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

REPORT TO THE BOARD OF DIRECTORS (IN PUBLIC)

SUBMITTED BY:	REPORT FOR:		IMPACT:		
B Cummings Director of Business Planning and Performance 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: 29th October 2012
Report Title: Finance and Governance Statements – Quarter 2

Purpose: Agree the Trust's Finance and Governance Statements for Quarter 2.

Summary: Monitor's Compliance Framework schedules for Quarter 2 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.

The Trust has delivered a financial risk rating of 3 as at quarter 2, which is in line with plan. Delivery of the planned EBITDA of £8,761k for 2012/13 will give the Trust an overall financial risk rating of 3 for the year. The 2013/14 planning report to the Board of Directors (dated 24th September 2012) provided guidance as to the scale of the challenge facing the Trust in order to deliver a FRR 3 in 2013/14.

Given that

a) Whilst the Trust has made good progress in improving expenditure run rates, further work is being undertaken to enhance our understanding of 2013/14 recurrent run rates and

b) the Trust does not yet have detailed implementation plans for delivering cost improvements in 2013/14

means the Board does not have sufficient evidence to give the assurance that the Trust will continue to maintain a financial risk rating of at least 3 over the next 12 months.

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.

- Number 4: Debtors > 90 days past due account for more than 5% of total debtor balances. Debtors > 90 days are currently £832k, 30.3% of total debtor balances. NHS debtors account for the majority of the overdue debt (£788k). The largest NHS debtor balance of £585k is with Specialist Commissioning. Three invoices (amounting to £509k) relating to income due from Specialist Commissioning for activity undertaken in quarter 4 2011/12 remain unpaid, as does an older disputed invoice for £75k relating to NICU activity from 2010/11. The Trust will escalate the quarter 4 2011/12 invoices, the NICU disputed invoice having already been escalated. If agreement cannot be reached, the dispute will be resolved at Director level.

Author **M.Brown / C. Annely**
Date **24rd October 2012**

GOVERNANCE STATEMENTS

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

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**	

FINANCIAL RISK RATING

Worksheet "RiskRating"

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Risk Ratings based on Annual Planning return from KINGSLYNN

		Reported YTD to 30-Jun-12	Reported YTD to 30-Sep-12
Underlying performance			
EBITDA YTD	*from SoCI*	1.265	3.601
Operating Revenue for EBITDA YTD	*from SoCI*	40.673	82.557
EBITDA Margin metric		3.1%	4.4%
EBITDA Margin rating		**2**	**2**
Achievement of plan			
Actual EBITDA from SoCI		1.265	3.601
Planned EBITDA from SoCI		1.119	4.140
EBITDA % of plan achived metric		113.1%	87.0%
EBITDA % of plan achived rating		**5**	**4**
Financial Efficiency			
Net return after financing costs, YTD	*from SoCI*	(0.590)	(0.172)
Opening Financing	*from SoFP*	76.644	76.644
Closing Financing	*from SoFP*	75.953	76.324
Net return after Financing metric		-3.1%	-0.4%
Net return after financing rating		2	3
Surplus / (deficit) YTD	*from SoCI*	(0.481)	0.080
Profit (loss) on asset disposals	*from SoCI*	0.014	(0.002)
I & R (Impairments & restructuring) expenses YTD	*from SoCI*	-	-
Total IFRS Operating Revenue YTD	*from SoCI*	40.768	82.811
IS Surplus margin metric		-1.2%	0.1%
IS Surplus margin rating		2	2
Financial Efficiency rating		**2**	**3**
Liquidity			
Cash for liquidity purposes	*from SoFP*	13.597	13.453
Operating expenditure within EBITDA YTD	*from SoCI*	39.408	78.956
WCF in terms of Operating Expenditure YTD		34.3	34.2
Liquidity days metric (WCF limited to 30 days)		26.8	26.5
Liquidity rating		**4**	**4**
Weighted Average Rating		**2.80**	**2.90**

Overriding rules						
3	Return submitted on time		YES		YES	
3	Return submitted complete and correct		YES		YES	
2	PDC dividend not paid in full				FALSE	
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**	TRUE	**3**
2	One financial criteria scored at '1'		FALSE		FALSE	
2	Two financial criteria scored at '2'		TRUE	**2**	FALSE	
1	Two financial criteria scored at '1'		FALSE		FALSE	
2	Unplanned breach of PBC ratios		FALSE		FALSE	
4	Less than 1 year as an Foundation Trust		FALSE		FALSE	
Limit due to overriding rules				**2**		**3**
Financial Risk Rating				**2**		**3**

FINANCIAL RISK INDICATORS

Worksheet "Finance Risk Indicators"

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Finance Risk Indicators for Queen Elizabeth Hospital King's 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 Sep 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 (on accruals basis)**	FALSE
10	**Capital expenditure > 125% of plan for the year to date (on accruals basis)**	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 INDICATORS

Worksheet "Targets and Indicators"

