Agenda Item No.4

NHS
The Queen Elizabeth Hospital King's Lynn
NHS Foundation Trust

REPORT TO THE BOARD OF DIRECTORS (IN PUBLIC)

RESPONSIBLE DIRECTOR:	REPORT FOR:		IMPACT ON BUSINESS:		
Mr Roy Jackson Director of Finance	Decision	√	High	Med	Low
	Discussion			√	
	Information	√			
LEAD MANAGER:	**REPORT TYPE:**		**BAF REFERENCES & RAG:**		
	Strategic				
	Operational	√			
	Governance		**RELATED WORK: (PREVIOUS PAPERS TO COMMITTEE)**		
PEER ASSIST:	**PEER REVIEW:**				
CQC Domain: (safe, caring, effective, responsive, well-led)	Effective & Well-led				

Meeting Date: 30th July 2018

Report Title: Finance Exception Report

PURPOSE:

To update the Board on the financial position as at the end of June 2018.

SUMMARY:

- The Trust is measuring its financial performance against a 2018/19 deficit control total plan of £9.7m, as submitted to NHS Improvement (NHSI) in April 2018, which requires a pre-Provider Sustainability Fund (PSF) operational deficit of £15.8m.
- The Trust has made a control total loss (pre-PSF) of £2.6m in June 2018 which is £1.5m adverse to the pre-PSF plan.
- Year to date, the Trust has made a control total loss (pre-PSF) of £9.1m which is £2.8m adverse to the pre-PSF plan.

FINANCIAL IMPLICATIONS / EFFICIENCY SAVINGS / QUALITY IMPROVEMENT:

RISK ASSESSMENT (CROSS-REFERENCE WITH RISK REGISTER WHERE APPROPRIATE):

Strategic / External	Operational/ Organisational	Financial	Clinical	Legal/ Regulatory	Reputational / Patient Experience
		√			

RECOMMENDATIONS:

The Board of Directors

a) To note the financial position.

FINANCE REPORT

1.0 Introduction

The purpose of this report is to inform the Board of the Trust's financial position as at 30th June 2018.

2.0 The Annual Revenue Plan

The Trust is measuring its financial performance against a plan to deliver a 2018/19 deficit Control Total of £9.7m as submitted to NHS Improvement (NHSI) in April 2018.

3.0 Financial Position as at 30th June 2018

The Trust has made a control total loss (pre Provider Sustainability Funding) of £2.6m in June 2018 which is £1.5m adverse to plan. Appendix 1 contains a summary of the financial position.

Clinical Income in June is £1,601k adverse to plan. The adverse variances are on planned care (elective inpatients, day cases and outpatients) £725k, unplanned care £540k and Other Clinical Income £336k.

Overall pay expenditure is £300k adverse to plan. Substantive staff spend is £109k favourable with agency spend being £409k adverse to plan.

The adverse agency variance continues to be driven primarily by the need to use agency staff. The number of agency nursing hours utilised in June was c.12,400, which is 24% fewer than the figure for May however this is 86% greater than plan and bookings remain significantly above budget.

Whilst year to date non pay costs are in line with budget, spend in June 2018 was £170k adverse to plan. Increased spend on clinical supplies (£80k), a shortfall on CIPs (£33k) and a budget profiling error on the energy budget (£68k) account for the adverse variance.

Year to date the Trust has made a pre-PSF loss of £9.1m which is £2.8m adverse to pre-PSF plan.

Table 1: Summary of Variances to Budget for June 2018 and Year to Date

Subjective	June 2018 £000	Variance	YTD 2018/19 £000	Variance
Clinical Income	(1,601)	Adverse	(1,959)	Adverse
Other Income	(64)	Adverse	(152)	Adverse
Pay	(300)	Adverse	(716)	Adverse
Non Pay	(170)	Adverse	(3)	Adverse
Financing Costs	16	Favourable	14	Favourable
TRUST PLAN MONTH 3 VARIANCE	(2,119)	Adverse	(2,816)	Adverse
Other items outside of operational deficit	(330)	Adverse	(941)	Adverse
Net (Deficit)/Surplus	(2,449)	Adverse	(3,757)	Adverse

4.0 Capital and Cash

The Trust has set a capital expenditure programme of £15.5m in 2018/19. The programme includes £4.1m for the roof project.

