

TRUST BOARD

26 JULY 2018

Paper Title:	NHS Improvement Quarterly Return and Declaration
Section:	Private
Lead Director:	Neil Cook, Interim Director of Finance
Paper Author:	Claire Risdon, Deputy Director of Finance
Agenda Item:	11
Presented For:	Approval
Paper Category:	Governance & Compliance

Executive Summary:
<p>The purpose of this report is to request approval of the Quarter 1 NHS Improvement financial submission and end of year forecast as recommended by the Finance, Business and Investment Committee.</p> <p>The year to date position is favorable however the Trust projects risk to the CIP delivery mainly due to the increased use of bank and agency staffing and medical locums. This is currently being mitigated by non recurrent underspends in corporate services and the use of the high risk CIP reserve. Plans are being developed to recurrently reduce the inpatient nursing spend, and where possible identify recurrent savings for other budgets to manage the underlying risk.</p>

Recommendations:
<p>That the Board:</p> <ul style="list-style-type: none"> • Approve the UoR Risk Rating and quarterly submission to NHS Improvement.

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							

This report supports the achievement of the following strategic aims of the Trust: <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	

This report supports the achievement of the following Regulatory Requirements: <i>(please mark those that apply with an X):</i>	
Safe: People who use our services are protected from abuse and avoidable harm	
Caring: Staff involve people who use our services and treat them with compassion, kindness, dignity and respect	
Responsive: Services are organised to meet the needs of people who use our services	
Effective: 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.	
Well Led: 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
NHSI Single Oversight Framework	X

Freedom of Information:
<p>Publication Under Freedom of Information Act</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 reflects a single consolidated rating which is 'Use of Resources' (UoR).

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

The Trust will forecast achievement of the control total and planned Provider Sustainability Funding (previously STF funding). The Trust is reporting achievement of the planned UoR rating of '3' for Quarter 1, which is consistent with plan, the forecast UoR ratings are shown below:

	Q1 UoR Plan	Q1 UoR Actual	Q2 UoR Plan	Q2 UoR Forecast	Q3 UoR Plan	Q3 UoR Forecast	Q4 UoR Plan	Q4 UoR Forecast
Capital Service Cover rating	4	4	2	2	2	1	1	1
Liquidity rating	1	1	1	1	1	1	1	1
I&E Margin rating	4	4	3	3	3	2	2	2
I&E Margin Variance From Plan rating	1	1	1	1	1	1	1	1
Agency rating	1	1	1	1	1	1	1	1
Overall NHS Improvement UoR Rating	3	3	2	2	2	1	1	1

2. Considerations

The key points are that the Trust has delivered the following financial indicators for quarter 1 of 2018/19:

- YTD financial position – £921k deficit against a planned deficit of £965k for month 3, and are therefore £44k better than plan.
- Forecast financial position – forecast delivery of the £288k agreed control total plus £793k planned PSF income (£1,081k in total).
- UoR of a 3 in M03 which is as planned, forecasting a UoR of 1 as per the plan.
- Cash – £1.5m above plan on cash to date – this is mainly attributable to the financial position and underspending on capital expenditure and movements in working capital.

- Capital – £0.4m underspent against our capital plan year to date – this is due to the timing of capital spend. We are forecasting that we will achieve the capital plan by the end of the year.
- CIPs recurrent delivery risk of £1.7m in 2018/19 due to increased costs in agency staffing, bank staff and medical locums. Non recurrent mitigations have been identified that offset the risk, with work now needed to identify recurrent solutions.

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 Board is asked to consider key known and potential risks and mitigations. Key discussion points referenced and requested have taken place at FBIC in recommending the submission for approval to Board are:

Internal Risk Factors

- Inpatient staffing pressures resulting in increased use of temporary staffing to manage:
 - Increased acuity of service user resulting in additional specialising costs;
 - Vacancies; and
 - Sickness
- Delivery of the challenging 5% CIP programme
- Management of Medical Locum Costs including junior doctor rota pressures and failure to achieve medical expenditure cap, 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 2018/19
- The planned level of CQUIN achievement is 95% for 2018/19. 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

External Risk Factors

- Resolution of NHS Property Services and CHP invoice disputes remain outstanding. Furthermore, schedule of charges for 2018/19 are still to be received from NHSPS.
- Public Health contract cash reductions for Children's Services are 17% for 2018/19, and plans are in place to deliver this level of saving. However the Bradford Local Authority has consulted on a proposal for the future provision of Prevention and Early Years (0-19) Children's services. A PIN has now been issued with a SQ release date of mid-July when the Trust will understand more from the specification to be able to begin modelling the potential risks in detail. The indicative timeline for contract award (commencement) is now July 2019. The Trust will need to consider the risks associated with both a successful and unsuccessful bid / non submission. Consequences at this stage are not possible to assess in full, however significant resource reductions are expected under all scenarios, and it is expected that TUPE will apply. However given the nature of the trailed specification on integrated working and the associated budget cuts there will need to be some redeployment / severance costs to be taken into account together with any stranded indirect / overhead costs.
- The CDS procurement with NHS England has been discontinued for a second time. The implications of the original CDS tender for NHS England were significant. Until further information is received regarding future procurement the risk is unclear. The Trust wrote to NHS England seeking urgent clarification. We met with the regional NHSE CDS team at the end of March and were advised to expect communications in May/June following a national commissioning executive discussion about options for the CDS contracts. An update is awaited.

Mitigations

- Deploy Contingency Reserves
- Proactive recruitment plans to fill vacancies and increase the Trusts staff bank provision
- Review of Inpatient Ward staffing skills mix including therapeutic staffing complement
- 2 shift roster pilots
- Regular and escalated discussions with NHS Property Services and support from NHS Improvement regional team to engage and secure action
- 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 controls
- Corporate services benchmark action plan progressing additional CIPs
- Revised Board, Committee & Performance Management reporting and oversight of high risk areas including Business Unit risk/mitigation logs
- Vacancies being held in Community services pending outcome of Children's tender

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 Finance, Business and Investment Committee is required to formally recommend the NHS Improvement Quarterly submission to Trust Board at each quarter.