TRUST BOARD

Date of Meeting: 25/06/2013	**Agenda Item No:** 8.1	**Enclosure:** 14
Intended Outcome:		
For noting	**For information**	**For decision** ✓

Title of Report:

Interim Director of Finance Report

Aims:

This report provides an update on the financial performance of the Trust.

Executive Summary:

1. Section 1 is the month 2 finance report for 2013/14 The Trust has achieved a £102,000 surplus for the first two months of the year, which is £58,000 less than plan.

2. Section 2 is the Business Case for the upgrade of all mammography equipment from analogue to digital a key requirement in the Age Extension of the Breast Screening Programme. The Capital equipment cost requires Trust Board Approval.

3. Section 3 is a proposed amendment to the Healthcare Travel Cost Scheme.

Specific implications and links to the Trust's Strategic Aims:	
We deliver excellent clinical outcomes along closely integrated pathways	✓
We provide excellent patient-centred services	✓
We deliver excellence in safety, quality and regulatory compliance	✓
We deliver efficient care and work within budgets	✓

Recommendations:

The Trust Board is asked to **APPROVE** the contents of this report and note the Trusts financial performance for month 2 of 2013/14.

Prepared by:	**Presented by:**
Eric Gardiner, Deputy Director of Finance	Steve Shanahan, Interim Director of Finance

SECTION 1: MONTH 2 FINANCE REPORT

Executive Summary

This section informs the Board of the Trust's financial position for the period 1 April 2013 to 31 May 2013.

1. The Trust has achieved a surplus of £102k after technical adjustments against a planned surplus of £160k at the end of May.

2. In order to report a surplus, the Trust has phased in 19% (£3.9m) of the £20m of strategic support funding in line with the plan. If profiled evenly only 17% (£3.3m) would have been phased in to date.

3. Two twelfths of the £6.3m CIP support has been phased in at M02.

4. The Trust has agreed contract values with all commissioners and the Trust has signed the contract with Cumbria CCG.

5. The Trust is discussing the strategic support funding with the NTDA and imminently expects confirmation of the first £10m funding, based on an acquisition date of October 2013.

6. Daycase and Elective activity has increased in month with 267 additional spells being undertaken in the month compared to April. A&E and Non-Elective activity has also remained high in the month.

7. Pay costs are above plan by £597k due to nursing and agency costs being higher than plan with additional capacity being opened.

8. Non-pay is above plan by £311k due to CIP not being delivered and is £274k more than the average monthly expenditure last year.

9. Cash management and the Trust's liquidity continue to be a key concern in 2013/14.

10. The Better Payment Practice Code compliance will continue to underperform due to the on-going liquidity issues.

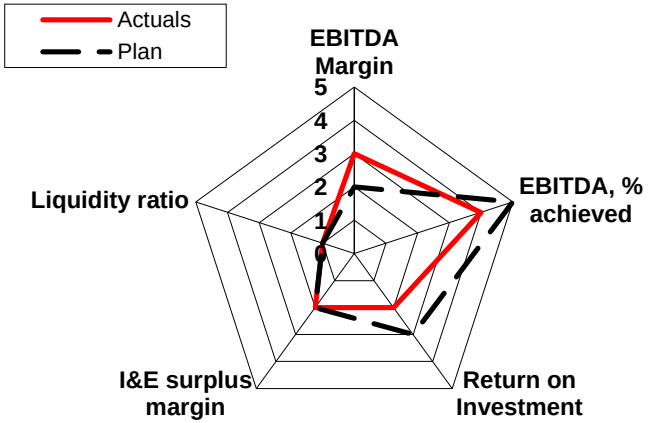
The report contains information on the following:

- *Statements on the Trust's overall I&E position*
- *Details about commissioning income and activity*
- *Performance against savings target*

Month 02 : May 2013
Statement of Comprehensive Income (Income & Expenditure Account)

	Annual Budget	Current Month			YTD		
		Plan	Actual	Variance	Budget	Actual	Variance
	£000	£000	£000	£000	£000	£000	£000
NHS Clinical Income	212,648	18,130	18,419	289	35,921	36,866	945
Other Clinical Income	1,657	138	153	15	276	302	26
Training & Education	7,030	601	598	(3)	1,177	1,154	(23)
Other Income	9,656	710	781	71	1,421	1,463	42
PFI Support	6,300	525	525	0	1,050	1,050	0
Total Income	**237,292**	**20,103**	**20,475**	**371**	**39,845**	**40,835**	**990**
Pay	(143,078)	(12,300)	(12,614)	(315)	(24,563)	(25,159)	(597)
Non-Pay	(72,884)	(6,452)	(6,534)	(82)	(12,706)	(13,017)	(311)
Reserves	(4,777)	5	(25)	(30)	176	(25)	(201)
Total Operating Expenses	**(220,740)**	**(18,747)**	**(19,173)**	**(427)**	**(37,093)**	**(38,201)**	**(1,109)**
EBITDA	**16,552**	**1,357**	**1,302**	**(55)**	**2,752**	**2,634**	**(118)**
Capital Charges / Impairments	(9,297)	(775)	(767)	8	(1,550)	(1,533)	16
Interest	(6,313)	(526)	(524)	2	(1,052)	(1,046)	7
Adjustment for Donated Assets	58	5	42	37	10	47	37
Income less Expenditure	**1,000**	**61**	**53**	**(8)**	**160**	**102**	**(58)**
IFRIC 12 / Dual Accounting	0	21	0	(21)	0	0	0
TRUST SURPLUS / (DEFICIT)	**1,000**	**82**	**53**	**(29)**	**160**	**102**	**(58)**

