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

REPORT TO THE BOARD OF DIRECTORS (IN PRIVATE)

SUBMITTED BY:	REPORT FOR:		IMPACT:		
Mr D Stonehouse Director of Finance	Decision	√	High	Med	Low
CONSULTATION:	Information		√		
	REPORT TYPE:		RELATED WORK:		
	Strategic				
	Operational				
	Governance	√			
BAF ref:	N/A				
CQC Essential Standard Reference:	N/A				
Media / Communications:	N/A				

Meeting Date: 26th July 2016
Report Title: Governance Statements Declarations Report

Purpose: Agree the Trust's Finance and Governance Statements for Quarter 1 2016/17.

Summary: Monitor's Risk Assessment Framework schedule for Quarter 1 is attached.

Financial Implications / Efficiency Savings:

Risk Assessment (cross-reference with Risk Register where appropriate):

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

Recommendations: For the Board to consider and confirm the Governance Statements

Author: David Stonehouse
Date: 22nd July 2016
Version; 1.0

1.0 Introduction

The regulator, NHS Improvement, use a Risk Assessment Framework (RAF) to help identify Foundation Trust's that may be facing governance and financial risks. As part of the RAF, Foundation Trusts are required to complete quarterly returns for the Regulator which cover finance, performance against targets, the outcome of Governor Elections and other ad hoc items as the Regulator requires.

Within the quarterly return, there are three governance statements to which the Board of Directors are required to respond, these are shown in appendix I. The purpose of this report is to recommend to the Board of Directors an appropriate response to each of these statements.

2.0 Governance statements and recommended responses

The Board is invited to approve the following:

2.1 For finance, that:

"The board anticipates that the Trust will continue to maintain a financial sustainability risk rating of at least 3 over the next 12 months".

The Board **cannot confirm** the above statement and has provided relevant details on documents accompanying the return.

For Q1 the Trust has scored a financial sustainability risk (FSRR) rating of 1. The estimated FSRR is for a rating of 2 for 2016/17.

With a current financial sustainability risk rating of 1 and a forecast of 2 for 2016/17, the Board of Directors cannot confirm the financial sustainability risk rating statement.

2.2 For governance, that:

"The board is satisfied that plans in place are sufficient to ensure: ongoing compliance with all existing targets (after the application of thresholds) as set out in Appendix A of the Risk Assessment Framework; and a commitment to comply with all known targets going forwards".

The Board **cannot confirm** the governance statement

The Trust continues to be unable to confirm that it is compliant with the governance statement. While the Trust has maintained 18 week performance and 14 & 31 day cancer targets, It has failed to reach the required standard in both A&E and the cancer 62 day standard. Remedial actions have successfully been taken around the cancer 62 day target and performance is expected to recover from July 2016.

There remains an elevated risk around system wide delivery of the 95% access target. While the Trust continues to implement its internal improvement programme, out of hospital actions remain outstanding.

2.3 Otherwise

"The board confirms that there are no matters arising in the quarter requiring an exception report to NHS Improvement per the Risk Assessment Framework, Table 3, attached as appendix IV to this report) which have not already been reported".

The Board can confirm that there are no matters arising in the quarter requiring an exception report.

APPENDIX I: GOVERNANCE STATEMENTS

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In Year Governance Statement from the Board of Queen Elizabeth Hospital King's

The board are required to respond "Confirmed" or "Not confirmed" to the following statements (see notes below)

Board Response

For finance, that:

The board anticipates that the trust will continue to maintain a financial sustainability risk rating of at least 3 over the next 12 months.

The Board anticipates that the trust's capital expenditure for the remainder of the financial year will not materially differ from the amended forecast in this financial return.

For governance, that:

The board is satisfied that plans in place are sufficient to ensure: ongoing compliance with all existing targets (after the application of thresholds) as set out in Appendix A of the Risk Assessment Framework; and a commitment to comply with all known targets going forwards.

Otherwise:

The board confirms that there are no matters arising in the quarter requiring an exception report to NHS Improvement (per the Risk Assessment Framework, Table 3) which have not already been reported.

