

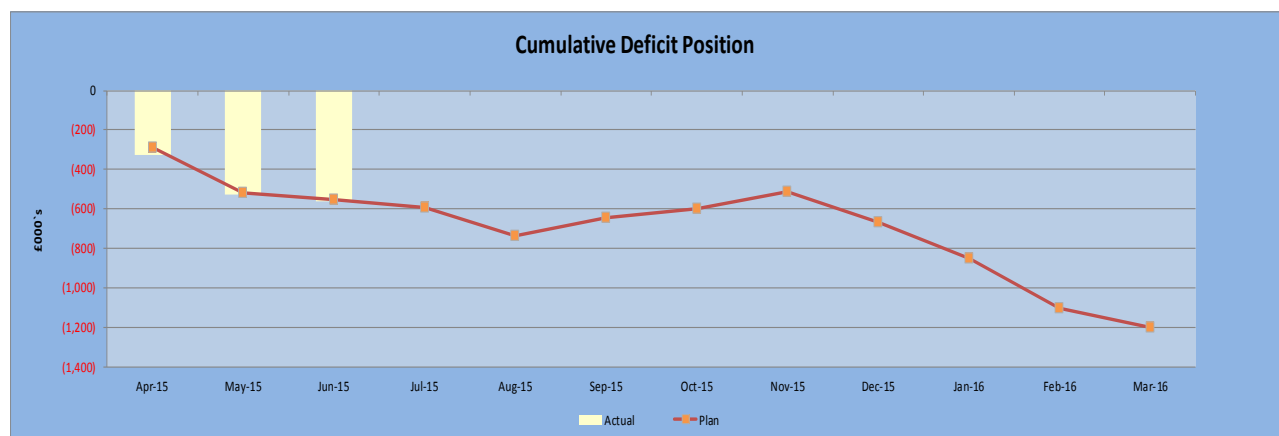
Action required by the Council of Governors

To receive and note the financial report and associated appendices.

FINANCE REPORT FOR THE BOARD OF DIRECTORS FOR THE PERIOD ENDING 30 JUNE 2015

Financial Performance Summary

Area of Review	Key Highlights	Year to date Monitor Financial		
		June Plan	June Actual	Q1 Plan
Liquidity Ratio	The liquidity ratio shows that working capital (cash + debtors- Creditors) is in line with plan.	2.0	2.0	2.0
Capital Service Capacity	Capital Service Capacity looks at the level of debt we are required to service, i.e. PDC expense, interest on loans, and other finance costs, against the level of revenue we are generating to determine whether we can continue to service that debt. In June, Capital Service Capacity is in line with plan.	3.0	3.0	3.0
Weighted Average (Continuity of Service Risk Rating (CoSR))	Overall the Continuity of Service Risk Rating is in line with plan. The key risks to this are CIP shortfall and Increased Medical and Nursing Agency costs.	2.5	2.5	2.5
Cash Balance £'000	Cash was £12.3m at the end of June which is worse than plan, and is driven by timings of invoice payments from Commissioners.	13,667	12,264	13,622
Right Care & Tactical CIP £'000	In June CIP achieved is £1,228k against a target of £1,967k. This position is an deterioration of £305k above the contingency set aside.	1,967	1,228	1,967
EBITDA £'000	EBITDA is £819k against a plan of £999k, £180k behind plan. This is negatively impacting on the Capital Service Capacity.	999	819	999



Income and Expenditure

Summary/Overview

The overall position at the end of June is a deficit of £562k which is £6k worse than plan. The table below shows the summary performance:

	Jun-15	Year to date	
	Budget	Actual	Variance
	£,000	£,000	£,000
Operating Income	36,736	37,256	520
Operating Expenditure	(35,737)	(36,436)	(699)
EBITDA	999	819	(179)
Non Operating items	(1,554)	(1,381)	173
I&E Surplus/(Deficit)	(555)	(562)	(6)
Add back exceptional items	0	0	0
Underlying position	(555)	(562)	(6)

EBITDA performance is £179k worse than plan driven by CIP slippage of £305k relating to the inability to close the additional beds that were opened for winter leading to increased Nursing costs, and higher than expected medical agency costs in the Surgical Group. Agency spend has improved significantly in June since tighter controls have been put in place.

Changes to the tariff for 2015/16 mean that Non Elective Income above the 2008/09 baseline is paid at 70%. In previous years this has been 30% therefore any overtrades are more fairly compensated than previously, however there still remains an overall reduction. The 30% threshold adjustment, above that agreed in the plan, is £182k at month 3.

