Date of meeting	16 January 2018
Paper number	Enclosure E1

Financial Performance – Month 8 2017/18

For approval:		For assurance:	✓	To note:	

Accountable Director	Jill Robinson – Chief Finance Officer		
Presented by	Jill Robinson – Chief Finance Officer	**Author**	Jo Kirwan - Assistant Director of Finance Katie Osmond – Assistant Director of Finance

Alignment to the Trust's strategic priorities					
Deliver safe, high quality, compassionate patient care		Design healthcare around the needs of our patients, with our partners		Invest and realise the full potential of our staff to provide compassionate and personalised care	
Ensure the Trust is financially viable and makes the best use of resources for our patients	✓	Develop and sustain our business			

Alignment to the Single Oversight Framework					
Leadership and Improvement Capability		Operational Performance		Quality of Care	
Finance and use of resources	✓	Strategic Change		Stakeholders	

Report previously reviewed by		
Committee/Group	Date	Outcome

Assurance: *Does this report provide assurance in respect of the Board Assurance Framework strategic risks?*	Y	BAF number(s)	R4.1

Level of assurance and trend

	√	↑↓→
Significant		
Limited	√	→
None		
Not applicable		

Recommendations	The Trust Board is asked to: • Note the year to date financial position at the end of Month 8 • Note the Month 8 delivery to the revised forecast • Agree that the Trust submits a revised forecast outturn deficit of £57.9m to NHSI as part of Month 9 reporting • Note that further cash support is requested from NHSI through uncommitted term loans in line with the revised forecast outturn deficit of £57.9m

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Executive Summary

The purpose of this paper is to update the Board on the financial performance of the Trust.

This paper summarises the Trust's financial performance for Months 1 to 8 and includes information on healthcare activity, expenditure variances and Cost Improvement Plan (CIP) delivery. This paper also provides an update and a recommendation that the Board approves a revised forecast outturn for 2017/18 of £57.9m deficit, incorporating the developed Financial Recovery Plan (FRP).

The Trust has recorded a deficit of £40.3m pre Sustainability and Transformational Funding (STF) for Months 1 to 8 of 2017/18 financial year which is £10.7m worse than plan.

Inclusion of the STF from Q1 reduces the YTD deficit to £38.3m against a plan of £22.7m resulting in a £15.6m adverse variance to post STF plan.

This adverse position is largely driven by non-delivery of CIP, the provision of additional operational capacity (including Referral to Treatment (RTT) business case investment) and workforce pressures.

As a result of the revised Income &Expenditure (I & E) forecast, the Trust is looking to increase its planned interim revenue support. The Trust has received Interim Revenue Support in December and has requested January, pending approval by NHS Improvement (NHSI) and Department of Health (DH). The Trust is seeking NHSI support for planned cash requirements in February and March.

The capital programme is being closely monitored to ensure spend remains within plan. The business as usual capital loan application is being progressed with NHSI.

Background

The financial performance of the Trust to date, and the projected pre mitigation full year forecast deficit of £64.9m refreshed at Month 7, demonstrated the size of the financial challenge for the Trust to deliver its pre STF financial plan of £42.7m in 2017/18. As a result the Trust developed a FRP programme.

In implementing the FRP, as contained within appendix 1, this position can be mitigated to deliver a £57.9m deficit.

The FRP is focused on a limited number of key projects to ensure capacity and capability is targeted at those schemes with the greatest potential to reduce the impact of the drivers of the deficit.

The key projects are:

- Theatre Productivity
- Use of temporary staffing
- Rostering (nurse / medical)
- Recruitment & retention
- Additional Capacity
- Procurement
- Grip and Control measures

These actions should also result in an exit monthly deficit run rate of c£4m, which will provide the basis for the 2018/19 Operating Plan. The 2018/19 Control Total is set at a £39.1m deficit.

Date of meeting	16 January 2018
Paper number	Enclosure E1

Issues and options

Income and Expenditure

The Trust has recorded a deficit of £40.3m pre STF for Months 1 to 8 of 2017/18 financial year which is £10.7m worse than plan. Inclusion of the STF from Q1 reduces the year to date (ytd) deficit to £38.3m against a plan of £22.7m resulting in a £15.6m adverse variance to post STF plan.

This adverse position is largely driven by non-delivery of CIP, the provision of additional operational capacity (including RTT business case investment) and workforce pressures.

Specifically related to CIP, although delivery has increased during November, there remains a significant adverse variance to plan. YTD the Trust had a plan to deliver £12m of savings, identified schemes of £8.1m, and has achieved £5.2m of savings resulting in an £6.8m adverse variance against plan.

The other operational capacity and workforce pressures have been largely offset by a release of reserves and non-core income receipts above planned levels.

In light of the off track financial performance, the Trust has been required to attend a number of meetings with the National NHS Improvement (NHSI) team. At the last meeting on the 21st December with Stephen Hay (NHSI, Deputy Chief Executive and Director of Regulation) it was decided not to place the Trust into Financial Special Measures given the Trust's commitment to deliver next year's control total. NHSI also agreed that the Trust can formally re-forecast to £57.9m deficit in 2017/18. The Trust is expected to return for another meeting during the last week of January/early February to provide an update on the Month 9 results, and plans for 2018/19. The Trust continues to be managed by NHSI via the enhanced oversight regime.

The Trust has developed a robust Financial Recovery Plan that is focused on a limited number of key projects to ensure capacity and capability is targeted at those schemes with the greatest potential to reduce the impact of the drivers of the deficit. The programme consists of £5m Divisional targeted schemes targeted against the drivers of the deficit, and £2m of non-recurrent schemes. The Trust has identified a number of key items to support delivery of this non-recurrent element with a delivery range of £1.6m - £2.1m.

Cash

As a result of the revised I&E forecast, the Trust will require increased interim revenue support. The Trust has received Interim Revenue Support in December and requested January, pending approval by NHSI and DH. The Trust is seeking NHSI support for planned cash requirements in February and March.

Capital

The Trust has limited internally generated capital funding; approved prioritised schemes are being monitored through the Capital Prioritisation Group (CPG), reporting to Finance and Performance Committee (FPC). The forecast position is kept under monthly review, with reprioritisation of schemes undertaken through this group, which includes divisional and operational representation, to ensure spend continues to be managed within the overall funding envelope.

Date of meeting	16 January 2018
Paper number	Enclosure E1

The business as usual capital loan application for 2017/18 was submitted in July 2017 for £16.721m based on the current capital plan. The Trust has responded to a series of queries from the national team as part of their application review process. If the loan is not received then further review and rationalisation of the capital programme will be required. Only the most critical schemes are currently progressing in 2017/18.

The Trust continues to engage with NHSI and the DH to access the Sustainability and Transformation capital funding of £29.6m for the Acute Service Review in a timely manner.

Recommendations

The Trust Board is asked to:

- Note the year to date financial position at the end of Month 8
- Note the Month 8 delivery to the revised forecast
- Agree that the Trust submits a revised forecast outturn deficit of £57.9m to NHSI as part of Month 9 reporting
- Note that further cash support is requested from NHSI through uncommitted term loans in line with the revised forecast outturn deficit of £57.9m

Appendices

Appendix 1 – Financial Performance Report – Month 8 slide deck

Worcestershire Acute Hospitals NHS Trust

Finance Report

November 2017

Month 8

Jill Robinson

Chief Finance Officer

16th January 2018

Use of Resources
Risk Rating Summary

Worcestershire Acute Hospitals NHS Trust

	Metric Definition	How we did YTD at M8	Risk Rating		Previous Month YTD	Full Year Plan (Forecast)
I&E margin rating	Measures the degree to which the organisation is operating at a surplus or deficit.	(14.76%)	4	Adjusted financial performance deficit of **£38,749k** (£38,749k exc 16/17 STF allocation of £419k) / total operating income (exc impact of 1617 STF allocation of **£262,555k** = **(14.76%).**	4	4
I&E margin: distance from financial plan	YTD actual I&E surplus/deficit in comparison to YTD plan I&E surplus/deficit.	(6.32%)	4	I&E margin YTD actual of **(14.76%)** less I&E margin YTD plan of **(8.44%)** = **(6.32%)**.	4	4
Liquidity rating (days)	Measures the days of operating costs held in cash, cash-equivalent and liquid working capital forms.	(22.089)	4	Working Capital of (£25,752) / YTD Operating Expenditure of £284,466 multiplied by the number of YTD days (244) = (22.089).	4	4
Capital service cover rating	Degree to which the organisation's generated income covers its financing obligations.	(2.254)	4	Revenue available for service capital (£21,474)/ capital service **£9,529k** = **(2.254)**	4	4
Agency rating	Total agency spend compared to the agency ceiling.	(4.36%)	1	Total agency spend of **£14,614k** less agency ceiling of **£15,280k** / divided by agency ceiling of **£15,280k** = **(4.36%).**	1	1

Income & Expenditure Overview – M8

Worcestershire Acute Hospitals NHS Trust

In the month of November the Trust is reporting an in month pre Sustainability and Transformational Fund (STF) deficit of £5.4m, this is £2.2m worse than plan.

