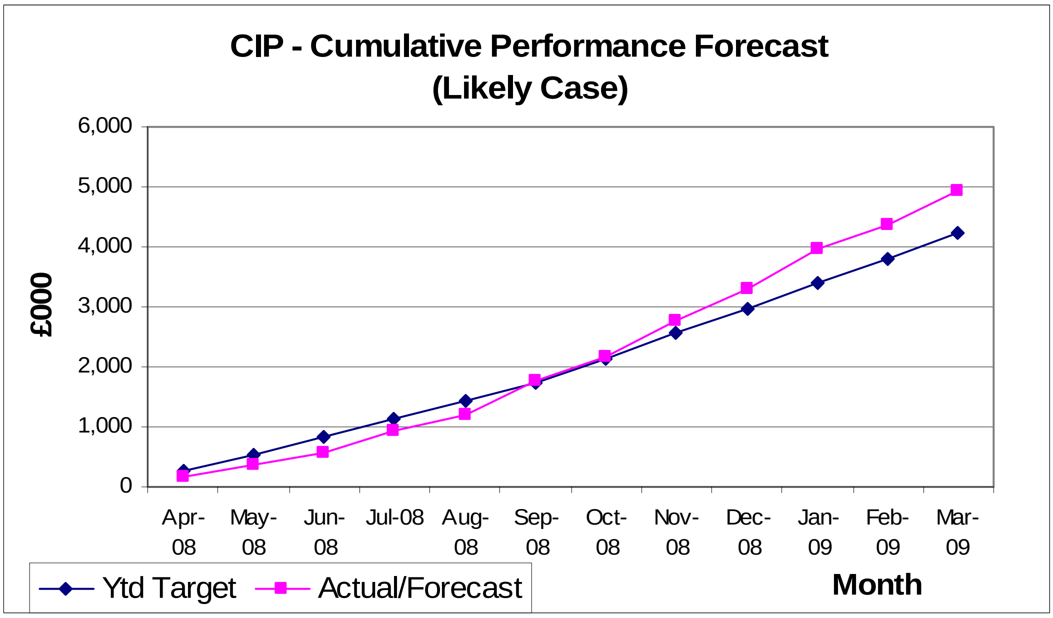


Figure 6



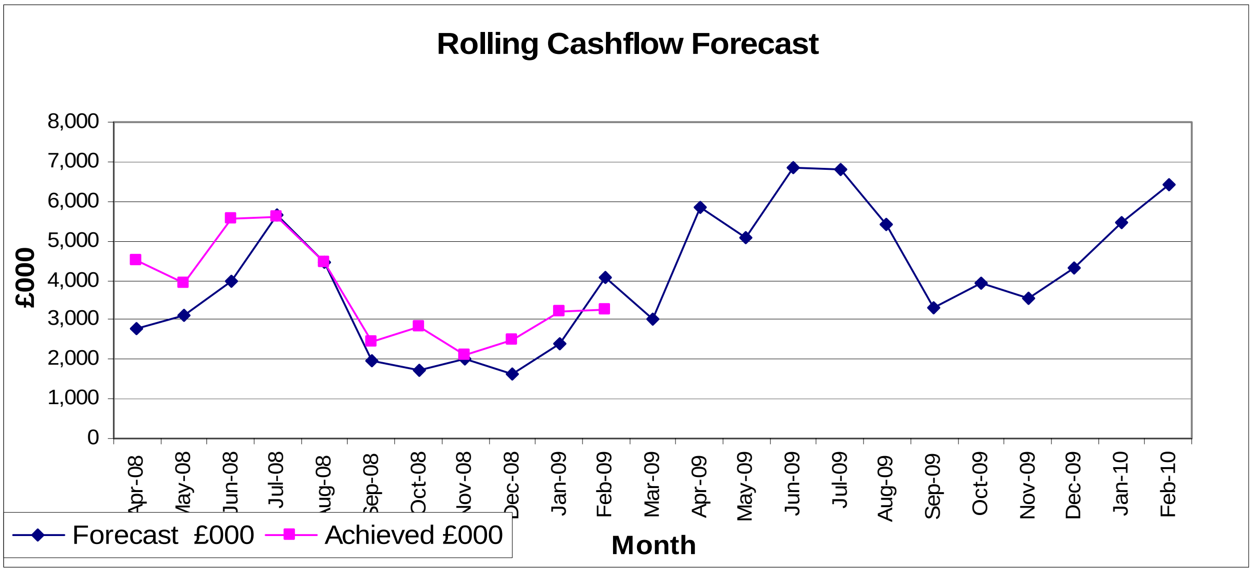
10. Cash

10.1. The cash balance at the end of February was £3.2m, around £0.8m lower than the previously published forecast. The majority of this difference is explained by delayed payment of estimated over-performance agreed with Islington PCT amounting to £1.1m, which will now be paid in March, and higher than expected payments relating to increased agency usage in the last two months.

