The Ipswich Hospital NHS
NHS Trust

Agenda Item: 5.1

REPORT TO THE PUBLIC TRUST BOARD MEETING
28 March 2013

Title	Integrated Performance Report
Lead Directors	Mary Leadbeater - Interim Director of Finance & Performance Lynne Wigens – Director of Nursing & Quality Julie Fryatt – Director of HR Margaret Blackett – Interim Chief Operating Officer
Author(s)	Chief Information Officer – Mike Meers Head of Income & Costing – Usman Niazi Associate Director of Nursing – Catherine Morgan
Purpose	To receive for information
Previously considered by	Finance and Performance and Committee 25 March 2013

Executive Summary

The board is being asked to note the contents of the integrated performance report (Appendix A) on:

- Quality
- Finance
- National & Contractual Standards
- Organisational Development
- Organisational Efficiency
- Trust summary performance management framework scorecard.

The report also includes performance against the SHA Single Operating Model (SOM) for self-certification (Appendix B).

Related Trust Objectives	**Sub-objectives**
1. To provide safe, reliable, personal & responsive emergency care, planned care, maternity & children's care; 2. To provide nationally recognised care for older people in the hospital; 3. To provide a number of more specialised services where they meet defined accreditation standards.	Underlying Strategy: Effective Financial Management
Risk and Assurance	
Related Board Assurance Framework Entries	
Legal Implications/Regulatory Requirements	None Noted

Action Required by the Board

The Trust Board is asked to receive the report.

BACKGROUND

1. This report has been revised to provide a new quality section and narrative with Appendix A.

2. The Trust SOM self-certification is Appendix B and shows

   Governance Risk Rating

   - Amber/Green 1.0 for governance risk rating, with the trust scoring 1.0 for failing the 18 Week Trust Admitted Target being below the national threshold at 90% at 88.35. The Trust has in place a remedial action plan for recovery of performance within Trauma & Orthopaedics and met its trajectory in February.
   - The Trust improved its rating over January with Cdifficile now on trajectory with 25 against a month end threshold of 25 and delivery of 95.05% against the Emergency 4 hour target.

   Finance

   - Month 11 Financial Risk rating is 3, see below for detail.

   - (The financial risk rating is scored from 1 to 5 (1 indicates High risk, 5 indicates Low risk).

   Quality

   - The Trust quality ratings in month showed a continued achievement in compliance to 100% with the 'WHO surgical checklist'.

   - The Trust VTE data has improved by 0.6% to 98.1% in February 2013.

   - The Trust has seen a recovery in it C-section rates within maternity in February remaining below commissioned targets at 18.1%%. However although Breastfeeding Initiation improved to 77.11% this remained below the contractual standard required of 78% however remains above target for year to date and above the national average.

   Contractual

   - The Contractual Risk Rating remained the same with a contractual notice open around Emergency department timeliness indicators. The Cancer remedial action plan has been close following achievement of the trajectory in January.

KEY ISSUES

<u>Month 11 2012-13</u>

Month 11 Financial Risk rating is 3, which is better than M10

The financial risk rating is scored from 1 to 5 (1 indicates High risk, 5 indicates Low risk).

Month 11 I&E surplus of £1.4m is £2.3m above the plan deficit of £0.9m

The Trust position has improved since Month 10 with the monthly surplus increasing by £0.2m. This mainly arose from improvements in the CIP position.

Month 11 Income of £ 20.7m is £1.7m above plan

Overall income improved by £1.7m above plan in month and was on line with forecast. NHS Clinical Income was ahead of plan including 11/12 of the PCT non recurrent funding agreement for readmissions and outpatient new to follow up ratios, part of the management action to break even..Only Outpatients and non elective activity exceeded plan. Whilst Non Elective activity over performed by 12% there was no income impact above plan as a result of a less complex case mix & continued impact of the NEL threshold. Critical Care income was below plan by £50k in month. Outpatient activity was higher in Ophthalmology & Dermatology primarily as a result of continued failure of the PCT QIPP schemes and income was ahead of plan by £0.1m. Transformation income of £0.1m was accrued in month which was used to offset corresponding costs.

Month 11 Operating expenditure of £18.1m is £0.6m below plan of £18.7m

Pay was £0.4m above plan., and just under forecast This includes the level of spending on pay of £0.25m per month since P03 as a result of agency medical staff spend in multiple areas including A&E, Medicine and Ophthalmology and increases in temporary staff costs for nursing, HCA and non clinical support staff.

Clinical supplies and other non-pay costs were £0.2m overspent continuing the trend from previous months. This is partly related to the increase in elective Spinal work and non-elective activity in Medicine, with some of the rise in diagnostic cost increases related to the increase in Outpatients' activity. In month transformation costs amounted to £0.1m however this was offset by accrued transformation income.

Month 11 CIP delivery was above plan at £2.5m by £0.8m

This month saw the benefit of the procurement scheme gain from the contracting out of printing services and gains of £0.2m above target in BU3.