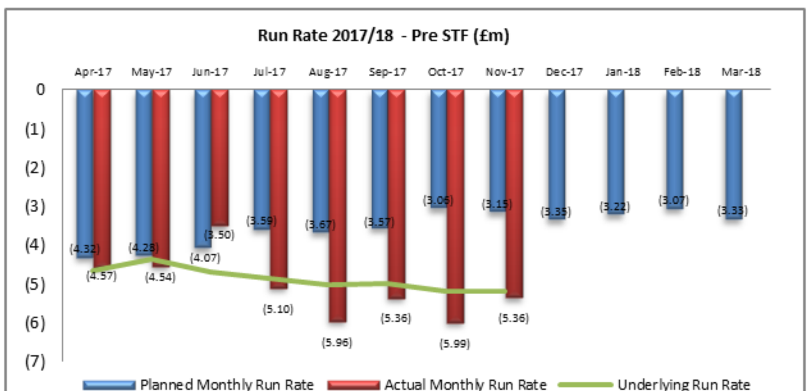
This has increased the year to date (YTD) deficit to £40.4m pre STF which is £10.7m worse than plan.

A breakdown of the key variances to plan at the end of November are detailed on page 4.

In Month

Income & Expenditure	November 17 (Month 8)			Year to Date		
	Plan £000s	Actual £000s	Var £000s	Plan £000s	Actual £000s	Var £000s
Operating Revenue & Income						
Patient Care Revenue (pre STF)	26,783	27,184	401	214,024	215,256	1,232
Other Operating Income	2,196	2,451	255	17,692	18,811	1,119
Non PBR Drugs	3,143	3,043	(100)	25,137	24,394	(743)
Non PBR Devices	273	302	29	2,111	2,480	369
Total Operating Revenue pre STF	**32,395**	**32,980**	**585**	**258,964**	**260,941**	**1,977**
Operating Expenses						
Pay	(20,875)	(22,565)	(1,690)	(169,734)	(178,011)	(8,277)
Non Pay	(9,231)	(10,202)	(971)	(75,189)	(79,501)	(4,312)
Non PBR Drugs	(3,162)	(3,064)	98	(25,296)	(24,387)	909
Non PBR Devices	(265)	(478)	(213)	(2,120)	(2,717)	(597)
Total Operating Expenses	**(33,533)**	**(36,309)**	**(2,776)**	**(272,339)**	**(284,616)**	**(12,277)**
EBITDA *	**(1,138)**	**(3,329)**	**(2,191)**	**(13,375)**	**(23,675)**	**(10,300)**
EBITDA %	-3.5%	-10.1%		-5.2%	-9.1%	
Depreciation	(791)	(855)	(64)	(6,564)	(7,272)	(708)
Net Interest, Dividends & Gain/(Loss) on asset disposal	(1,224)	(1,182)	42	(9,779)	(9,498)	281
Reported Total Surplus / (Deficit)	**(3,153)**	**(5,366)**	**(2,213)**	**(29,718)**	**(40,445)**	**(10,727)**
Less Impact of Donated Asset Accounting	4	10	6	29	81	52
Surplus / (Deficit) against Control Total pre STF	**(3,149)**	**(5,356)**	**(2,207)**	**(29,689)**	**(40,364)**	**(10,675)**
STF	1,266	0	(1,266)	6,964	2,034	(4,930)
Surplus / (Deficit) against Control Total inc STF	**(1,883)**	**(5,356)**	**(3,473)**	**(22,725)**	**(38,330)**	**(15,605)**
* EBITDA = earnings before interest, tax, depreciation and amortisation						

Monthly (Deficit) / Surplus Run Rate



At the end of November the Trust is reporting an in month pre Sustainability and Transformational Fund (STF) deficit of £5.4m, which is £2.2m worse than plan.

Inclusion of the STF increases the adverse variance by a further £1.3m due to lost STF from performance (£0.4m) and finance (£0.9m).

This has increased the year to date (YTD) deficit to £40.4m pre STF which is £10.7m worse than plan. Inclusion of the STF (relating to Q1) reduces the YTD deficit to £38.3m against a plan of £22.7m resulting in a £15.6m adverse variance to plan.

The run rate reduced from October to November by £0.6m.

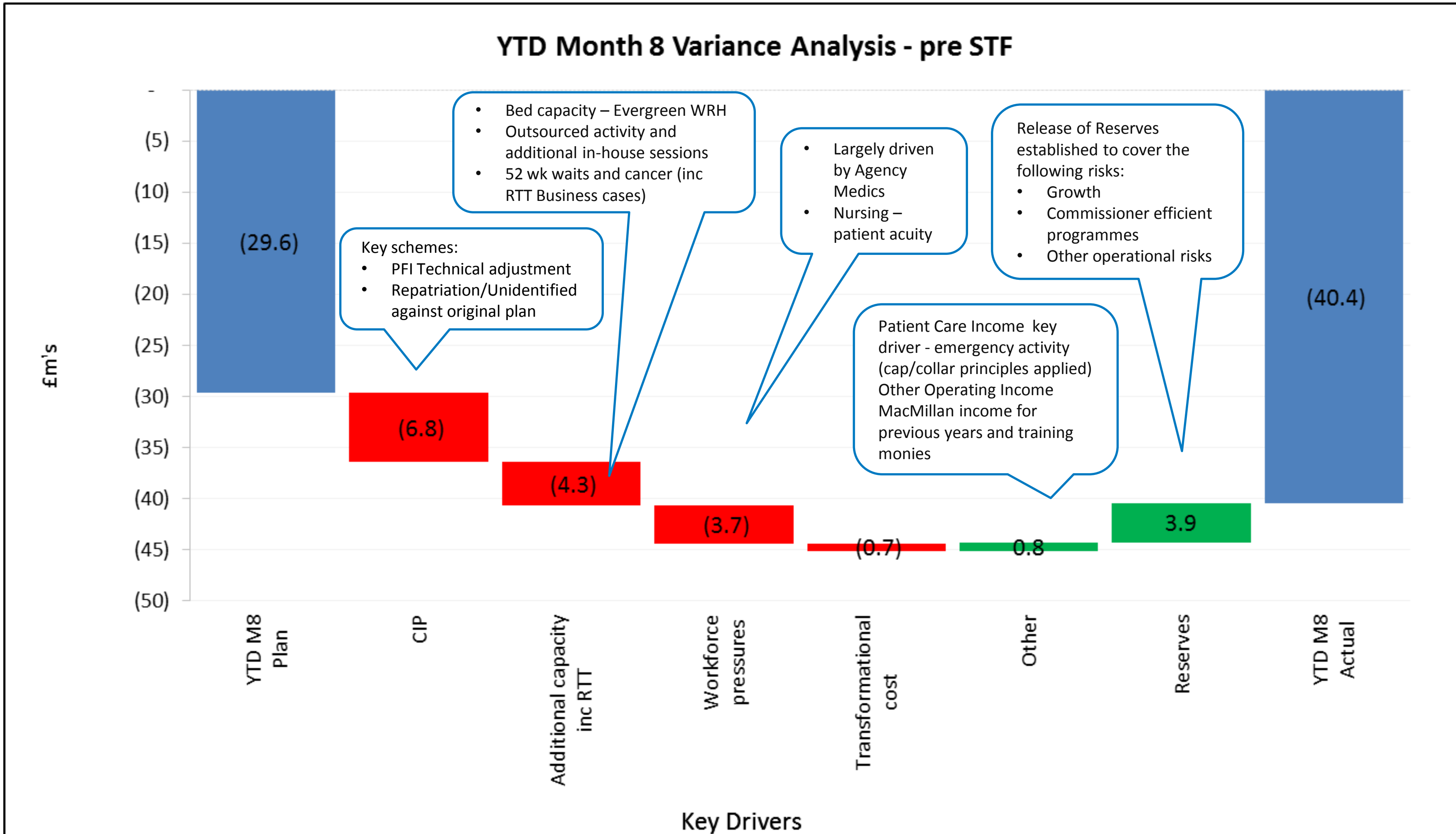
The key drivers of this reduction (outside of normalising adjustments e.g. impact of removal of medical agency un-filled shifts in M7, and patient care income phasing) are as a result of additional FRP savings and increased CIP delivery.

