

Trust Board paper G

To:	Trust Board
From:	Suzanne Hinchliffe – Chief Operating Officer/ Chief Nurse Andrew Seddon – Director of Finance and Procurement
Date:	1 December 2011
CQC regulation:	As applicable

Title:	Progress against 2011/12 Stabilisation and Transformation Plan										
Author/Responsible Director:	Suzanne Hinchliffe – Chief Operating Officer/Chief Nurse Andrew Seddon – Director of Finance and Procurement										
Purpose of the report:	To update the Board on progress in implementing the 2011/12 financial recovery plan										
The report is provided to the Board for:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Decision</td> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;">Discussion</td> <td style="width: 25%; 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									
Summary/Key points:	<ol style="list-style-type: none"> 1. CBUs re-forecast their year end positions at month 7, with the support of the Trust's turnaround advisors. These were presented to the Executive Team on 14 and 16 November 2011. 2. The recovery plan, as evidenced by the re-forecast submissions, does not fully address the projected deficit for the year and work continues to close this gap. 3. Divisions were tasked with making specific additional cost reductions at the Finance and Performance Committee on 24 November 2011. 										
Recommendations:	To note the progress and key actions										
Previously considered at another corporate UHL Committee?	Finance and Performance Committee on 24 November 2011										
Strategic Risk Register	Risk 5, 6, 9	Performance KPIs year to date	-								
Resource implications (e.g. Financial, HR)	Risk of financial breakeven										
Assurance implications	Metrics established										
Patient and Public Involvement (PPI) implications	-										
Equality impact N/A											
Information exempt from disclosure	-										
Requirement for further review?	Monthly reports to the Board and to the Finance and Performance Committee.										

Suzanne Hinchliffe
Chief Operating Officer/Chief Nurse

Andrew Seddon
Director of Finance and Procurement

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: TRUST BOARD

DATE: 1 DECEMBER 2011

**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 £13.4m (£13.9m adverse to Plan). Table 1 outlines the current position.

Table 1 – I&E Summary

	2011/12 Annual Plan £m	October			April - October 2011		
		Plan £m	Actual £m	Var £m	Plan £m	Actual £m	Var £m
Income							
Patient income	595.8	49.6	50.1	0.6	346.4	347.9	1.5
Teaching, R&D	67.1	5.6	6.8	1.2	39.1	41.2	2.1
Other operating Income	19.0	1.7	1.8	0.1	11.0	11.2	0.3
Total Income	682.0	56.8	58.7	1.9	396.5	400.4	3.8
Operating expenditure							
Pay	420.5	35.0	35.9	(0.9)	245.5	256.4	(10.9)
Non-pay	215.4	17.8	19.5	(1.7)	124.8	131.3	(6.5)
Total Operating Expenditure	635.9	52.8	55.4	(2.6)	370.3	387.7	(17.4)
EBITDA	46.1	4.0	3.3	(0.7)	26.2	12.7	(13.5)
Net interest	(0.5)	(0.0)	(0.1)	(0.1)	(0.3)	(0.3)	(0.0)
Depreciation	(31.1)	(2.6)	(2.6)	0.0	(18.1)	(18.0)	0.1
PDC dividend payable	(13.2)	(1.1)	(1.1)	(0.0)	(7.7)	(7.8)	(0.1)
Net deficit	1.3	0.3	(0.5)	(0.8)	0.1	(13.4)	(13.5)
Planned phasing adjustment					0.3		(0.3)
Reported net deficit	1.3	0.3	(0.5)	(0.8)	0.4	(13.4)	(13.9)
EBITDA %	6.76%		5.63%			3.16%	

2.2 The overall financial position in October (£0.5m deficit) was in line with the October forecast within the updated recovery plan phasing shared at the 6 October Trust Board meeting. Nevertheless, this is a disappointing position. The main reason for this shortfall was a reduction in emergency patient care activity against the forecast levels.

2.3 The focus for the CBU/Divisions is to continue to control costs, and push forward with the transformational schemes in order to deliver the financial recovery programme. A key milestone in the recovery process has been a series of 2011/12 re-forecast presentations in November 2011 by CBU's to the Executive Team and Non-Executive Directors, followed by Divisional Team presentations to the Finance and Performance Committee on 24 November 2011.