10.2. The red indicator against cash in the dashboard is due to the timing of the Islington PCT payment, which will now fall in March. The year-end forecast is unaffected.

10.3. Capital payments were £479k below forecast in February and there remains a risk that the capital programme allocation, although full, will not be entirely utilised by the end of March unless projects are actively managed and slippage prevented. It is essential to have paid invoices or completed work in this financial year to avoid project expenditure being carried forward to an already full 2009/10 capital programme.

FIGURE 7



10.4. Where exact timings are unknown, estimates have been included. The reduction in the cash balance that occurred in September is due to the half-yearly Public Dividend Capital payment of £1.9m. The capital programme is expected to impact more in the second half year with a final dividend payment due in March offset by substantial payment of debts as PCTs seek to achieve their year-end cash targets. Agreement is being sought with all local PCTs to ensure that we manage the year-end cash position effectively.

10.5. The projected cash-flow for 2009/10 shows an increase in cash due to higher EBITDA as a result of high income assumptions (pending SLA agreement with PCTs) included to offset the non-cash impact of implementing International Financial Reporting Standards (IFRS). The outcome of SLA negotiations, once resolved, will affect this forecast.

11. Risk Rating

11.1. An indicative risk rating is shown below, based upon the Monitor methodology. The year-to-date and forecast risk ratings remain at a score of 3. It should be noted that the Monitor methodology takes into account the overdraft facility of £11m and this helps the liquid ratio part of the rating. The NHS London approach does not take this into account – however, a score of 3 is still predicted under either methodology.

FIGURE 8

Weighting	Metric Description	Month 11 Rating	Weighted	Forecast Year-end Rating	Weighted
10%	EBITDA achieved (% of plan)	4	**0.4**	4	**0.4**
25%	EBITDA margin (%)	3	**0.75**	3	**0.75**
20%	Return on Assets (%)	3	**0.6**	4	**0.8**
20%	I&E surplus margin (%)	3	**0.6**	3	**0.6**
25%	Liquid ratio (days)	3	**0.75**	3	**0.75**
	Overall rating		**3.1**		**3.3**

12. Balance Sheet

The balance sheet is summarised below, showing the opening, current month and year-end forecast position. The year-end forecast has been updated.

FIGURE 9

Description	As at 1st April 2008	End of Month Actual	2008/09 Year End Forecast
	£'000	£'000	£'000
Fixed Assets	**92,504**	**91,927**	**94,200**
Stock	1,230	1,388	1,341
Debtors	7,457	11,003	8,162
Debtors - Deferred Asset	24,933	24,031	23,949
Cash in hand & at Bank	2,515	3,247	3,030
Total Current Assets	**36,135**	**39,670**	**36,482**
Creditors - Revenue	11,468	15,129	12,529
Creditors - Capital	3,150	678	2,200
Total Current Liabilities	**14,618**	**15,808**	**14,729**
Net Current Assets	**21,517**	**23,862**	**21,753**
Provisions for Liabilities & Charges	**3,289**	**2,597**	**2,460**
Total Assets Employed	**110,732**	**113,193**	**113,493**
Public Dividend Capital	47,258	48,084	48,084
Revaluation Reserve	40,426	40,182	40,268
Donated Asset Reserve	1,221	1,116	1,187
Income & Expenditure Reserve	21,827	23,811	23,954
Total Capital & Reserves	**110,732**	**113,193**	**113,493**

12.1. As described previously, figures for debtors include around £1.4m in respect of uncompleted spells of patient care.

12.2. Average invoiced debtor days are currently 16.3 against a target maximum of 30 days. The invoiced debt at the end of February represents 4.47% of the Trust's turnover (target maximum of 5%).

