The Queen Elizabeth Hospital King's Lynn NHS Foundation Trust

REPORT TO THE BOARD OF DIRECTORS (IN PUBLIC)

SUBMITTED BY:	REPORT FOR:		IMPACT:		
B Cummings Director of Non-Clinical Services and Performance Management D.Stonehouse Director of Resources	Decision	✓	High	Med	Low
CONSULTATION:	Information		✓		
	REPORT TYPE:		RELATED WORK:		
	Strategic				
	Operational				
	Governance	✓			
BAF ref:					
NHSLA Essential Standard Reference:					
CQC Outcomes:					
Media / Communications:					

Meeting Date: 30th July 2012
Report Title: Finance and Governance Statements – Quarter 1

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

Summary: Monitor's Compliance Framework schedules for Quarter 1 are attached.

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
✓	✓	✓	✓	✓	✓

The Board is invited to: approve the following:

For finance, that:

Statement 4 – "The board anticipates that the trust will continue to maintain a financial risk rating of at least 3 over the next 12 months".

The Board **cannot confirm** statement 4 and has provided relevant details on documents accompanying the return.

Delivery of the financial plan for 2012/13 will give the Trust an overall financial risk rating of **three**. However, at quarter one 2012/13 the Trust's overall financial risk rating is **two**. The overall FRR will improve to **three** from quarter two onwards as;

a) the profile of the planned benefits of the financial sustainability programme increases as the year progresses and
b) the quarterly profiles of activity and income increases.

For governance, that:

Statement 11 – "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 B of the Compliance Framework; and a commitment to comply with all known targets going forwards".

The Board **can confirm** statement 11.

Otherwise

"The board confirms that there are no matters arising in the quarter requiring an exception report to Monitor (per Compliance Framework page 17 Diagram 8 and page 63) which have not already been reported".

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

For information: Financial Risk Indicators
As part of the forward looking potential finance risk indicators reported to Monitor, the following are reported as true;

- Number 2: The Trust is unable to certify that Board anticipates that the Quarterly FRR will be at least 3 over the next 12 months. The Trust's risk rating at quarter one is a **two.**

- Number 4: Debtors > 90 days past due account for more than 5% of total debtor balances. Debtors > 90 days are currently £245k, 15.8% of total debtor balances. NHS debtors account for the majority of the overdue debt (£204k). The largest debtor balance of £75k is with Specialist Commissioning over a disputed invoice for NICU activity from 2010/11. The Trust has yet to receive a response to the fresh data analysis supporting our invoice value sent to Specialist Commissioning. If agreement cannot be reached, the dispute will be resolved at Director level.

Author **M.Brown / C. Annely**
Date **23rd July 2012**

GOVERNANCE STATEMENTS

Worksheet "Governance Statement"

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In Year Governance Statement from the Board of Queen Elizabeth Hospital Kings Lynn

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

	For finance, that:	Board Response
4	The board anticipates that the trust will continue to maintain a financial risk rating of at least 3 over the next 12 months.	Not Confirmed
	For governance, that:	
11	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 B** of the Compliance Framework; and a commitment to comply with all known targets going forwards.	Confirmed
	Otherwise	
	The board confirms that there are no matters arising in the quarter requiring an exception report to Monitor (per Compliance Framework page 17 Diagram 8 and page 63) which have not already been reported.	Confirmed

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**	

Notes: *The contents of this statement are specified in Monitor's Compliance Framework for 2012-13* 0

Monitor will accept either 1) electronic signatures pasted into this worksheet or 2) hand written signatures on a paper printout of this declaration posted to Monitor to arrive by the submission deadline.

In the event than an NHS foundation trust is unable to confirm these statements it should NOT select 'Confirmed' in the relevant box. It must provide a response (using the section below) explaining the reasons for the absence of a full certification and the action it proposes to take to address it.

This may include include any significant prospective risks and concerns the foundation trust has in respect of delivering quality services and effective quality governance.

Monitor may adjust the relevant risk rating if there are significant issues arising and this may increase the frequency and intensity of monitoring for the NHS foundation trust.