Declaration of risks against healthcare targets and indicators for 2012-13 by Queen Elizabeth Hospital King's 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	Achieved /Not Met	Any comments or explanations	Score	Quarter 2 Actual Performance	Achieved /Not Met	Any comments or explanations	Score
Clostridium Difficile -meeting the C.Diff objective	23	1.0	Yes	1	Achieved	*A short comment or explanation can be entered in this column if you wish.*	0	3	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	Achieved		0	0	Achieved		0
Cancer 31 day wait for second or subsequent treatment - surgery	94%	1.0	Yes		Achieved			100.0%	Achieved		
Cancer 31 day wait for second or subsequent treatment - anti cancer drug treatments	98%	1.0	No		Achieved			100.0%	Achieved		
Cancer 31 day wait for second or subsequent treatment - radiotherapy	94%	1.0	No	1	Not relevant		0		Not relevant		0
Cancer 62 Day Waits for first treatment (urgent GP referral for suspected cancer)	85%	1.0	Yes		Achieved			86.0%	Achieved		
Cancer 62 Day Waits for first treatment (from NHS cancer screening service referral)	90%	1.0	No	1	Achieved		0	100.0%	Achieved		0
Maximum time of 18 weeks from point of referral to treatment in aggregate, admitted patients	90%	1.0	No		Achieved			93.2%	Achieved		
Maximum time of 18 weeks from point of referral to treatment in aggregate, non-admitted patients	95%	1.0	No		Achieved			98.9%	Achieved		
Maximum time of 18 weeks from point of referral to treatment in aggregate, patients on incomplete pathways	92%	1.0	No	0	Achieved		0	95.5%	Achieved		0
Cancer 31 day wait from diagnosis to first treatment	96%	0.5	Yes	0.5	Achieved		0	99.7%	Achieved		0
Cancer 2 week wait from referral to date first seen, all urgent referrals (cancer suspected)	93%	0.5	No		Achieved			97.9%	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	98.5%	Achieved		0
A&E: maximum waiting time of 4 hours from arrival to admission/transfer/discharge	95%	1.0	Yes	1	Achieved		0	95.5%	Achieved		0
Community care data completeness - referral to treatment information completeness	50%	1.0	No		Not relevant				Not relevant		
Community care data completeness - referral information completeness	50%	1.0	No		Not relevant				Not relevant		
Community care data completeness - activity information completeness	50%	1.0	No	0	Not relevant		0		Not relevant		0
Community care data completeness - patient identifier information completeness	TBC	0.0	No		Not relevant				Not relevant		
Community care data completeness - End of life patients deaths at home information completeness	TBC	0.0	No		Not relevant				Not relevant		
Care Programme Approach (CPA) patients receiving follow up contact within 7 days of discharge	95%	1.0	No		Not relevant				Not relevant		
Care Programme Approach (CPA) patients having formal review within 12 months	95%	1.0	No	0	Not relevant		0		Not relevant		0
Minimising MH delayed transfers of care	≤7.5%	1.0	No	0	Not relevant		0	2.3%	Achieved		0
Admissions to inpatient services had access to crisis resolution / home treatment teams	95%	1.0	No	0	Not relevant		0		Not relevant		0
Meeting commitment to serve new psychosis cases by early intervention teams	95%	0.5	No	0	Not relevant		0		Not relevant		0
Data completeness, MH: identifiers	97%	0.5	No	0	Not relevant		0		Not relevant		0
Data completeness, MH: outcomes for patients on CPA	50%	0.5	No	0	Not relevant		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	No Longer Required for Q2 - please enter Red 1 and Red 2 results below			
Ambulance Category A call - emergency response within 8 minutes (Red 1 calls)	75%	0.5	No		Not relevant				Not relevant		0
Ambulance Category A call - emergency response within 8 minutes (Red 2 calls)	75%	0.5			Not relevant				Not relevant		0
Ambulance Category A call - ambulance vehicel arrives within 19 minutes	95%	1.0	No	0	Not relevant		0		Not relevant		0
Failure to comply with requirements regarding access to healthcare for people with a learning disability	N/A	0.5	No	0	No		0				0
Risk of, or actual, failure to deliver mandatory services	N/A	4.0	No	0	No		0				0
CQC compliance action outstanding (as at 30 Sep 2012)	N/A	special	No		No						
CQC enforcement action within last 12 months (up to 30 Sep 2012)	N/A	special	No		No						
CQC enforcement notice currently in effect (as at 30 Sep 2012)	N/A	4.0	No		No						
Minor CQC concerns or impacts regarding the safety of healthcare provision (as at 30 Sep 2012)	N/A	special			No						
Moderate CQC concerns or impacts regarding the safety of healthcare provision (as at 30 Sep 2012)	N/A	special	Yes		Yes						
Major CQC concerns or impacts regarding the safety of healthcare provision (as at 30 Sep 2012)	N/A	2.0	No	0	No		0				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				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 Sep 2012)	N/A	special			No			no of standards			
If so, did the CQC inspection find non compliance with 1 or more essential standards	N/A	special			No			0			
		Results left to complete	1		0				12		
		Total Score	5.5		0				0		
		Overide Rating (if any)			RED	Enter the reason for any non-scoring related rating override here				Enter the reason for any non-scoring related rating override here	
		Indicative Governance risk rating	RED		RED				GREEN		