12.3. Debtors have increased over the year due largely to a change in the accounting treatment for work in progress and accruals for over-performance, which are not settled on a monthly basis. NHS debt is projected to fall towards the end of the year, in line with previous years, as organisations seek to reduce their cash balances. Cash payment for estimated over-performance for Quarters 3 and 4 has been agreed with Islington PCT.

12.4. As at 28th February, 92.0% of NHS Creditors and 86.3% of Non-NHS Creditors were paid within the target 30 days.

13. 2008/09 Forecast Income and Expenditure

13.1. The table below summarises the forecast I&E position for 2008/09. The full summary forecast is shown in Appendix 1.

Description	Forecast Year End Actual		
	Worst £'000	Likely £'000	Best £'000
NHS Clinical Income	139,001	139,072	139,293
Non NHS Clinical Income	928	928	928
All Other Non Clinical Income	24,146	24,146	24,146
Total Income	**164,075**	**164,146**	**164,368**
Pay	111,358	110,694	110,630
Non Pay	43,305	43,047	43,022
Total Expenditure	**154,663**	**153,741**	**153,652**
EBITDA	**9,412**	**10,406**	**10,716**
Plus Interest Receivable	247	247	257
Less Interest Payable	1	1	1
Less Depreciation	4,850	4,850	4,850
Less PDC Dividend	3,816	3,816	3,816
Net Surplus / (Deficit)	**993**	**1,986**	**2,306**

13.2. Forecast income is based upon average performance against SLA plan in previous months. This was updated in Month 10 through detailed conversations with General Managers about expected activity.

13.3. The expenditure forecast has been derived as in previous months but refreshed for Month 11, with new adjustments made at a detailed level from meetings with operational management and budget holders.

13.4. Release of Provisions – the forecast assumes that £250k per month will be released from provisions in March. It should also be noted that whilst amounts are being released as and when they are no longer required, new provisions are being created where necessary. In Month 11, a review of current year provisions resulted in a reduction in total provisions of around £300k as a result of further information on disputed items and potential reimbursement.

13.5. Whilst the likely case forecast is still projecting a £2m surplus, this is contingent upon over-performance remaining strong in February (once final coded activity is available) and in March. To mitigate the risk of activity not being sustained at these levels, it remains essential to focus on the key risks / priorities identified in the Executive Summary.

14. Update on HRG Version 4 and 2009/10 SLA Negotiations

14.1. At Month 10 an update was provided on HRG Version 4. Developments since last month are as follows.

14.2. The deadline of 13th March for signing contracts remains. The Trust is working hard to meet this deadline – however, indications from the new Acute Commissioning Agency are that they will be unable to meet this timescale.

14.3. NHS London has issued guidance capping outpatient income at 2008/09 levels but with the new lower Market Forces Factor (MFF) applied. This has the effect of dramatically reducing income when compared to using the published mandatory and non-mandatory tariffs. The Trust's latest SLA proposal to PCTs included modelling the impact of this cap.

14.4. The Trust submitted a detailed proposal to PCTs on 27th February but at the time of writing (11th March) has not yet received a response or counter-proposal.

14.5. Some outstanding issues remain – in particular, the approach towards implementing financial penalties for performance metrics and CQUIN (Commissioning for Quality and Innovation) indicators.

15. Reporting for Month 12 and Year-End

15.1. Due to the Board report deadline being on the sixth working day following the year-end of March 31st, it is proposed that a provisional year-end position be reported to the April Board, with papers being submitted the afternoon of Thursday 9th April. This is consistent with the approach taken in previous years.

15.2. For 2008/09, the timescale for collating draft accounts for external audit review has been shortened as part of the 'Faster Closure' initiative. Draft accounts are due to be sent to external audit and the Department of Health by 23rd April.