Consolidated subsidiaries:

Number of subsidiaries included in the finances of this return. This template should not include the results of your NHS charitable funds.

Signed on behalf of the board of directors

Signature	Sign Here.	Signature	Sign Here.
Name		Name	
Capacity	[job title here]	Capacity	[job title here]
Date		Date	

APPENDIX II: FINANCIAL SUSTAINABILITY RISK RATING

FSRR for Queen Elizabeth Hospital King's Lynn NHS Foundation Trust

	Plan YTD ending 30-Jun-16	Actual YTD ending 30-Jun-16	Plan YTD ending 30-Sep-16	Plan YTD ending 31-Dec-16	Plan YTD ending 31-Mar-17	Adjusted Forecast Year ending 31-Mar-17
Capital Service Cover						
Capital service						
Interest Expense on Overdrafts and Working Capital Facilities	-	-	-	-	-	-
Interest Expense on Bridging loans	-	-	-	-	-	-
Interest Expense on Non-commercial borrowings	(0.193)	(0.223)	(0.405)	(0.627)	(0.849)	(1.000)
Interest Expense on Commercial borrowings	-	-	-	-	-	-
Interest Expense on Finance leases (non-PFI)	(0.007)	(0.011)	(0.016)	(0.022)	(0.030)	(0.030)
Interest Expense on PFI leases & liabilities	-	-	-	-	-	-
Other Finance Costs	-	-	-	-	-	-
PDC dividend expense	(0.282)	(0.229)	(0.552)	(0.816)	(1.062)	(0.895)
Non-Operating PFI costs (e.g. contingent rent)	-	-	-	-	-	-
Repayment of bridging loans	-	-	-	-	-	-
Repayment of commercial loans	-	-	-	-	-	-
Repayment of non-commercial loans	(0.211)	(0.211)	(0.606)	(0.817)	(1.213)	(1.305)
Capital element of finance lease rental payments - other	-	-	-	-	(0.078)	(0.070)
Capital element of finance lease rental payments - On-balance sheet PFI	-	-	-	-	-	-
Public Dividend Capital repaid	-	-	-	-	-	-
Capital Service, total	**(0.693)**	**(0.674)**	**(1.579)**	**(2.282)**	**(3.232)**	**(3.300)**
Revenue Available for Capital Service	0.731	(1.402)	2.738	3.261	4.069	4.818
Capital Service Cover metric	1.05	(2.08)	1.73	1.43	1.26	1.46
Capital Service Cover rating	1	1	2	2	2	2
	OK	OK	OK	OK	OK	OK
Liquidity						
Adjustments						
Material One-Off Adjustment (Working capital balance)	-	-	-	-	-	-
Material One-Off Adjustment (to Opex within EBITDA)	-	-	-	-	-	-
Working capital balance	(4.731)	(16.264)	(2.901)	(5.080)	(7.560)	(7.296)
Operating Expenses within EBITDA, Total	(44.290)	(45.721)	(88.456)	(133.077)	(177.844)	(179.626)
Liquidity metric	(9.6)	(32.0)	(5.9)	(10.3)	(15.3)	(14.6)
Liquidity rating	2	1	3	2	1	1
I&E Margin						
Adjustments						
Material One-Off Adjustment (to normalised surplus/(deficit))	-	-	-	-	-	-
Material One-Off Adjustment (to total income)	-	-	-	-	-	-
Normalised Surplus/(Deficit)	(1.361)	(3.622)	(1.455)	(3.064)	(4.532)	(3.828)
Adjusted Total Income for FSRR	45.121	44.325	91.394	136.638	182.313	184.883
I&E Margin	(3.02%)	(8.17%)	(1.59%)	(2.24%)	(2.49%)	(2.07%)
I&E Margin rating	1	1	1	1	1	1
I&E Margin Variance From Plan						
I&E Margin (from original plan)	(3.02%)	(8.17%)	(1.59%)	(2.24%)	(2.49%)	(2.07%)
I&E Margin Variance From Plan	-0.16%	-5.16%	-0.16%	-0.16%	-0.16%	0.42%
I&E Margin Variance From Plan rating	3	1	3	3	3	4
Financial Sustainability Risk Rating						
Capital Service Capacity rating	1	1	2	2	2	2
Liquidity rating	2	1	3	2	1	1
I&E Margin rating	1	1	1	1	1	1
I&E Margin Variance rating	3	1	3	3	3	4
Financial Sustainability Risk Rating before overrides	2	1	2	2	2	2
1 Rating Trigger for FSRR	Trigger	Trigger	Trigger	Trigger	Trigger	Trigger
Financial Sustainability Risk Rating after 1 rating override	2	1	2	2	2	2
2* Override for FSRR	-	-	-	-	-	-
Overall Financial Sustainability Risk Rating	2	1	2	2	2	2

