

## **Finance Review 2007/08**

The PCT achieved the four financial targets in 2007/08:

- 1) The revenue expenditure was within the resource limit of £1,059.1m by £232k;
- 2) The capital expenditure was within the capital resource limit of £5,007k by 224k;
- 3) The cash drawings were within the cash limit by £2,385k;
- 4) The PCT recovered the full cost in relation to its provider functions by £275k.

During 2006/07 The PCT failed to meet the revenue resource limit by £12,862k and as a consequence the PCT's finance plan required the organisation to repay this deficit during this financial year.

In 2007/08 the PCT has implemented a financial turnaround plan in order to repay the deficit, minimise the increase in commissioning costs and realise economies from bringing the 5 former organisations into a single PCT. The main areas of savings during the year were:

- reducing commissioning costs £27.3m
- improving efficiency in the Provider Services £4.8m
- ensuring effective prescribing £4.2m
- reducing corporate services cost £8.0m

For 2008/09 the PCT has set a balanced financial plan that incorporates:

- The Revenue Resource Limit of £1,090.2m, including a recurrent increase of £56.5m
- Investment to fund tariff, pay & price inflation of £28.6m
- Growth / Capacity investment to reflect volume growth of £14.1m
- Service development proposals of £40.3m
- Cost improvement and demand management saving of £ 18.8m
- The PCT will maintain a 1% contingency reserve of £10.9m and plans to retain a surplus of £725k in 2008/09.

## **Where resources were spent**

In 2007/08 West Sussex PCT's net operating costs were £1,064 million to commission and provide healthcare for the population of West Sussex.

The Analysis of Operating Expenditure 2007/08, analyses healthcare spend by service area as per note 4.2 of the Annual Accounts. This comes to a subtotal of £1,025m.

### Analysis of 2007/08 operating expenditure by expenditure classification, '£000's

