

Safe & compassionate care,

every time

Public Board Wednesday 31st January, 2018

Details of the Paper

Title	Finance Board Paper, Month 9 December, 2017
Responsible Director	James Drury, Director of Finance
Purpose of the paper	To brief the board on the financial performance against plan, inform by exception areas of concern, and seek approval of corrective actions being taken.
Action / decision required (e.g., approve, support, endorse)	Board is requested to note the additional information reported with regard to the Control Total and revised plan, CIP delivery and the restrictions to the Capital Programme.

IMPLICATIONS AND ISSUES TO WHICH THE PAPER RELATES (PLEASE MARK IN BOLD)

<i>Patient Quality</i>	<i>Financial Performance</i>	<i>Operational Performance</i>	<i>Strategy</i>	<i>Workforce performance</i>	<i>New or elevated risk</i>
Legal	Regulatory/ Compliance	<i>Public Engagement /Reputation</i>	<i>Equality & Diversity</i>	<i>Partnership Working</i>	<i>Information Technology / Property Services</i>

ANNUAL OBJECTIVE

Which Strategic Objective/s does this paper link to?
Monitoring financial targets

Please summarise the potential benefit or value arising from this paper:
This paper informs Trust Board of the financial performance to date, potential forecast position and the risks associated with delivery.

RISK

Are there any specific risks associated with this paper? If so, please summarise here.	<i>Non-Financial Risk:</i>
	<i>Financial Risk:</i> Delivery of year end forecast, maintaining cash balances sufficient to service requirements.

LINK TO CARE QUALITY COMMISSION ESSENTIAL STANDARDS OF SAFETY AND QUALITY

Which CQC standard/s does this paper relate to?	Delivery of Statutory financial requirements. <i>(if you need advice on completing this box please contact the Director for Governance)</i>
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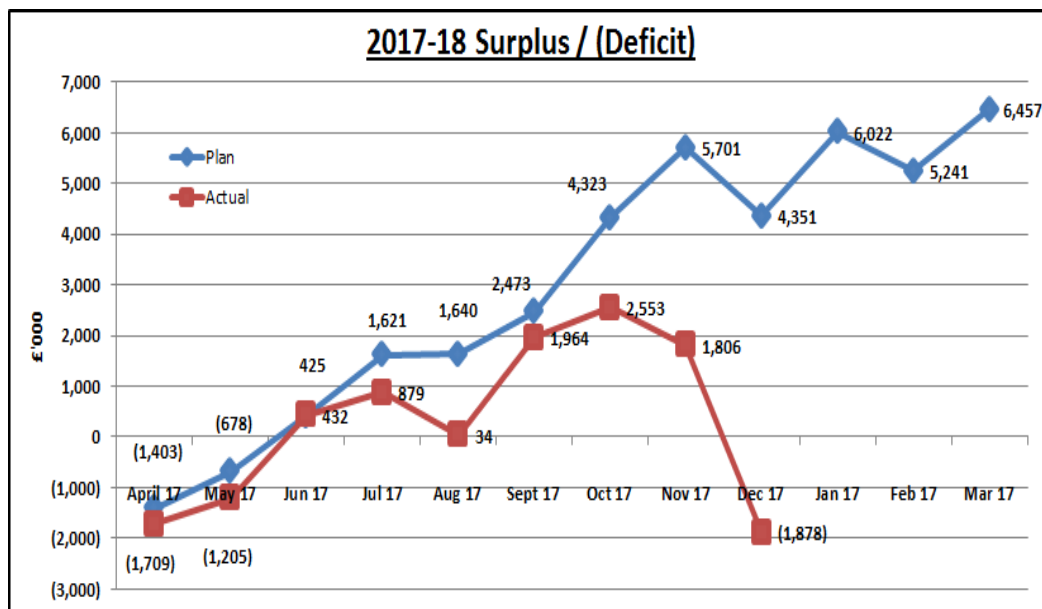
Author of paper: Wayne Preston, Deputy Director of Finance

