Queen Elizabeth Hospital King's Lynn NHS FT
Q3 2012 - 13 Reporting Executive Summary

Monitor

Risk ratings

Financial Risk Rating:					
12/13 Plan:	YTD	FY		**YTD Actual:**	**Q3**
	3	3			**3**
Governance Risk Rating:					
12/13 Plan:	RED			**YTD Actual:**	RED
Declared Risks:	• Cdiff, MRSA, C31dSurg, C62dGP, C31dFirst, AETime			**Breaches:**	• AETime

2012/13 Authorised limits

Long term borrowing	£29.3m	**Working Capital Facility**	£15.0m

Summary Income & Cash Flow vs Plan

£m	2012/13 Q3			2012/13 YTD		
	Plan	Actual	Variance	Plan	Actual	Variance
Op. Rev for EBITDA	41.5	42.0	0.6	124.1	124.6	0.5
Employee Expenses	(27.9)	(27.8)	0.1	(84.1)	(84.1)	(0.1)
PFI Op. expense	0.0	0.0	0.0	0.0	0.0	0.0
All other Op. costs	(11.3)	(12.4)	(1.1)	(33.6)	(35.0)	(1.4)
EBITDA	2.3	1.8	(0.5)	6.4	5.4	(1.0)
Surplus/(Deficit) pre exceptionals	0.6	(0.0)	(0.6)	1.2	0.1	(1.2)
Net Surplus/(Deficit)	0.6	(0.0)	(0.6)	1.2	0.1	(1.2)
EBITDA %	5.5%	4.4%	(1.2%)	5.2%	4.4%	(0.8%)
CapEx (Accruals Basis)	(2.7)	(0.9)	1.8	(6.2)	(4.1)	2.1
Net cash flow	2.1	(7.5)	(9.6)	0.5	(1.1)	(1.6)
Cash & Equiv	9.6	8.0	(1.6)	9.6	8.0	(1.6)
FRR Liquidity days	29.2	26.7	(2.5)	29.2	26.7	(2.5)
CIP % OpEx less PFI	7.3%	3.4%	(3.9%)	4.6%	2.8%	(1.8%)
Net current assets	2.0	1.1	(0.9)	2.0	1.1	(0.9)
Borrowings	9.0	7.7	(1.3)	9.0	7.7	(1.3)

- **FRR3 as planned. Red rated for governance as found in significant breach in January 2012, due to concerns over financial performance and governance (particularly financial planning).**
- The Trust has achieved an FRR3 at Q3 as planned, however, it is £1.0m behind planned EBITDA due to shortfalls in Clinical Income, particularly in Outpatient and Elective activity, and CIP delivery. The Trust has downgraded its EBITDA forecast to £7.2m vs. a plan of £8.8m.

Key risks	Action taken / committed	Gaps and residual concerns
• Sustainable delivery of an FRR3, with particular risks concerning the delivery of income plans, and recurrent delivery of back-ended 2012/13 CIP targets. • The Trust has identified a CIP target of £12.1m to deliver an FRR3 in 2013/14.	• Income recovery plans have been set at a Specialty level, which have been agreed with operational leads. • The Trust has brought in interim management capacity in Outpatients to help drive the income recovery. The activity recovery is being managed as a "turnaround process" with regular reviews by the Chief Executive and Finance Director. • The Trust has commenced its 2013/14 CIP planning and identified £9.7m of CIPs in addition to the full-year effect of 2012/13 CIPs. Of the £9.7m, £5.2m relates to additional opportunities within current CIP schemes. • There is potential upside in the Trust's planning assumptions due to the assumed 2% tariff deflator. In addition the 2013/14 plan currently assumes a £3m contingency.	• Sustainable delivery of FRR3 is dependant on delivery of identified CIP schemes, and recovery of Q1 income under-performance which has not yet been achieved. • The identified 2013/14 CIPs are yet to be adjusted for probable delivery and the target is sensitive to the delivery of the 2012/13 recovery plan.
• Poor financial governance resulted in repeated revisions to the financial plan during 11/12. • In addition, concerns have been raised as to the quality of financial reporting.	• Trust conducted an internal review of financial governance, and developed an action plan to address the issues identified. The Trust implemented a revised finance board report as part of the process. • The Trust updated its action plan following an external review of financial governance by Deloitte (published in August 2012), all actions are now either "green" or "amber" rated. • The Trust intends for its Internal Auditors to review the progress it has made in addressing the identified financial governance concerns in March 2013. • Trust continues to engage with KPMG to provide board coaching, and is developing a commercial approach to Board decision making.	• There is a residual concern that the Trust Board lacks the "managerial grip" required to manage operations at a detailed level.
• The Trust failed the A&E 4-hour wait target in Q3 2012/13.	• ECIST visited the Trust on 18 January 2013 and reported that the Trust had implemented many of the recommendations they made in October 2011, with performance developments including: reducing length of stay, improved admission thresholds and improved ambulance handovers. • A further external review of delayed transfers of care is planned, the Trust also intends to work with ECIST to develop Ambulatory and Acute models of care.	• The Trust A&E performance remains challenged in Q4 12/13. • There is a concern that the Trust's financial recovery programme could adversely impact on quality.

Next steps

- **Continue monthly monitoring**