Turnaround Report
Board of Directors meeting – 08th September 2010

2010-11: £6M Cost Improvement Plan (F/cast YE Out-turn -£3.5M)

- £4.9M savings projects validated and managed by PMO. Current overall delivery risk: Green/Amber.

- Additional £1,721K of possible 2010-11 savings currently being assessed, to then be moved to PMO responsibility. Current overall delivery risk: Amber/ Red.

- Stretch targets for current PMO savings schemes currently assessed as £455K in year effect. Current overall delivery risk: Red.

- PMO systematically reviews and scrutinises departmental and Trust-wide savings projects, working closely with the Trust Finance team, which provides validation of savings values.

- PwC is completing the specification and validation of the four final savings projects for 2010-11: back office redesign, Audiology, Pharmacy & Pathology. Non-PBR savings are being progressed by the Finance Team and the Turnaround Director.

2011-12: £8M Cost Improvement Plan (F/cast YE out-turn +£3M)

- All clinical and non-clinical departments are involved in identifying savings opportunities, which they will 'own' as part of their departmental budgets for 2011-12. This is considered to be instrumental in the improvement in clinical and staff engagement within the Trust.

- Current identified departmental savings moving towards the required £8M savings target for 2011-12, subject to further exploratory work and validation by PwC and the Trust Finance team.

Work is progressing well in spite of holiday absence during a summer period of high levels of clinical activity within the Trust. A full presentation is being prepared by PwC on behalf of the Trust for the planned meeting with Monitor, the regulator of NHS Foundation Trusts, on 23rd September 2010. This report will include detailed confirmation of savings for 2010, planned savings for 2011-12, plus the financial projections of the Trust in terms of cash flows and point of break-even. For the year 2011-12 the Trust plans to generate a sustainable operating surplus of £3M.

The Trust Finance team, PwC, and the PMO are working carefully to ensure that savings are appropriately risk-managed, and analysed carefully to avoid double-counting.

Patient safety remains the over-arching consideration, and considerable care is taken to ensure that the Trust's high standard of patient care is never put under threat.

Present status indicates that savings for 2010-11 and 2011-12 remain fully consistent with the financial forecasts of the Trust. Current risk levels are deemed as acceptable, and expected to improve further over the coming weeks as the validation process completes.

2nd September 2010