Presenter of Paper: James Drury, Finance Director

Other committees / groups where this paper / item has been considered:
Finance and Business Performance Committee

Date of Paper: 23rd January, 2018

Income & Expenditure Summary



Key Highlights

- Month 9 YTD performance is a £1.9m deficit, £6.2m adverse to plan (£3.1m relates to Q3 STF & Q2 A&E STF).
- Contract Income continues to over perform YTD. Total income is £2.1m better than budget.
- The month 9 YTD position includes £2.5m sustainability and transformation funding. This relates to full delivery of Q1 STF and Q2 STF (excluding the A&E element of £509k).
- Risks to income relate to reconciliation of final SLAM for the period.
- Pay, £3.8m adverse to plan and non pay £2.8m adverse to plan. Under delivery of CIPS continues to be the main driver behind the variances, with other key pressures in medical staffing, premises and miscellaneous (FTI, CT scanner as highlighted last month).
- Forecast outturn is a £3.2m deficit. Excluding all STF monies the forecast outturn is £5.7m.
- Capital Management Group is re-prioritising the capital programme to reduce expenditure by circa £4m to fit within the available cash envelope.

Division	Total YTD £,000			Current Month WTE		
	YTD Budget	YTD Actuals	Variance	WTE Budget	WTE Actual	Variance
Integrated Medicine	23,936	23,548	⊗ (388)	1,046.81	1,041.19	5.62
Integrated Elderly Care	590	1,807	⊙ 1,217	897.65	793.87	103.78
Surgery And Critical Care	10,741	7,728	⊗ (3,013)	1,344.43	1,313.85	30.58
Women & Children	19,089	17,024	⊗ (2,065)	909.73	884.34	25.39
Specialist Services	6,710	6,113	⊗ (597)	976.94	942.05	34.89
Property Services	(32,886)	(32,856)	⊙ 31	111.15	92.72	18.43
Corporate Division	(24,422)	(24,780)	⊗ (358)	535.01	528.76	6.25
Reserves	593	0	⊗ (593)	1.00	0.00	1.00
Technical Adjs	0	(462)	⊗ (462)	0.00	0.00	0.00
Total	4,351	(1,878)	⊗ (6,228)	5,822.72	5,596.78	225.94

Division	Forecast
Contract income	376,033
Other Income From Activities	6,839
STF	2,462
Other Operating Income	22,246
Donated Asset income	1,390
Total Income	408,970
Nursing Staff	(102,863)
Medical Staff	(66,993)
Non Clinical	(32,695)
Professional & Tech	(39,819)
Other Staff	(6,040)
Exec & Non Exec Dirs	(1,038)
Redundancy/Mars	(126)
Total Pay	(249,573)
Drugs	(41,556)
Clinical Supp Servs	(30,678)
Gen Supp & Servs	(829)
Establishment Exps	(4,063)
Premises & F Plant	(15,719)
Miscellaneous	(11,112)
Pfi	(21,424)
CNST	(9,867)
Total Non Pay	(135,247)
Owned Depreciation	(10,323)
Donated Depreciation	(1,252)
Interest Paid And Pdc Div	(15,702)
Interest Received	26
Total Other Adjs	(27,251)
Total	(3,101)
Technical Adjustments	(138)
Total	(3,239)
Total FC Excluding STF	(5,701)

Key Highlights:

1. The revised forecast outturn is a £3.2m deficit, £9.8m adverse to the control total plan.
2. The £3.2m forecast includes £2.4m Q1 & Q2 STF monies. Excluding STF, the forecast outturn is a £5.7m deficit.
3. The £9.8m variance to operating plan is being driven by non receipt of £6m STF monies and non delivery of £4.6m cost improvement plans.