The underlying deficit run rate in November is £5.2m.

2017/18 – YTD Key Variances pre STF

Worcestershire Acute Hospitals NHS Trust

At the end of month 8, the Trust is reporting a year to date deficit of £40.4m. This position is £10.7m adverse to plan, the key variances are presented below.



Income Summary
Month 8 – November 2017

Worcestershire Acute Hospitals NHS Trust

Income including STF was £0.7m below plan in November. Excluding STF £0.6m favourable.

Inpatients was £0.3m favourable in November:

- Day case activity 11% above plan
- Elective activity 12% below plan
- Emergency activity 6% below plan - reduction in admissions from the previous month

Outpatients is £0.2m favourable, ED/MIU £0.1m and Maternity £0.1m are adverse.

Other Operating Income £0.3m favourable.

STF £1.3m adverse; Trust has not achieved the financial control and performance targets.

Income – The combined total reported income (including STF) **is £2.9m below the YTD plan**. Prior to STF funding there was an over performance of **£2.0m at the end of November**. In month there was an adverse variance of £0.7m to plan (pre STF £0.6m favourable).

Key movements in November :
Inpatients £0.3m favourable – Electives were breakeven, Day cases £0.2m and Emergencies £0.1m were favourable.
Emergency activity 6% below plan – Medicine £217k favourable offset by an underperformances in surgical areas(T&O -£107k, Vascular -£31k, General Surgery -£135k and ENT -£21k).
Day case activity was 11% above plan; Gastro £79k (increased staffing levels/endoscopy insourcing), Acute Medicine £84k (endoscopy insourcing) and Oral Surgery +£48k (increased staffing to reduce the RTT backlog).
Elective activity 12% below plan; a more complex patient case mix in surgical areas than plan.
Outpatients £0.2m favourable (activity 6% above plan) – Rheumatology +£59k, General Surgery +£33k (increase new attendances re: 2ww), Dermatology +£15k (Medinet insourcing), ENT +£18k and Neurology +£30k (increased staffing).
ED/MIU £0.1m adverse - Attendances at Alex and WRH were below plan. **Maternity £0.1m adverse** – Deliveries were £27k favourable but Antenatal visits were £0.1m below plan. **Other Operating Income £0.3m** – Higher income than expected from Education England and NHSI contribution towards Pulse.
STF Funding £1.3m adverse – The financial control(70%) and performance element(30% - Emergency Access Standard) targets have not been achieved in month.

CQUINs – Total CQUIN is worth £7.5m; Worcestershire CCGs £6.2m; Associate CCGs £0.5m and NHS England £0.8m. Failure to delivered the CQUIN targets will result in a risk to payments, albeit the £6.2m for the Worcestershire CCGs is mitigated through the cap/collar arrangement. In line with 2017/18 national planning guidance the Trust is holding £1.3m or 0.5% towards CQUIN Risk Reserve. The Trust has assumed this income in its forecast outturn.

By Commissioner: Over-performance reported against Worcestershire CCG contract. NHS England (Prescribed Services/ Dental/Screening) contract is 2% above plan YTD – cancer drugs . Associate contracts are showing -£0.4m adverse or an 2% under performance.

	In Month				YTD			
	Plan £'000	Actual £'000	Var £'000	% £'000	Plan £'000	Actual £'000	Var £'000	% £'000
Inpatient	13,349	13,636	286	2%	100,633	104,893	4,260	4%
Outpatient	3,926	4,080	155	4%	29,545	29,752	206	1%
ED/MIU	1,770	1,704	(66)	(4%)	14,273	14,148	(125)	(1%)
Maternity	2,182	2,079	(103)	(5%)	17,521	16,374	(1,147)	(7%)
Paediatrics	1,288	1,293	5	%	9,984	9,374	(609)	(6%)
Other	7,683	7,737	53	1%	69,315	67,589	(1,726)	(2%)
Patient Care Income	**30,199**	**30,529**	**330**	**1%**	**241,272**	**242,130**	**858**	**%**
Other Operating Income	**2,196**	**2,451**	**255**	**12%**	**17,692**	**18,811**	**1,119**	**6%**
Patient Care & Other Operating Income	**32,395**	**32,980**	**585**	2%	**258,964**	**260,941**	**1,977**	1%
STF	**1,266**	**0**	**(1,266)**	**(100%)**	**6,964**	**2,034**	**(4,930)**	**(71%)**
Total Income	**33,661**	**32,980**	**(681)**	**-2%**	**265,928**	**262,975**	**(2,953)**	**-1%**

Note the table above reflects the adjusted Cap/Collar position based on the annual phased limits - Collar £264.4m and Cap £271.4m .

Pay Expenditure
Month 8 – November 2017

Worcestershire Acute Hospitals NHS Trust

Pay expenditure in November was £22.6m, an over spend against plan of £1.7m.

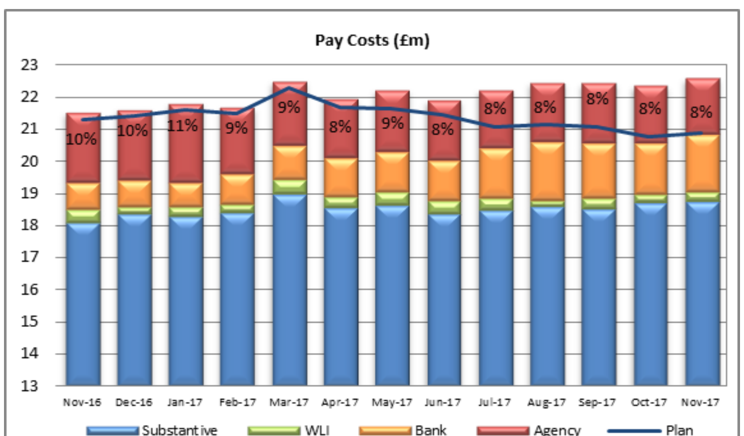
- Substantive pay spend was £19.1m (inc additional sessions).
- Bank pay spend was £1.8m.
- Agency pay spend was £1.7m.

The overall pay run rate increased in month by £233k with nursing representing £167k.

In November total pay expenditure was £22.6m, which is an adverse variance to plan of £1.7m. YTD the Trust is reporting a pay position of £178.0m, an £8.3m over spend against plan.

FT Subjective	Nov-17			Year to Date		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Actual £000s	Variance £000s
Medics - Consultants	(3,697)	(3,450)	247	(30,091)	(27,102)	2,989
Medics - Other	(2,273)	(1,765)	509	(18,375)	(14,011)	4,365
Medics - Agency / Bank	(127)	(1,815)	(1,688)	(2,177)	(14,506)	(12,329)
Total Medics Pay	**(6,097)**	**(7,030)**	**(933)**	**(50,644)**	**(55,618)**	**(4,975)**
Non Clinical	(3,399)	(3,288)	111	(27,100)	(25,964)	1,137
Non Clinical - Agency / Bank	(24)	(122)	(98)	(252)	(1,103)	(851)
Total Non Clinical Pay	**(3,423)**	**(3,410)**	**13**	**(27,353)**	**(27,066)**	**286**
Nursing & Midwifery	(8,201)	(7,655)	546	(66,158)	(61,225)	4,933
Nursing & Midwifery - Agency / Bank	(44)	(1,393)	(1,350)	(757)	(10,013)	(9,256)
Total Nursing Pay	**(8,245)**	**(9,048)**	**(803)**	**(66,915)**	**(71,238)**	**(4,323)**
ST&T	(2,871)	(2,822)	49	(23,066)	(22,234)	832
ST&T - Agency / Bank	89	(177)	(266)	292	(1,206)	(1,498)
Total ST&T Pay	**(2,782)**	**(2,999)**	**(217)**	**(22,774)**	**(23,439)**	**(666)**
Other	(328)	(77)	250	(2,048)	(649)	1,399
Total Other Pay	**(328)**	**(77)**	**250**	**(2,048)**	**(649)**	**1,399**
TOTAL PAY	**(20,875)**	**(22,565)**	**(1,690)**	**(169,734)**	**(178,011)**	**(8,277)**

Key scheme within FRP plan - improve recruitment process to reduce reliance and minimise spend on temporary staffing.



Percentages shows proportion of agency spend against total spend.

