

## FINANCIAL OUTLOOK 2009/10

### Purpose of the Report

This report has been issued to update the Board on:

- Current assumptions for the level of resources that the PCT will have available in 2009/10.
- The high level application of these resources.

### Context

PCT allocations for 2009/10 and 2010/11 were published alongside the Operating Framework in December 2008. Alongside this, NHS organisations were told that they would only be permitted to spend £400 million of the forecast £1.7 billion surplus in 2009/10. This represents less than 25% of the total surplus generated across the whole NHS.

### Sources of Funding

The planned resource limit of the PCT is laid out in the table below.

	£'000
2008-09 recurrent allocation for the relevant population	640,065
Confirmed adjustments to allocation	(1,103)
Anticipated non-recurrent adjustments	(7,944)
Return of 08/09 surplus	1,900
Growth (5.5%)	35,145
<b>Total Resource Limit 2009/10</b>	<b>668,063</b>

The assumptions underlying this figure are:

- The PCT will have all of its 2008/09 surplus returned.
- Certain non-recurrent adjustments happen each year, for example, the dental allocation and the MFF adjustment. These figures are unknown at this stage, but are assumed to be at the same level as 2008/09 figures.

## Application of funds

The PCT's financial strategy outlined the high level financial plan for 2009/10 and beyond. At the initial planning stage, growth for 2009/10 was assumed to be 6.3%. The actual level of growth for this year is 5.5%.

As a result of this planned investment in Strategic Initiatives has been reduced in 2009/10. However, over the next few years the PCT expects to invest in Strategic Initiatives at the total level stated in the financial strategy.

The broad application of funds for 2009/10 is shown in the table below.

	£'000
Baseline Expenditure	632,667
Inflation	17,900
Joint Commissioning	6,000
Population Growth	500
Strategic Initiatives	15,700
PCT Infrastructure	2,500
Contingency	3,340
<b>Total Expenditure</b>	<b>678,607</b>

The current planning assumptions would over-commit the PCT by £10.5 million. However, the PCT has identified savings of £13.9 million which will be generated in 2009/10 from its strategic investments.

This is outlined in the table below.

	£'000
Total Resources	668,063
Total Expenditure	678,607
Surplus/(deficit) before savings	(10,544)
Savings from Strategic Initiatives	13,884
Surplus/(Deficit)	3,340
Surplus target	3,340
Distance from target	(0)

The surplus target is 0.5% of the PCT's anticipated Resource Limit.

## Recommendation

The Trust Board is asked to note the content of the report.