

# United Lincolnshire Hospitals

NHS Trust

<b>To:</b>	Trust Board
<b>From:</b>	John Barber, Interim Director of Finance & Corporate Affairs
<b>Date:</b>	4 October 2016

<b>Title:</b>	<b>2016/17 Financial Position to Month 5</b>
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**Purpose of the Report:**  
 To provide the Board with an update on the Trust's financial position as at the end of August 2016 and the management plan in place to ensure we continue to plan to deliver our planned financial position.

**The Report is provided to the Board for:**

Information	✓	Assurance	✓
Discussion	✓	Decision	✓

**Summary/Key Points:**

- The Trust has an agreed control total deficit of £47.9m for 2016/17.
- The Month 5 position is a deficit of £4.2m, leading to a year to date deficit position of £21.1m. The performance to date is in line with plan.
- The position to date reported here highlights the key risks to the delivery of the plan, our achievement of the efficiency savings target and the current shortfall (and likely future continuing trends) on income growth. These are mitigated by not releasing the contingency/reserves until these risks are mitigated.
- The forecast year end position is reliant on the reduction of pay and growth in income.
- Against plan the Month 5 cumulative position reflects a favourable variance of c. £(0.1)m.
- The Trust is at risk of under achieving £805k of the £16.1m Sustainability and Transformation Fund in quarter 2. This has been factored into the reported position.
- Given the risks to the delivery of the current plan, a management recovery plan has been developed for implementation in conjunction with the Financial Improvement Plan.

**Recommendations:**  
 The Board are asked to:

- To note the Month 5 financial performance and the challenges we have in terms of achievement of our full year plan
- To note the performance forecast against the key financial duties.

- To discuss the key risks and risk mitigation
- To agree and support the management plan aimed at ensuring we continue to plan to deliver our financial plan control total.
- To delegate authority to the Director of Finance and Chief Executive to arrange a new loan facility.

**Strategic Risk Register**

**Performance KPIs year to date**

**Resource Implications (eg Financial, HR)**

**Assurance Implications**

**Patient and Public Involvement (PPI) Implications**

**Equality Impact**

**Information exempt from Disclosure**

**Requirement for further review?**

## **1. Introduction**

- 1.1. The purpose of this report is to provide the Board with an update on performance against the Trust's key financial duties as follows:
  - Delivery against the planned Deficit
  - Achieving the External Financial Limit (EFL)
  - Achieving the Capital Resource Limit (CRL)
- 1.2. The finance report has been redesigned to provide the Board with the key financial information in line with current best practice.
- 1.3. The new format has been developed in conjunction with the Finance, Service Improvement and Delivery Committee (FSID). The committee was presented with this format at its meeting on 27 September and agreed it was a suitable format to be used for reporting to the Board.
- 1.4. The format reflects three key factors, being
  - The Trust's response to the general review of board reporting
  - the existing report has got heavy and cumbersome in its content
  - the proposed format is based on recommended good practice for Board reporting by Foundation Trusts
- 1.5. FSID will still receive detailed reports to scrutinise specific areas of the financial position of the Trust. Therefore, it will look in detail at areas like the Trust's cash position and efficiency delivery to enable it to continue to give the same level of assurance to the Board.

## **2. Recommendations**

- 2.1. To note the Month 5 financial performance and the challenges we have in terms of achievement of our full year plan
- 2.2. To note the performance forecast against the key financial duties.
- 2.3. To discuss the key risks and risk mitigation
- 2.4. To agree and support the management plan aimed at ensuring we continue to plan to deliver our financial plan control total.
- 2.5. To delegate authority to the Director of Finance and Chief Executive to arrange a new loan facility.

**John Barber**  
**Interim Director of Finance**