Queen Elizabeth Hospital Kings Lynn
APR 12/13 executive summary

Monitor
Independent Regulator of NHS Foundation Trusts

Risk ratings

Financial Risk Rating:

2012/13:	Q1	Q2	Q3	FY		2013/14	2014/15
	2	3	3	3		4	4

Governance Risk Rating:

Self-certified rating	RED	Risks identified	• MRSA, C-Diff, Cancer 31 day 2nd treatment, Cancer 62 day, Cancer 31 day diagnosis, A&E

Prospective 12/13 Limits:

Long term borrowing limit	To be published	Working capital facility	£15.0m	Private patient income	1.40%

Financial plan summary

£m	2011/12 Actual		2012/13 Plan	2013/14 Plan	2014/15 Plan
Total revenue	**164.8**		**165.9**	**166.0**	**166.6**
Pay	-111.3		-111.6	-109.2	-107.7
PFI operating expense	0.0		0.0	0.0	0.0
Other costs	-45.4		-45.5	-45.1	-45.6
EBITDA	**8.1**		**8.8**	**11.7**	**13.3**
Surplus	**1.1**		**1.6**	**3.1**	**4.2**
EBITDA %	4.9%		5.3%	7.1%	8.0%
CIP %OpEx less PFI	4.1%		5.4%	5.1%	5.1%
CAPEX	-7.8		-10.1	-9.6	-9.5
Net cash flow	2.0		-2.8	0.0	-0.4
Cash & Equiv	**9.1**		**6.4**	**6.4**	**6.0**
Liquidity days	34.1		31.1	31.4	31.6
Net current assets	2.1		0.8	0.8	0.8
Borrowing	**8.3**		**9.9**	**10.3**	**8.8**

Annual Plan Review Summary

- Trust forecast an FRR 3 in 12/13, increasing to an FRR 4 in 13/14 and 14/15 driven by an increase in EBITDA margin from reduced pay costs.
- Sustainable financial position dependent on delivery of challenging CIP programme based on service redesign.
- £30m capital programme over 3 years to update IT and address backlog maintenance to be funded from cash released from CIPs.

Key risks	Action taken / committed	Gaps and residual concerns
• Risk that CIP delivery does not generate sufficient cash to improve margins and fund the significant capital investment programme.	• PMO set up with support from KPMG to identify and document CIP schemes. • Weekly meetings of the BSPG to discuss CIP delivery.	• The scale of CIPs is significant compared to prior years and requires service redesign to achieve. • YTD CIP delivery is in line with plan.
• Emergency activity reduction not achieved – risk to elective income due to capacity constraints and risk of not meeting cancer targets.	• Trust is part of West Norfolk unscheduled care board with the aim of reducing emergency activity. • Weekly cancer meetings are held to identify any capacity constraints on meeting targets.	• Risk remains that emergency activity is not reduced as much as anticipated.
• Financial governance risk – poor financial planning identified as a risk to identifying under delivery of plan and taking actions to address.	• Board has conducted a self assessment of financial governance and is due to commission an external review of financial governance to provide assurance.	• Strengthened financial governance is necessary to ensure delivery of the challenging financial plan.
• Risk to meeting targets and indicators – the Board has declared a risk to 6 targets in 12/13.	• The Board is taking a prudent view to risk and has taken actions to mitigate the risks.	• It is essential the Trust does not lose focus on meeting targets and standards while delivering a challenging financial plan.

Next steps • **Continue monthly monitoring and regular progress review meetings**