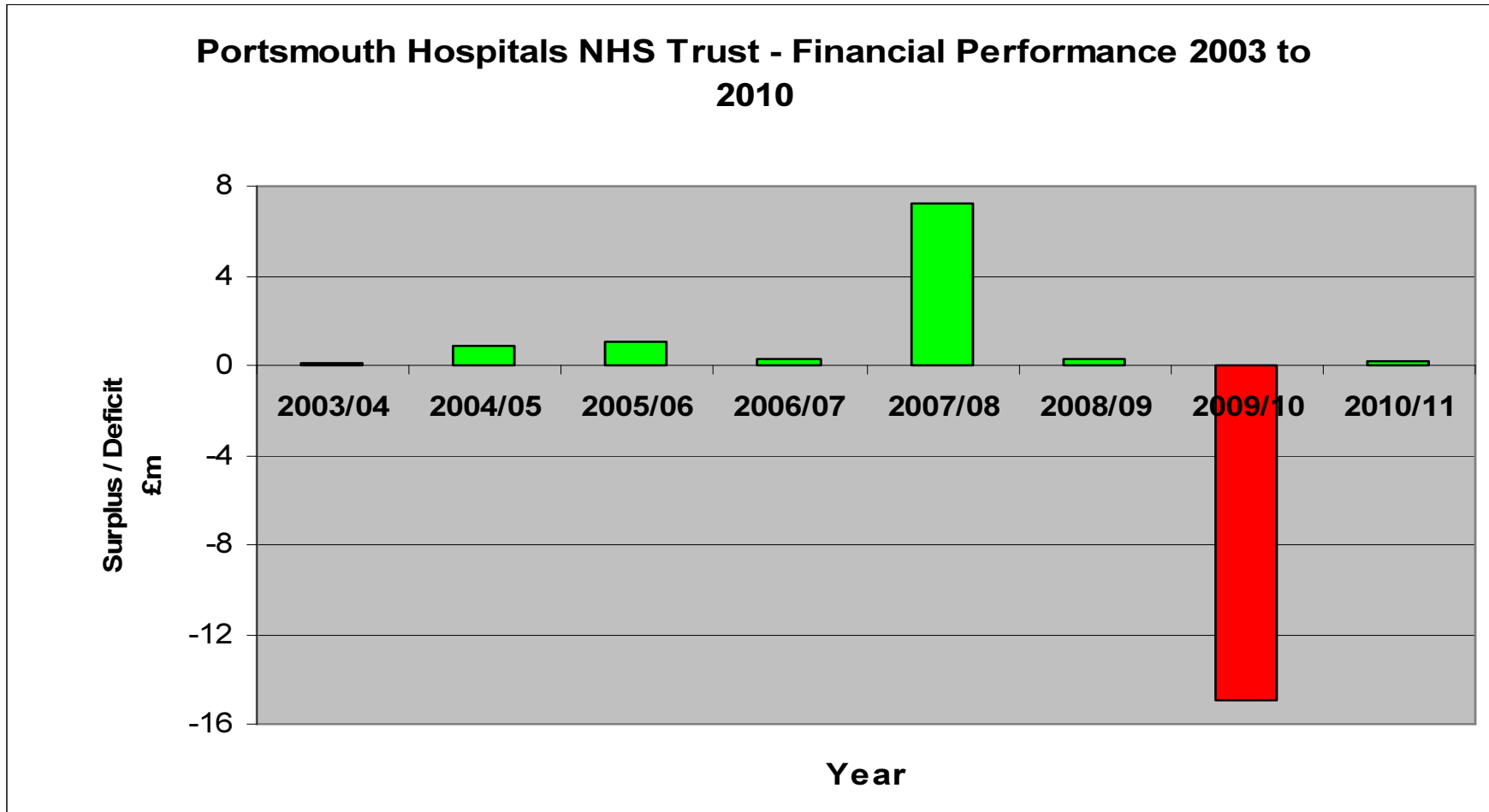


Portsmouth Hospitals NHS Trust

Health & Overview Scrutiny Panel - Finance Update

Steve Gooch – Deputy Director of Finance

Historic financial performance has generally been good...



## 2010/11 Financial Performance Summary

- **£159k surplus delivered on Income and Expenditure**
  - However significant amount of “one-off” income within this position
- **£31m of savings achieved**
  - This represents circa 7% of turnover
- **Major savings areas include:**
  - Workforce savings
  - Facilities/PFI savings
  - Theatre Productivity
  - Procurement
  - Length of Stay
  - Drugs savings

However – Financial outlook for 2011/12 is just as tough

### Why So Challenging?

- 1 **Underlying Financial Position of the Trust is weak**
  - Lots of “one off” income received in year – circa £18m
  - Underlying Deficit of circa £14m
- 2 **National Funding Settlement – very tough**
  - Prices (Tariff) reduced by 1.5%
  - Yet costs will rise by 2.5% (e.g. pay awards, increments, NI, VAT, inflation)
- 3 **PCT's with financial pressures = Demand Management**
  - Total schemes of £11m – this represents less income
  - PHT left with expensive fixed costs associated with hospital premises

**Outcome is a savings target for 2011/12 of £30.5m.**

# Key Financial Challenges for 2011/12

## 1 **Achieving Financial Balance**

- Break-even is the target for 2011/12 with surplus required from 2012/13

## 2 **Delivery of Internal Savings Plan**

- £25m internal plan
- Voluntary redundancy programme
- Focus on income opportunities (non-PCT)
- Estate rationalisation
- Improved clinical productivity

## 3 **Support delivery of Demand Management Schemes**

- £11m of schemes in total
- Some of which require positive action by hospital