Month 11 EBITDA is a surplus of £2.5m (12%) and is £2.3m ahead of plan EBITDA of £0.3m (1.4%)

<u>Year to Date (YTD) Position at Month 11 2012-13</u>

YTD Financial risk rating is 3, which is better than M10.

The YTD risk rating has increased to 3 as a result of the reduction in the YTD deficit to £1.5m. Further information and details can be found on the Ratios page of the finance report.

YTD cumulative I&E deficit of £1.5m against a planned deficit of £0.2m is a positive variance of £1.3m

This represents a significant improvement compared to the YTD position at month 10, the cause of the YTD deficit is that all expenditure areas are behind plan and operational income is insufficient at this stage through phasing, to match this.

YTD Income of £211.4m is £0.5m above plan

NHS Clinical income is on plan net of central income budgets but below the forecast produced at M08. As in previous months the underperformance has three main drivers, the largest of which is the impact of £1.6m for fines (breakdown on the SLA Page). However the under delivery of the volume of elective day cases (£1.4m) and equally elective in patients (£1.3m) has impacted significantly. Despite Non elective activity being 5% ahead of plan income is behind plan by £0.7m which is the result of a change in case-mix compared to the plan, the impact of the lower case mix being £3.0m. Critical Care is £1m behind plan. The adverse price impact on Out patients' income is £2m despite an 8% rise in volume. CQUIN is £0.8m behind plan as delivery has been assumed at 85%. In addition £1.6m of transformation income has been accounted for YTD to offset the corresponding incurred costs.

YTD Operating expenditure of £200m is a £2.4m adverse variance

YTD the Trust is £2.1m overspent on pay partly as a result of the £0.3m per month overspend as a result of additional session payments & continuing usage of agency medical staff in A&E, Medicine and Ophthalmology. Temporary staff costs are also being incurred in nursing, HCAs and non clinical support areas.

Clinical Supplies are overspent by £2.4m YTD largely as a result of £0.9m unbudgeted expenditure on outsourcing, £0.8m overspend on Medical and Surgical consumables & £0.5m of the overspend is related to increased consumable spend in pathology linked to an increase in OP activity. Transformation costs of £1.6m have been incurred YTD which is being offset by accounting for corresponding income.

YTD CIP achieved £12.9m which is £0.4m behind plan

The majority of this under delivery is in BU1.

YTD EBITDA of £11.5m (5.4%) is £1.8m behind a plan of £13.3m (6.3%)

The Trust Cash position is £11.6m which is equal to liquidity risk rating of 4.

<u>Forecast Outturn Position FY 2012-13</u>

The forecast position is breakeven following the agreement of the 2012/13 SLA with NHSS and the improvement in the delivery of CIPs.

Forecast risk rating is 3 based on breakeven.

Management actions are planned to deliver a breakeven position which would retain the rating of 3.

Forecast income of £235.8m

The main assumptions in the forecast are: Elective and day case activity will return to Q1 levels (excluding the impact of outsourcing) for the remainder of the year with the exception of T&O where increased spinal work and improvements in productivity should increase activity and over performance. NEL and Critical Care will continue to underperform and that the trust will incur no more than £1.8m fines in total. Income has risen to reflect the non-recurrent SHA funding available for restructuring, and winter pressure and winter summit funding and the agreement to recognise non recurrently the impact of Q4 NEL activity and the threshold reduction on income by £653k.

Forecast Operating expenditure of £222m

The expenditure forecast assumes that pay spend will continue at current levels.

Clinical supplies are forecast to remain at current levels with the exception of higher prosthesis costs related to increased income in T&O. However to ensure that the Trust breaks even all business units are required to operate within forecast expenditure levels.. Expenditure forecasts mainly reflect matching sums to the non-recurrent income streams, overall costs of £0.5m are below income.

Forecast CIP delivery is 1% over target.

The PMO continues to monitor CIP to ensure delivery and has identified the possibility of over achieving the CIP target by £0.2m as shown in the cost improvement programme summary.

Forecast EBITDA £13.8m (5.9%) is £0.3m behind the plan of £14.1m (6.0%)

<u>Achieved Management Actions - £2.7m</u>

Based on the income and expenditure described above the Trust was reporting in month 10 that it would have a deficit of £2.7m at year end before management actions. Negotiations with the PCT have resulted in recognition that £1.02m will be paid for the impact of readmissions and £1.0m for the impact of reduced income related to outpatient and consultant to consultant ratios and £653k to reflect the impact of high levels of NEL on income.

In addition to the above actions Trust management have introduced weekly activity plans and monitoring to achieve forecast income levels.

The management action to close the gap is dependent on 100% delivery of the CIP programme (£1.96m in month 12) and it is essential that each sponsor manages to meet the required out turn.

Business units are requested to manage within their agreed expenditure forecasts and each clinical business unit is requested to reduce the level of non-pay orders in March. Monthly reporting of clinical and other temporary staff costs takes place at TX and TMT. The on-going review of accruals, provisions and risks will continue.