FINANCIAL RISK RATING

Worksheet "RiskRating"

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Risk Ratings based on Annual Planning return from KINGSLYNN

			Reported YTD to 30-Jun-12	
Underlying performance				
	EBITDA YTD	*from SoCI*	1.268	
	Operating Revenue for EBITDA YTD	*from SoCI*	40.676	
	EBITDA Margin metric		3.1%	
	EBITDA Margin rating		**2**	
Achievement of plan				
	Actual EBITDA from SoCI		1.268	
	Planned EBITDA from SoCI		1.119	
	EBITDA % of plan achived metric		113.3%	
	EBITDA % of plan achived rating		**5**	
Financial Efficiency				
	Net return after financing costs, YTD	*from SoCI*	(0.587)	
	Opening Financing	*from SoFP*	76.644	
	Closing Financing	*from SoFP*	75.953	
	Net return after Financing metric		-3.1%	
	Net return after financing rating		2	
	Surplus / (deficit) YTD	*from SoCI*	(0.477)	
	Profit (loss) on asset disposals	*from SoCI*	0.014	
	I & R (Impairments & restructuring) expenses YTD	*from SoCI*	-	
	Total IFRS Operating Revenue YTD	*from SoCI*	40.772	
	IS Surplus margin metric		-1.2%	
	IS Surplus margin rating		2	
	Financial Efficiency rating		**2**	
Liquidity				
	Cash for liquidity purposes	*from SoFP*	13.597	
	Operating expenditure within EBITDA YTD	*from SoCI*	39.408	
	WCF in terms of Operating Expenditure YTD		34.3	
	Liquidity days metric (WCF limited to 30 days)		26.8	
	Liquidity rating		**4**	
Weighted Average Rating			**2.80**	
Overriding rules				
3	Return submitted on time		YES	
3	Return submitted complete and correct		YES	
2	PDC dividend not paid in full			
3	Year 2 OR Year 3 deficit planned excluding I & R expenses	NO		
2	Year 2 AND Year 3 deficit planned excluding I & R expenses	NO		
3	One financial criteria scored at '2'		TRUE	**3**
2	One financial criteria scored at '1'		FALSE	
2	Two financial criteria scored at '2'		TRUE	**2**
1	Two financial criteria scored at '1'		FALSE	
2	Unplanned breach of PBC ratios		FALSE	
4	Less than 1 year as an Foundation Trust		FALSE	
Limit due to overriding rules			**2**	
Financial Risk Rating			**2**	

FINANCIAL RISK INDICATORS

Worksheet "Finance Risk Indicators"

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Finance Risk Indicators for Queen Elizabeth Hospital Kings Lynn

Please respond "True" or "False" in the yellow cells below to statements 3 to 7 inclusive

	Finance Risk Indicators	Response
1	**Unplanned decrease in (quarterly) EBITDA margin in two consecutive quarters**	FALSE
2	**Trust is unable to certify that Board anticipates that the Quarterly FRR will be at least 3 over the next 12 months (from Governance Statement)**	TRUE
3	**Working capital facility (WCF) was used at any point in the quarter ending 30 Jun 2012**	FALSE
4	**Debtors > 90 days past due account for more than 5% of total debtor balances**	TRUE
5	**Creditors > 90 days past due account for more than 5% of total creditor balances**	FALSE
6	**Two or more changes in Finance Director in a twelve month period**	FALSE
7	**Interim Finance Director in place over more than one quarter end**	FALSE
8	**Quarter end cash balance <10 days of *(annualised)* operating expenses**	FALSE
9	**Capital expenditure < 75% of plan for the year to date**	FALSE
10	**Capital expenditure > 125% of plan for the year to date**	FALSE
	Note: Once your financial results are entered in SoCI, SoFP and SoCF the "?" cells will be calculated	0

Notes: *As set out in Monitor's Compliance Framework 2012-13, Monitor will separately consider this limited set of indicators to highlight the potential for any future material financial risk. Where Monitor believes that one or more of these indicators are present at an NHS foundation trust, Monitor will consider whether an earlier meeting with the trust to discuss them is appropriate. Following this meeting, Monitor may request the preparation of plans, or the provision of other assurances as to an NHS foundation trust's capacity to mitigate any potential risk. The use of these indicators will not form part of the formal regulatory framework or Monitor's approach to the potential use of its statutory powers of intervention.*

INDICATORS AND TARGETS

Worksheet "Targets and Indicators"

Declaration of risks against healthcare targets and indicators for 2012-13 by Queen Elizabeth Hospital Kings Lynn