Medics

Substantive consultant spend is relatively consistent with last month with ongoing vacancies meaning that the Trust continues to under spend on substantive consultants in month. However the overall medics position is an adverse in month variance of £0.9m and £4.9m YTD. This is mainly due to the costs incurred by bank and agency staff to cover vacant posts, as well as non delivery of CIP schemes.

Within other medical staffing, ongoing under spends on the substantive pay line reflect the ongoing vacancies across all Divisions. These favourable variances are however offset by the costs incurred by temporary staff to cover these vacancies.

Nursing

Nursing continues to over spend overall, both in month (£0.8m) and YTD (£4.3m).

Under spending on substantive nursing is due to vacancies, with the cost of covering these vacant posts reported within bank and agency.

The key drivers of the nursing variance include:
- Additional bed capacity - £2.2m.
- Patient acuity/specialing - £0.7m.
- Slippage against CIP schemes - £1.5m.

Other

Contained within "Other" is a CIP and phasing adjustment reconciling the overall Trust budget to the plan submitted to NHSI and release of Trust wide reserves. Actual spend on this line relates to the Apprenticeship Levy charge.

Temporary Pay Expenditure Month 8 – November 2017

NHS Worcestershire Acute Hospitals NHS Trust

The Trust set an internal agency target for 2017/18 of £17.3m.

NHSI set the Trust an annual agency expenditure ceiling for 2017/18 of £22.9m.

At the end of November, YTD agency spend is £14.6m, £0.7m under the YTD agency ceiling of £15.3m. This represents 8.2% of gross staff costs.

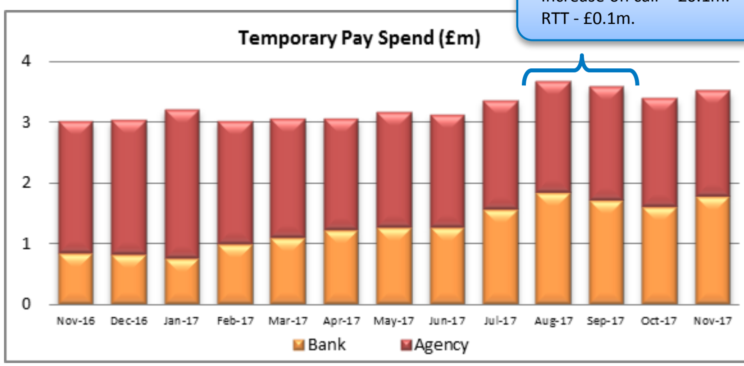
The YTD medical agency reduction target at the end of month 8 is £6.8m. The Trust is reporting YTD medical agency expenditure against this of £7.31m, £550k over target.

FRP plan - improve quality and safety through recruitment of substantive clinical staff.

The Trusts spend on its temporary workforce was £3.5m in November, £1.7m on agency and £1.8m on bank. Overall this is an increase of £0.1m compared to October, with an increase of £176k on bank and a reduction of £52k on agency.

Although Medics bank spend is showing a £79k increase, this is a normalised position following the benefits in Surgery that were reported in Octobers position. Nursing bank spend increases are predominantly related to provisions for NHSP management/usage fees.

Addtl rota gaps - £0.3m.
Increase on call - £0.1m.
RTT - £0.1m.

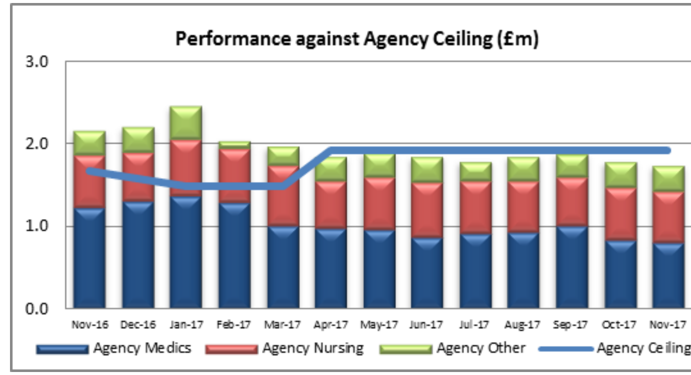


FRP plan - strengthen controls across all staff groups requesting bank and agency (e-rostering, authorisation levels, lead booking times). As well as standardisation/adherence to bank rates.

Agency

Agency staffing costs of £1.7m in month is a reduction of £52k compared to last month. This is £175k under the monthly NHSI agency ceiling.

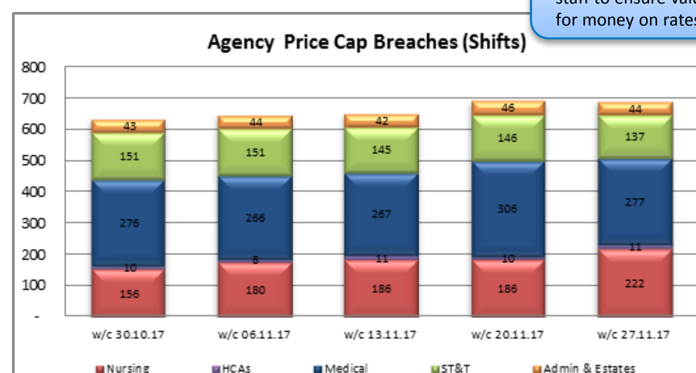
The in month reduction on agency spend was mainly within medics (£30k), which was mostly attributable to conversion of agency staff to substantive staff within Medicine and SCSD. Reductions were also seen across agency nursing (£10k), non clinical (£8k) and ST&T (£4k) spend.



Agency Price Cap and Frameworks Compliance

The Trust is obliged to comply with mandatory price caps and approved frameworks for procuring agency staff. In cases where a framework is not used to procure an agency shift these "overrides" are reported to NHSI. In addition to this the Trust is also required to report to NHSI on a weekly basis regarding bank shifts requested and worked.

FRP plan - engage with suppliers of temporary staff to ensure value for money on rates.



The chart above includes price cap performance only.

Non Pay Expenditure
Month 8 – November 2017

Worcestershire Acute Hospitals NHS Trust

FRP plan - ensure larger commercial contracts are managed robustly, deliver value for money and re-negotiate accordingly.

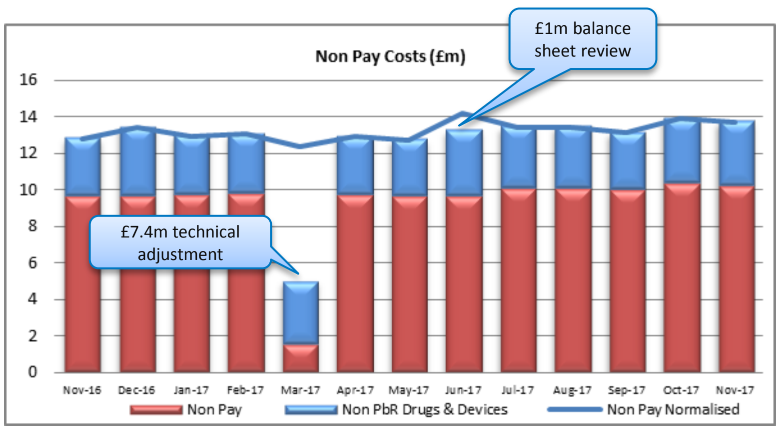
In November non pay expenditure was £13.7m, an over spend against plan of £1.1m.

Overall, the key driver of the YTD adverse position is reported within clinical supplies and services. This variance is driven by the cost of outsourcing activity in support of delivering RTT and supporting flow.

The Trust has undertaken a major reclassification of expenditure in line with NHSI coding. This has resulted in a disparity of budgets against actual spend but does not affect the bottom line non pay position at cost centre level. Budgets will be realigned as part of the 2018/19 budget setting process.

In November total non pay expenditure, excluding depreciation, PDC and interest payable, was £13.7m. Including these items total non pay expenditure is £15.8m. Non pay expenditure is over plan by £1.1m in month and £4.0m YTD excluding depreciation, PDC and interest payable, and over plan by £1.1m in month and £4.4m YTD including these items.