Actions Being Taken

Following concerns around the Nursing Agency in the first two months of the financial year actions have been put in place to ensure the timeliness of authorising shifts worked at ward level, increased training on the wards, and that all shifts for temporary workers are now approved at General Manager Level. Since controls were improved the Nursing agency has reduced significantly for June.

The DoH, in conjunction with Monitor, NHSE and the TDA, has developed a Staffing Toolkit with key recommendations for managing temporary staffing. A Task & Finish Group has been set up within the Trust to take this work forward and to ensure the controls around agency expenditure are maintained.

Work continues to take place on ensuring the CIP position can be recovered and delivered recurrently. The current position reported is a deterioration of £412k in 2015/16 and a gap of £1,555k recurrently. The Right Care Programme Board continues to review the forecast and a number of schemes are being considered to close the gap.

Cost Improvement Plan Performance for Month 3 ending 30 June 2015

	Savings to Jun-15 (to date)			Forecast to end of 2015/16			Forecast	Original Forecast for Contingency to Jun-15	
	Target	Achieved	Variance	Target	Forecast*	Variance	WTE	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	Reduction	£'000	£'000
Improving Patient Flow & Transform	261	0	(261)	1,023	558	(465)	33.00	257	(257)
Improving Theatres & Acute Surgery	139	69	(70)	449	375	(74)	-	98	(29)
Improving Outpatients	40	37	(3)	114	230	116	-	66	(29)
Digital Care	115	8	(107)	497	114	(382)	2.60	(7)	15
Workforce	123	189	65	481	737	256	-	178	11
Estates & Capital Investment	208	217	9	573	795	222	2.00	320	(104)
Improving Corporate Services	155	169	14	600	613	14	-	154	14
Procurement	202	175	(27)	807	808	1	-	213	(38)
Diagnostics	373	130	(242)	1,387	501	(886)	4.00	145	(14)
Pharmacy	18	30	12	77	126	49	-	30	0
Women & Children's	161	123	(39)	646	448	(198)	-	0	123
Business Development	173	71	(102)	682	310	(372)	-	79	(8)
Central	0	11	11	0	114	114	-	0	11
Trust Total	1,967	1,228	(739)	7,337	5,731	(1,606)	33.60	1,533	(305)

Note: Performance gradings based on year-end forecast, see exception reports for risk grading.

*Forecast performance will be updated monthly.

CIP performance for June is £739k against a plan of £1,967k, £739k worse than plan. CIP contingency of £434k was made available to support the position in June, therefore the CIP has worsened the overall Trust deficit position by £305k.

The forecast is a year-end position of £5,731k against a plan of £7,337k, £1,606k worse than plan and £412k worse than the contingency set aside.

This position is having a detrimental impact on the overall Trust position and recovery is the focus of the Right Care Programme Board. The overall financial forecast is demonstrating that this can be covered in year, providing it does not deteriorate further, due to improvements in financing costs.

PBR Contract PCT Performance

	Year to date			
	Annual Plan £000`s	Plan Jun-15 £000`s	Actual Jun-15 £000`s	Variance £000`s
NHS ENGLAND YORKSHIRE & HUMBER - SPECIALISED COMMISSIONING	9,228	2,255	2,278	23
NHS ENGLAND YORKSHIRE & HUMBER	981	237	220	(17)
NHS LEEDS WEST CCG	767	190	193	3
NHS LEEDS NORTH CCG	225	56	82	26
ENGLISH NCA CCGs	2,121	524	354	(170)
NHS EAST LANCASHIRE CCG	12,675	3,121	3,012	(109)
NHS CUMBRIA CCG	441	108	122	14
NHS BRADFORD DISTRICTS CCG	15,594	3,813	4,168	355
NHS BRADFORD CITY CCG	770	184	176	(8)
NHS AIREDALE, WHARFEDALE AND CRAVEN CCG	81,042	19,894	20,514	620
NHS AIREDALE, WHARFEDALE AND CRAVEN CCG - BCF	857	212	0	(212)
NCA - CROSS BORDER LHB'S	39	10	11	1
Total	124,740	30,604	31,130	526

