

**TRUST BOARD**

**25 JANUARY 2018**

Paper Title:	NHS Improvement Quarterly Return and Declaration
Section:	Private
Lead Director:	Liz Romaniak, Director of Finance, Contracting, Estates and Facilities
Paper Author:	Claire Risdon, Deputy Director of Finance
Agenda Item:	<b>14</b>
Presented For:	Recommendation to Trust Board
Paper Category:	Governance & Compliance

<b>Executive Summary:</b>
The purpose of this report is to seek Board approval of the Quarter 1 NHS Improvement financial submission and end of year forecast, as recommended by FBIC.
The year to date position is favorable however the Trust projects CIP, CQUIN and temporary staffing risks in the final quarter of the year, meaning that we project to be on plan at the end of March 2018. This remains subject to management of NHS Property Services unresolved invoice disputes (good engagement from both parties to address) and management of inpatient staffing pressures which were particularly elevated at moth 9.

<b>Recommendations:</b>
That the Board: <ul style="list-style-type: none"> <li>• <b>Approve</b> the UoR Risk Rating and quarterly submission to NHS Improvement, noting the recommendation of the FBIC</li> </ul>

**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	X	Directors	X	Chair of Committee Meetings		Mental Health Legislation Committee	
Council of Governors							

<b>This report supports the achievement of the following strategic aims of the Trust:</b> <i>(please mark those that apply with an X):</i>	
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	

<b>This report supports the achievement of the following Regulatory Requirements:</b> <i>(please mark those that apply with an X):</i>	
<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

<b>Freedom of Information:</b>
<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 Rating now only incorporates one score which is for the Use of Resources (UoR).

This paper considers the UoR and outlines key issues which the Board 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 FBIC has reviewed the position and recommends this to Board for approval.

The Trust will forecast achievement of the control total and 'below the line' surpluses relating to the disposal of Stoney Ridge that we expect to generate additional unplanned STF incentives. The Trust is reporting achievement of a UoR rating of '1' for Quarter 3 and has achieved the following UoR scores during 2017/18:

	Q1 UoR Plan	Q1 UoR Actual	Q2 UoR Plan	Q2 UoR Actual	Q3 UoR Plan	Q3 UoR Actual
Capital Service Cover rating	4	3	3	1	2	1
Liquidity rating	1	1	1	1	1	1
I&E Margin rating	4	3	4	1	3	1
I&E Margin Variance From Plan rating	1	1	1	1	1	1
Agency rating	1	1	1	1	1	1
<b>Overall NHS Improvement UoR Rating</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>1</b>

### 2. Considerations

The key points are that the Trust has delivered the following financial indicators for quarter 3 of 2017/18:

- Revenue position of £1,521k surplus which is £1,636k favorable against plan and provides mitigation against material risks in the final quarter;
- Capital is £186k below plan at the end of Quarter 3, however the plan needs to manage a number of in-year pressures and is fully committed in 2017/18;
- Cash balances are £15,780k which is £3,809k better than plan. This reflects the favorable variance in revenue and capital, receipt of 2016/17 STF and incentives and asset disposal proceeds (both unplanned) and a better than planned cash balance at the start of 2017/18;
- Use of Resources score of 1
- National STF funding has been assumed of £752k
- A favourable variance from plan of £613k (below the line) is expected reflecting the following and as driven by NHSI reporting templates:
  - £206k reversal of impairment on Stoney Ridge

- £203k profit on disposal of Stoney Ridge
- £203k STF incentive as the profit on sale of Stoney Ridge increased the Trust's bottom line surplus – accruing pound for pound STF incentive

### **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 and Operations.

### **4. Risk Issues Identified**

In reviewing the financial position and projected risks for 2017/18 the Finance, Business and Investment Committee considered key known and potential risks and mitigations. Key discussion points highlighted to FBIC who recommend the submission for Board approval were:

#### **Internal Risk Factors**

- Inpatient staffing pressures reflected in increased acuity, specialising costs and sickness during the winter period with elevated levels of temporary staffing costs particularly acute at month 9
- Provisions required as a consequence of de-commissioning and/or service re-design to achieve forward efficiencies (Local Authority and CDS subject to further clarity on the procurement intentions of NHS England)
- Delivery of the challenging 5.8% CIP programme
- Management of Medical Locum Costs including junior doctor rota pressures and failure to achieve medical price or wage cap rates
- Community non pay pressures (mitigated by under spending on other service lines)
- 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
- Review of Cyber Security and Trust defences / controls
- Review of capital investment (should this be required following testing of cladding following the Grenfell Tower fire)
- Increased demand for Interpreting services

## External Risk Factors

- Resolution of NHS Property Services invoice disputes, currently assessed to be £593k and excluded from the reported position
- Key service tenders and de-commissioning by commissioners including Local Authority Commissioned Children's Services and the Health Trainer services; and the NHS England contract for Community Dental Services, awaiting further communication regarding the procurement intentions (procurement discontinued in January 2018)
- The impacts of social care, voluntary care sector and acute pressures on our community teams
- 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
- Regular and escalated discussions with NHS Property Services and support from NHS Improvement regional team to engage and secure action
- 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 and negotiate with agencies using rate card information for medics
- Medical staffing employed on fixed term contracts and staff bank
- Carried forward discretionary and vacancy controls from 2016/17
- Corporate services benchmark action plan progressing additional CIPs
- Engagement in the NHSI 90 day improvement programme
- External Cyber Security review
- Telephone interpreting is being piloted in a number of services, bilingual support workers and clustering of appointments are being scoped and focus groups have been established to identify opportunities to manage costs
- 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 cascaded to staff by Senior Managers in Board in Brief and other internal communication routes.

## 7. Monitoring and review

The Board is asked to formally approve the NHS Improvement Quarterly submission to Trust Board each quarter end following review by the FBIC.