FT Subjective	Nov-17			Year to Date		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Actual £000s	Variance £000s
Clinical Supplies & Services	(3,427)	(3,810)	(383)	(28,178)	(30,646)	(2,468)
Drugs	(686)	(784)	(98)	(5,528)	(5,829)	(301)
Non PbR Drugs	(3,162)	(3,064)	98	(25,296)	(24,387)	909
Non PbR Devices	(265)	(478)	(213)	(2,120)	(2,717)	(597)
Establishment Expenses	(368)	(437)	(69)	(2,936)	(2,963)	(27)
General Supplies & Services	(613)	(295)	318	(4,907)	(4,974)	(67)
Other	(4,136)	(4,876)	(740)	(33,639)	(35,090)	(1,450)
TOTAL NON PAY	**(12,658)**	**(13,744)**	**(1,086)**	**(102,604)**	**(106,606)**	**(4,001)**
Depreciation	(791)	(855)	(63)	(6,564)	(7,272)	(708)
PDC - Dividend	(30)	(30)	0	(241)	(241)	0
Interest Payable	(1,196)	(1,152)	44	(9,555)	(9,279)	276
Unwinding of Discounts	(2)	0	2	(15)	(8)	7
Gain / (Loss) on Asset Disposal	0	0	0	0	13	13
Impairment Losses	0	0	0	0	0	0
GRAND TOTAL	**(14,677)**	**(15,781)**	**(1,104)**	**(118,980)**	**(123,393)**	**(4,413)**



Key YTD Variances

Clinical Supplies & Services

Expenditure on clinical supplies & services was £3.8m in November. This is a reduction of £0.2m compared to last month which is predominantly due to the profiling of the weekly 'top up' of clinical supplies from stores (4 weeks in November as opposed to 5 in October).

The total non pay line saw an overall reduction £0.1m.

The key drivers of the YTD adverse variance are:

- Radiology increase in outsourced reporting following the switch of the 2nd CT scanner at WRH to support in patient flow - £0.4m. The division has commissioned Siemens to undergo a capacity & demand exercise to help with the demand management.
- Outsourced T&O activity - £0.5m (outside RTT business case).
- Pathology are currently outsourcing a significant volume of tests due to consultant vacancies in Histopathology - £0.3m.
- Dermatology start point activity reduction - £0.3m.
- Loss on PFI Asset Disposal backdated to April 2017 - £0.2m.

As part of the FRP plan authorisation levels were reduced in Sept. In Oct non-clinical items were removed from the iProc catalogue and a process established for requesting non-clinical items deemed essential.

Other

Contained within the "Other" line is Reserves, which contains CIP and phasing adjustments reconciling the overall Trust budget to the plan submitted to NHSI.

The £1.5m YTD adverse variance on this line is predominantly due to unidentified CIP schemes against the original plan, offset by Reserves phasing.

CIP Performance
Month 8 – November 2017

Worcestershire Acute Hospitals NHS Trust

The financial plan assumes efficiency savings of £20.9m (5.3% turnover) are delivered in 2017/18.

At month 8, the Trust has schemes totalling £15.4m full year.

2 Weekly Confirm & Challenge Meetings in place between Senior Finance Leads, PMO and the Divisions.

These meetings now include the full position bringing Financial Recovery Plans and Cost improvement Plans together.

2017/18 Key Headlines – Month 8	
2017/18 Schemes	At month 8, the Trust has schemes totalling £15.4m full year.
Month 8 Position	In month 8, the Trust had a plan to deliver £2.15m of savings, with identified schemes of £1.6m. The Trust has achieved £953k of savings. This is a £1.2m adverse variance against plan. In month 8, the Trust forecast delivery was £916k against achieved of £953k. YTD the Trust had a plan to deliver £12.0m of savings, identified schemes of £8.1m, and has achieved £5.2m of savings resulting in an £6.8m adverse variance against plan. The key schemes that are adverse to plan are: • Medical Agency Nursing - – Divisional actions include: rosters to be completed 6 weeks in advance with weekly DDN scrutiny, agency shifts booked to 'cost' of current vacancies, matrons to ensure annual leave and sickness policy is adhered to, continue drive on recruitment. Weekly dashboard from NHSP established as well as weekly meetings to attempt to reduce Tier 1 and Tier 2 agency costs. Nursing leadership has agreed to reduce lead time from 7 days to 3 days for booking of premium cost Tier 2 agency staff • Surgical Theatre Productivity / WLI – Theatre Productivity Programme launched on 5th October. DDOP's to sign off on all waiting list request forms. Introduction of targeted project support. • Medical Cap Breach Control – Surgery – Weekly dedicated confirm and challenge for two key specialties, and introduction of targeted project support. Surgery division on weekly confirm & challenge with Executives. • Medical Cap Breach Control – Women & Children – Recruitment to vacancies / improved deanery fill is expected to improve performance in Q3 and Q4. • Neonatal Repatriation –Protocol for accepting management of request to transfer being reinforced. Neonatal Network engaged in supporting transfer of patients to appropriate setting. 2 weekly Confirm and Challenge meetings with each Division with all schemes being reviewed on a line by line basis are now in place. These meetings include a review of both CIP and Financial Recovery Schemes. The Model Hospital focus areas are continually being reviewed and where possible developed into schemes that will deliver savings in 2017/18. Schemes that have potential to deliver savings 2018/19 onwards are being collated within the Programme Management Office and will provide a start point for 2018/19 planning. This includes work derived from an assessment of Model Hospital.

Balance Sheet

In November the Balance Sheet is behind the plan by £4.1m

Overall, the key drivers of the YTD variances are Trade and Other Payables (£9m) behind the plan mainly due to cash shortages in the Trust, offset by PFI availability credit (£7.3m) received at the end of 2016/17 financial year, resulting in reduction of non-current liability. The cost of Property, Plant and Equipment (PPE) is behind the plan (£4.9m), offset by revaluation of PPE upwards (£4.7m) at the end of 2016/17.

The Trust received interim revenue loans (£7.1m) in addition to the plan to support YTD I & E performance. However, the capital loan support is behind the plan (£7.5m), as still pending decision on the loan application.

November	Budget	Actual	Fav/(Adv)	Annual Plan	Forecast	Fav/(Adv)
	£000s	£000s	£000s	£000s	£000s	£000s
Assets						
Property, Plant and Equipment, non current	172,709	169,242	(3,467)	177,152	186,330	9,178
PFI Property, plant & equipment, non current	77,457	81,642	4,185	77,316	85,076	7,760
Intangible Assets, non current	3,664	3,011	(653)	3,768	3,978	210
Trade and Other Receivables, non current	2,200	3,000	800	2,204	2,204	0
Total Non Current Assets	**256,030**	**256,895**	**865**	**260,440**	**277,588**	**17,148**
Inventories	6,240	8,591	2,351	5,625	5,625	0
Trade and Other Receivables, current	22,517	22,698	181	9,463	12,779	3,316
Other Assets, Current	5,013	0	(5,013)	3,316	0	(3,316)
Cash and Cash Equivalents	1,900	3,078	1,178	1,900	1,900	0
Assets Held for Sale	0	570	570	0	0	0
Total Current Assets	**35,670**	**34,936**	**(734)**	**20,304**	**20,304**	**0**
Total Assets	**291,700**	**291,831**	**131**	**280,744**	**297,892**	**17,148**
Current Liabilities						
Trade and Other Payables	(34,932)	(43,898)	(8,966)	(20,054)	(30,025)	(9,971)
Borrowings PFI	(645)	(647)	(2)	(2,106)	(2,106)	0
DH Revenue Support Loan	(667)	(667)	0	(39,506)	(39,506)	0
DH Capital Loan	(1,218)	(1,347)	(129)	(2,689)	(2,689)	0
Interest payable on DH Loans	0	(719)	(719)	0	0	0
Provisions	(399)	(650)	(251)	(618)	(618)	0
Other Liabilities	(744)	(749)	(5)	(494)	(494)	0
Total Current Liabilities	**(38,605)**	**(48,678)**	**(10,073)**	**(65,467)**	**(75,438)**	**(9,971)**
Net Current Assets/(Liabilities)	**(2,935)**	**(13,741)**	**(10,806)**	**(45,163)**	**(55,134)**	**(9,971)**
Non Current Liabilities						
Borrowings PFI	(70,114)	(62,810)	7,304	(68,008)	(60,704)	7,304
DH Revenue Support Loan	(133,926)	(141,067)	(7,141)	(102,344)	(102,344)	0
DH Capital Loan	(32,291)	(24,798)	7,493	(35,532)	(35,532)	0
Provisions	(1,429)	(2,930)	(1,501)	(1,653)	(3,428)	(1,775)
Other Liabilities	(3,349)	(3,668)	(319)	(3,011)	(3,011)	0
Total Non-Current Liabilities	**(241,109)**	**(235,273)**	**5,836**	**(210,548)**	**(205,019)**	**5,529**
Total Assets Employed	**11,986**	**7,881**	**(4,105)**	**4,729**	**17,435**	**12,706**
Financed by Taxpayers Equity:						
Public Dividend Capital	185,017	185,017	(0)	185,017	186,147	1,130
Revaluation reserve	54,320	59,107	4,787	54,320	59,107	4,787
Other reserves	(861)	(861)	0	(861)	(861)	0
I&E Reserve - Breakeven Performance	(189,182)	(198,075)	(8,893)	(196,439)	(189,650)	6,789
I&E Reserve - IFRS Transition and non breakeven	(37,308)	(37,308)	0	(37,308)	(37,308)	0
Total Taxpayers Equity	**11,986**	**7,881**	**(4,105)**	**4,729**	**17,435**	**12,706**

Cash

At the end of November the cash balance was £3.1m. The closing cash balance is above minimum balance of £1.9m required by DH, due to £0.9m being part of the Creditors Payment Run on 1 December 2017. The timeliness of payments to creditors continue deteriorating, with the cash available to pay creditors at the current rate being £8.9m less than required. In order to reduce the impact of the I&E run rate on its ability to pay creditors, the Trust is negotiating an I&E deficit support based on YTD performance, which is £8.7m behind the plan.