These targets and indicators are set out in the **Compliance Framework**

Definitions can be found in Appendix B of the **Compliance Framework 12/13**

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 Compliance Framework 12/13)	Threshold or target YTD	Scoring	Risk declared at Annual Plan	Score	Quarter 1 Actual Performance	Achieved /Not Met	Any comments or explanations	Score
Clostridium Difficile -meeting the C.Diff objective	14	1.0	Yes	1	7	Achieved	*A short comment or explanation can be entered in this column if you wish.*	0
MRSA - meeting the MRSA objective	1	1.0	Yes	1	0	Achieved		0
Cancer 31 day wait for second or subsequent treatment - surgery	94%	1.0	Yes			Achieved		
Cancer 31 day wait for second or subsequent treatment - anti cancer drug treatments	98%	1.0	No			Achieved		
Cancer 31 day wait for second or subsequent treatment - radiotherapy	94%	1.0	No	1	0.0%	Not relevant		0
Cancer 62 Day Waits for first treatment (urgent GP referral for suspected cancer)	85%	1.0	Yes			Achieved		
Cancer 62 Day Waits for first treatment (from NHS cancer screening service referral)	90%	1.0	No	1		Achieved		0
Maximum time of 18 weeks from point of referral to treatment in aggregate, admitted patients	90%	1.0	No		91.1%	Achieved		
Maximum time of 18 weeks from point of referral to treatment in aggregate, non-admitted patients	95%	1.0	No		99.0%	Achieved		
Maximum time of 18 weeks from point of referral to treatment in aggregate, patients on incomplete pathways	92%	1.0	No	0	94.0%	Achieved		0
Cancer 31 day wait from diagnosis to first treatment	96%	0.5	Yes	0.5		Achieved		0
Cancer 2 week wait from referral to date first seen, all urgent referrals (cancer suspected)	93%	0.5	No			Achieved		
Cancer 2 week wait from referral to date first seen, sympomatic breast patients (cancer not initailly suspected)	93%	0.5	No	0		Achieved		0
A&E: maximum waiting time of 4 hours from arrival to admission/transfer/discharge	95%	1.0	Yes	1	96.7%	Achieved		0
Community care data completeness - referral to treatment information completeness	50%	1.0	No			Not relevant		
Community care data completeness - referral information completeness	50%	1.0	No			Not relevant		
Community care data completeness - activity information completeness	50%	1.0	No	0		Not relevant		0
Community care data completeness - patient identifier information completeness	TBC	0.0	No			Not relevant		
Community care data completeness - End of life patients deaths at home information completeness	TBC	0.0	No			Not relevant		
Care Programme Approach (CPA) patients receiving follow up contact within 7 days of discharge	95%	1.0	No			Not relevant		
Care Programme Approach (CPA) patients having formal review within 12 months	95%	1.0	No	0		Not relevant		0
Minimising MH delayed transfers of care	≤7.5%	1.0	No	0		Not relevant		0
Admissions to inpatient services had access to crisis resolution / home treatment teams	95%	1.0	No	0		Not relevant		0
Meeting commitment to serve new psychosis cases by early intervention teams	95%	0.5	No	0		Not relevant		0
Data completeness, MH: identifiers	97%	0.5	No	0		Not relevant		0
Data completeness, MH: outcomes for patients on CPA	50%	0.5	No	0		Not relevant		0
Ambulance Category A call - emergency response within 8 minutes (Red 1 & 2 calls consolidated for Q1)	75%	1.0	No	0		Not relevant		0
Ambulance Category A call - ambulance vehicel arrives within 19 minutes	95%	1.0	No	0		Not relevant		0
Compliance with requirements regarding access to healthcare for people with a learning disability	N/A	0.5	No	0		Yes		0
Risk of, or actual, failure to deliver mandatory services	N/A	4.0	No	0		No		0
CQC compliance action outstanding (as at 30 Jun 2012)	N/A	special	No			No		
CQC enforcement action within last 12 months (up to 30 Jun 2012)	N/A	special	No			No		
CQC enforcement notice currently in effect (as at 30 Jun 2012)	N/A	4.0	No			No		
Minor CQC concerns or impacts regarding the safety of healthcare provision (as at 30 Jun 2012)	N/A	special				No		
Moderate CQC concerns or impacts regarding the safety of healthcare provision (as at 30 Jun 2012)	N/A	special	Yes			No		
Major CQC concerns or impacts regarding the safety of healthcare provision (as at 30 Jun 2012)	N/A	2.0	No	0		No		0
Unable to maintain, or certify, a minimum published CNST level of 1.0 or have in place appropriate alternative arrangements	N/A	2.0	No	0		No		0
Trust unable to declare ongoing compliance with minimum standards of CQC registration	N/A	special	No			No		
Has the Trust has been inspected by CQC (in the quarter ending 30 Jun 2012)	N/A	special			no of standards	No		
If so, did the CQC inspection find non compliance with 1 or more essential standards	N/A	special			0	No		
		Results left to complete	0			0		
		Total Score	5.5			0		
		Overide Rating (if any)					Enter the reason for any non-scoring related rating override here	
		Indicative Governance risk rating	RED			GREEN		