Balance Sheet

Statement of Financial Position	Balance at 31st March 2017	Balance at 31st December 2017	Movement from Opening Balance	Movement in month	FOT at 31st of March 2018
	£'000s	£'000s	£000s	£000s	£000s
NON-CURRENT ASSETS:					
Property, Plant and Equipment	262,724	263,735	1,011	(333)	267,035
Trade and Other Receivables	4,312	4,813	501	28	4,800
Assets held for Sale	325	-	(325)	-	-
TOTAL Non Current Assets	267,361	268,548	1,187	(305)	271,835
CURRENT ASSETS:					
Inventories	6,384	6,306	(78)	(351)	5,903
Invoiced Receivables	10,977	15,085	4,108	(153)	15,512
Accrued Income and Prepayments	13,449	17,867	4,418	1,346	8,299
Other Receivables	3,037	2,503	(534)	(1,315)	3,000
Other Current Assets	146	36	(110)	(12)	147
Cash and Cash Equivalents	3,975	1,980	(1,995)	1,342	1,920
TOTAL Current Assets	37,968	43,777	5,809	857	34,781
TOTAL ASSETS	305,329	312,325	6,996	552	306,616
CURRENT LIABILITIES					
Trade and Other Payables	(28,151)	(38,315)	(10,164)	(97)	(36,968)
Other Liabilities	(24)	(139)	(115)	(164)	(142)
Provisions	(443)	(454)	(11)	(6)	(574)
Liabilities arising from PFIs/Finance Leases					
DH Working Capital Loan - Revenue Support	(3,114)	(1,431)	1,683	163	(3,350)
Capital Investment Loan	(1,142)	(1,142)	-	-	(1,142)
	(723)	(723)	-	-	(723)
Total Current Liabilities	(33,597)	(42,204)	(8,607)	(104)	(42,899)
NET CURRENT ASSETS/(LIABILITIES)	4,371	1,573	(2,798)	753	(8,118)
TOTAL ASSETS LESS CURRENT LIABILITIES	271,732	270,121	(1,611)	448	263,717
NON-CURRENT LIABILITIES:					
Trade and Other Payables	(312)	(1,045)	(733)	(14)	(935)
Other Liabilities	(314)	(314)	-	-	(361)
Provisions	(1,240)	(1,200)	40	(4)	(999)
Liabilities arising from PFIs/Finance Leases					
Non Current	(58,383)	(58,382)	1	(2)	(56,090)
DH Working Capital Loan - Revenue Support					
DH Capital Loan	(37,196)	(36,669)	527	(1,198)	(32,452)
	(5,054)	(4,693)	361	-	(6,832)
Total Non-Current Liabilities	(102,499)	(102,303)	196	(1,218)	(97,669)
ASSETS LESS LIABILITIES (Total Assets Employed)	169,233	167,818	(1,415)	(770)	166,048
TAXPAYERS EQUITY					
Public Dividend Capital	181,951	181,951	-	-	182,951
Retained Earnings reserve	(49,787)	(50,986)	(1,199)	(3)	(53,984)
In Year I&E	(1,197)	(1,417)	(220)	(767)	(3,239)
Revaluation Reserve	38,266	38,270	4	-	40,320
Total	169,233	167,818	(1,415)	(770)	166,048

Capital Plan

Resources		Planned Spend 16.1.17	
Depreciation	11,774		
IFRIC	-2,753	Property Services	7,219
		PS externally funded	-1,500
Financing	-943	IT	1,933
		Medical Equipment	3,654
Base CRL	8,078		
		Salaries	261
Donated Charity	1,647	Other	157
Internally generated	9,725		11,724
PDC	1,000	PDC	1,000
Loan	2,500	Loan	500
Loan not drawn down	-2,000		
Sub Total	11,225	Forecast Capital Spend	13,224
Additional Donated			
Upper Limb Lab donated			
3d Laproscopic Stacks	128		
Additional CRL applied for			
Anaesthetic Machines	944		
Innovation Hub	50		
Novartis Funding	260		
Funds Available	13,127	Affordability Gap	-97

BOARD COMMITTEE SUMMARY REPORT

Name of Committee	Finance and Business Performance Committee
Committee Chair	Mr Rajiv Jaitly
Meeting date:	23 November 2017
Was the meeting quorate?	Yes
Any specific conflicts of interest?	None
Any apologies	Mr Tom Roche; Mrs Carolyn Morrice

KEY AREAS OF DISCUSSION:

Allocate software

The Committee received an update on work to introduced Allocate software for rostering.