Interim Support/Borrowings

The Trust is looking to increase its planned interim revenue support (£31.3m) in line with the revised I&E deficit forecast. Total current and non-current borrowings as at November are summarised in the table below.

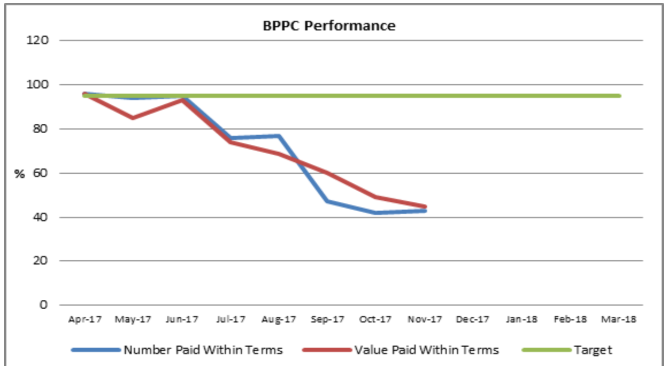
	Borrowing Balances		
	Capital	Revenue	Total
	£000s	£000s	£000s
Radiotherapy Loan	18,059		18,059
IT Infrastructure Loan	2,475		2,475
Emergency Department Loan	3,169		3,169
Capital Emergency Loan	2,442		2,442
Interim Revenue Support Loan		141,734	141,734
PFI Borrowings	63,457		63,457
Total borrowing	**89,601**	**141,734**	**231,335**

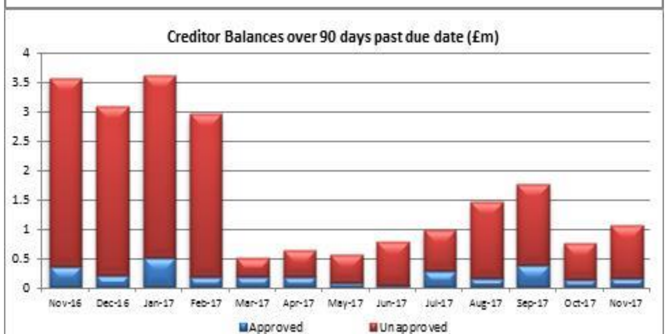
The Trust has received £5.040m Interim Revenue Support in December and requested £7.460m in January, pending approval by NHSI and DH. The Trust is seeking NHSI support for planned cash requirements in February and March.

Working Capital

The working capital balance remains negative in November (£26m). This means that the Trust has great difficulty in covering its operating costs.

The liquidity ratio has a direct impact on the Trust's ability to pay creditors within their agreed credit terms.





Better Payment Practice Code (BPPC) performance has declined steeply in recent months as a direct consequence of managing tight cash flow through reduced creditor payments. Only 3,404 invoices have been paid on time out of a total of 7,896 invoices in November; in monetary terms the values show that £18.9m of invoices were received and only £8.5m were paid within BPPC terms. There was £8.9m gap between the cash requirement and availability to pay creditors as at the end of November 2017.

Outstanding creditors over 90 days past due date have marginally decreased in November by £0.03m, however the value of unapproved invoices over 90 days have increased by £0.3m. The Trust prioritises older invoices during periods of tight cash flow, meaning that the BPPC target is not achieved; however the over 90 days profile will remain low, providing the invoices are approved on a timely basis. The most significant aged creditors are Worcs. SPC £206k, Birmingham W&C NHST £189k, UHCW NHST £172k, Heart of England NHSFT £91k.

The debt over 90 days overdue has increased by £0.4m during November with the value at the end of the month being £3.437m. However, the % of 90 days past due has dropped, as the total debt has increased by £4.165m. The invoices for IT services with the three Worcestershire CCG's to a value of £696k, for pharmacy gain share with South Worcestershire CCG to a value of £317k remain unpaid. The other significant debtors are Worcester County Council £187k for community services, Wye Valley NHST £134k for pathology, antenatal and other SLA's, Birmingham Women's and Children's NHSFT £120k for antenatal and other SLA's.

Capital Position 2017/18 – High Level

The capital programme can be broken down into three key messages: Trust position ASR and Primary Care Streaming services.

Trust position

- The Trust has £3.768m funding available internally from planned depreciation and sale of assets. Depreciation has been revalued in year resulting in an increase to £4.360m available internally. A formal re-set of the CRL with NHSI will be requested in January.
- The Trust estimated full year forecast is £180k overspent at month 7, following detailed mitigation. This includes the revaluation of depreciation and reassessment of sale of land/building.
- The Trust submitted a loan of £16.7m in July 2017 and has now received a further set of queries which have been responded to.
- The Trust will be drawing down the £210k Public Dividend Capital (PDC) for Wifi Services in Secondary Care settings in January 2017 once the project is completed.
- The County Air Ambulance Trust has donated the 1st payment of £625k towards the cost of the new helipad next to the Oncology Centre £1.25m.
- The Trust has been notified that the recent bid for funding to develop the discharge lounge has been successful. We are awaiting formal paperwork to progress this.

ASR

- An STP loan submission was made in April 2017 for the ASR scheme totaling £29.6m.
- The Trust identified £500k of internally generated funds to continue with the project costs until September 2017. The Trust has contacted NHSI to request the project costs funding prior to approval of the FBC and is waiting for the final outcome.
- The Trust has submitted a request to NHSI to progress the link bridge element of the ASR scheme to facilitate access to the bed capacity in time for winter 2018.

Primary Care Streaming services at WRH

- The Trust has been awarded £920k PDC for the Primary Care Streaming services at WRH to implement primary care streaming at WRH.
- A Deed of Variation required by SPC delayed the issue of order to Portakabin and production of cost schedule and programme of work, however an order has been raised with portakabin and work has commenced.
- The PDC is being drawn down in December 2017 and January 2018.

Run Rate - £57.9m

Worcestershire Acute Hospitals NHS Trust

All Divisions have been issued with a monthly profiled control total for the remainder of the financial year.

A series of measures and actions have been agreed and implemented to strengthen financial governance and control to support delivery of the revised forecast.
Examples include:

- **Fortnightly Executive led confirm and challenge sessions with Divisional management teams and Corporate Directors**
- **Implementation of reduced delegated approval limits**
- **Non clinical workforce controls**
- **Strengthened controls on procurement and raising cost awareness**
- **Rigorous debt collection**

Total I&E Run Rate

	Actual M1	Actual M2	Actual M3	Actual M4	Actual M5	Actual M6	Actual M7	Forecast M8	Forecast M9	Forecast M10	Forecast M11	Forecast M12	YTD at M7	FYF	FYE
Run Rate - Baseline (£m)	(4.6)	(4.5)	(3.5)	(5.1)	(6.0)	(5.4)	(6.0)	(5.7)	(6.6)	(6.6)	(5.6)	(5.4)	(35.1)	(64.9)	(64.3)
FRP (£m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.7	1.2	1.4	1.4	0.0	5.0	11.5
Non Recurrent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	2.0	0.0
Forecast inc FRP	**(4.6)**	**(4.5)**	**(3.5)**	**(5.1)**	**(6.0)**	**(5.4)**	**(6.0)**	**(5.4)**	**(5.8)**	**(5.5)**	**(4.2)**	**(2.0)**	**(35.1)**	**(57.9)**	**(52.8)**
Actual								(5.4)							

In order to deliver the revised control total of £57.9m a non-recurrent saving of £2m is required. The Trust has identified a number of key items to support delivery of this non-recurrent element with a delivery range of £1.6m - £2.1m.

