Agenda Item No.9a

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

REPORT TO THE TRUST BOARD (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)	Well-led				

Meeting Date: 27th March 2018

Report Title: Loan Compliance 2017/18

PURPOSE:
To provide an update of the Trust's 2017/18 compliance with Loans terms and conditions.

SUMMARY:
In all aspects the Trust is compliant with the special conditions of the loans as per the table in this report.

RISK ASSESSMENT (CROSS-REFERENCE WITH RISK REGISTER WHERE APPROPRIATE):					
Strategic / External	Operational/ Organisational	Financial	Clinical	Legal/ Regulatory	Reputational / Patient Experience
√	√	√	√	√	√

RECOMMENDATION/S:
The Board; a) To note compliance with loan terms and conditions

Loan Compliance with Terms and Conditions

Category	Term or Condition	Compliance
Surplus/Deficit and Capital Limits	The Lender has set a Surplus/Deficit Limit and/or a Capital Limit for the Borrower in consultation with the relevant Supervisory Body	No trust compliance required
	The Borrower understands and accepts these Limits in the recognition that any ne expenditure in excess of the relevant Limit(s) cannot be funded by the Lender based upon the assumptions made by the Lender at the date of this agreement	The Trust understands and accepts
	The Borrower undertakes not to put forward any Utilisation Requests on this or any other Facility with the Lender that would result in Limits being exceeded by the Borrower without the explicit agreement of the Lender	The Trust will comply with this
	In the event that a utilisation is likely to lead to a Limit being exceeded, the Borrower shall inform the Lender two calendar months before any such utilisation may be submitted	Yes
	The Borrower will make no assumptions in any financial planning in relation to any financial support from the Lender beyond financing previously agreed to support the relevant Limit(s)	Agreed
	Limits may be adjusted by the Lender from time to time in consultation with the relevant Supervisory Body	No trust compliance required
	Performance against Limits will be monitored by the relevant Supervisory Body	No trust compliance required
Nursing agency expenditure	The Borrower undertakes to comply with nursing agency spending rules set out in the letter of 1st September 2015 from David Bennett and Robert Alexander to NHS Foundation Trust and Trust Chief Executives as maybe updated from time to time. In particular, the Borrower Undertakes to: a) Procure all nursing staff through approved frameworks unless such action is otherwise authorised by the relevant Supervisory Body b) Implement an annual maximum limit for agency nursing expenditure as a percentage of the total nursing staff budget as set out in the letter of 1st September 2015 or otherwise notified by the relevant Supervisory Body c) Implement any additional controls as may	Yes To be implemented in April 2018 Any additional controls required will be

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	be required by the relevant Supervisory body	implemented
	The Borrower additionally undertakes to Implement the NHS Employers Five High Impact Actions	All actions are followed by the Trust
Professional Services Consultancy Spend	The Borrower will not enter into any contract for the procurement of professional consultancy services with a value in excess of £50,000 without the prior approval of the relevant Supervisory Body. The value of multiple contracts issued in respect similar Terms of Reference will be aggregated, as though a single contract has been issued, in respect of this clause.	The Trust complies
VSM Pay Costs	Where the Borrower is authorised as an NHS Foundation trust, the Borrower will, via the Lender, seek the views of the appropriate Health Minister before making appointments to Boards/Executive Boards where the proposed salary exceeds £142,500	Yes, all such decisions have to go through Remuneration Committee who would seek ministerial approval for all such appointments.
	Where the Borrower is not authorised as an NHS Foundation Trust, the Borrower will, via the Lender, seek approval of the appropriate Health Minster before making appointments to Boards/Executive Boards where the proposed salary exceeds £142,500	N/A
	The Borrower undertakes to implement the requirements in respect of the treatment of "off-payroll" workers included in the letter from David Nicholson to Chairs and Chief Executives of 20th August 2012, or any subsequent guidance issued by the Lender	Implemented
	The Borrower shall apply the most recently updated version of standard redundancy terms for NHS staff in England to all newly appointed VSNs except where existing statutory terms take precedence. In addition, the Borrower shall apply the most recently updated version of standard redundancy terms for NHS staff in England for existing VSMs where Section 16 is referenced in their contracts of employment	Applied
Estate Costs	The Borrower undertakes to examine the overall running costs of Estates and Facilities against a benchmark group of similar THS Trust within 3 months from the date of this Agreement. Where higher than average costs are identified, and there is no valid reason for this, the	The Trust benchmarks informally within its peer group using the ERIC returns information. A more extensive benchmarking will be done, again using the ERIC