Financial Risk Rating



- The Trust is reporting surplus at the end of May of £102k against a plan of £160k.
- Commissioning income was £0.3m above plan in month with YTD being £0.9m above plan. Details of this are on page 4.
- Income includes £6.3 of PFI support and £20m of strategic support.
- Strategic Support has been phased into the budget in line with the plan. It is £555k higher than an even profiling of the funding and reflects the profiling of CIP.
- The PFI support is phased in equal twelfths and is £1.1m at M02.
- Pay expenditure was £12.6m, £0.1m more than in April. Agency expenditure was £1.1m in month and stands at £2m for the year.
- Non-pay expenditure remained at £6.5m for the second month, £0.3m more than the average for 12/13.
- The Trust's liquidity remains at 1 and the EBITDA % achieved remains at 4 with the overall Financial Risk Rating (FRR) remaining at 2.

Statement of Financial Position (Balance Sheet)

	Opening Balance 01-Apr-13 £000	Closing Balance 31-May-13 £000	Movement in Current Period £000
NON-CURRENT ASSETS:			
Property, Plant and Equipment	124,931	129,687	2,926
Intangible Assets	553	554	(13)
Trade and Other Receivables	3,274	3,585	130
TOTAL NON-CURRENT ASSETS	**128,758**	**133,826**	**3,042**
CURRENT ASSETS:			
Inventories	3,839	3,895	110
Trade and Other Receivables	5,607	17,191	2,206
Cash and cash equivalents	2,320	1,998	(3,189)
CURRENT ASSETS	**11,766**	**23,084**	**(873)**
TOTAL CURRENT ASSETS	**11,766**	**23,084**	**(873)**
TOTAL ASSETS	**140,524**	**156,910**	**2,169**
CURRENT LIABILITIES:			
NHS Trade Payables	(1,025)	(4,322)	276
Non-NHS Trade Revenue Payables	(5,920)	(9,502)	(563)
Non-NHS Trade Capital Payables	(3,681)	(3,492)	(1,017)
Other Liabilities	(11,213)	(16,447)	1,320
DH Working Capital Loan Principal Repayments	(856)	(856)	0
Borrowings	(1,681)	(1,521)	94
Provisions for Liabilities and Charges	(1,897)	(2,624)	(792)
TOTAL CURRENT LIABILITIES	**(26,273)**	**(38,764)**	**(681)**
NET CURRENT ASSETS/(LIABILITIES)	**(14,507)**	**(15,680)**	**(1,554)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**114,251**	**118,146**	**1,488**
NON-CURRENT LIABILITIES			
Borrowings	(51,135)	(50,804)	166
DH Working Capital Loan Principal Repayments	(6,850)	(6,850)	0
Provisions for Liabilities and Charges	(3,287)	(3,288)	28
TOTAL NON- CURRENT LIABILITIES	**(61,272)**	**(60,941)**	**194**
TOTAL ASSETS EMPLOYED	**52,979**	**57,205**	**1,682**
FINANCED BY TAXPAYERS EQUITY:			
Public Dividend Capital	68,198	72,368	1,670
Retained Earnings	(20,832)	(20,774)	14
Revaluation Reserve	5,613	5,611	(2)
TOTAL TAXPAYERS EQUITY	**52,979**	**57,205**	**1,682**
Cash in OPG accounts	2,316	1,994	(3,189)

- Inventory levels increased by £110k in May with the movement almost entirely in Pharmacy.
- Current receivables increased by £2,206k. The increase was mainly in NHS receivables and is due to a catch up with invoicing arrangements in the new financial year with the new NHS bodies that the Trust contracts with.
- The Trust's cash position reduced by £3,187k in May. There were 5 creditor payment runs in May and the Trust paid as many of its creditors as possible with the cash it had available in the month. The cash balance remaining includes the Equal Value cash (£1.7m). The cash position continues to be very tight which is being reflected in the poor BPPC performance.
- Current liabilities increased by £681k in May. This was driven by the increase in the payment due to Laing O'Rourke for work completed on the WCH Redevelopment in the month.
- The Trust continues to manage its cash position very carefully and the level of payables is likely to increase unless the Trust's income levels increase or its expenditure reduces.

