

Meeting Title	Board of Directors		
Date	13.9.18	Agenda item	Bo.9.18.9

Finance Report to Board of Directors – July 2018

Presented by	Matthew Horner – Director of Finance		
Author	Matthew Horner – Director of Finance		
Lead Director	Matthew Horner – Director of Finance		
Purpose of the paper	To detail the current and projected financial position inclusive of the Bradford Improvement Programme		
Key control	Delivery of financial control total		
Action required	To note		
Previously discussed at/ informed by	Finance and Performance Committee – Aug 18		
Previously approved at:	Committee/Group	Date	

Key Options, Issues and Risks

The financial challenge faced by the Foundation Trust in 2018/19 is significant, with the month 4 executive summary report provided to the Finance and Performance Committee (summarised in this report) highlighting both the current and projected positions and the associated risks for:

1. Income and Expenditure (inclusive of the contract income position)
2. Cash, Liquidity and the Capital Programme
3. Bradford Improvement Programme

Analysis

The month 4 2018/19 position is a pre-Provider Sustainability Fund (PSF) deficit of £5.9m which is in line with the planned deficit of £5.9m. The year to date position includes £1.8m of Provider Sustainability Fund income. This position is made up of 70% of the Quarter 1 2018/19 target (£1.1m) and full recovery of both financial and A&E performance targets in month 4 (£0.7m). This results in a post-Provider Sustainability Fund deficit of £4.1m which is £0.5m behind plan. The year-end forecast is currently full delivery of the financial plan and mirrors the forecast submitted to NHS Improvement on 15th August 2018. However internal modelling of the current run rate and forecast BIP delivery suggests it is now probable that the Trust will fall behind its financial plan after Quarter 3 2018/19 and if the proposed remedial actions are unsuccessful will fail to deliver its control total in 2018/19 by a significant margin.

The year to date (YTD) liquidity position is 2.0 days, which is 0.2 days below plan. Liquidity is forecast to remain on plan, assuming the full delivery of the Trust's Bradford Improvement Programme (BIP), with an improved position from September 2018/19 onwards as a result of income and expenditure savings. From November 2018/19 liquidity is expected to decline due to capital spend which is largely profiled in Quarter 3 and 4 2018/19. The planned year end position is 1.3 days which is rated as level 1 on the NHS Improvement Use of Resources (UoR) metrics. If the Trust delivers the current BIP plans in place of £22.5m, the Trust will move into negative liquidity in Quarter 3 2018/19 as a result of its lower cash balances. The forecast year end position is liquidity days of -7.6, which would result in the Use of Resources (UoR) score falling from 1 (planned) to 3. If the Trust delivers £17m of improvements, liquidity will fall to -15.2 days, leading to a Use of Resources (UoR) score of 4.

The Trust delivered £4.0m of efficiencies by the end of month 4 2018/19. This is £1.7m behind phased plans submitted by divisions and corporate departments and £4.5m behind an even monthly apportionment of the annual target, which would have required £8.5m of savings to be delivered by this time. A total of £0.8m of the year to date (YTD) efficiencies were delivered via technical non-recurrent adjustments. Divisions and corporate departments are currently forecasting delivery of £22.5m

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efficiencies, which would leave the Trust £3.1m short of the required £25.6m annual savings. A substantial element of the divisional plans, require significant additional work or are reliant on commissioners paying in excess of the contract. There is therefore a high degree of risk in this best case scenario forecast. Removing the high risk plans from this forecast results in total projected savings of £17.0m, which would leave the Trust £8.6m short of its target.

Recommendation

To discuss and note the current and projected financial position, inclusive of the Bradford Improvement Programme and the proposed next steps

Risk assessment

Strategic Objective	Appetite (G)					
	Avoid	Minimal	Cautious	Open	Seek	Mature
To provide outstanding care for patients						
To deliver our financial plan and key performance targets			X			
To be in the top 20% of NHS employers						
To be a continually learning organisation						
To collaborate effectively with local and regional partners						
The level of risk against each objective should be indicated. Where more than one option is available the level of risk of each option against each element should be indicated by numbering each option and showing numbers in the boxes.	Low		Moderate	High	Significant	
	Risk (*)					
Explanation of variance from Board of Directors Agreed General risk appetite (G)						

Risk Implications	Yes	No
Corporate Risk register and/or Board Assurance Framework Amendments	X	
Quality implications	X	
Resource implications	X	
Legal/regulatory implications	X	
Diversity and Inclusion implications	X	

Regulation, Legislation and Compliance relevance

NHS Improvement: Single Oversight Framework (quality, performance and use of resources)

Care Quality Commission Domain: All domains

Care Quality Commission Fundamental Standard:

Other (please state):

Relevance to other Board of Director's Committee:

Workforce	Quality	Finance & Performance	Partnerships	Major Projects	Other (please state)
Yes	Yes	Yes	Yes	Yes	