

<b>To:</b>	<b>Trust Board</b>
<b>From:</b>	<b>Suzanne Hinchliffe – Chief Operating Officer/ Chief Nurse Andrew Seddon – Director of Finance and Procurement</b>
<b>Date:</b>	<b>2 February 2012</b>
<b>CQC regulation:</b>	<b>As applicable</b>

<b>Title:</b>	<b>Progress against the 2011/12 Financial Recovery Plan</b>										
<b>Author/Responsible Director:</b>	Suzanne Hinchliffe – Chief Operating Officer/Chief Nurse Andrew Seddon – Director of Finance and Procurement										
<b>Purpose of the report:</b>	To update the Board on progress in implementing the 2011/12 financial recovery plan										
<b>The report is provided to the Board for:</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Decision</td> <td style="width: 10%;"></td> <td style="width: 50%; text-align: center;">Discussion</td> <td style="width: 10%; text-align: center;">✓</td> </tr> <tr> <td style="text-align: center;">Assurance</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">Endorsement</td> <td></td> </tr> </table>			Decision		Discussion	✓	Assurance	✓	Endorsement	
Decision		Discussion	✓								
Assurance	✓	Endorsement									
<b>Summary/Key points:</b>	<ol style="list-style-type: none"> <li>1. CBU re-forecasts of their year end positions continue to deteriorate as the cost base continues ahead of forecast.</li> <li>2. The Recovery Plan does not fully address the projected deficit for the year and work continues to close this gap.</li> <li>3. Divisions were tasked with making specific additional cost reductions at the Finance and Performance Committee on 24 November 2011. Improvements have realised in the Planned Care and Women’s and Children’s Divisions but not across the Trust.</li> </ol>										
<b>Recommendations:</b>	To note the progress and key actions										
<b>Previously considered at another corporate UHL Committee?</b>	Finance and Performance Committee on 25 January 2012										
<b>Strategic Risk Register</b>	Risk 5, 6, 9	<b>Performance KPIs year to date</b>	-								
<b>Resource implications (e.g. Financial, HR)</b>	Risk of financial breakeven										
<b>Assurance implications</b>	Metrics established										
<b>Patient and Public Involvement (PPI) implications</b>	-										
<b>Equality impact N/A</b>											
<b>Information exempt from disclosure</b>	-										
<b>Requirement for further review?</b>	Monthly reports to the Board and Finance and Performance Committee.										

**Suzanne Hinchliffe**  
Chief Operating Officer/Chief Nurse  
27 January 2012

**Andrew Seddon**  
Director of Finance and Procurement

# UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**REPORT TO: TRUST BOARD**

**DATE: 2 FEBRUARY 2012**

**REPORT FROM: SUZANNE HINCHLIFFE – CHIEF OPERATING OFFICER/CHIEF NURSE  
ANDREW SEDDON – DIRECTOR OF FINANCE AND PROCUREMENT**

**SUBJECT: PROGRESS AGAINST THE 2011/12 FINANCIAL RECOVERY PLAN**

## 1. Introduction

1.1 This paper summarises progress against the Trust's Financial Recovery Plan, subtitled Stabilisation and Transformation, presented and agreed at the extraordinary Trust Board meeting on 21 July 2011.

## 2. Summary

2.1 The Trust is reporting a cumulative deficit of £11.1m (£11.5m adverse to Plan) as described in the monthly Quality and Performance report.