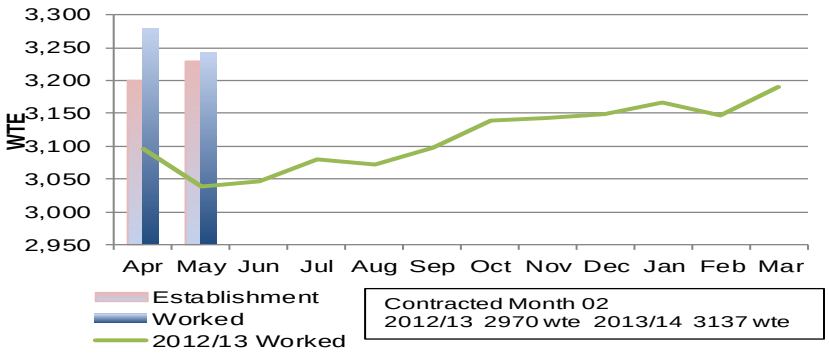
Clinical Activity and Income Analysis

	Activity				Value			
		Year to date				Year to date		
	Annual plan	Plan	Actual	Variance	Annual plan £000	Plan £000	Actual £000	Var £000
Day Cases	27,867	4,699	4,771	72	20,130	3,394	3,298	(95)
Electives	7,501	1,265	1,132	(133)	19,274	3,110	2,701	(409)
Non-Electives	29,699	4,963	5,170	207	54,156	9,008	9,669	661
Excess Bed Days	11,921	1,994	2,492	498	2,692	450	555	104
Outpatients FA	63,508	10,709	10,143	(566)	9,543	1,609	1,472	(136)
Outpatients FUP	108,320	18,266	17,632	(634)	9,639	1,625	1,778	153
Outpatient Procedures	53,696	9,055	11,156	2,101	8,067	1,360	1,740	380
OPats Diagnostic Imaging	25,541	4,307	5,664	1,357	2,511	423	537	114
A&E	76,673	12,814	12,833	19	7,841	1,310	1,273	(37)
Appliances					2,272	379	423	44
Critical Care	4,374	731	703	(28)	5,184	866	823	(44)
Maternity Services	75,627	12,675	11,637	(1,038)	11,671	1,954	1,949	(4)
Direct Access	3,060,220	516,037	549,541	33,504	8,334	1,405	1,481	76
Other	51,521	8,624	8,628	3	11,936	1,879	1,832	(47)
PbR Excl Drugs					13,234	2,232	2,406	175
SCBU	3,965	663	704	41	1,936	324	352	28
CQUIN					4,228	705	689	(16)
Strategic Support					20,000	3,888	3,888	
TOTAL					**212,648**	**35,920**	**36,866**	**946**

- NHS Clinical Income is ahead of plan by £0.9m as at the end of May including CIP.
- Day case activity is above plan but actual income is below planned levels due to lower than planned casemix.
- Elective activity is 133 spells below plan and this has resulted in an income under performance of £409k. The under performance continues to relate mainly to Trauma and Orthopaedics. Other areas currently under planned levels include General Surgery, Oral Surgery, General Medicine and Cardiology. Elective activity volumes did increase in month with average income per spell increasing from £2,300 in April to £2,500 in May.
- Non elective activity is above plan (207 spells) resulting in an income over performance of £661k with activity volumes remaining high. The main areas above planned income levels include Geriatric Medicine, Paediatrics, General Surgery and General Medicine.
- Outpatients are above plan by 901 attendances. The income over performance of £397k is driven by increasing levels of outpatient procedure activity.
- A&E activity remains high although the casemix has fallen behind plan.
- Other areas where income levels are ahead of plan include Excess Bed Days, Direct Access and PbR Excluded Drugs.