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	Borrower will put in place an action plan to reduce these costs to match the agreed benchmark level. DH will need to satisfy itself that the benchmark is reasonable and the plan is deliverable	returns information by the end of June
Surplus Land	The Borrower shall ensure that it has in place an up to date estates strategy covering a period at least 3 years from the date of this Agreement. The estates strategy should be informed by discussions with commissioners about clinical service requirements and consider options for rationalising the estate and releasing surplus land.	There is an estates strategy in place for 2015-18. The strategy is due for review; estates are working closely with STP and the whole health economy stakeholders to create a strategy which supports the STP. The Trust is currently undertaking a NHS Six Facet Survey to inform the level of investment required to negate Backlog Maintenance
	The report required in clause above shall identify surplus land and potentially surplus land to be released during the period from the date of this Agreement date to 31 March 2020	The Trust has no surplus land
	The Borrower shall provide the Lender with a copy of its estate strategy within 6 weeks of the date of this Agreement or at a date otherwise agreed with the Lender. The Lender will need to satisfy itself that the strategy is complete and deliverable for this condition to be satisfied.	The current strategy is available
Procure21	The Borrower will use P21+ Procurement Framework for all publicly funded capital works, unless otherwise agreed with the relevant Supervisory Body	The Trust will use this where appropriate but would seek to use more efficient methods depending on the project
	Where the Borrower proposes to use an alternative procurement route, the Borrower will submit a business case to the relevant Supervisory Body for approval, demonstrating that an alternative procurement route offers better Value for Money than P21+ Procurement Framework	Agreed
Finance and Accounting and Payroll	The Borrower undertakes to commission NHS Shared Business Services to complete a baseline assessment of the Borrower's finance and accounting and payroll services to assess the benefit of the use, or increased use, of an outsources service provider. The Borrower will provide full details of the outcome of this assessment to the	Model Hospital indicates payroll service is the second most cost effective service provider. Finance function overall compares marginally better to peers (Model hospital).

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	Lender within 6 Months of the date of this Agreement	
	Where the assessment by NHS Shared Business Services supports the case for use, or increased use, of an outsourced service provider, the Borrower will undertake an appropriate market testing exercise or use existing Government Framework to procure an outsourced service provider within a timescale to be agreed with the Lender	
Bank Staffing	The Borrower will undertake an assessment using the appropriate tool kit published on the NHS Centre for Procurement Efficiency to assess the benefit of the use, or increased use of an Outsourced Staff Bank provider. The Borrower commits to provide full details of the outcome of this assessment to the Lender within 6 months of the date of this Agreement	This was carried out towards the end of 2016.
	Where an assessment using the appropriate tool kit published on the NHS Centre for Procurement Efficiency supports the case for the use of an Outsourced Staff Bank provider, the Borrower will undertake an appropriate market testing exercise or use existing Government Framework to procure an Outsourced Staff Bank provider within a timescale to be agreed with the Lender	Agreed
Procurement	The Borrower shall provide third party non-pay spend to the Lender in a format specified by the Lender, within 6 months of the date of this Agreement, and at least annually thereafter, on the request of the Lender	Information will be provided within timescale
	The Borrower shall test the savings opportunities of increasing usage of the NHS Supply Chain and future editions and/or replacements of the NHS Catalogue within 6 months of the date of this Agreement and at least annually thereafter, on the request of the Lender	Agreed
	Any savings identified through the process set out above will be pursued by the Borrower. Any identified savings which the Borrower does not intend to pursue must be notified to the Lender along with reasons for not doing so	Agreed
	The Borrower will provide the Lender with current copies of its medical capital equipment asset register, medical equipment maintenance schedule, and capital medical equipment procurement	Information available

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	plans within 6 months of the date of this Agreement, and at least annually thereafter, on the request of the Lender	
Crown Commercial Services (CCS)	The Borrower undertakes to test the scope of savings opportunities from CCS within 6 months of the date of this Agreement, subject to appropriate CCS resources being available to support this undertaking. Any savings identified as part of this process which the Borrower does not intend to pursue must be notified to the Lender along with reasons for not doing so	The Trust always tests the market, if CCS routes exist, the Trust will scope those routes.
	The Borrower additionally undertakes to provide details of its relevant requirements in support of all future collaborative procurements including e-auctions	Agreed
EEA and Non-EEA Patient Costs Reporting	The Borrower Undertakes to: a) Become a member of the EEA portal and actively report EHIC and S2 patient activity on the portal b) Provide an overview of the patient identification, billing and costs recovery systems in place with any planned improvements (for EEA and non-EEA patients) c) Participate and collaborate with local/national commissioners in the development of the new "risk sharing" model for non-EEA chargeable patients	a) The Trust actively reports EHIC as evidenced by the tariff it receives b) Overseas visitors' policy has recently been updated. An internal register of OSV has been created which moves the patients through the process c) Trust endeavours to participate and collaborate wherever possible. Staff to attend regional meeting in Huntington 26 March 2018
On request of the lender, the Borrower agrees to provide timely information and enable appropriate access to parties acting on behalf of the Lender for the purposes of appropriate tracking and reporting of progress delivering the conditions set out within the Schedule		Agreed