Agenda Item No.3

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: 29th May 2018

Report Title: Finance Exception Report

PURPOSE:

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

SUMMARY:

- The Trust is measuring its financial performance against a 2018/19 deficit plan of £9.6m, as submitted to NHS Improvement (NHSI) in April 2018.
- The Trust has made a control total loss (pre Provider Sustainability Funding) of £3.4m in April 2018 which is £0.4m favourable to 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 April 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 April 2018

The Trust has made a control total loss (pre Provider Sustainability Funding) of £3.4m in April 2018 which is £0.4m favourable to plan. Appendix 1 contains a summary of the financial position.

Clinical income in February is £394k favourable to plan. The April plan included a lower level of planned care clinical income in April due to the continuation of emergency activity in the first two weeks. The impact of this was not as severe as expected, meaning the Trust income position was better than plan.

Overall pay expenditure is £144k adverse to plan. Substantive staff spend is £120k favourable with agency spend being £264k 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 April was c.14,000 which was c. 5,000 higher than February 2018 and 1,500 higher than March.

Non pay costs are £163k favourable which are driven by lower costs in clinical supplies, drugs and consumables associated with the low levels of planned care activity.

Table 1: Summary of Variances to Budget at end of April 2017

Subjective	£000	Variance
Clinical Income	394	Favourable
Other Income	(27)	Adverse
Pay	(144)	Adverse
Non Pay	163	Favourable
Depreciation & Financing Costs	15	Favourable
TRUST PLAN MONTH 1 VARIANCE	401	Favourable
Other items outside of control total	(92)	Adverse
Surplus / Deficit	309	Favourable

4.0 Capital and Cash

The Trust has set a capital expenditure programme of £15.5m in 2017/18. The programme includes £4.1m for the roof project.

During April the Trust has spent £86k on capital projects as follows:

L1 Fire Alarm (ongoing work) - £42k
Backlog Maintenance - £20k
Various Other - £24k

The construction of the 3 additional car parking areas within the Trust has commenced, with all three areas due to be handed back to the Trust by the end of July.

The SOC (Strategic Outline Case) aligned to The Roof Project has now been formally approved by NHSI, work on the completion of the OBC (Outline Business Case) and FBC (Full Business Case) has commenced.

At the end of April the Trust has drawn a total of £1.752m loans for revenue and zero for capital. Loan funding of £2.5m has been requested in May with the expected drawdown in June.

Appendix 1: Summary Statement of Comprehensive Income

Income & Expenditure Summary - APRIL 2018

2018/19 APR Plan	£000's	Year to date Actual	APR Plan	Variance	Variance %
	Revenue				
164,309	Clinical Revenue	12,143	11,749	394	3.4%
16,441	Other Revenue (ex PS Fund [2])	1,352	1,379	(27)	(2.0%)
180,750	Sub Total Revenue (ex PS Fund [2])	13,495	13,128	367	2.8%
13,084	*Pass through drugs & devices*	1,052	1,090	(38)	(3.5%)
193,834	**Total Revenue (ex PS Fund [2])**	14,547	14,218	329	2.3%
	Expenditure				
(133,533)	Employee Benefit Expenses	(11,097)	(11,217)	120	1.1%
(11,258)	Agency Staff	(1,443)	(1,179)	(264)	(22.4%)
(43,251)	Non Pay Expenditure	(3,670)	(3,833)	163	4.3%
(188,042)	Sub Total Expenditure	(16,210)	(16,229)	19	0.1%
(13,084)	*Pass through drugs & devices*	(1,052)	(1,090)	38	3.5%
(201,126)	**Total Costs**	(17,262)	(17,319)	57	0.3%
(7,292)	**EBITDA (ex PS Fund [2])**	(2,715)	(3,101)	386	12.4%
(8,503)	Depreciation & Financing Costs	(667)	(682)	15	2.2%
(15,795)	**Control Total Performance (ex PS Fund [2 3])**	(3,382)	(3,783)	401	10.6%
6,101	Provider Sustainability Fund [3]	214	306	(92)	30.1%
(9,694)	**Control Total Performance (inc PS Fund [2])**	(3,168)	(3,477)	309	8.9%
(190)	Transactions Outside of Control Total	(24)	(24)	0	0.0%
(9,884)	**Net (Deficit)/Surplus**	(3,192)	(3,501)	309	8.8%
(0.6%)	EBITDA Margin	(16.9%)	(19.2%)		
(4.9%)	(Deficit)/Surplus Margin	(21.6%)	(24.1%)		

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.