Agenda Item No.3

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

REPORT TO THE BOARD OF DIRECTORS (IN PUBLIC)

RESPONSIBLE DIRECTOR:	REPORT FOR:		IMPACT ON BUSINESS:		
Mr Roy Jackson Director of Finance	Decision	√	High	Med	Low
	Discussion			√	
	Information	√			
LEAD MANAGER:	**REPORT TYPE:**		**BAF REFERENCES & RAG:**		
	Strategic				
	Operational	√			
	Governance		**RELATED WORK: (PREVIOUS PAPERS TO COMMITTEE)**		
PEER ASSIST:	**PEER REVIEW:**				
CQC Domain: (safe, caring, effective, responsive, well-led)	Effective & Well-led				

Meeting Date: 27th March 2018

Report Title: Finance Exception Report

PURPOSE:

To update the Board on the financial position as at the end of February 2018.

SUMMARY:

- The Trust is measuring its financial performance against a 2017/18 deficit plan of £16.3m, as submitted to NHS Improvement (NHSI) in March 2017.
- The Trust has made a (control total) loss of £2.8m in February 2017, and £19.6m year to date. This is £0.8m adverse to plan in February and £3.9m adverse to plan year to date.
- The Trust forecast deficit for 2017/18 has been assessed within the range of £19.9m – to £21.9m.

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
		√			

RECOMMENDATIONS:

The Board of Directors

a) To note the financial position.

FINANCE REPORT

1.0 Introduction

The purpose of this report is to inform the Board of the Trust's financial position as at 28th February 2018.

2.0 The Annual Revenue Plan

The Trust is measuring its financial performance against a 2017/18 deficit plan of £16.3m (£16.6m once the accounting impact of transactions outside the Control Total definition are then included), the £16.3m figure being that submitted to NHS Improvement (NHSI) in March 2017.

3.0 Financial Position as at 28th February 2018

The Trust has made a (control total) loss of £2.8m in February 2018 which is £0.8m adverse to plan (loss of £1.0m in January, £0.2m favourable to plan). Year to date loss is £19.6m which is £3.9m adverse to plan. Appendix 1 contains a summary of the financial position at the end of February 2018.

Clinical income in February is £335k adverse to plan. The main driver for the adverse performance is the under delivery of planned care activity due to continued operational pressure associated with managing emergency care.

Overall pay expenditure is £514k adverse to plan (January £500k adverse). Total pay costs in February of £12,046k are virtually unchanged to those in January. Substantive staff spend is £18k adverse to plan (January £56k adverse) and agency spend is £496k adverse to plan (January £444k adverse) and

The pay adverse variance continues to be driven primarily by the need to use agency and premium rate bank staff to cover medical staff and qualified nurse vacancies and sickness cover.

Table 1: Summary of Variances to Budget at end of February 2017

Subjective	Month 11 £000	Variance	Year to date £000	Variance
Clinical Income	(335)	Adverse	(1,872)	Adverse
Other Income	39	Favourable	170	Favourable
Pay	(514)	Adverse	(2,294)	Adverse
Non Pay	(109)	Adverse	(677)	Adverse
Depreciation & Financing Costs	96	Favourable	763	Favourable
TRUST PLAN VARIANCE	(823)	Adverse	(3,910)	Adverse

The Trust is reporting a forecast outturn deficit in the range of £19.9m to £21.9m. The items that move the forecast to the more favourable end of this range are in respect of outstanding issues currently being negotiated regarding disputed charges.

The items that move the forecast to the less favourable end of this range include lower levels of activity being recorded and the anticipation that outstanding challenges are not settled advantageously.

4.0 Capital and Cash

The Trust had an original capital expenditure programme of £9.2m in 2017/18. The capital programme has been reviewed and a forecast out-turn of £4.5m (inclusive of £0.1m donated assets) is expected.

Year to date, £3.1m has been spent on capital investment as follows;

- CT scanners - £0.7m
- Estate backlog - £0.5m
- Medical equipment - £0.4m
- GP streaming - £0.3m
- L1 Fire Alarm - £0.3m
- Pharmacy Automated Dispensing System - £0.4m
- Various other - £0.5m.

