

<b>Meeting Title</b>	<b>Board of Directors - Open</b>		
<b>Date</b>	<b>08.11.18</b>	<b>Agenda item</b>	<b>Bo11.18.19</b>

### Finance Report to Board of Directors – November 2018

<b>Presented by</b>	Matthew Horner – Director of Finance		
<b>Author</b>	Matthew Horner – Director of Finance		
<b>Lead Director</b>	Matthew Horner – Director of Finance		
<b>Purpose of the paper</b>	To detail the current and projected financial position inclusive of the Bradford Improvement Programme		
<b>Key control</b>	Delivery of financial control total		
<b>Action required</b>	To discuss and note		
<b>Previously discussed at/informed by</b>	Finance and Performance Committee – 31 <sup>st</sup> October 18		
<b>Previously approved at:</b>	<b>Committee/Group</b>	<b>Date</b>	

### Key Options, Issues and Risks

The financial challenge faced by the Foundation Trust in 2018/19 is significant, with the month 6 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 6 position is a pre-PSF deficit of £8.4m which is in line with the planned deficit of £8.4m. 70% of the PSF available for quarter 1 and quarter 2, equating to £2.5m is reported in the position. £1.1m of PSF available for quarter 1 and quarter 2 cannot be recovered due to A&E performance shortfalls. This results in a post-PSF deficit of £5.9m which is £1.1m behind the post-PSF plan.

In line with NHSI's guidance, the year end forecast submitted to NHSI on 15th October 2018 was full delivery of the £7.5m pre-PSF control total deficit and recovery of £9.2m of the £10.3m PSF available to achieve a post-PSF control total surplus of £1.1m (£1.1m behind plan) for 2018/19. However, internal modelling suggests that based on current run rates and the BIP efficiency plans currently in place, the Trust will fall short of its control total in Quarter 4 and will not recover this position in 2018/19. There are a number of key variables which are not yet resolved and may impact adversely on control total delivery and consequently the Trust cannot at present produce a definitive forecast for 2018/19.

At present, the most optimistic best case forecast results in a year end deficit of £8.6m which is a £1.1m shortfall against the pre-PSF control total of £1.1m. The worst case forecast is a pre-PSF deficit of £29m which is £21.5m below the control total. Without urgent additional BIP delivery, the final outturn is likely to be somewhere between these two extremes, depending on the impact of the three key variables. The Trust has delivered £6.4m of efficiencies at the end of Month 6. This is £3.1m behind the phased plans submitted by the divisions and corporate departments and £6.4m behind an even monthly apportionment of the annual target, which would have required £12.8m of savings to be delivered by Month 6. A total of £0.8m of the YTD efficiencies were delivered via technical non-recurrent adjustments and a further £0.7m relates to accrued benefits from the ADM implementation which is now subject to NHSI consultation.

The divisions and corporate depts are currently forecasting delivery of £22.7m efficiencies, which would leave the Trust £2.9m short of the required £25.6m annual savings. A very substantial element of these divisional plans requires significant additional work to be implemented, and there is therefore a high degree of risk in this best case scenario forecast. Removing some of the riskier plans from this forecast results in total projected savings of £17.7m, which would leave the Trust £8.6m short of its BIP target. However, even this lower forecast does not fully reflect the degree of risk to delivery of the 2018/19 efficiency programme. Should some of the high and medium risk plans not deliver, the actual delivery may be lower than £17.0m. Year to date liquidity is 1.4 days which is 0.2 days below plan. Liquidity is forecast to fall to -3.4 days by year end which would see the Use of Resources score declining from 1 (planned) to a 2. This forecast assumes full delivery of the Trusts BIP programme however the majority of accrued benefits from establishing an Estates subsidiary being received over a number of years and therefore being considered non liquid leading to a lower than planned year end cash position. It is expected that the Trust will enter negative liquidity in quarter 3. All of the forecast scenarios currently being reviewed will result in the Trust's cash balances becoming increasingly pressured and the reality of significant cash flow problems is becoming increasingly likely in the near future.

### Recommendation

To discuss and note the current and projected financial position, inclusive of the Bradford Improvement Programme.

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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 (see section 4 for details)	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	