Balance Sheet – Areas and Performance

The Balance Sheet as at 30th June 2015

	Opening	Plan	Actual	Variance	Plan	Forecast	Variance
	Mar-13	Jun-15	Jun-15	Jun-15	Mar-16	Mar-16	Mar-16
	£000s	£000s	£'000s	£'000s	£'000s	£'000s	£'000s
Total Non Current Assets	63,722	63,484	62,917	(567)	62,840	63,247	407
Inventories	2,512	2,488	2,497	9	2,488	2,488	0
Current Receivables	4,590	5,205	8,551	3,346	4,071	4,071	0
Cash	15,866	13,622	11,919	(1,703)	11,545	11,132	(413)
Current Liabilities	(25,123)	(24,005)	(24,945)	(940)	(20,895)	(20,895)	0
Long Term Liabilities	(8,404)	(8,186)	(8,336)	(150)	(8,091)	(8,091)	0
Taxpayers Equity	(53,163)	(52,608)	(52,601)	7	(51,958)	(51,952)	6
Balance	(1)	0	2	2	0	0	0

Total Non-Current Assets

The Capital expenditure plan is £3,768k for 2015/16, plus an additional £250k for schemes carried forward from the previous year, £4,018k in total. Prior year schemes relate to the old Endoscopy (linked to the Emergency Department Scheme), Pathology LIMS, and IT equipment.

To date capital expenditure is £286k against a plan of £738k, with IT being the largest variance. Discussions are on-going to re-profile the spend and bring the year end spend in line with plan.

The balance of the movement being in respect to Injury Cost Recovery schemes.

Inventories

Stock has decreased by £44k during the month; with movements on Drugs and Pacemakers.

Cash

Cash levels are below plan. Capital expenditure is slightly behind the original plan. Trade invoices are being paid within their normal terms, and increases in creditors, in line with the increases in expenditure, will be monitored to ensure all due invoices are processed and paid in a timely manner. NHS debtors are actively being pursued.

Glossary for Abbreviations and Terminology

EBITDA

Earnings before Interest, Tax, Depreciation and amortisation. This is an indication for the level of operating performance.

Surplus

Where income is greater than expenditure.

Liquidity Ratio

Gives a measure for monitoring the availability of cash the greater the ratio or number of days, the better the performance.

The Return on Assets

The level of surplus generated in proportion to the level of assets used to generate the surplus.

Overtrade

This refers to the level of performance on the contract with the PCTs indicating that the level of actual income is greater than the expected plan.

CIP

Cost Improvements Programmes for generating savings.

VR

Voluntary Redundancy

MARS

Mutually Agreed Resignation Scheme

Capital Expenditure

Expenditure that supports the purchase of items that will have a useful life greater than one year and a value greater than £5,000.

Depreciation

The expenditure charge in the income and expenditure account for capital expenditure. The cost of the capital purchase is spread over the life of the asset.

Debtors

The value representing outstanding amounts still owed to the trust.

MFF

Market forces Factor is the uplift the Trust gets for unavoidable cost differences for providing healthcare.

1. Introduction

The attached Performance Report shows the position to June 2015 for the Monitor Risk Assessment Framework requirements for Service Performance as part of the Foundation Trusts quarterly Governance declaration.

Performance is shown against the required threshold or trajectory for each indicator assessed as part of the framework.

2. Monitor Risk Assessment Framework

Key messages to June 2015 include;

- The indicative Risk Assessment Framework Quarter 1 rating for Service Performance is Green.
- Following recent substantial pressures for urgent care in the health system, the Quarter 1 position for the A&E 4 hour standard was achieved at 95.7%. This however continues to be really tight and potentially at risk, as declared to Monitor in our Annual Plan submission.
- The number of Clostridium Difficile infections year to date as at 19th July is 5 cases. This is set against the national target of 6 and de minimis of 12 applied in the Risk Assessment Framework. In line with updated national guidance, individual cases can now be reviewed with Commissioners and if determined by the CCG that the infection was unavoidable, an adjustment can be made so that this does not count against the Foundation Trusts annual target. Of the 5 cases to date, 4 cases have so far been reviewed with the outcome being that one was deemed avoidable (and therefore counts against the annual threshold). The remaining case is to be reviewed at a date to be agreed.
- Achievement of the Clostridium Difficile threshold for 2015/2016 remains at risk as declared to Monitor in the Annual Plan submission. The risk is based on the low centrally set target for 2015/2016 of 6 which, despite having reduced the number of infections from 235 to 4 over the previous eight years, the Board of Directors do not feel is achievable in the current year.
- All other standards are achieving the required thresholds or are within de minimis limits.