Year to date the Trust has spent £785k on capital projects as follows:

Car Park and Backlog Maintenance - £572k
L1 Fire Alarm - £112k
Medical Equipment - £106k
IT Programmes - £39k
Various Other - £44k

The work on the additional areas of the car park is continuing with Areas A (Ambulance Station) & B (Helipad) handed back to the Trust and now operational. The final area (Wind Turbine) should be handed back to the Trust by the end of July.

At the end of June the Trust has drawn a total of £4.3m loans for revenue and zero for capital.

Appendix 1: Summary Statement of Comprehensive Income

2018/19	Period					Year to date			
APR Plan	Actual	APR Plan	Variance	Variance %	£000's	Actual	APR Plan	Variance	Variance %
					Revenue				
164,309	12,518	14,119	(1,601)	(11.3%)	Clinical Revenue	37,817	39,776	(1,959)	(4.9%)
16,441	1,289	1,353	(64)	(4.7%)	Other Revenue (ex PS Fund [2])	3,950	4,102	(152)	(3.7%)
180,750	13,807	15,472	(1,665)	(10.8%)	Sub Total Revenue (ex PS Fund [2])	41,767	43,878	(2,111)	(4.8%)
13,084	1,086	1,091	(5)	(0.5%)	*Pass through drugs & devices*	3,202	3,271	(69)	(2.1%)
193,834	14,893	16,563	(1,670)	(10.1%)	**Total Revenue (ex PS Fund [2])**	44,969	47,149	(2,180)	(4.6%)
					Expenditure				
(133,533)	(10,977)	(11,086)	109	1.0%	Employee Benefit Expenses	(33,038)	(33,381)	343	1.0%
(11,258)	(1,445)	(1,036)	(409)	(39.5%)	Agency Staff	(4,411)	(3,352)	(1,059)	(31.6%)
(43,251)	(3,928)	(3,758)	(170)	(4.5%)	Non Pay Expenditure	(11,407)	(11,404)	(3)	(0.0%)
(188,042)	(16,350)	(15,880)	(470)	(3.0%)	Sub Total Expenditure	(48,856)	(48,137)	(719)	(1.5%)
(13,084)	(1,086)	(1,091)	5	0.5%	*Pass through drugs & devices*	(3,202)	(3,271)	69	2.1%
(201,126)	(17,436)	(16,971)	(465)	(2.7%)	**Total Costs**	(52,058)	(51,408)	(650)	(1.3%)
(7,292)	(2,543)	(408)	(2,135)	(523.3%)	**EBITDA (ex PS Fund [2])**	(7,089)	(4,259)	(2,830)	(66.4%)
(8,503)	(668)	(684)	16	2.3%	Depreciation & Financing Costs	(2,039)	(2,053)	14	0.7%
(15,795)	(3,211)	(1,092)	(2,119)	(194.0%)	**Adjusted financial performance surplus/(deficit) excluding PSF [3]**	(9,128)	(6,312)	(2,816)	(44.6%)
6,101	0	305	(305)	100.0%	Provider Sustainability Fund [3]	0	916	(916)	100.0%
(9,694)	(3,211)	(787)	(2,424)	(308.0%)	**Adjusted financial performance surplus/(deficit) including PSF**	(9,128)	(5,396)	(3,732)	(69.2%)
(190)	(24)	1	(25)	2500.0%	Transactions Outside of Control Total	(72)	(47)	(25)	(53.2%)
(9,884)	(3,235)	(786)	(2,449)	(311.6%)	**Net (Deficit)/Surplus**	(9,200)	(5,443)	(3,757)	(69.0%)
(0.6%)	(17.1%)	(0.6%)			EBITDA Margin	(15.8%)	(7.0%)		
(4.9%)	(21.7%)	(4.7%)			(Deficit)/Surplus Margin	(20.5%)	(11.3%)		

1. Variances - favourable variances are positive figures, adverse variances are negative figures.
2. PS Fund = Provider Sustainability Fund
3. Access allowed to the PSF if the year to date variance to APR plan is nil or favourable.