Expenditure

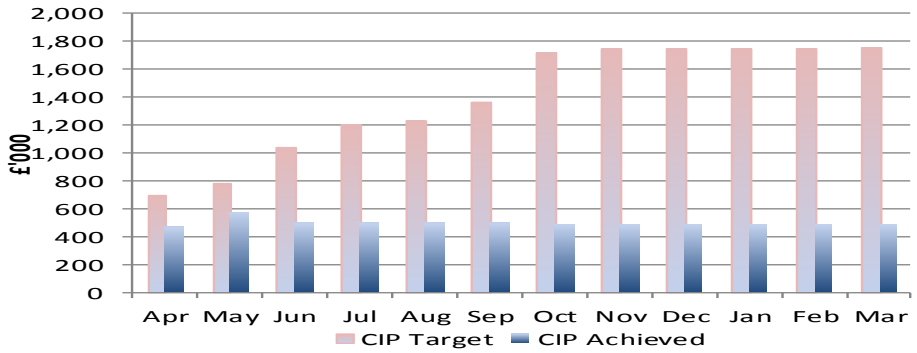
Pay Analysis	Current Month				YTD			
	Budget £000	Actual £000	Var £000	Var %	Budget £000	Actual £000	Var £000	Var %
Consultants	(1,707)	(1,539)	168	-9.8%	(3,361)	(3,044)	317	-9.4%
Other Medical Staff	(1,473)	(1,574)	(102)	6.9%	(2,937)	(3,127)	(190)	6.5%
Nursing	(4,023)	(4,000)	22	-0.6%	(8,062)	(8,236)	(174)	2.2%
Scientific & Technical	(1,517)	(1,534)	(16)	1.1%	(3,011)	(2,940)	71	-2.4%
Admin & Management	(1,708)	(1,717)	(9)	0.6%	(3,411)	(3,417)	(6)	0.2%
Other	(1,174)	(1,180)	(6)	0.5%	(2,366)	(2,396)	(29)	1.2%
Agency	(761)	(1,070)	(310)	40.7%	(1,538)	(2,000)	(462)	30.1%
Unidentified CIP	62	0	(62)	-100.0%	124	0	(124)	-100.0%
TOTAL	**(12,300)**	**(12,614)**	**(315)**	**2.6%**	**(24,563)**	**(25,159)**	**(597)**	**2.4%**



Non Pay Analysis	Current Month				YTD			
	Budget £000	Actual £000	Var £000	Var %	Budget £000	Actual £000	Var £000	Var %
Drugs	(1,807)	(1,873)	(66)	-3.7%	(3,679)	(3,788)	(109)	-3.0%
Clinical Supplies	(1,685)	(1,653)	32	1.9%	(3,329)	(3,336)	(8)	-0.2%
General Supplies	(181)	(184)	(3)	-1.6%	(230)	(360)	(130)	-56.7%
Premises and Plant	(718)	(723)	(5)	-0.8%	(1,629)	(1,523)	105	6.5%
PFI	(862)	(922)	(60)	-7.0%	(1,724)	(1,797)	(74)	-4.3%
Establishment & Other	(1,198)	(1,178)	20	1.6%	(2,116)	(2,212)	(96)	-4.5%
Total	**(6,453)**	**(6,534)**	**(82)**	-1.3%	**(12,707)**	**(13,017)**	**(311)**	-2.4%

- Pay expenditure in May was £12.6m, an increase of £0.1m compared to April.
- Significant pay cost pressures remain in the Trust, with agency costs remaining high at £1,070k in the month, an increase of £140k from April, the majority of which relates to an increase in consultant staffing in the Emergency Surgery and Elective Care Business Unit.
- Nursing costs have decreased by £236k since April with the majority of the decrease being in the Emergency Care and Medicine Business Unit.
- WTEs worked have decreased in the month to 3,243 from 3,279 i April.
- Non pay spend in May was £6.5m. This is £274k more than the average spend in 2012/13.
- The CIPs for the year have been allocated to the cost categories i M02. The overspend before factoring in CIP is £132k.
- The CIPs relating to collaborative procurement have not been achieved in month or year to date. These were planned at £66k per month.
- Drugs' spend decreased in the month by £42k and related mainly to PbR drugs.
- Spend on appliances and implants reduced by £57k from April an is £30k less than the average for 12/13. However, elective Trauma & Orthopaedic activity is behind plan but did improve in May with a richer casemix being undertaken.

CIP by Month



CIP by Business Unit

Business Unit	Month 2			YTD			Full Year
	Plan £000	Actual £000	Var £000	Plan £000	Actual £000	Var £000	Plan £000
Emergency Care & Medicine	210	135	(75)	411	253	(158)	3,709
Emergency Surgery & Elective Care	296	218	(78)	509	419	(90)	5,584
Clinical Support Services	87	85	(2)	173	169	(4)	1,420
Paediatrics	23	15	(8)	47	24	(22)	289
Corporate	71	0	(71)	142	0	(142)	2,124
Estates	41	67	26	83	69	(14)	589
Full Year Effect 12/13	58	117	59	117	117	0	701
Unidentified	4	0	(4)	7		(7)	2,385
Total	**790**	**636**	**(154)**	**1,488**	**1,051**	**(437)**	**16,800**

CIP by Theme

CIP Theme	Month 2			YTD			Full Year
	Plan £000	Actual £000	Var £000	Plan £000	Actual £000	Var £000	Plan £000
Business Unit Efficiency	68	134	66	113	171	57	3,694
Clinical Best Practice	108	8	(99)	175	17	(158)	1,554
Contractual Healthcare	405	376	(29)	810	746	(63)	4,862
Corporate	118	0	(118)	237	0	(237)	2,606
Staffing - Service Best Fit	29	0	(29)	30	0	(29)	853
Pre-Acquisition	0	0	0	0	0	0	146
Full Year Effect 12/13	58	117	59	117	117	0	701
Unidentified	4	0	(4)	7	0	(7)	2,385
Total	**790**	**636**	**(154)**	**1,488**	**1,051**	**(437)**	**16,800**