These presentations covered:

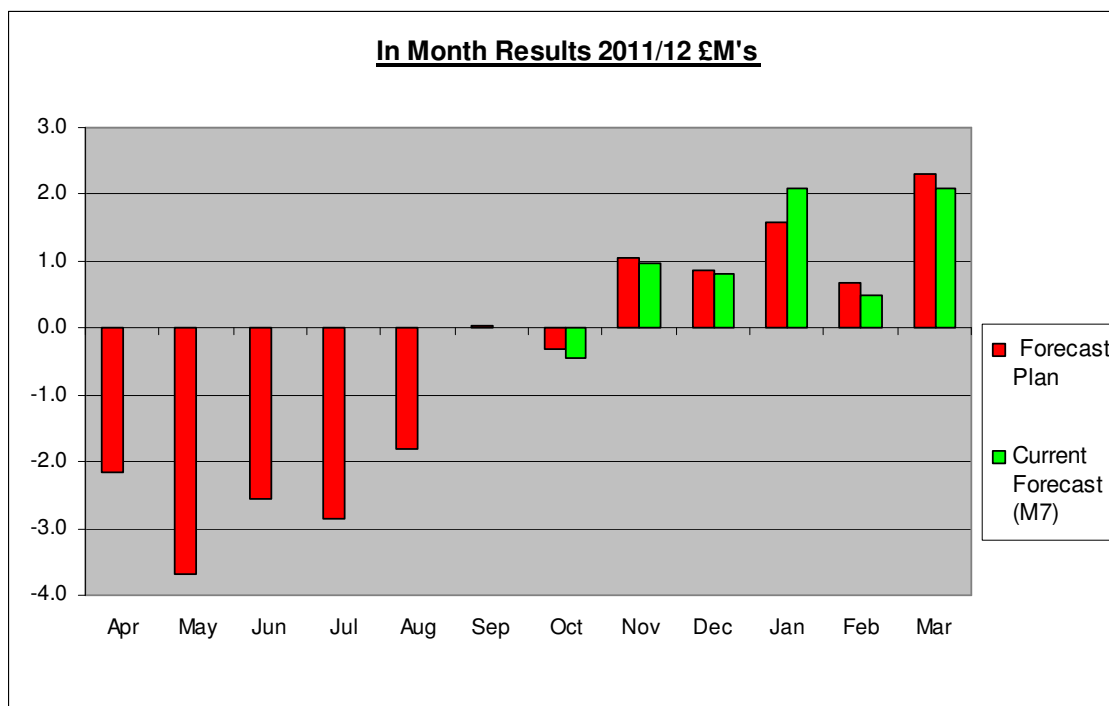
- Financial performance and CIP position to Month 7
- Revised forecasts including CIP delivery for the remainder of the year
- Key opportunities and sensitivities that may affect the forecasts and plans to mitigate the sensitivities
- Summary action plans for delivery

3. Financial summary and forecast

3.1 The revised year end forecast is as follows. This includes the impact of the agreed central recovery plan actions and additional measures identified, e.g. a lower than anticipated cost for the funding of the winter capacity plan.

	June	July	August	Oct	Variance (Aug - Oct) £'m
	£'m	£'m	£'m	£'m	
Divisional re - forecast	(20.3)	(17.5)	(20.9)	(17.5)	3.4
Central Recovery Plan					
1 Enhanced pay controls	4.0	3.5	3.5	0.0	(3.5)
2 20% reduction in corporate budgets	1.5	1.0	1.0	0.0	(1.0)
3 Corporate accruals	5.0	5.0	6.0	6.0	0.0
4 Medicine CBU	1.9	0.0	0.0	0.0	0.0
5 Transformation Projects	1.5	1.5	1.5	0.0	(1.5)
6 Re-negotiation with key suppliers	1.0	1.0	1.0	0.0	(1.0)
7 Salary sacrifice schemes	0.0	0.2	0.0	0.0	0.0
8 Car parking charges	0.0	0.3	0.0	0.0	0.0
9 Bed reductions	0.5		0.0	0.0	0.0
10 E-rostering	0.5	0.5	0.5	0.0	(0.5)
11 ED divert funding / DTOC			1.0	1.0	0.0
12 Additional measures identified				1.5	1.5
13 Further Divisional cost reductions				3.0	3.0
Sub - total	15.9	13.0	14.5	11.5	(3.0)
Additional transitional costs / contingency	(0.6)	(0.5)	(0.6)	(1.0)	(0.4)
Full year forecast loss	(5.0)	(5.0)	(7.0)	(7.0)	0.0

3.2 The chart below shows the monthly profile of the re-forecast compared to the recovery plan phasing shared on 6 October 2011.



3.3 Following the Finance and Performance Committee meeting in November 2011, all Divisions have been tasked with achieving further savings to support the delivery of the year end forecast position.

4. Turnaround Advisors

4.1 The initial phase of the external turnaround advisors work is now virtually complete. Final reports will be delivered later in December 2011. Follow on projects are being agreed with additional dedicated resources from the Trust. Accordingly, additional allowance is made in the table at 3.1 above.

5. Conclusion

5.1 The Board is asked to **note** the update and actions being taken on the Trust's recovery plan.

Suzanne Hinchliffe
Chief Operating Officer/Chief Nurse

Andrew Seddon
Director of Finance & Procurement

28 November 2011