At the end of February the Trust has drawn a total of £13.7m loans for revenue and zero for capital. Loan funding of £5.1m has been received in March and a further £1.8m has been requested for April.

Appendix 1: Summary Statement of Comprehensive Income

Income & Expenditure Summary - FEBRUARY 2018

2017/18 Opening Budget	2017/18 Current Budget	Period Actual	Period Budget	Period Variance	Period Variance %	£000's	Year to date Actual	Year to date Budget	Year to date Variance	Year to date Variance %
						Revenue				
158,208	158,330	12,285	12,620	(335)	(2.7%)	Clinical Revenue (ex PS Fund [2])	142,948	144,820	(1,872)	(1.3%)
15,307	16,029	1,354	1,315	39	3.0%	Other Revenue	14,848	14,678	170	1.2%
173,515	174,359	13,639	13,935	(296)	(2.1%)	Sub Total Revenue (ex PS Fund [2])	157,796	159,498	(1,702)	(1.1%)
13,888	13,991	630	1,166	(536)	(46.0%)	*Pass through drugs & devices*	11,055	12,825	(1,770)	(13.8%)
187,403	188,350	14,269	15,101	(832)	(5.5%)	**Total Revenue (ex PS Fund [2])**	168,851	172,323	(3,472)	(2.0%)
						Expenditure				
(127,660)	(126,469)	(10,763)	(10,745)	(18)	(0.2%)	Employee Benefit Expenses	(116,846)	(115,714)	(1,132)	(1.0%)
(14,655)	(13,149)	(1,283)	(787)	(496)	(63.0%)	Agency Staff	(13,522)	(12,360)	(1,162)	(9.4%)
(39,446)	(42,673)	(3,744)	(3,635)	(109)	(3.0%)	Non Pay Expenditure	(40,119)	(39,442)	(677)	(1.7%)
(181,761)	(182,291)	(15,790)	(15,167)	(623)	(4.1%)	Sub Total Expenditure	(170,487)	(167,516)	(2,971)	(1.8%)
(13,888)	(13,991)	(630)	(1,166)	536	46.0%	*Pass through drugs & devices*	(11,055)	(12,825)	1,770	13.8%
(195,649)	(196,282)	(16,420)	(16,333)	(87)	(0.5%)	**Total Costs**	(181,542)	(180,341)	(1,201)	(0.7%)
(8,246)	(7,932)	(2,151)	(1,232)	(919)	(74.6%)	**EBITDA (ex PS Fund [2])**	(12,691)	(8,018)	(4,673)	(58.3%)
(8,096)	(8,410)	(640)	(731)	91	12.4%	Depreciation & Financing Costs	(6,937)	(7,677)	740	9.6%
(16,342)	(16,342)	(2,791)	(1,963)	(828)	(42.2%)	**Control Total Performance (ex PS Fund [2,3])**	(19,628)	(15,695)	(3,933)	(25.1%)
0	0	0	0	0	0.0%	Provider Sustainability Fund	0	0	0	0.0%
(16,342)	(16,342)	(2,791)	(1,963)	(828)	(42.2%)	**Control Total Performance (inc PS Fund [2,3])**	(19,628)	(15,695)	(3,933)	(25.1%)
(250)	(250)	(25)	(30)	5	16.7%	Transactions Outside of Control Total	(222)	(245)	23	9.4%
(16,592)	(16,592)	(2,816)	(1,993)	(823)	(41.3%)	**Net (Deficit)/Surplus**	(19,850)	(15,940)	(3,910)	(24.5%)
(4.4%)	(4.2%)	(15.1%)	(8.2%)			EBITDA Margin	(7.5%)	(4.7%)		
(8.8%)	(8.8%)	(19.7%)	(13.2%)			(Deficit)/Surplus Margin	(11.7%)	(9.2%)		

1. Variances - favourable variances are positive figures, adverse variances are negative figures.
2. PS Fund = Provider Sustainability Fund
3. Access allowed to the PS Fund if the year to date variance to APR plan is nil or favourable.