The Queen Elizabeth Hospital King's Lynn NHS Foundation Trust

REPORT TO TRUST BOARD (IN PUBLIC)

SUBMITTED BY:	REPORT FOR:		IMPACT:		
David Stonehouse	Decision		High	Med	Low
CONSULTATION:	Information	√	√		
	REPORT TYPE:		RELATED WORK:		
	Strategic	√			
	Operational	√			
	Governance	√			
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Meeting Date: 29th October 2012
Report Title: Finance Report – September 2012

Purpose: To provide an update of the Trust's financial position

Summary: Please see the first page of the report

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: The Trust Board are asked to note the content of the report and consider actions.

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Date: 19th October 2012

Version; v1

1.0 SUMMARY INCOME & EXPENDITURE POSITION

1.1 For the month the Trust achieved an EBITDA of £453k against a planned EBITDA of £661k, an adverse variance of £208k. For the month the Trust reported a net deficit of £202k against a planned surplus of £26k, an adverse variance of £228k. The Trust EBITDA margin was 3.4% against a planned EBITDA margin of 4.9%, 1.5% below plan.

1.2 Combined elective inpatient and daycase income was marginally over the original plan for the month. Outpatient activity for the month was significantly below plan. Non elective activity was also lower than expected in the month. Direct Access income over performed by £104k.

1.3 Pay was overspent in the month by £53k and non pay by £136k.

1.4 Year to date the Trust has achieved an EBITDA of £3,600k against a plan of £4,140k, an adverse variance of £540k. The Trust reported a surplus of £80k against a planned surplus of £583k, an adverse variance of £503k. Year to date the Trust EBITDA margin is 4.4% against a plan of 5.0%, 0.6% below plan.

1.5 In the month the Trust scored an FRR of 2 against an expected FRR of 2 and year to date the Trust is reporting an FRR of 3 against a planned FRR of 3. Current EBITDA of £3,600k is £591k greater than EBITDA at Q2 2011/12.

1.6 In compiling the forecast, during the month the Executive Team has carried out a baseline financial review of clinical income, forecast operational run-rates and BSP savings.

1.7 Summary EBITDA Forecast Movement (month 5 to month 6)

2012/13 forecast EBITDA at month 5	£8.1m
Improvement in Clinical Income Forecast	+£0.3m
Improvement in operation expenditure run-rates	+£0.3m
Improvement in BSP savings forecast	+£0.1m
2012/13 forecast EBITDA at month 6	£8.8m

2.0 BUSINESS SUSTAINABILITY PROGRAMME

2.1 The Trust's financial plan was based on the Business Sustainability Programme (BSP) delivering £10.2m of savings for 2012/13. The Board approved the financial plan on the basis of £8.3m coming from known & identified projects/schemes (PODs), £1.5m was unidentified and £0.4m was to be achieved by staff vacancies in the first four months of 2012/13.

2.2 After completing a detailed review of each scheme and incorporating an additional 10% achievement factor, the BSP as a minimum, is expected to achieve £6.6m (£6.2m savings and £0.4m vacancy factor). There remains a firm Executive commitment to continue to drive forward existing programme schemes. Also work is on-going to identify (and translate into action) any new ideas and initiatives to deliver savings in 2012/13 and 2013/14.

3.0 TRUST INCOME

3.1 For the month the Trust under delivered against planned clinical income by £152k. Year to date the Trust has under delivered against planned clinical income by £681k.

3.2 For the month elective inpatient activity is above plan by 20 cases. However, an adverse variance of £87k was recorded as a result of specialty and case-mix. Elective inpatient work continues to be the most significant area of under-performance to date.

3.3 For the month, daycase activity was 12 cases below plan, but due to the mix of specialties a favourable variance of £109k was recorded.

3.4 Non-elective activity in September was below plan by 11 cases. However, an adverse variance of £349k was recorded. After allowing for the impact of excess bed days and the emergency cap, an adverse variance of £136k was recorded for the month.

3.5 For the month outpatient activity was below the Trust plan by 1,092 attendances, generating an adverse variance of £143k.

3.6 Other areas of the contract have recorded a favourable variance in month of £105k. This is primarily due to Direct Access which has recorded a positive variance in September of £104K.

3.7 The clinical income forecast has been prepared this month. Overall, the forecast for elective inpatient and day-case activity has improved by £586k. Conversely, the under-performance in non-elective inpatients has been reflected in the forecast which has created a reduction of £413k. The forecast for outpatients has improved overall by £72K.

3.8 Other Non-Clinical Income

Other non-clinical income was above plan by £98k. The majority of the positive variance, £61k, is associated with the recharge of junior doctor salaries and NVQ training income.

3.10 Education, training & Research Income

Education, training and research income was above plan by £35K in September. £10k was received to cover a secondment and £7k additional income contributing to cancer research costs was received. In addition, £17k of income was received for Library running costs.

4.0 CAPITAL

4.1 At the end of quarter 2 the Trust has spent £3,176k of the £3,468k budget. Donations of £160k have been received towards the NICU project. A further £100k had been planned to have been spent on donated medical equipment but this spend will now take place in quarter 3.

4.2 Forecast capital expenditure is £7,996k against a plan of £10,142k.

5.0 BALANCE SHEET AND CASHFLOW

5.1 The main variances to date are associated with accrued Income, fixed assets, non trade creditors and cash balances.

5.2 The year to date variance in cash balances of £8m is primarily due to the early receipt of planned income.

5.3 The year to date variance associated with accrued income is due to a lower than planned prepayments as a result of a delay in receiving an annual contract invoice of £1m.

5.4 The cash balance in the forecast balance sheet is below plan due to forecast reduction in net surplus. Other than the cash balance, the balance sheet is generally expected to be as per plan.

6.0 CONCLUSIONS AND RECOMMENDATION

6.1 Note the financial performance to date and the cumulative FRR of 3.

6.2 Note that assertive management action is being undertaken to deliver the forecast clinical activity, to deliver the forecast operational expenditure run-rates and BSP savings as per plan.