- The CIP target for 2013/14 is £16.8m with £790k being profiled into Month 2.
- At Month 2 £636k has been achieved in month bringing the year to date total to £1,051k.
- The shortfall year to date against CIP plan is £437k with £154k relating to Month 2.
- All identified CIP plans have now been actioned. The identified CIP plans have been moved to the relevant cost category, leaving only the unidentified CIP being shown separately in the budgets.
- The largest single scheme with a shortfall is the collaborative procurement CIP at £133k. The Trust is continuing to work with Accenture to identify and deliver Procurement savings. The timescales have slipped, but the project should still deliver recurrent non-pay savings.
- Slippage on clinical best practice includes the non-achievement of best practice tariffs and improved A&E coding.
- Details of plan shortfalls are included on the next page

CIP Shortfall by Business Unit

Scheme Description	Variance YTD
Emergency Care & Medicine	
A&E Coding	(50)
Best Practice Tariff - Acute Stroke	(39)
2% non pay challenge	(25)
Outpaitent new to review	(21)
First Outpatient appointment after emergency admission	(17)
Total	**(152)**
Emergency Surgery & Elective Care	
Staffing Best Fit - Maternity	(29)
Outpaitent new to review	(26)
BPT - Day cases and same day emergency care	(33)
Oral Dental Chair	(13)
Total	**(101)**
Estates & Facilities	
SLA with Partnership	(67)
Carbon Reduction	(12)
Rates Rebate	69
Total	**(10)**
Paediatrics	
SCBU fixed/variable	(11)
BPT Diabeties	(12)
Total	**(23)**
Corporate	
Collaborative Procurement	(133)
Minor Schemes	(18)
Total	**(151)**

CIP due to start next month

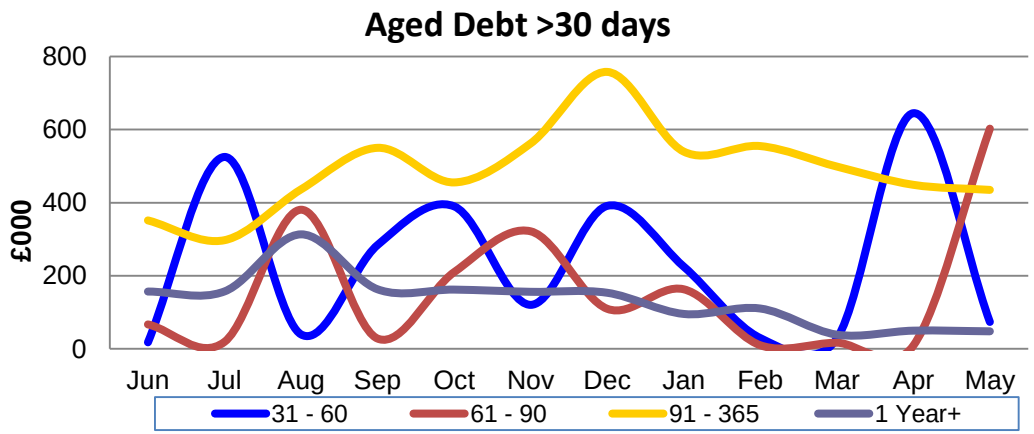
New schemes due to start in June

Business Unit	M03 £000	2013/14 £000
Clinical Support		
Medicines Management	17	167
Community Ultrasound	8	150
2% non pay challenge	3	25
Emergency Surgery & Elective		
Theatre Efficiency	83	833
2% non pay challenge	22	220
Emergency Care & Medicine		
Dermatology additional consultant	6	71
2% non pay challenge	13	150
Estates & Facilities		
Carbon reduction	7	72
Total	**159**	**1,688**