An early assessment of the balance sheet indicates that there is an opportunity range of between £0.5m - £1m. To date, £0.5m of balance sheet opportunity is secured against the £2m non recurrent element of the FRP.

FRP Performance

The Financial Recovery Programme is focused on a limited number of key projects to ensure capacity and capability is targeted at those schemes with the greatest potential to reduce the impact of the drivers of the deficit.

The key projects are:

- **Theatre Productivity**
- **Use of temporary staffing**
- **Rostering (nurse / medical)**
- **Recruitment & retention**
- **Additional Capacity**
- **Procurement**
- **Grip and Control measures**

Reporting continues to strengthen with the monthly and weekly dashboard which tracks key elements of temporary staffing expenditure and other key performance indicators aligned to the FRP. The dashboard was launched at the Board Development Day on December.

In month 8, the Trust delivered against its FRP.

Overview of FRP

	Actual M1	Actual M2	Actual M3	Actual M4	Actual M5	Actual M6	Actual M7	Forecast M8	Forecast M9	Forecast M10	Forecast M11	Forecast M12	YTD at M7	FYF	FYE
Substantive Pay								0.04	0.07	0.09	0.10	0.09		0.39	(0.57)
Temporary Pay								0.19	0.37	0.63	0.72	0.75		2.66	8.60
Pay Financial Recovery Plans	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.24**	**0.44**	**0.72**	**0.82**	**0.84**	**0.00**	**3.05**	**8.03**
Procurement								0.02	0.02	0.15	0.25	0.25		0.69	0.48
Discretionary spend								0.06	0.23	0.25	0.25	0.25		1.03	1.76
Theatre Productivity								0.04	0.04	0.04	0.04	0.04		0.18	0.42
Other								0.00	0.01	0.01	0.01	0.01		0.06	0.80
Non Pay Financial Recovery Plans	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.11**	**0.30**	**0.45**	**0.55**	**0.55**	**0.00**	**1.96**	**3.45**
Total Financial Recovery Plans	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.34**	**0.74**	**1.17**	**1.37**	**1.40**	**0.00**	**5.01**	**11.48**

M8 FRP Performance

	Forecast M8	Actual M8	Variance
Substantive Pay	0.04	0.08	0.04
Temporary Pay	0.19	0.18	(0.01)
Pay Financial Recovery Plans	**0.24**	**0.26**	**0.03**
Procurement	0.00	0.00	0.00
Discretionary spend	0.05	0.04	(0.01)
Theatre Productivity	0.04	0.04	0.00
Other	0.02	0.05	0.03
Non Pay Financial Recovery Plans	**0.11**	**0.13**	**0.02**
Total Financial Recovery Plans	**0.34**	**0.39**	**0.05**

Worcestershire Acute Hospitals NHS Trust

Date of meeting	16 January 2018
Paper number	E2

Winter Plan Update

For approval:		For assurance:	x	To note:	

Accountable Director	Inese Robotham, Interim Chief Operating Officer		
Presented by	Inese Robotham, Interim Chief Operating Officer	**Author**	Inese Robotham, Interim Chief Operating Officer

Alignment to the Trust's strategic priorities					
Deliver safe, high quality, compassionate patient care	√	Design healthcare around the needs of our patients, with our partners	√	Invest and realise the full potential of our staff to provide compassionate and personalised care	
Ensure the Trust is financially viable and makes the best use of resources for our patients	√	Develop and sustain our business	√		

Alignment to the Single Oversight Framework					
Leadership and Improvement Capability		Operational Performance	√	Quality of Care	
Finance and use of resources		Strategic Change		Stakeholders	

Report previously reviewed by		
Committee/Group	Date	Outcome
Finance and Performance Committee	20 December 2017	Noted

Assurance: *Does this report provide assurance in respect of the Board Assurance Framework strategic risks?*	Y	BAF number(s)	P2.1 P2.2

Level of assurance and trend			
		√	↑↓→
	Significant		
	Limited	√	→
	None		
	Not applicable		

Recommendations	The Board is asked to receive the report for assurance.

Date of meeting	16 January 2018
Paper number	E2

Executive Summary
The Trust's Winter Plan consists of four components: • Countywide frailty model at Alexandra Hospital • Expanded Ambulatory Emergency Care model at Worcestershire Royal Hospital • Additional bed capacity on Evergreen 2 ward at Worcestershire Royal Hospital • A range of supportive schemes to extend services The Trust's Winter plan and associated expenditure of a maximum of £1.7million was approved by the Trust Board (in private) on 14/09/2017. Expenditure to date equates to £177K and the total spend against the plan at year end is forecast at £1,420K. The Trust's Winter plan is part of a wider Local Health Economy (LHE) strategy and the Trust is working collaboratively with LHE partners in all sectors. A joint Winter Room became operational on 06/11/17 and will remain in place till 31/03/18.
Background
The countywide Frailty Pathway at Alexandra Hospital commenced as planned on 16/10/17. The model consists of a Frailty Assessment Unit (FAU), Frailty ward (up to 72 hours length of stay in acute environment) and an 'Evergreen' type ward (a therapy led step down facility for patients who no longer require acute hospital intervention but require further rehabilitation and enablement. Up to 09 December 2017 (inclusive) the Frailty Assessment Unit has: • Had 280 attendances • Discharged 116 patients (41%) directly from the unit back to their usual place of residence • From 04 November 2017 Frailty Assessment Unit commenced weekend working (8am-2pm Saturday and Sunday).
The medical Ambulatory Emergency Care containing 6 trolleys and 10 chairs opened on 20/11/17. On 13/12/17 the GP out of hours service was co-located with AEC as planned. Up to 13/12/17 inclusive the unit had seen 421 patients with admission rate of 41%.
Evergreen 2 opened on Monday 27/11/17. Currently both Evergreen wards are open to full capacity with 28 beds on each ward.
Additional supportive measures: • Health economy wide multi-agency discharge events (MADE) commenced on both WRH and Alexandra Hospital sites from 06 December 2017 and will continue till the end of January 2018. The multi-agency approach has demonstrated reduction in delays for safe appropriate discharge for patients requiring additional support outside of the acute setting. • Elective surgical activity on WRH site was reduced as planned by 30-40% for the period of the week before Christmas to the end of January 2018. • The 4-6 beds on the antenatal ward continue to be used as inpatient capacity for screened selective elective gynaecology cases to support elective gynaecology

activity.

- A proportion of elective paediatric surgery activity was transferred to Kidderminster Treatment Centre as of 12th of December 2017 to facilitate additional bed availability on the Riverbank ward.
- In response to the concerns nationally that the NHS will be under significant pressure during the winter of 2017/18 local health economy partners had agreed to implement a joint Winter Room. The Winter Room became operational as planned on 06/11/17 and is acting as a focal point for receiving and responding in a timely manner to a significant number of external and regulator requests for information and assurance.

Issues and options

Increased number of delayed transfers of care.

As at 05 December 2017 the number of patients who are medically fit to be discharged from the acute hospital setting has increased to circa 100 patients across both Worcestershire Royal and Alexandra Hospital sites. The issue has been further compounded by the delay to the additional 36 social care beds coming on line. As at 05 January 2018 nine beds had been opened on the Worcestershire Step-down Unit and the numbers will increase by three beds per week. It is anticipated that the unit will be open to its full capacity by the end of January 2018. The Trust is working with the Commissioners and local health economy partners on a daily basis to identify out of hospital capacity for this cohort of patients.

National requirement to cancel non-urgent and non-cancer surgery until end of January 2018

In line with the national mandate to cancel all non-urgent and non-cancer surgery until the end of January all elective lists are scrutinised on a daily basis and re-scheduled following clinical prioritisation. The biggest impact will be on operations scheduled on Alexandra Hospital site as elective activity on Worcestershire Royal Hospital site was already significantly reduced in line with the Trust's Winter Plan. Day case activity at Kidderminster Treatment Centre continues as planned. The mandated reduction will have a negative impact on both the Trust's waiting times and the financial position, in addition to patient inconvenience. Surgery and Specialised Services Divisions are collaboratively looking at options to mitigate the impact by increasing activity at Kidderminster Treatment Centre and by replacing elective lists with trauma and CEPOD lists.

Financial Implications

The associated expenditure of up to £1.7million of the Trust's winter plan was approved by the Trust Board (in private) on 14/09/2017. Expenditure to date equates to £177K and the total spend against the plan at year end is forecast at £1,420K.

