

**TRUST BOARD MEETING**

**27 JULY 2017**

Paper Title:	NHS Improvement Quarterly Return and Declaration
Section:	Public
Lead Director:	Liz Romaniak, Director of Finance, Contracting, Estates and Facilities
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Agenda Item:	<b>12</b>
Presented For:	Approval
Paper Category:	Governance & Compliance

**Executive Summary:**

The purpose of this report is to seek Board approval of the Quarter 1 NHS Improvement financial submission and end of year forecast.

The year to date position is favorable however the Trust projects CIP risks in the second half of the year, meaning that we project to be on plan at the end of March 2018.

**Recommendations:**

That the Board:

- **Approve** the UoR Risk Rating and quarterly submission to NHS Improvement, noting the recommendation of the FBIC

## Governance/Audit Trail:

Meetings where this item has previously been discussed (please mark with an X):						
Audit Committee		Quality & Safety Committee		Remuneration Committee	Finance, Business & Investment Committee	X
Executive Management Team		Directors		Chair of Committee Meetings	Mental Health Legislation Committee	
Council of Governors						

This report supports the achievement of the following strategic aims of the Trust: (please mark those that apply with an X):	
Consolidation of Market Share : being great in our patch	
Manage the impacts of the whole system of reduced health and social care funding: working in partnership to develop cost effective out of hospital services and pathways to support the delivery of sustainable services	
Secure Funding for new or expanded services	

This report supports the achievement of the following Regulatory Requirements: (please mark those that apply with an X):	
<b>Safe:</b> People who use our services are protected from abuse and avoidable harm	
<b>Caring:</b> Staff involve people who use our services and treat them with compassion, kindness, dignity and respect	
<b>Responsive:</b> Services are organised to meet the needs of people who use our services	
<b>Effective:</b> Care, treatment and support achieves good outcomes, helps to maintain quality of life people who use our services and is based on the best available evidence.	
<b>Well Led:</b> The leadership, management and governance of the organisation make sure it's providing high-quality care that is based around individual needs, encourages learning and innovation, and promotes an open and fair culture.	X
<b>NHSI Single Oversight Framework</b>	X

Freedom of Information:
<p><b>Publication Under Freedom of Information Act</b></p> <p>This paper has been made available under the Freedom of Information Act</p>

# NHS Improvement Quarterly Return and Declaration

## 1. Background and Context

NHS Foundation Trusts are required to make quarterly submissions to NHS Improvement to confirm their Risk Rating under the Single Oversight Framework (SOF). The Risk Assessment Rating now only incorporates one rating which is for the Use of Resources (UoR).

This paper considers the UoR, and outlines key issues which the FBIC is specifically asked to formally consider in endorsing the risk assessment and to be taken into account when the Board considers the NHSI submission.

The Trust will report forecast achievement of the control total, generating additional STF incentive payments relating to planned surplus. The Trust is reporting achievement of the planned UoR rating of '1' for Quarter 1 and achieved the following actual FSRR/ UoR for Q1 of 2017/18:

	Q1 UoR Plan	Q1 UoR Actual
Capital Service Cover rating	4	3
Liquidity rating	1	1
I&E Margin rating	4	3
I&E Margin Variance From Plan rating	1	1
Agency rating	1	1
<b>Overall NHS Improvement Rating</b>	<b>3</b>	<b>2</b>

## 2. Project/Proposal

The key points in considering this report are that the Trust has delivered the following financial indicators for quarter 1 of 2017/18:

- Revenue position of £331k deficit which is £1,044k favorable against plan;
- The Capital plan is £393k underspend in Quarter 1, however the plan is forecast to be fully committed in 2017/18;
- Cash position of £14,235k which is £3,554k better than plan. This reflects the favorable variance in revenue and capital, and the better than planned cash balance at the start of 2017/18;
- Use of Resources score of 2
- National STF funding has been assumed of £752k

## 3. Implications

### 3.1 Legal and Constitutional

There are no legal or constitutional requirements in relation to this paper.

### 3.2 Resource

There are no direct financial implications / costs associated with this paper.

### 3.3 Quality and Compliance

Financial performance is a key measure under the NHS Improvement Single Oversight Framework. Any cost improvements planned by the Trust are subject to a Quality Impact Assessment process overseen by the Medical Director and the Director of Nursing/ Operations.

### 4. Risk Issues Identified

In reviewing the financial position and projected risks for 2017/18 the Finance, Business and Investment Committee has considered key in-year and potential risks and mitigations. Key discussion points referenced and taken into account by FBIC when recommending the submission for approval are:

#### Internal Risk Factors

- Delivery of the challenging 5.8% CIP programme
- Whilst agency costs were actively managed and reduced by 52% in 2016/17, high agency staffing relative to peers and NHS benchmarks
- Community non pay pressures (mitigated by under spending on other service lines)
- Management of Telephony non pay costs
- Sustaining tight control of Out Of Area placements – no budget for 2017/18
- The planned level of CQUIN achievement is 95% for 2017/18. The CQUIN profile for the national schemes are back end loaded and therefore the risk will not materialise until the end of the financial year
- Management of Medical Locum Costs including junior doctor rota pressures and failure to achieve medical price or wage cap rates
- Review of Cyber Security and Trust defences / controls
- Review of capital investment (should this be required following testing of panelling following the Grenfell Tower fire)

#### External Risk Factors

- The impacts of social care, voluntary care sector and acute pressures on our community teams
- Service tenders and de-commissioning by commissioners including Local Authority Commissioned Substance Misuse and Health Trainer services
- New contract models:
  - Diabetes service – contract and outcomes are still being determined and the level of financial risk is still uncertain
- Notification from NHS England for a National Childhood Influenza Immunisation Framework Agreement commencing in April 2018

## **Mitigations**

- Deploy Contingency Reserves
- Re-brand and re-launch of internal staff bank including required training, pay rates following engagement with NHSI National Agency Support Team and engagement with nursing/bank staff
- Executive weekly review of agency controls and breaches and actions to reduce usage
- Carried forward discretionary and vacancy controls from 2016/17
- Corporate services benchmark action plan progressing additional CIPs
- Review of E-Roster controls and planning
- External Cyber Security review
- Revised Board, Committee & Performance Management reporting and oversight of high risk areas including Business Unit risk/mitigation logs

## **6. Communication and Involvement**

The Board was sighted on key plan risks as part of the steps to agree the control total and additional scrutiny of key assumptions, risks and mitigation takes place at every Finance, Business and Investment Committee. Key messages are cascade to staff by Senior Managers in Board in Brief and other internal communication routes.

## **7. Monitoring and review**

Trust Board is required to formally approve the NHS Improvement Quarterly submission at each quarter.