APPENDIX III: TARGETS AND INDICATORS

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Declaration of risks against healthcare targets and indicators for 201617 by Queen Elizabeth Hospital King's Lynn NHS Foundation Trust

Targets and indicators as set out in the Risk Assessment Framework (RAF) - definitions per RAF Appendix A
NOTE: If a particular indicator does not apply to your FT then please enter "Not relevant" for those lines.

Key:
must complete
may need to complete

Target or Indicator (per Risk Assessment Framework)		Threshold or target YTD	Scoring Per Risk Assessment Framework	Annual Plan: Risk declared	Annual Plan: Scoring Per Risk Assessment Framework	Quarter 1: Performance	Quarter 1: Declaration	Quarter 1: Comments / explanations	Quarter 1: Scoring Per Risk Assessment Framework
Referral to treatment time, 18 weeks in aggregate, incomplete pathways	i	92%	1.0	No	0	92.5%	Achieved		0
A&E Clinical Quality - Total Time in A&E under 4 hours	i	95%	1.0	Yes	1	87.9%	Not met		1
Cancer 62 Day Waits for first treatment (from urgent GP referral) - post local breach re-allocation	i	85%	1.0	No	0	82.5%	Not met		1
Cancer 62 Day Waits for first treatment (from NHS Cancer Screening Service referral) - post local breach re-allocation	i	90%	1.0	No		98.0%	Achieved		
Cancer 62 Day Waits for first treatment (from urgent GP referral) - pre local breach re-allocation	i					0.0%			
Cancer 62 Day Waits for first treatment (from NHS Cancer Screening Service referral) - pre local breach re-allocation	i					0.0%			
Cancer 31 day wait for second or subsequent treatment - surgery	i	94%	1.0	No	0	100.0%	Achieved		0
Cancer 31 day wait for second or subsequent treatment - drug treatments	i	98%	1.0	No		100.0%	Achieved		
Cancer 31 day wait for second or subsequent treatment - radiotherapy	i	94%	1.0	No		0.0%	Not relevant		
Cancer 31 day wait from diagnosis to first treatment	i	96%	1.0	No	0	100.0%	Achieved		0
Cancer 2 week (all cancers)	i	93%	1.0	No	0	97.0%	Achieved		0
Cancer 2 week (breast symptoms)	i	93%	1.0	No		97.1%	Achieved		
Care Programme Approach (CPA) follow up within 7 days of discharge	i	95%	1.0	N/A	0	0.0%	Not relevant		0
Care Programme Approach (CPA) formal review within 12 months	i	95%	1.0	N/A		0.0%	Not relevant		
Admissions had access to crisis resolution / home treatment teams	i	95%	1.0	N/A	0	0.0%	Not relevant		0
Ambulance Category A 8 Minute Response Time - Red 1 Calls	i	75%	1.0	N/A	0	0.0%	Not relevant		0
Ambulance Category A 8 Minute Response Time - Red 2 Calls	i	75%	1.0	N/A	0	0.0%	Not relevant		0
Ambulance Category A 19 Minute Transportation Time	i	95%	1.0	N/A	0	0.0%	Not relevant		0
C.Diff due to lapses in care (YTD)	i	13.25	1.0	No	0	5	Achieved		0
Total C.Diff YTD (including: cases deemed not to be due to lapse in care and cases under review)	i					5			
C.Diff cases under review	i					0			
Minimising MH delayed transfers of care	i	<=7.5%	1.0	N/A	0	0.0%	Not relevant		0
Early intervention in psychosis: first experience treated with a NICE-approved package within 2 weeks	i	50%	1.0	N/A	0	0.0%	Not relevant		0
Improving access to psychological therapies: % patients beginning treatment within 6 weeks of referral	i	75%	1.0	N/A	0	0.0%	Not relevant		0
Improving access to psychological therapies: % patients beginning treatment within 18 weeks of referral	i	95%	1.0	N/A	0	0.0%	Not relevant		0
Data completeness, MH: identifiers	i	97%	1.0	N/A	0	0.0%	Not relevant		0
Data completeness, MH: outcomes	i	50%	1.0	N/A	0	0.0%	Not relevant		0
Compliance with requirements regarding access to healthcare for people with a learning disability	i	N/A	1.0	No	0	N/A	Achieved		0
Community care - referral to treatment information completeness	i	50%	1.0	N/A	0	0.0%	Not relevant		0
Community care - referral information completeness	i	50%	1.0	N/A		0.0%	Not relevant		
Community care - activity information completeness	i	50%	1.0	N/A		0.0%	Not relevant		
Risk of, or actual, failure to deliver Commissioner Requested Services		N/A	Report by Exception	No			No		
Date of last CQC inspection	i	N/A		N/A			11/06/2015		
CQC compliance action outstanding (as at time of submission)		N/A		No			No		
CQC enforcement action within last 12 months (as at time of submission)		N/A		No			No		
CQC enforcement action (including notices) currently in effect (as at time of submission)		N/A		No			No		
Moderate CQC concerns or impacts regarding the safety of healthcare provision (as at time of submission)	i	N/A		No			No		
Major CQC concerns or impacts regarding the safety of healthcare provision (as at time of submission)	i	N/A		No			No		
Overall rating from CQC inspection (as at time of submission)	i	N/A		N/A			Requires improvement		
CQC recommendation to place trust into Special Measures (as at time of submission)		N/A		N/A			No		
Trust unable to declare ongoing compliance with minimum standards of CQC registration		N/A		No			No		
Trust has not complied with the high secure services Directorate (High Secure MH trusts only)		N/A		N/A			N/A		
Results left to complete:	0	i					0		
Checks Count:	0	i							
Checks left to clear:	0	i					OK		
Service Performance Score		i			1				2