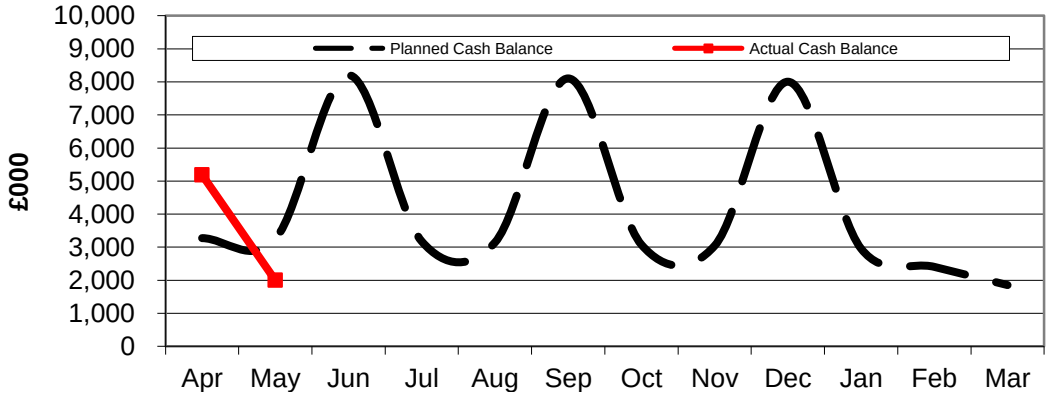
- Emergency Care & Medicine is the business unit with the biggest shortfall of £152k year to date, closely followed by corporate at £151k.
- A&E coding has slipped by £50k due to the lack of availability of clinical coders. Additional clinical coders are being recruited.
- Improvement in the Best Practice Tariff (BPT) relating to stroke will commence in June following the appointment of 2 nurse specialists.
- For the 2% non-pay challenge a generic PID is being produced for June.
- A review of new to follow up ratios will be agreed with the commissioner after quarter 1. The income figures currently assume that we will achieve the plan.
- BPT day case & same day emergency care requires monitoring to be set up. This will be developed over the coming weeks.
- The negotiations with the Partnership Trust are on-going and the methodologies of the approach are being compared to Northumbria's to ensure there is consistency of approach.
- The carbon reduction CIP is being reviewed to ensure it is viable and will deliver as originally forecast.
- The Trust received a rates rebate in Month 2 and this has been actioned as a CIP.
- Income continues to improve in SCBU as activity is accurately recorded and the CIP should therefore be delivered in June.
- Schemes identified to start in Month 3 are shown in the second table and work is being carried out within the business units to ensure they deliver as planned.

Better Payment Practice Code

	Non NHS		NHS	
BPPC: Target 95%	**May-13**	**YTD**	**May-13**	**YTD**
Number of Invoices				
Total Invoices paid in the year	3,749	8,307	213	309
Total Invoices paid within target	703	1,449	50	94
% of bills paid within target (number)	**18.8%**	**17.4%**	**23.5%**	**30.4%**
Value of Invoices £000s				
Total bills paid in the year	9,590	23,243	2,011	3,374
Total bills paid within target	4,083	14,116	1,116	2,342
% of bills paid within target (value)	**42.6%**	**60.7%**	**55.5%**	**69.4%**



Cash Flow



- The Trust continues to underperform against the Better Payment Practice Code (BPPC). Performance in May continued to be particularly poor for the number of invoices paid within target although the value paid within target also deteriorated in the month.

- The Trust will not achieve any of the four BPPC targets in 2013/14.

- There was very little movement in the total level of debt older than 30 days in May although there was a significant movement between debt aged 31 – 60 days and 61 – 90 days overdue. This was due to amounts owed by Cumbria Partnership and the Department of Health.

- The amount owed by the Department of Health (DH) relates to Radiotherapy Innovation Funds. Although the Trust has spent a large proportion of these funds which were allocated following a successful bidding process, it has not put everything in place as yet. The DH requires very detailed evidence of the expenditure before it will release the funding.

- The Trust drew down Public Dividend Capital (PDC) of £1.67m in May as part of the WCH Redevelopment scheme.

- The Trust's cash position at the end of April was £2.0m. This was lower than planned and is due to the Trust's efforts to reduce the level of outstanding invoices as much as possible.

- The cash balances throughout 2013/14 include the cash received for the Equal Value back to back debtor in March. The balances peak in June, September and December as the Trust has agreed with the Cumbria CCG that it will draw down cash in advance in order to facilitate paying HMC on the first working day of the quarter.

Capital Expenditure

	Original Budget £000	May-13 £000	Year To Date £000
Medical Equipment			
Haemosys Reporting System			25
Radiotherapy Upgrade			2
Medstrom 50 beds			40
Various Medical Equipment	5,250		
Sub total Medical Equipment	**5,250**	**0**	**67**
Major Schemes			
PFI Lifecycle Additions	2,727		
WCH Redevelopment	43,011	3,442	5,729
Sub total Major Schemes	**45,738**	**3,442**	**5,729**
IM&T			
Various IM&T Schemes	100	14	42
Sub total IM&T	**100**	**14**	**42**
Minor Schemes			
Carbon Reduction			8
PCI Corridor		108	108
Various Minor Schemes	500	10	10
Sub total Other Schemes	**500**	**118**	**126**
Contingency	170		0
Totals	**51,758**	**3,574**	**5,964**
Capital Resource Limit	**51,528**		
Funded by Charitable Funds	**230**		
(Over) / Undershoot against CRL	**0**		

- Capital expenditure remains low year to date. The Clinical Business Units are currently prioritising their capital requirements in order to facilitate finalising 2013/14 capital plans. Expenditure is expected to increase when the plan is approved.

