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To:	Trust Board
From:	Suzanne Hinchliffe – Chief Operating Officer/ Chief Nurse Andrew Seddon – Director of Finance and Procurement
Date:	1 March 2012
CQC regulation:	As applicable

Title:	Progress against the 2011/12 Financial Recovery 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%;"> <tr> <td style="width: 50%;">Decision</td> <td style="width: 10%;"></td> <td style="width: 50%;">Discussion</td> <td style="width: 10%; text-align: center;">✓</td> </tr> <tr> <td>Assurance</td> <td style="text-align: center;">✓</td> <td>Endorsement</td> <td></td> </tr> </table>			Decision		Discussion	✓	Assurance	✓	Endorsement	
Decision		Discussion	✓								
Assurance	✓	Endorsement									
Summary/Key points:	<ol style="list-style-type: none"> 1. CBU re-forecasts of their year end positions continue to deteriorate as the cost base continues ahead of forecast. 2. The Recovery Plan 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. Improvements have realised in the Planned Care and Women's and Children's Divisions but not across the Trust. 										
Recommendations:	To note the progress and key actions										
Previously considered at another corporate UHL Committee?	Yes - Finance and Performance Committee on 22 February 2012										
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 Trust Board and Finance and Performance Committee.										

Suzanne Hinchliffe
Chief Operating Officer/Chief Nurse
24 February 2012

Andrew Seddon
Director of Finance and Procurement

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: Trust Board

DATE: 1 March 2012

REPORT FROM: Andrew Seddon – Director of Finance & Procurement

SUBJECT: Update on the Financial Recovery Plan

1. INTRODUCTION

1.1 This paper updates the Board on the Trust's financial recovery plan.

1.2 The paper contains an update on:

- The financial re-forecast for 2011/12
- Additional actions being undertaken to mitigate the financial risks

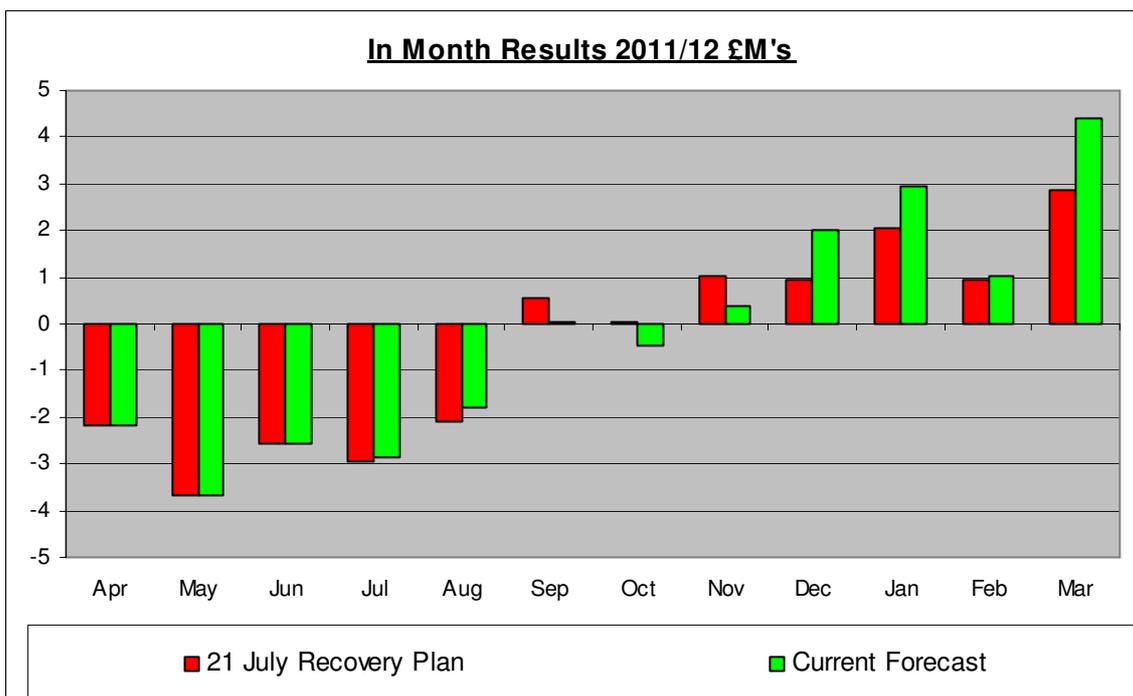
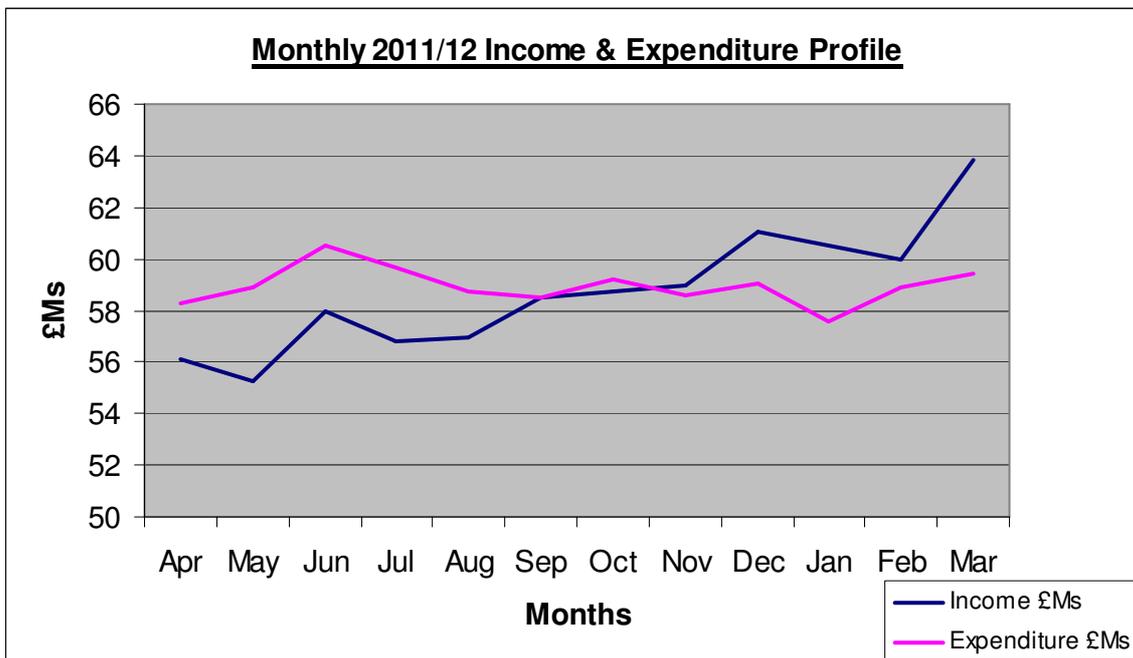
2. 2011/12 FINANCIAL RE-FORECAST

