

Financial Plan 2015/16

7th May 2015



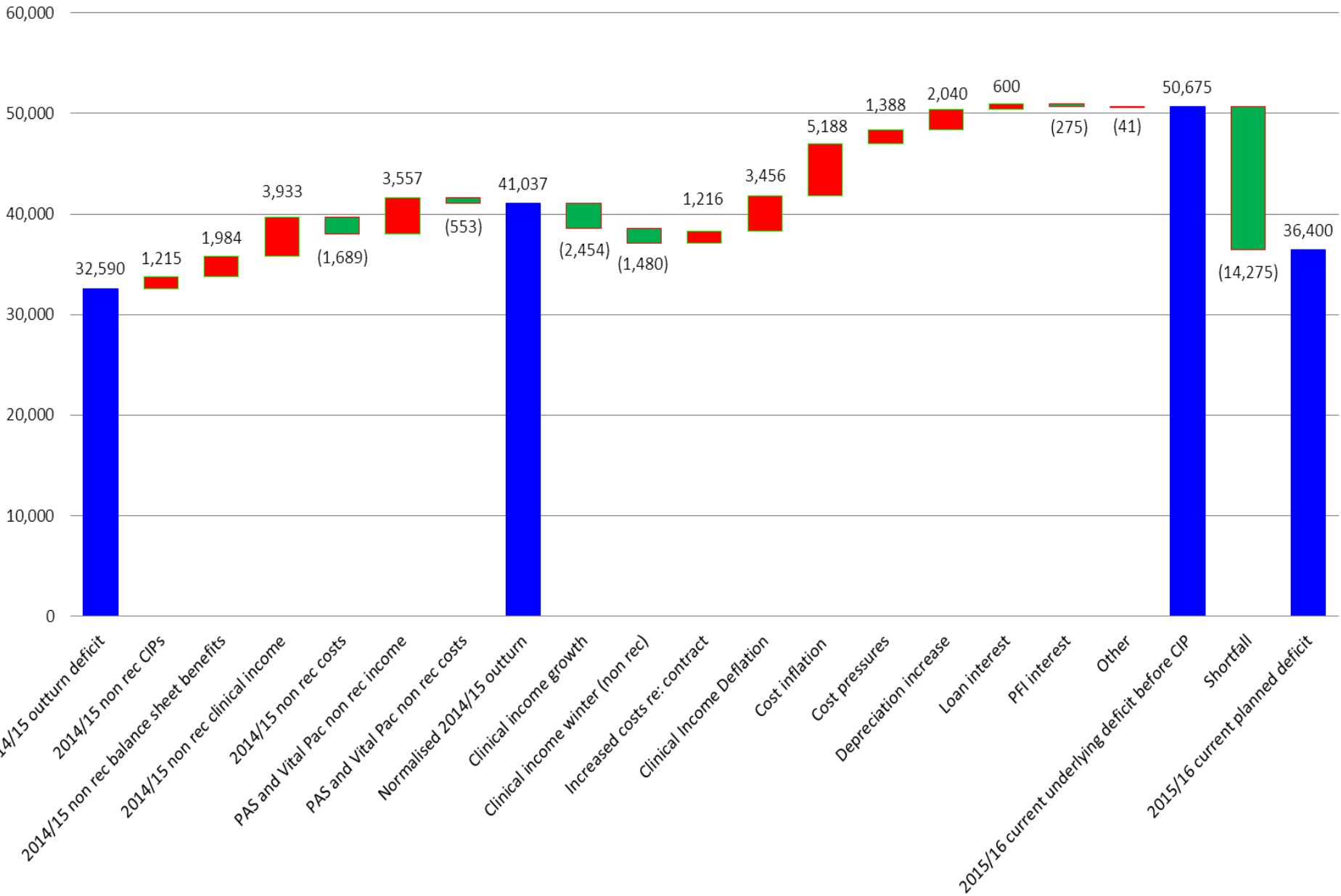
Objectives

- The objectives for today's discussion are:
 - Receive the updated underlying run rate bridge
 - Understand the assumptions, limitations and the likely 2015/16 outturn deficit before CIP
 - Understand what level of CIP target is achievable
 - Form a view on what level of deficit should be contained within the plan submission on 14th May 2015

Underlying run rate bridge

- Principles:
 - Health warning – this is the first attempt by SFH at a run rate bridge
 - Further refinement work required before full confidence obtained
 - 2014/15 actual outturn less identified non recurring items
 - Normalised 2014/15 outturn deficit of approx. £41M
 - Known and expected changes in income and cost for 2015/16
 - 2015/16 underlying deficit prior to CIP of approx. £51M
 - Shortfall between previous planned deficit approx. £15M

Bridge 2014/15 Outturn to 2015/16 Plan £000



Bridge details & assumptions - 2014/15

- **2014/15 Non Recurrent Balance Sheet Benefits £1,984K**
- Mostly released provisions
- £1,378K in forecast deficit
- £250K in 2014/15 plan

- **2014/15 Non Recurrent Clinical Income Benefit £3,933K**
- 2014/15 winter resilience £2,733, all included within forecast, £700K in plan
- Front door £1,200K, not included within forecast or plan

- **2014/15 Non Recurrent Costs £1,689K**
- Annual leave provision, consultancy, disputed property services costs, severance
- Not included within forecast or plan

- **PAS and Vital Pac income £3,557K, costs £553K**
- CCG income deferred from 2013/14 released from balance sheet
- £2,281K net benefit assumed in forecast, £1,587 assumed in plan

Bridge details & assumptions - 2015/16

- **Clinical Income growth £2,454K**
- Benefit from contract negotiations

- **Clinical Income Winter £1,480K**
- Resilience monies received 2014/15 and deferred to 2015/16

- **Increased costs re contract £1,216K**
- Assumed increased in urgent care costs associated with delivery of 2015/16 contract

- **Clinical Income Deflation £3,456K**
- Impact of tariff reductions on 2014/15 activity values

- **Cost Inflation £5,188K**
- Mostly pay award, CNST premium, unitary charge increases

- **Cost Pressures £1,388K**
- PAS, Vital Pac, Newark CT scanner

What level of CIP target is achievable?

- Confidence in delivery of the £14M identified schemes?
- Set achievable target based upon turnover, say 4%?
- 4% (£8.75M) results in 2015/16 expected deficit of approx. £42.25M