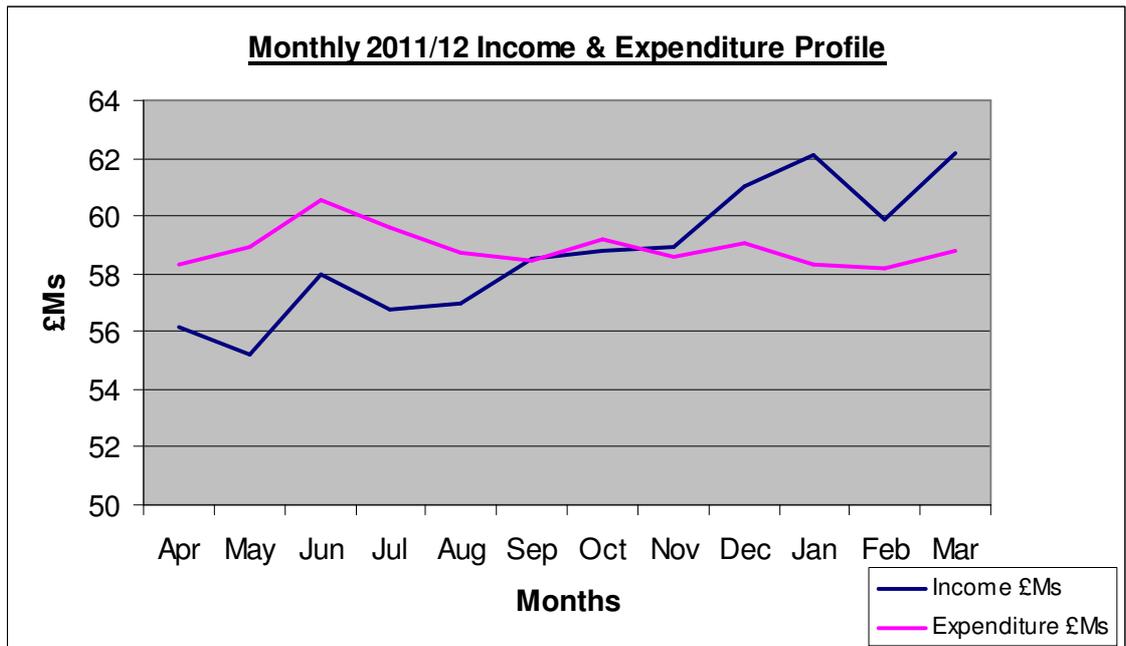
### 2.2 Table 1 – I&E Summary

The latest re-forecast of the year end position, prepared by the Divisions and based on the Month 9 results, may be summarised:

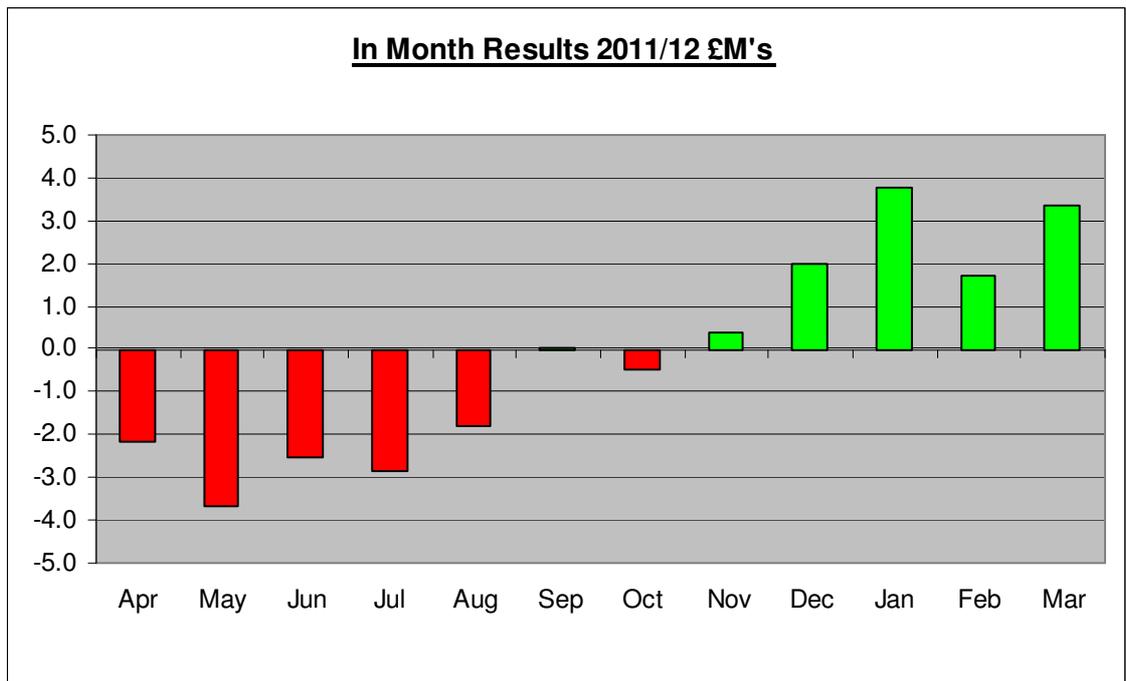
**Trust Wide M9 Forecast Position**

CBU	Month 8			Month 9		
	Plan	FOT	Variance	Plan	FOT	Variance
Acute Divisional	52,592	44,855	(7,737)	52,592	43,598	(8,993)
Planned Divisional	72,441	69,213	(3,229)	72,441	70,040	(2,401)
CSD Divisional	(94,911)	(97,179)	(2,267)	(94,911)	(97,353)	(2,442)
W&C Divisional	37,598	33,847	(3,751)	37,598	34,083	(3,515)
<b>Divisional Total</b>	<b>67,720</b>	<b>50,736</b>	<b>(16,984)</b>	<b>67,720</b>	<b>50,368</b>	<b>(17,352)</b>
<b>Corporate &amp; Central</b>	<b>(66,431)</b>	<b>(59,391)</b>	<b>7,040</b>	<b>(66,431)</b>	<b>(59,581)</b>	<b>6,850</b>
<b>Trust TOTAL</b>	<b>1,289</b>	<b>(8,655)</b>	<b>(9,944)</b>	<b>1,289</b>	<b>(9,212)</b>	<b>(10,501)</b>
Corporate accruals	6,000			6,000		
Readmissions / Deflection Income	above the line			above the line		
Winter flexibility	above the line			above the line		
VSS Deferral	above the line			above the line		
Salary - tax	1,000			1,000		
<b>Year End Forecast</b>	<b>1,289</b>	<b>(1,655)</b>	<b>(2,944)</b>	<b>1,289</b>	<b>(2,212)</b>	<b>(3,501)</b>

2.3 The trend of income and expenditure by month for the year to date and the forecast to the year end may be summarised graphically:



2.4 The following chart demonstrates the actual and forecast performance by month, comparing back to the original transformation plan presented to the Board on 21 July 2011.



**2.5 Ongoing recovery actions**

The focus for the CBU's/Divisions is to push forward and deliver:

- The additional CIPs (£3.1m) which were targeted at the November 2011 Finance and Performance Committee meeting
- The referral to treat targets - Working with commissioners to agree **additional activity** so as to meet the new 18 week waiting targets (RTT targets) at specialty level prior to the new financial year

- Winter capacity bids (Flory money) - the Department of Health has requested bids against a new £100m **national contingency fund** to cover access, performance and winter pressures. Bids have been submitted and we are clarifying these with commissioners
- Delivery/Acceleration of existing CIPs from 2011/12 or 2012/13
- Specific year end management actions e.g. discretionary spend controls
- Managing the income challenges from commissioners - potential counting and coding challenges (£1.5m). This includes changes made by UHL in the course of 2011/12 which are not in accordance with agreed contract rules. This related primarily to a change in the billing treatment for infectious diseases
- Managing the Q4 transformation targets (e.g. new to follow up outpatient ratios) in order to secure the transformation income

2.6 There is a degree of risk associated with each of the above actions. The underlying deterioration in the Divisional forecasts, in part due to lack of delivery of additional CIPs, is however increasing the risk of non-delivery of the Trust's control total for the year.

2.7 A specific issue in the month of December 2011 is the change in the nature of the ECMO contract. Under the new commissioning arrangements, in December alone, the Trust lost over £0.5 million against what we would normally expect. In part, this is due to the absence of any national pandemic. However, this has been followed by very low levels of activity in January 2012 and the Trust's forecast will be additionally at risk as a result. This is a nationally commissioned service and we will be opening a dialogue with national commissioners to support the transition.

2.8 Headcount continues to be controlled through central processes with weekly panels to review the clinical need for each new post. Despite, this scrutiny, WTEs have risen slightly in the month, in part due to winter capacity pressures. Discussions with local commissioners regarding the funding of this extra capacity, which is incurred at marginal rates over and above those covered by tariff, continues.

### 3. Conclusion

3.1 The risks around the delivery of the 2011/12 control total of £1.3 million surplus are increasing. The Trust is pursuing a range of remedial actions but we need the balance of those to be delivered with no further deterioration in the underlying position. LLR commissioners are aware of the position and of the risks in the outturn and have been supportive to date, recognising the underlying economics of the Trust and the local health economy. As well as managing the 2011/12 outturn, increasing focus is now turning to 2012/13 planning, where the Trust will need to demonstrate levels of innovation and transformation which are substantially beyond those achieved in 2011/12 in order to operate within the tighter financial regime for next year.

3.2 The Board is asked to **note** the position.

Suzanne Hinchliffe  
Chief Operating Officer/Chief Nurse

Andrew Seddon  
Director of Finance and Procurement