Other key performance headlines include;

- Regrettably, we have had an MRSA bacteraemia in June. This is the first case for some considerable time. A Post Infection Review is due to take place and the outcome awaited.
- Nationally, correspondence has now been received from Monitor, TDA and NHS England outlining a change to the RTT Operational standards and also reporting arrangements for Cancer and A&E. For RTT this removes the Admitted and Non-Admitted standards as areas measured by Monitor in the Risk Assessment Framework (although we are required to still report on these). This update makes the Incomplete element the sole measure for this standard. The Incomplete element measures the proportion of patients who are currently waiting for treatment who have been waiting less than 18 weeks and is set against a national requirement that this must be 92% or greater each month, at aggregate level. As a Trust, we welcome this approach as it allows clear focus on treating clinical priorities and our longest waiting patients first.

- The reporting arrangement changes are standardising all of the nationally mandated areas to monthly reporting (i.e. Clostridium difficile, RTT, A&E and Cancer), Further guidance is awaited from Monitor to see if these reporting changes are likely to mean any adjustments to the Risk Assessment Framework monitoring frequency, as these areas are currently measured quarterly. Any immediate changes to these becoming assessed on a monthly basis (e.g. Cancer) would pose a significant risk to delivery and our overall rating.
- There is also national priority focus being placed on Improving and Sustaining cancer performance, particularly around the 62 day standard. Over the coming months, all Trusts shall be required to assess their position on a number of key priorities such as leadership, policies, pathways, reporting, patient tracking and capacity and demand. Further details shall be included in future Performance Reports once this work is completed.

Risk Assessment Framework

For 2015/2016, Monitors Risk Assessment Framework shall continue to classify overall Governance as either Green (no issues identified) or Red (formal enforcement action being taken).

Where a particular issue is identified, a description of the status and action being taken to correct the position are to be provided. Monitor shall then assign either a Green rating if no action is taken or a Red rating if they decide to use enforcement action as a result of the concerns identified.

As in previous years, MRSA is no longer part of the quarterly declaration.

In line with the Compliance Framework, should any standards fall outside of the required threshold, Monitor shall also assess if further requirements are needed for assurance. These could include;

- Exception Reports/Action Plans to be forwarded against which progress shall be monitored.
- Requirement to seek or report on external support for correcting the position (e.g. Intensive Support Teams, Consultants etc) and possible escalation.

Red Rated Governance Over Rides

Monitor may through the Risk Assessment Framework apply a Red Governance risk rating and consider a Foundation Trust for investigation if the Trust fails to meet standards on a consistent basis.

The areas where our recent performance or identified risk areas could potentially have this applied;

- Breach of the annual target (de minimis of 12) for Clostridium Difficile;
- If the A&E standard is not achieved in any two quarters over a 12 month period and then not achieved again in a quarter during the subsequent nine months, or for the full year
- If the 62 day cancer standard is not achieved for three consecutive quarters.

Contracts 2015/2016

We have reached agreement with Commissioners on 2015/2016 Contracts which are now agreed and signed.

Action required by the Council of Governors

The Council of Governors are asked to receive and note the Performance Report to June 2015.

2015/2016 Governance Standards Quarter 1 Position

Domain	Targets – weighted 1.0 (National requirements)	Threshold	Current Position/Projection
Safety	Clostridium Difficile – Meeting the Clostridium Difficile objective	DH allocation 6 Monitor de minimis 12	1
Safety	MRSA – Meeting the MRSA objective (Not part of Risk Assessment Framework from Oct 2013)	DH allocation 0 Monitor de minimis 6	1
Quality	All cancers: 31-day wait for second or subsequent treatment	94% Surgery 98% Drug	100% 100%
Quality	All cancers: 62-day wait for first treatment	85% Referrals 90% Screening	85.1% 100%
Patient Experience	Maximum time of 18 weeks from point of referral to treatment in aggregate (Measured each individual month)	90% Admitted 95% Non-Admitted 92% Incomplete	91.3% / 90.9% / 90.7% 96.5% / 96.5% / 95.7% 92.1% / 92.1% / 92.1%
Quality	A&E - maximum waiting time of four hours from arrival to admission/transfer/discharge	95%	95.7%
Effectiveness	Community Services Data Completeness	50% Referral to Treatment 50% Referral 50% Treatment Activity	100% 92.5% 99.8%
Quality	All cancers: 31-day wait from diagnosis to first treatment	96%	98.9%
Quality	Cancer: two week wait from referral to date first seen	93% Referral 93% Breast	98.1% 97.5%
	Overall Rating		GREEN