

Financial Performance

During 2012-13 we continued to improve our financial performance by delivering a financial surplus of £1,975,000 whilst achieving 95% of our Cost Improvement Programme target and achieving all our statutory financial duties. We also made further progress in our compliance with the Better Payment Practice Code which monitors the time it takes to pay our suppliers.

Table X – Achievement of Financial Duties

Financial duty	2010-11	2011-12	2012-13
Income and expenditure breakeven	●	●	●
Capital resource limit duty	●	●	●
External finance limit duty	●	●	●
Better payment practice code duty	■	■	■
Capital cost absorption duty	●	●	●
● Met			
■ Fail			

Income and Expenditure

We planned to realise an operating surplus of £1,975,000 in 2012-13 and actually managed to deliver this. We maintained appropriate control of expenditure in the period whilst achieving 95% of our Cost Improvement Plan on a recurrent basis. We made a technical adjustment to our accounts for an impairment of £1,711,000 in respect of in-year land and property revaluations giving a net retained surplus of £512,000.

We are planning to deliver a surplus of £2,600,000 in 2013-14.

Income

We recognised income of £209,772,449 in 2012-13. This is £9.709m higher than income received in 2011-12 due to additional A&E demand, the

mobilisation of the 111 service and non-recurrent funding to support service transformation.

The financial plan for 2013-14 projects income to be £227,197,000 before any growth in A&E demand.

The breakdown of 2012-13 income can be seen in the diagram below:

	£	%
A&E	168,286,527	80
PTS	27,003,592	13
GPOOHs	1,858,006	1
HART	2,926,164	1
Other	9,698,210	5

Expenditure

We spent £207,186,000 on revenue items in 2012-13 which is £9.348m higher than 2011-12 and was utilised as follows:

	£	%
Pay costs	145,184,000	70
Non-pay costs	49,051,000	24
Depreciation/ impairment	10,792,000	5
Dividend	2,159,000	1

A further breakdown of expenditure by type can be seen in the diagrams below:

Pay by expenditure type:

	%
A&E	75
PTS	12
Support Functions	13

Non-pay by expenditure type:

	%
Consumables	6
Insurance	6
IT	7
Estates	6
Transport	8
Travel	5
Vehicles	25
Depreciation/ Impairment	17

Cost Improvement Plans

We planned to achieve £10,285,000 savings in the year equating to 5% of our planned income. We achieved 95% of these savings recurrently in 2012-13. The balance was non-recurrent savings of £483,000 which will have to be found recurrently as part of the £10.9m cost improvement plan for 2013-14.

Capital Expenditure

The Trusts Capital Resource Limit (CRL) was set at £17,662,000 for 2012-13, which included £6,672,000 for the purchase of the headquarters at Springhill and £2,000,000 for a Hazardous Area Response Team (HART) building. We spent £15,655,637 on capital expenditure and received of £140,338 for assets sold, which had a net book value of £77,683. The net effect of this was a CRL undershoot of £2,084,000, £2m of which relates to the HART funding carried forward to 2013-14. We therefore achieved the target with an £84,000 underspend.

Cash / External Financing Limit (EFL)

The EFL is in effect a limit on the Trusts cash balance, restricting its use of external funding. This year there was an anticipated increased cash balance of £1,973,000 and therefore a reduction in the EFL of this amount. The difference between the closing and opening cash balance (£6,845,000 and £4,869,000 respectively) was £1,976,000 which meant the Trust had £3,000 more cash than planned and therefore undershot the EFL, thereby achieving this target. In addition, the EFL assumed that £2m would be received before the end of the financial year for the purchase of the new HART building. As this funding will now be received in 2013-14, there was an additional £2m technical undershoot of the EFL.

Capital Cost Absorption Duty

The Capital Cost Absorption Duty measures the return the Department of Health makes on its investment in the Trust and is set at 3.5% of the actual relevant net assets. The relevant assets at the start of the period were £62,378,000 and £60,928,000 at the end giving an average of £61,653,000. The public dividend capital reflected in the accounts was £2,159,000 which equates to 3.5% thereby achieving the target.

Better Payment Practice Code (BPPC)

Current trade creditors have reduced by £313,000 to £1,357,000 at the end of 2012-13. This improved performance is borne out by the associated improvements against the BPPC whereby the achievement of the target of invoices paid within 30 days has increased from 87% to 89%. A reduction in

the number of invoices processed due to streamlined invoicing procedures should see further improvement in 2013-14.

Charitable Funds

We have a Charitable Fund which is currently held in its own bank account and is separately accounted for. The aim is to use the fund for items and projects outside the normal scope of our budgets. We will be consolidating these funds into the Trust's accounts during 2013/14.