EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST

REPORT TO: **BOARD OF DIRECTORS MEETING**

DATE: **7 AUGUST 2015**

REPORT FROM: **FINANCE & INVESTMENT COMMITTEE – 4 AUGUST 2015**

PURPOSE: **Discussion**

SUMMARY OF KEY AGENDA ITEMS AND BUSINESS:

The meeting reviewed the following matters

The Committee Terms of reference were discussed. It was agreed (subject to Board approval) that the scope of the TORs should be expanded to make clear that they included oversight of the Trist Financial recovery plan, and of any Monitor Financial undertakings; that the Committees oversight of activity and performance insofar as they affected finances should be more explicit; that the membership and quorum should be updated in the light of the conclusions reached on Board membership of committees; and that material in section 5 onwards should be reviewed centrally in order that the generic sections of all committee ToRs should be aligned

Performance/Activity :

Performance matters from the corporate scorecard and activity report were discussed. The key points were:

- There was No MRSA in June and C-Dif cases are 8 for the year which is under trajectory.
- Mortality is stable for all measures but the two significant measures we use, HSMR and RAMI are both being rebuilt in July.
- Readmissions continue to drop slowly.
- 4 hour standard was 88.5% for June, is currently 86.5% for June, 89% for quarter 1.
- The current un-validated position for June 2015 shows non-compliance against the 2ww, Breast Symptomatic, 62 day GP standard, 31 day first treatment & 31 day subsequent surgery standards. 31 day Subsequent Drug and Screening standards (other) have been met.
- June performance against the 2014/15 standards was; non-admitted care 92.7%, (95%) admitted care 81.2% (90%), incomplete pathways 86.8% and there were eleven patients who were waiting 52+ weeks as at the end of June.
- The slow start to 15-16 is being resolved through very busy June (and July) activity. Referrals are now ahead of plan and it is a concern that orthopaedic referrals have risen significantly in the same pattern as last year. While outpatients are below plan, day case and inpatient activity is now ahead of plan.
- Acuity of patients is rising which is making it difficult to effect LoS. In particular for example we are seeing high numbers of majors at A&E at Ashford.

Financial Update:

- Finance Performance for period ended June 2015:-
    - I&E Performance ytd is a £(10.7)m deficit, £(3.3)m adverse to plan.
    - YTD EBITDA is £(2.1)m, £3.3m adverse to plan driven by ward and A&E staffing costs, and CIP shortfalls.
    - The Trusts COSRR calculation remains at 2 which is on plan.
    - CIPs delivery is a £1.9M shortfall to the £20.2M plan in year.
    - Cash fell by £3.8m in month, but is above plan by £1.2M due to early VAT reclaim.
    - Cash forecasts indicate that the revised I&E forecast of £37M would lead to a zero cash position by the year end, after taking credit for a further £(5)m reduction in capex, and asset sales of £5m by March 2016.
    - Both income and costs included in the plan for KPP and SACP are not hitting the ledger due to delays in both projects. This is distorting the financial position showing lower income but costs still appear on plan as they are higher than expected on other items of spend e.g. agency staff.
    - Monitor's review of the Trust Plan was discussed and the review meetings to be held at a Director level

Improvement Efficiencies Update:

- Jacqui Horne presented on 15/16 CIP progress. The Amber/Green Schemes were now set at £10.3M and £5.9M of red schemes as at end Q1.The internal target remains at £16.2m against a plan figure declared to Monitor of £20m. The CIP status reports now include legacy non recurrent schemes which need to be made recurrent. Opportunities on schemes such as workforce schemes on agency staff, KPP savings, and other asset sales were reported.
- The Committee noted and endorsed the SIG recommendation to the management Board that planned 2015/6capex should be reduced by £5.0m from£17.4m to £12.4m in order to reduce the strain on cash while noting that this would be at the expense of otherwise very desirable projects
- A weekly projection of the forecast cash position to the end of the financial year was presented and noted. This showed an essentially zero cash position by the year end, with small negative variances in some intermediate weeks, but which should be capable of being handled by working capital management. The Committee welcomed this piece of work, asked for regular updates, and emphasised the importance of avoiding any call on distress funding before 2016/7
    - The current state of play with Monitor regarding financial undertakings was discussed, and the latest financial projection for the year (as submitted to Monitor) circulated for information – including a detailed bridge table from the original 15/16 plan, to the current best estimate. The Committee discussed the material that would need to be provided to the Board for its meeting on 7 August to enable it to give the Executive a steer on how to respond to the latest letter from Monitor in managing finances in 15/16 (similar letters have gone to all FTs)
    - The Committee had a preliminary discussion of the Grant Thornton report on financial governance; the Finance director will produce a draft action plan in due course.

BOARD ACTION REQUIRED

- The Board is asked to note further work will be undertaken on the Terms of Reference and will be brought to a future Board for endorsement.
- The Board of Directors is asked to give the Exec a steer on how to respond to the latest Monitor requirements on financial management and performance.