- Included in the forecast budgets is an estimated £230k contribution from Charitable Funds.

- The planned expenditure on the WCH Redevelopment is £43,011k which will be funded by PDC from the DoH. Expenditure at the end of May is £5,729k which is lower than plan but this is expected to recover through the summer months. The Trust has drawn down £4,170k of PDC from DH for the project and has requested £2,720k in June.

- PFI Lifecycle expenditure is an estimate and remains difficult to predict. A quarterly update from HMC is expected towards the end of June. The Trust is discussing how the lifecycle costs will be spent with HMC.
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SECTION 2: Digital Mammography Business Case

Background

The National Health Service Breast Screening Programme (NHSBSP) was established in 1988, and uses mammography to detect breast cancer at an early stage. Screening for breast cancer by mammography has been shown to reduce mortality by up to 25% among women aged 50 -70 years. The Cancer Reform Strategy (CRS, DoH 2007) announced that from 2012 the NHS Breast Screening Programme would be extended to cover women between the ages of 47 and 73. This means that all women will potentially receive two extra screening invitations in their lifetime. The CRS stated that this age extension would be rolled out in parallel with breast imaging conversion from analogue (film-based) systems to digital (Picture Archiving Communication and IT Network reliant Systems.)

The NHS Operating Framework (DoH 2009) clarified this commitment to extending the age range. Screening programmes should be routinely inviting women until they are 73 by 2016. An essential qualifying criterion for Age Expansion is Full Field Digital Mammography Equipment (FFDM). The Operating Framework for the NHS in England 2011/12 stated that commissioners should ensure that all screening services continue to take part in the breast screening age extension randomisation project, either screening women aged 47-49 or 71-73, depending on the randomisation protocol.

Breast Screening Programmes are subject to scrutiny by the Quality Assurance Reference Centres (QARC). The most recent action plan from the external Quality Assurance visit report in March 2012 stated that age extension should begin 6 months after round 7 was back on schedule, which was achieved in December 2012.To meet this requirement the Trust must be ready to commence the extension from the beginning of July 2013. An essential qualifying criterion for Age Expansion is Full Field Digital Mammography Equipment (FFDM). Commissioners of the local breast screening programme have pledged their commitment to this and have agreed to provide the funding through Newcastle Hospitals NHS Foundation Trust (NuTH)..

The Cancer Reform Strategy (CRS) noted that breast screening mammography is the last area of imaging in the NHS where film is still routinely used. Hence the CRS outlined the need for screening centres to convert to Digital in line with the Age Extension. There are several patient and operational benefits to replacing the equipment with full field digital mammography (FFDM) and the associated digital infrastructure.

For the Patient

- Digital Mammography (DM) has the potential to reduce the time taken for women to get their screening results and reduces the number of women recalled for technical reasons. Images are less likely to be repeated on grounds of brightness/contrast definition as these can be manipulated via software controls. Images are viewed by the radiographers instantly and so are able to make an immediate decision if the images are technically acceptable
- DM results in fewer additional views and fewer benign biopsies
- DM produces high quality images with less dose of ionising radiation.

- DM benefits the environment and staff working within that environment through a reduced radiation dose compared to film/chemistry systems. No hazardous chemicals are used; film storage is not required; film and chemical waste disposal is not required.
- DM is more sensitive in the premenopausal women and more able to identify disease in the denser breast tissue of this group.

Operational

- DM allows the image to be incorporated into a Picture Archiving and Communications System (PACS) for reporting from a high resolution monitor which can improve the radiologist's ability to interpret the breast tissue.
- DM images transferred electronically across single or multiple organisations via PACS with potential for remote work stations and thus less travel between installations.
- DM images can be accessed by several remotely sited reviewers at the same time via PACS thus facilitating better multi-disciplinary opinions.
- A DM breast imaging service will provide improved business opportunities post acquisition.
- DM will benefit equally the symptomatic breast service

Case for Change

If the Trust continues to be a provider of breast services then breast imaging must become digital. All mammography equipment within NCUH is currently analogue, 10 years old, and at the end of its useful life and not fit for economical repair. Film / chemistry systems constitute a risk to the service in terms of diminishing availability, reliability and increasing cost. The second annual report of the CRS (2009) noted that the Advisory Committee on Breast Cancer screening (ACBCS) has recommended that no new analogue kit is purchased and there are cost implications of running analogue and digital together, so full conversion is recommended.

The Trust considered that there were only two options for consideration. Option One was for the Trust not to implement digital mammography for breast imaging which would provide the minimum that is specified in the CRS. Option Two was the full implementation of DM replacing (all) analogue systems used in the symptomatic service with FFDM and associated Picture Archiving and Communication System (PACS) integrated network infrastructure. It is a given that NUTH will replace the three analogue machines required for the breast screening service.

