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

REPORT TO THE BOARD OF DIRECTORS (IN PUBLIC)

RESPONSIBLE DIRECTOR:	REPORT FOR:		IMPACT ON BUSINESS:		
Russell Pearson Deputy 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: 28th March 2017

Report Title: Finance Exception Report

PURPOSE:

To update the Board on the financial position to the end of February 2016.

SUMMARY:

- The Trust has made a loss of £1.7m in February 2017, which is as per the original plan and £0.4m favourable to forecast.
- Year to date, the Trust has made a loss of £17.1m, which (excluding planned income from the Sustainability and Transformation Fund) is £5.5m adverse to the original plan.
- The Trust has committed to manage its financial out-turn deficit to a revised control total of £18.3m (ideally lower). In February the target deficit of £2.0m was met.
- There are a number of risks still to manage in the final month and it is essential that the rigour of financial control and challenge remains in place not just for the remainder of 2016/17 but in to 2017/18 as well.

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.

Author: Mr R Pearson
Date: 22nd March 2017
Version: 1.0

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 2017

2.0 Financial Position February 2017 and Year to Date

The Trust has made a loss of £1.7m in February 2017, which is as per the original plan and £0.4m favourable to the forecast, excluding Sustainability and Transformation Fund.

Year to date, the Trust has made a loss of £17.1m, which, excluding Sustainability and Transformation Fund, is £5.5m adverse to plan.

The Trust has made a commitment to NHSI to manage the financial out-turn such that the 2016/17 deficit against the control total does not exceed £18.3m. Performance in February indicates that the Trust is still on target to achieve the revised deficit figure of £18.3m at the end of March. In order to achieve a deficit control total of £18.3m it is essential that the rigour of financial control and challenge remains in place.

The financial objectives for the next quarter remain unchanged and are to:

- Avoid and minimise costs wherever possible and deliver the revised financial deficit.
- Maintain grip and control over keys lines of expenditure e.g. extra sessional payments (WLIs & Temp work payments).
- Reduce the recurrent expenditure run rate where-ever possible to improve the financial outlook going into 2017/18.

The challenges associated with workforce recruitment and retention remain the key areas of risk to the Trust's financial out-turn.

Over Q4 the Trust forecast to spend £1.3m per month on agency staff. In February the actual expenditure was £1.2m, a £0.1m reduction on forecast which reflects the actions undertaken to reduce agency expenditure.

Substantive staff costs remain consistent at circa £10m per month with non pay expenditure at circa £4.4m per month.

3.0 Capital and Cash

At the end of February the Trust has spent £6.8m on capital.

Based on the capital expenditure, current income & expenditure run rates and the forecast deficit position, the Trust has presented revised loan funding requirements of £25.2m for 2016/17 to NHSI/DoH.

At the end of February the Trust has drawn a total of £22.5m revenue and capital loans against an original plan of £19.2m.