Appendix 1: Summary of Month 11 Forecast Income and Expenditure 2008/09

Income

Board Report rollup	Year end forecast - from summary sheet Worst case scenario	Likely scenario	Best case scenario
Adult High Dependancy Beddays	**2,090,944**	**2,094,336**	**2,097,729**
Adult Intensive Care Beddays	**6,746,296**	**6,757,256**	**6,768,216**
Block Contract/Emergency Threshold	**17,562,052**	**17,591,371**	**17,620,690**
Day Cases	**10,115,380**	**10,132,096**	**10,148,811**
Direct Access	**7,222,247**	**7,234,304**	**7,246,361**
ED Attendances	**5,481,154**	**5,489,991**	**5,498,828**
Elective Inpatients	**5,970,775**	**5,980,616**	**5,990,457**
Excess Beddays	**2,149,926**	**2,153,178**	**2,156,430**
NICU High Dependancy Beddays	**976,514**	**978,083**	**979,653**
NICU Intensive Care Beddays	**1,070,293**	**1,072,020**	**1,073,747**
NICU Special Care Beddays	**2,731,360**	**2,735,778**	**2,740,197**
Non-Elective Inpatients	**20,236,979**	**20,270,673**	**20,304,367**
Other Activity	**1,084,828**	**1,086,400**	**1,087,972**
Outpatient 1st Attends	**10,520,219**	**10,537,582**	**10,554,944**
Outpatient Follow Ups	**11,280,692**	**11,299,120**	**11,317,547**
Outpatient Procedures	**1,063,323**	**1,065,082**	**1,066,841**
Total SLAM income	**106,302,983**	**106,477,886**	**106,652,790**
MFF @ 37.2016%	**28,108,030**	**28,154,277**	**28,200,524**
Education & Training Income	**16,812,262**	**16,812,262**	**16,812,262**
Devolved Income	**4,853,604**	**4,853,604**	**4,853,604**
Non-SLAM Clinical Income	**3,211,496**	**3,311,496**	**3,311,496**
Tariff + Non-Tariff less SLAM	**1,128,385**	**1,128,385**	**1,128,385**
Other Income (non-clinical)	**3,408,479**	**3,408,479**	**3,408,479**
TOTAL INCOME	**163,825,238**	**164,146,388**	**164,367,539**
High-Level Adjustments			
Review of provisions required to offset potential higher expenditure in Month 12	250,000	0	0
TOTAL INCOME AFTER HIGH-LEVEL ADJUSTMENTS	**164,075,238**	**164,146,388**	**164,367,539**

Expenditure

Division	Year end forecast Worst case scenario	Likely scenario	Best case scenario
Diagnostics	**17,388,634**	**17,348,634**	**17,318,634**
Facilities	**16,851,885**	**16,841,885**	**16,826,885**
Finance	**3,245,978**	**3,245,978**	**3,245,978**
HR & Corporate Affairs	**2,383,044**	**2,383,044**	**2,383,044**
IM&T	**3,109,498**	**3,109,498**	**3,109,498**
Medical Education	**681,517**	**681,517**	**681,517**
Medicine & Therapy	**36,981,410**	**36,971,410**	**36,961,410**
Nursing & Clinical Development	**3,319,579**	**3,319,579**	**3,319,579**
Operations	**1,005,971**	**1,005,971**	**1,005,971**
Pharmacy	**3,694,967**	**3,694,967**	**3,694,967**
Primary Care	**375,982**	**375,982**	**375,982**
Strategy & Performance	**7,938,852**	**7,938,852**	**7,938,852**
Surgery & Cancer	**36,047,279**	**35,940,398**	**35,815,706**
Womens & Children	**23,349,394**	**23,283,276**	**23,263,776**
Total Expenditure in Directorates	**156,373,989**	**156,140,990**	**155,941,798**
50% MARGINAL COST ADJUSTMENT DUE TO ACTIVITY CHANGES	**-160,575**	**0**	**110,575**
Reserves	**0**	**0**	**0**
Other Trust Finance (includes planned provision release in M11 and M12)	**-2,400,485**	**-2,400,485**	**-2,400,485**
TOTAL EXPENDITURE	**153,812,929**	**153,740,505**	**153,651,889**
High-Level Adjustments			
18 Weeks Penalty (50% of maximum penalty)	850,000	0	0
TOTAL EXPENDITURE AFTER HIGH-LEVEL ADJUSTMENTS	**154,662,929**	**153,740,505**	**153,651,889**
Interest	**-246,466**	**-246,466**	**-256,466**
Depreciation	**4,849,977**	**4,849,977**	**4,849,977**
PDC Dividend	**3,816,000**	**3,816,000**	**3,816,000**
NET FORECAST INCOME/EXPENDITURE POSITION 2008/09	**992,797**	**1,986,371**	**2,306,139**