Option Two was recommended as it supported the recommendations in the Cancer Reform Strategy and those from the National Breast Screening Quality Reference Centre (QARC) and will deliver improvements in breast imaging services and mitigate the risks of the long term sustainability of the wider breast service that includes Breast surgery.

The business case requires investment of £521k in capital, and is forecast to generate an additional £77k contribution before capital charges and depreciation in year 2 (full year effect).

Capital Cost Summary

Table 1 below shows the capital investment required to be made by both Newcastle and the Trust. The maintenance and other revenue consequences pertaining to the symptomatic part of the service have been recognised. These costs have been included in the income and expenditure summary in Table 2. The Breast Screening SLA with Newcastle needs renegotiating to include the additional revenue costs associated with age expansion.

Table 1

		Cost to NUTH		Cost to NCUHT	
			CAPITAL		CAPITAL
	Price £	Qty	Cost (inc VAT)	Qty	Cost (inc VAT)
Selenia Dimensions 8000 2D	**155,789**	3	560,842	2	373,895
Affirm Breast Biopsy Guidance	**31,950**	2	76,680	0	0
Selenia Dimensions Biopsy License	**9,950**	1	11,940	0	0
KIT, FMI, SDM UPGRADE FROM 2D TO 3D	**75,000**	1	90,000	0	0
Trident Specimen Cabinet	**0**	1	0	0	0
Dimensions Paddle Racks	**0**	11	0	0	0
Workstations - reporting	**41,348**	3	148,852	2	99,234
Workstation -viewing		2	47,472	0	0
PACS storage (figures from NUTH)			26,634		0
Data transfer - image link Newcastle (set up)			10,800		0
Facilities (50:50 split)			47,731		47,731
Totals			**1,020,950**		**520,860**

Revenue Cost Summary

Table 2 shows the income and expenditure likely to be generated/incurred by the additional 89 conversions per year to the symptomatic service, and the additional revenue consequences of replacing the equipment with full field digital mammography equipment. The expected income year 1 is at 2013/14 PBR tariff plus MFF and the tariff has been deflated by 1.5% in year 2 and year 3. The additional staff required for the screening service (1.20 wte band 6 radiographer and 0.7wte band 2 admin and clerical totalling £60k) will be recharged in full to Newcastle.

Table 2

		Year 1 (from July13)		Year 2		Year 3	
		WTE	**£**	**WTE**	**£**	**WTE**	**£**
Total Income			**141,809**		**187,146**		**185,242**
Total Pay		1.28	-67,777	1.28	-90,369	1.28	-90,369
Total Non Pay			13,650		18,200		18,200
Total Direct Costs			**-54,127**		**-72,169**		**-72,169**
Indirect Costs	Pathology	0.25	-27,750	0.25	-37,000	0.25	-37,000
	Medical Records	0.06	-1,184	0.06	-1,184	0.06	-1,184
Total Expenditure excluding capital charges		**0.31**	**-83,060**	**0.31**	**-110,353**	**0.31**	**-110,353**
Contribution before Capital Charges and Depn			**58,749**		**76,793**		**74,889**
Additional Capital Charges and depn			-44,607		-57,487		-55,499
Net Contribution		**1.59**	**14,142**	**1.59**	**19,306**	**1.59**	**19,390**

SECTION 3: Healthcare Travel Cost Scheme

Background

Best practice guidance for the Healthcare Travel Costs Scheme was published in May 2010, by the Department of Health, following amendments made to the regulations governing the Scheme in April 2010. Under the Regulations, eligibility for the full or partial payment of NHS travel expenses depends upon three conditions being met:

1. The patient must be:
    a) in receipt of one of the qualifying benefits or allowances specified in the 2003 Regulations (or in certain cases be a member of the same family as a person receiving a qualifying benefit or allowance), or
    b) be named on a NHS Low Income Scheme certificate HC2 or HC3 (or in certain cases be a member of the same family as a person named on a NHS Low Income Scheme certificate).
2. The journey undertaken must be made to receive services under the National Health Service Act 2006, which are not primary medical or primary dental care services, for which the patient has been referred by a doctor or dentist ;
3. Where a doctor or dentist has provided the primary medical or primary dental services which lead to the referral for non-primary care services, those services must be provided on a different visit or involve an additional journey to the premises where the primary medical or primary dental services which lead to that referral were provided.

Proposed Amendment

The Trust has been compliant with the best practice guidance except where the use of private motor vehicles is considered appropriate. Best practice guidance expects mileage rates to be set at a level no lower than the advisory fuel rates specified by Her Majesty's Revenue and Customs (HMRC) for company cars as a proxy for the cost of fuel

Recommendation

With effect from 1st July 2013, the Trust should adopt the use of the advisory fuel rates specified by Her Majesty's Revenue and Customs (HMRC) for company cars as a proxy for the cost of fuel and that these rates will be reviewed and amended thereafter on a quarterly basis.