APPENDIX IV: MONITOR RISK ASSESSMENT FRAMEWORK – EXCEPTION REPORTING

Table 3: Examples of where an exception report is required

Continuity of services	• unplanned significant reductions in income or significant increases in costs
	• discussions with external auditors which may lead to a qualified audit report
	• future transactions potentially affecting the financial sustainability risk rating
	• risk of a failure to maintain registration with CQC for CRS
	• loss of accreditation of a CRS
	• proposals to vary CRS provision or dispose of assets, including:
	  o cessation or suspension of CRS
	  o variation in asset protection processes
	• proposed disposals of CRS-related assets
	•

Financial governance	• requirements for additional working capital facilities • failure to comply with the statutory reporting guidance • adverse report from internal auditors • significant third-party investigations or reports that suggest potential material issues with governance • CQC inspections and their outcomes • performance penalties to commissioners •
Governance	• third-party investigations or reports that could suggest material issues with financial, operational, clinical service quality or other aspects of the trust's activities that could indicate material issues with governance • CQC responsive or planned inspections and the outcomes/findings • changes in chair, senior independent director or executive director • any never events* • any patient suicide, homicide or absconsion (mental health trusts only) • non-compliance with safety and security directions and outcomes of safety and security audits (providers of high security mental health services only) • other serious incidents or patient safety issues that may impact compliance with the licence (e.g. serious incidents, complaints)
Other risks	• enforcement notices or other sanctions from other bodies implying potential or actual significant breach of a licence condition • patient group concerns • concerns from whistle-blowers or complaints • any significant reputation issues, e.g. any adverse national press attention