

Sherwood Forest Hospitals NHS Foundation Trust

Q3 2013 - 14 Reporting Executive Summary

Risk Ratings		Continuity of Service Risk Rating		Summary Income & Cash Flow vs Plan						
		13/14:	YTD Actual	2013/14 Q3			2013/14 YTD			
				£m	Plan	Actual	Variance	Plan	Actual	Variance
Governance Risk Rating:				Op. Rev for EBITDA	63.9	67.1	3.2	192.9	197.9	5.0
Declared risks at APR:	C. Difficile			Employee Expenses	(39.5)	(42.0)	(2.5)	(123.4)	(125.0)	(1.5)
Declared Risks in Year:	C. Difficile	YTD Actual:	Red	PFI Op. expense	(4.8)	(4.6)	0.2	(14.4)	(14.1)	0.4
Breaches for Current Period:	C. Difficile, RTT 18 weeks non admitted patients, RTT 18 weeks incomplete pathways	Trust remains subject to enforcement action and is in special measures		All other Op. costs	(18.7)	(18.7)	(0.0)	(55.3)	(57.0)	(1.6)
CoSRR 1, GRR Red due to breach of Licence. Trust has been given Discretionary Requirements and is subject to Enforcement Undertakings in respect of the recent Keogh Review.				EBITDA	0.9	1.8	0.9	(0.3)	1.9	2.2
<ul style="list-style-type: none"> EBITDA at Q3 is +£2.2m ahead of plan driven by +£5.0m increased revenue offset by net £2.8m increase in expenses. Cash of £9.2m is £4.8m favourable to plan. 				Surplus/(Deficit) pre exceptionals	(1.1)	(0.2)	0.9	(6.1)	(3.7)	2.3
				Net Surplus/(Deficit)	(5.7)	(4.8)	0.9	(19.8)	(17.9)	1.9
				EBITDA %	1.4%	2.7%	1.3%	(0.2%)	1.0%	1.1%
				CapEx (Accruals Basis)	(2.1)	(1.8)	0.3	(5.1)	(4.4)	0.7
				Net cash flow	(9.0)	(11.1)	(2.1)	(11.2)	(6.3)	4.9
				Cash & Equiv	4.3	9.2	4.8	4.3	9.2	4.8
				CoSRR Liquidity days	(67.7)	(63.7)	4.0	(67.7)	(63.7)	4.0
				CIP % OpEx less PFI	6.8%	4.5%	(2.2%)	4.0%	3.3%	(0.6%)
				Net current assets	(45.6)	(43.3)	2.3	(45.6)	(43.3)	2.3
				Borrowing (excluding PFI)	0.0	0.0	0.0	0.0	0.0	0.0

Key risks	Action taken / committed	Gaps and residual concerns
Finance/Sustainability <ul style="list-style-type: none"> Trust in breach of continuity of service licence condition (CoS 3). Trust forecasts a 2013/14 deficit of £23.3m and a cash requirement of £26.9m per the PDC request to DH in October. Forecast position in 2014/15 and 2015/16 assumes £18.8m and £19.3m of PFI support respectively. Risk of CIP non delivery and delivery of non recurrent CIPs in 2013/14. 2013/14 YTD CIP delivery is £1.1m behind plan. Potential [£70m] LHE financial gap forecast in 5 years. 	<ul style="list-style-type: none"> Trust delivered EBITDA and deficit ahead of plan at Q3 2013/14. Trust has submitted a 5 year financial plan in October 13, projecting the Trust moving from a £23.3m deficit in 2013/14 to a £2.3m surplus in 2017/18. The CCG have developed the Mid Nottinghamshire Integrated Care Transformation Program (MNICTP) which aims to reduce the forecast LHE financial gap by £35m. 	<ul style="list-style-type: none"> The Trust reports that further work is still required to mitigate risks to the delivery of the full year CIP target. Slippage or under delivery of CIP may result in the deficit and cash position being worse than planned. The Trust's financial plan assumes delivery of 76.2% recurrent CIP in 13/14, and thereafter a fully recurrent CIP. It is not clear at this stage whether the Trust's five year financial plan is deliverable and Monitor needs to determine whether it is possible for the Trust to deliver sustainable financial performance which is aligned with commissioners' intentions.
Governance <ul style="list-style-type: none"> Deficiencies in board, quality and financial governance were due to be rectified by Oct 13 as part of the Trust's Discretionary Requirements. The Trust has failed to meet its Discretionary Requirements with respect to quality governance and board governance. External assessment indicated that not all of the actions per the financial governance action plan had been completed by Oct 13. 	<ul style="list-style-type: none"> The Trust reports that it expects to achieve compliance with outstanding board governance actions and a quality governance score of 3.5, by the end of February and that it will demonstrate this compliance through self assessment. The Trust has received external assurance that as at Feb 14, it had completed all actions required per its financial governance plan. 	<ul style="list-style-type: none"> Some actions per the board and quality governance action plans are yet to be completely addressed, although the Trust has put in place plans to deliver these actions.
Quality and service performance <ul style="list-style-type: none"> Concerns highlighted by Keogh Review. The Trust was issued with a CQC warning notice in respect of Outcome 16 in Aug 13. Trust has breached its annual C Difficile target (28 cases YTD against a full year target 25 cases). The Trust has breached its RTT 18 weeks non admitted patients and RTT 18 weeks incomplete pathways targets in Q3. 	<ul style="list-style-type: none"> Trust has provided an Enforcement Undertaking in respect of the Keogh Review findings. Following re inspection in Dec 13, Trust reports that the CQC warning notice has been reduced to a minor concern, although CQC website is yet to be updated. The Trust conducts Root Cause Analysis on each case of C. Difficile, and has increased the presence of the infection control team within clinical environments. 	<ul style="list-style-type: none"> Moderate CQC concern on Outcomes 5 and 13, minor CQC concerns on outcomes 4 and 16 still in place. Breaches of CQC and quality targets may be indicative of more serious quality concerns at the Trust.

Next steps	<ul style="list-style-type: none"> Continue monthly monitoring and regular PRMs
-------------------	------------------------------------------------------------------------------------------------