EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST

REPORT TO: **BOARD OF DIRECTORS MEETING – 24 April 2015**

REPORT FROM: **FINANCE & INVESTMENT COMMITTEE– 21st March 2015**

PURPOSE: **Information**

SUMMARY OF KEY AGENDA ITEMS AND BUSINESS:

The meeting reviewed the following matters

- The Outstanding actions relating to KPP were discussed. This included discussion about the competition from other pathology service providers such as South Essex.

- Performance matters from the corporate scorecard and activity report were discussed. The key points were:
    - Crude mortality for the year has been shown to follow seasonal trends apart from a higher rate in January. Adjusted mortality as monitored by HSMR and CHKS remain positive
    - Two CDiff cases in March bringing us to 47 for the year which is on target.
    - Times for FNOF treatment remain improved.
    - Only the 62 day treatment target Cancer Target was non-compliant in March.
    - Referrals remain ahead of plan. Triage around Orthopaedics is reducing demand in February but has shown pressure in the first few weeks of March. We are likely to be 16% over plan by year end.
    - A&E activity in March was higher than planned impacting on agency spend and compliance of the 4 hour target, 88% for March.

- Finance Performance for period ended December:-
    - Month 12 EBITDA is £2.3m adverse to plan driven by winter pressures, continuing Aseptic stock write offs, RTT work and underperformance of CIPs
    - The yearend position for EBITDA £12.1M adverse to plan which is slightly better than the worst case flagged at the last FIC.
    - This puts the Trusts COSRR calculation at a value of 3 verses a plan of 4 for the year.
    - CIPs are a £7.7M shortfall to plan in year.
    - Cash is above plan due to advanced cash payments from CCGs and SCG.

- Q4 Monitoring Return was discussed and various small changes proposed but otherwise the return was approved

- Q4 Capital report was discussed. The capital spend was £0.2M (0.4%) overspent at year end. There was discussion about the further delay to Dover Hospital opening. Any financial penalties will be discussed with Interserve after completion of the Hospital. Thanks were expressed for the careful management of the Capital plan in 14/15

- Changes to the Finance Risk register was discussed. Financial Efficiency risks were flagged including the deteriorating 14/15 financial position and on-going risk of not meeting CIP targets in 15/16. Risks around CCG demand management were discussed as CCGs are required to cut costs but this is mitigated by the Trusts 15/16 contract with East Kent CCGs. A discussion was held regarding changing the focus of the organisation to work with very limited funding and only proceed with business case which can be self-funded.

- ICT Review and HIS replacement – An update was given on the plan. The new system started on 1st April with no major impact on service and staff transferred. Costs of service transfer have been clarified but will be zero across the service for 15/16. A performance frame work for the service will be developed and agreed. IT issue resolution times are as expected at the moment. A proposal for performance management of the new service was discussed and a proposal for this to be managed via a quarterly report to MB and an annual report to FIC made.

- A 15/16 business draft plan update was presented. The draft plan changes were discussed including raised income for the ETO tariff paid by CCGs, reduction in CIPs of £5M and increased costs for divisions for service provision of £1M. The new plan has a consolidated loss of £16.7M and a cash position of £15.2m by the end of 15/16. These will produce an average overall COSRR of 2 in 15/16 but Liquidity will be at a 1 level. There is no winter funding or cost in the plan at the moment but it is assumed costs will only be incurred up to the level funded. The capital plan shows a spend of £19.1M and prioritisation is being agreed. Currently Monitor have only asked for an annual plan but may ask for a 5 year strategic plan later. The concept of delaying capital further to manage cash was discussed.

- A verbal update on the 15/16 commissioner contract progress was presented. The Trust has signed an MOU for £366.65M with EK CCGs. The contract allows for over performance in some specialties and encourages co-operative working on some savings scheme rewarding the Trust on a 50:50 basis. No contract has been agreed with SCG but the current gap in negotiation is small at £0.6M. Discussions with North and West Kent CCGs on the marginal threshold but overall values agreed.

- Improvement Efficiencies Update:- Jacqui Horne presented on 15/16 CIP. The plan has been set at £20.2M, £8.5M green/amber and circa £12.5M as red. To move red schemes forward we have hired 4 contractors for 4-6 weeks to produce PIDs, cost/benefit analysis and high level milestones. In addition Jacqui will work on schemes without financial values to drive more potential schemes. In addition a temporary person will be looking at our SLA's to look at how we can negotiate old SLA's and agree new ones to generate income. The training on the Aspyre system is underway. The process of quality assessing the CIPs was also discussed.

- The Finance Recovery Group terms of reference were discussed. The TOR was discussed along with the need to produce a longer term financial recovery plan.

- The Horizon scanning and Commercial tenders were reviewed.

- The FIC terms of reference and Trusts Treasury policy was reviewed and agreed for a further 6 months to allow for review by the new FD.