The Trust successfully submitted a joint bid with Local Health Economy partners for additional winter funding amounting to £3.9 million. A proportion of the funding has already been used for increasing the number of beds on Evergreen 2 to the maximum capacity of 28 beds, for spot purchase of nursing home beds by the commissioners and for a dedicated private ambulance for the Alexandra Hospital. The schemes with the highest risk to implementation are the ones requiring additional clinical staff as agency fill rates remain variable. The expenditure against the winter funding is monitored via a weekly meeting chaired by the interim Chief Operating Officer with Assistant Director of Finance and Divisional Directors of Operations in attendance.

Additional leadership/consultancy support

- The level of operational support on the Alexandra Hospital site varies day to day depending on rotas and availability. Deputy Chief Operating Officer for Urgent Care along with one of the Deputy Chief Nurses have been moved temporarily to the Alexandra Hospital site full time to provide consistent senior presence, ensure adherence to performance improvement measures and assess what level of on-going support is necessary. In addition as part of the system wide winter plan the Health and Social Care Trust have seconded an 8B level nurse to support flow in ED and on the wards and to improve awareness of the facilities available to support patients outside of the acute setting.

- Following the withdrawal of Emergency Care Improvement Programme (ECIP), NHS Improvement has recommended additional support from a consultancy company Carnall Farrar to the Trust. On 12/12/17 the Trust received a formal proposal from Carnall Farrar outlining the following areas of support:

  1) Improvement of data and coding at the Trust
  2) ED change management and clinical leadership support (both sites)
  3) Better utilisation of the resource and input available to the Trust and its leadership to drive synergy from the resources available and to respond more efficiently to external demands

Recommendations

The Board is asked to receive the report for assurance.

Appendices None

Worcestershire Acute Hospitals NHS Trust

Date of meeting	16.1.18
Paper number	Enclosure E3

FINANCE & PERFORMANCE COMMITTEE REPORTTO TRUST BOARD – MONTH 8

For approval:		For assurance:	✓	To note:	

Accountable Director	Phil Mayhew – Chairman of FPC/Non-Executive Director		
Presented by	Phil Mayhew Chairman of FPC/ Non-Executive Director	**Author**	Jill Robinson Chief Finance Officer Thekla Goodman FPC Committee Administrator

Alignment to the Trust's strategic priorities					
Deliver safe, high quality, compassionate patient care		Design healthcare around the needs of our patients, with our partners		Invest and realise the full potential of our staff to provide compassionate and personalised care	
Ensure the Trust is financially viable and makes the best use of resources for our patients	✓	Develop and sustain our business			

Alignment to the Single Oversight Framework					
Leadership and Improvement Capability		Operational Performance	✓	Quality of Care	
Finance and use of resources	✓	Strategic Change		Stakeholders	

Report previously reviewed by		
Committee/Group	Date	Outcome

Assurance: *Does this report provide assurance in respect of the Board Assurance Framework strategic risks?*	Y/N Yes	BAF number(s)	R4.1

Level of assurance and trend

	√	↑↓→
Significant		
Limited	✓	→
None		
Not applicable		

Recommendations	The Board is asked to confirm it is assured that: - Effective use of funding monies is in place to ease winter pressures. - The Trust continues to work with health economy partners to reduce the number of delayed transfers of care which have significantly increased during December and beginning of January.

	- Cancer performance has improved and is on track. - The additional measures put in place to grip and maintain financial control are effective. - A robust financial recovery plan is in place and is being closely monitored by the Executive Team. - The Trust is managing the Capital Programme to ensure the Capital Resource Limit is met. - The Finance Team continues to actively pursue an outcome on the bids for capital loans.

Date of meeting	16.1.18
Paper number	Enclosure E3

Executive Summary

The Finance & Performance Committee (FPC) focuses the agenda on three main priorities:

- Flow
- Cancer Performance
- Financial Performance

Background

The Finance & Performance Committee (FPC) meets on a monthly basis to gain assurance that plans are in place to achieve the Trust's agreed Operational Performance Targets, Financial Control Total, its Cost Improvement and Financial Recovery Plans.

The Committee met on 30 November 2017 (Month 7) and 20 December 2017 (Month 8).

Highlights from the Meetings

PERFORMANCE & FLOW

Improving patient flow and eradicating patients on trolleys in the A & E corridor remains the Trust's top priority and the majority of the winter plan initiatives developed to maximise bed capacity at Worcester, have been implemented and have ensured the Trust has not been overwhelmed with the additional pressures thus far. Crucial to maintaining good flow around the Trust is the successful repatriation of patients that no longer require recovery in an acute setting, delays with these transfers of care seriously inhibits the Trust's ability to maintain acceptable waiting times at the front door, the Committee members expressed their concern at the lack of significant progress in this respect.

The Trust and its health partners have been successful in a bid for some additional winter funding. This funding has been received and the Committee was pleased to see that expenditure had commenced and other support had also been received in the form of dedicated personnel to support the Emergency Department.

In terms of progress against the business cases to recover the Referral to Treatment (RTT) trajectory it was noted that, despite a planned underspend against the original plans, the Trust is still working to achieve 87% against the RTT target by March 2018.

(<u>post meeting note</u>: there is now a risk to this trajectory following the national requirement to cancel all non-urgent and non-cancer surgery till end of January 2018)

The Integrated Performance Report provides fuller detail of the operational performance at Month 8.

CANCER PERFORMANCE

The backlog for 62 day cancer has significantly reduced since July. 6 out of 8 cancer waiting time standards were met - diagnostic improvement standards have been agreed with the SCS Division to ensure reduced waiting times overall.

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Paper number	Enclosure E3

FINANCIAL PERFORMANCE

The run rate for Month 8 had reduced by £600k due to the additional measures put in place to grip and maintain financial control. Despite the positive in-month achievement, the year to date deficit is £40.3m and with four months until the end of the financial year it is unlikely the Trust will deliver its original planned control total of £42.7m. The Month 9 forecast will detail a revised year end forecast (subject to NHSI discussion).

The Trust's cash position remains precarious and due to the revised outturn Income & Expenditure projection, the Trust has signalled an additional cash requirement of £22.4m which will be drawn down on a monthly basis over the final quarter.

The month 8 position is detailed more fully elsewhere on the agenda.

Financial Recovery – The Trust is currently under enhanced oversight from NHSI which could result in the Trust being put into Financial Special Measures, which is yet to be decided. The Trust and NHSI have a schedule of planned meetings up to the financial year end with the expectation that the Trust will demonstrate grip and control and its achievement of monthly targets against the recovery plan – deviation from the plan will not be acceptable.

Each Division has been allocated (and has signed up to) a share of a £5m additional control total target as part of the financial recovery plan. Progress is tracked through the fortnightly confirm & challenge meetings and at month 8, all Divisions with the exception of surgery have delivered an in-month improvement. The Surgery Division had made significant progress with reducing medical expenditure and now the same focus needs to be given to reducing nursing expenditure and standardising/ rationalising prosthetics.

As part of the Financial Recovery Plan the Trust has held workshops to improve theatre efficiency, a number of agreed outputs have been implemented and in parallel to this the Trust has engaged Four Eyes Insight, an independent reputable company approved by NHSI for financially challenged Trusts that have proven expertise in pathway redesign and will use the Trust's four signature behaviours as a platform.

In addition to the £5m allocated across the Divisions a further £2m needs to be secured to achieve £57.9m. A number of schemes (some requiring further validation) have been developed and will be firmed up by mid-January.

The Procurement Department will fully engage with the Divisions to maximise support through a series of meetings.

Capital – The Committee noted that in the absence of receipt of any loans the Capital position is being managed to ensure the Trust hits its Capital Resource Limit at the end of the financial year.

The Trust continues to respond to queries from the DH further to its bid for business as usual capital loan monies which to date have yet to be confirmed. The Trust has worked out scenarios around what can still be delivered by March dependent on what monies are received by when including what schemes can be brought forward from 2018/19.

Worcestershire Acute Hospitals NHS Trust

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Recommendations
The Board is asked to confirm it is assured that: - Effective use of funding monies is in place to ease winter pressures. - The Trust continues to work with health economy partners to reduce the number of delayed transfers of care which have significantly increased during December and beginning of January. - Cancer performance has improved and is on track. - The additional measures put in place to grip and maintain financial control are effective. - A robust financial recovery plan is in place and is being closely monitored by the Executive Team. - The Trust is managing the Capital Programme to ensure the Capital Resource Limit is met. - The Finance Team continues to actively pursue an outcome on the bids for capital loans.