PFI monitoring

The Committee was informed of ongoing work from an external company to review contract management around the north PFI as a priority.

Floodlight and Exception reports

The Chief Operating Officer highlighted preparations for winter with a particular focus on capacity and escalation. The Committee noted the increasing number of stress related referrals to occupational health.

Additional space in A&E was being brought on line with the use of an external POD. Planning permission was being sought for this development.

The Committee discussed risks around the 18 week target, particularly around orthopaedics and oral surgery. Further updates would come to the committee in January as part of the divisional deep dive.

The Director of OD and WT presented a paper around the marginal rates for agency workers and a wider paper was coming back to the committee in January 2018.

The Director of Strategy presented progress with strategic development work both within the organisation at SDU level and externally at Accountable Care System level.

The Committee welcomed and supported the Commercial Development Strategy.

Month 7 financial position

There was adverse variance to plan in the financial performance amounting to £1.7m and this led to a detailed discussion around reporting commitments to regulators, the increased elective activity coupled with a shorter length of stay for non-elective, pressures on pay related to the use of temporary staff, and a late invoice from the north PFI dating back to 2012/13 to 2015/16.

The cash shortage was discussed and the risks within the capital programme.

The Financial Recovery Plan had been developed.

Corporate Risk Register

This was reviewed by the committee with a challenge around completion dates for actions.

AREAS OF RISK REVIEWED IN THE MEETING

- Workforce stress
- Transfer from Rosterpro to Allocate
- Oral surgery capacity
- Winter pressures
- Financial pressures
- Cash
- Reduction in capital programme
- Training
- Ophthalmology – closing the loop on safety

ANY EXAMPLES OF OUTSTANDING PRACTICE OR INNOVATION:

Ms Llewelyn –Davies commended the reminder to the committee of the need for strategic conversations when reviewing operational performance.

AUTHOR OF PAPER: Liz Hollman, Director for Governance

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BOARD COMMITTEE SUMMARY REPORT

Name of Committee	Finance and Business Performance Committee
Committee Chair	Mr Rajiv Jaitly
Meeting date:	21 December 2017
Was the meeting quorate?	Yes
Any specific conflicts of interest?	None
Any apologies	Mr Neil Dardis; Mrs Carolyn Morrice

KEY AREAS OF DISCUSSION:

The committee received updates on the following:

- Transition to Allocate software – successful pilot. Now on rollout phase.
- University of Buckingham Medical school
- Cyber security actions – review of internal audit
- Consistency of reporting around coding
- Planning application for additional A&E space
- Moth 8 financial position and cash – including consideration of a letter to NHS Improvement about the position, the impact of Winter funding, and the focus by NHS Improvement on model hospital
- Funding gap for IT and medical equipment
- Update on NHS Supply chain and other suppliers
- Actions to reduce locum spend
- Capital prioritisation and risk mitigation
- Operational performance
- Corporate Risk Register
- Terms of Reference review

AREAS OF RISK REVIEWED IN THE MEETING

- Financial control total
- Cash
- Cyber security
- Capital gap
- CRL 17/18
- A&E 4 hour target
- Referral to treatment time, cancelled elective orthopaedics
- Cost Improvement Programme
- Switch of NHS suppliers

ANY EXAMPLES OF OUTSTANDING PRACTICE OR INNOVATION:

AUTHOR OF PAPER: Liz Hollman, Director for Governance