2.1 As the Board is aware, all CBUs and Divisions undertake a monthly full re-forecast. The month 10 re-forecast is summarised below:

Trust Wide M10 Forecast Position

CBU	Month 9			Month 10			Move M9 to M10 £000s
	Plan £000s	FOT £000s	Variance £000s	Plan £000s	FOT £000s	Variance £000s	
Acute Divisional	52,592	43,598	(8,993)	52,592	41,037	(11,555)	(2,561)
Planned Divisional	72,441	70,040	(2,401)	72,441	71,146	(1,296)	1,106
CSD Divisional	(94,911)	(97,353)	(2,442)	(94,911)	(97,434)	(2,523)	(81)
W&C Divisional	37,598	34,083	(3,515)	37,598	34,284	(3,314)	201
Divisional Total	67,720	50,368	(17,352)	67,720	49,033	(18,687)	(1,335)
Corporate & Central	(66,431)	(59,581)	6,850	(66,431)	(53,232)	13,198	6,348
Trust TOTAL	1,289	(9,212)	(10,501)	1,289	(4,199)	(5,488)	5,013
Corporate accruals		6,000	6,000				(6,000)
Readmissions / Deflection Income		above the line					
Winter flexibility		above the line					
VSS Deferral		above the line					
Coding & Counting				500	500		500
Salary - tax		1,000	1,000	1,000	1,000		0
Year End Forecast	1,289	(2,212)	(3,501)	1,289	(2,699)	(3,988)	(487)

2.2 The following two charts show the monthly income and expenditure profile and the monthly performance against the 21 July 2011 Recovery plan.



2.3 The above comparison against the original July 2011 recovery plan is flattered by the inclusion in the latest results / forecasts for Dec – March inclusive of the £8.2m readmissions / FOPAL funding received from commissioners in November 2011.

2.4 The above results also show that the cost base has started reducing again in response to strict expenditure controls. This has been achieved in the face of increasing demand for both acute and elective flows, whilst maintaining the key staffing ratios to assure patient safety. However the dramatic shortfall in income in the last 2 months – especially in ECMO

and in Medicine – has caused the Executive Team to augment the previously agreed recovery actions.

2.5 As we enter the last 6 weeks of the year, the focus is to deliver against the following actions:

- **Additional CIPs** CBU/Divisions to deliver the (£3.1m) targeted at the November 2011 Finance and Performance Committee meeting. (These have been identified in Planned Care and in CSD). This could include acceleration of CIPs from 2012/13 to commence in 2011/12.
- **Referral to treatment (RTT)** targets – we have agreed with Commissioners additional activity to meet the new 18 week waiting targets at specialty level prior to the new financial year
- **Winter capacity bids** (Flory money) – we have been discussing with commissioners our allocation of the local share of £100m national contingency fund announced by the Department of Health in December 2011 to cover access, performance and winter pressures.
- **Discretionary spend controls** - specific year end management actions
- **Transformation fund monies** - Managing the Q4 efficiency targets (e.g. new to follow up ratios) in order to secure the agreed transformation income. Specifically this includes the agreement of exceptions where these targets have been affected by external factors – or other commissioner actions
- **ECMO:** Discussions with commissioners at all levels (this is a nationally commissioned service) in respect of the activity shortfall and the exposure of the Trust to significant unfunded fixed costs.

3. CONCLUSION

3.1 The risks around the delivery of the 2011/12 control total of £1.3 million surplus are still significant. 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 have been kept regularly updated on the position and of the risks in the outturn and continue to be supportive, recognising the underlying economics of the Trust and the local health economy.

3.2 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.

3.3 The Board is asked to **note** the month 10 re-forecast and the actions required to deliver the planned year end surplus.

Andrew Seddon
Director of Finance and Procurement

24 February 2012