

TRUST BOARD PUBLIC – OCTOBER 2015

Agenda Item Number: 192/15  
Enclosure Number: (8)

<b>Subject:</b>	<b>Quarter 2 Delivery Against Business Plan</b>	
<b>Prepared by:</b> <b>Sponsored by / Presented by:</b>	Jason Burn, Interim Deputy Director of Finance Simon Jupp, Director of Strategy	
<b>Purpose of paper</b>	For Information	
<b>Key points for Trust Board members</b> <i>Briefly summarise in bullet point format the main points and key issues that the Trust Board members should focus on including conclusions and proposals</i>	<ul style="list-style-type: none"> <li>• The I&amp;E position is £5.9m adverse to plan, based on a revised deficit target for the year of £9.7m (original plan £16m deficit).</li> <li>• The Capital programme was reduced to be in line with the level of depreciation for the year. Initially 50% of the funding was released to progress schemes, with the remainder subject to review of the trust's performance throughout the year.</li> <li>• A Financial Recovery Plan (FRP) has been developed, the delivery of which would support the trust in achieving the revised deficit target for the year.</li> <li>• The trust has utilised its working capital facility, drawing down £28.6m YTD. Final cash requirements are being worked through to reflect the detailed impact of likely delivery of the FRP.</li> </ul>	
<b>Options and decisions required</b>	Just for noting, no decisions required.	
<b>Next steps / future actions:</b>	Regular updates to year end estimates, with additional action plans developed to address shortfalls.	
<b>Consideration of legal issues?</b>	N/A	
<b>Consideration of Public and Patient Involvement and Communications Implications?</b>	N/A	
<b>Links to Portsmouth Hospitals NHS Trust Board Strategic Aims, Assurance Framework/Corporate Risk Register</b>		
<b>Strategic Aim</b>	Develop sufficient financial strengths to adapt to change and invest in the future	
<b>BAF/Corporate Risk Register Reference</b>		
<b>Risk Description</b>		
<b>CQC Reference</b>	Effective	
<b>Committees/Meetings at which paper has been approved:</b>		<b>Date</b>
N/A		

## Quarter 2 delivery against the Business Plan

### Introduction

1. The report summarises progress against the main elements of the Business Plan for the second quarter of the financial year. Much of this information is contained within the financial elements of the IPR.

### Key metrics for 2015/16

2. Monitoring against the financial plan is on the following basis;
  - I&E Financial Plan – Now set at a revised target of (£9.7m) Deficit.  
[Original (£16m) Deficit]
  - External Financing Limit (EFL) - £2.5m year end cash balance
  - Capital Resource Limit (CRL) - £20.5m. Programme has been adjusted internally to £15.7m, with spend monitored against this
  - Cost Improvement Plan (CIP) - £29.93m inclusive of recovery plan actions and actions to achieve (£9.7m) deficit target  
[Original £16.95m]
3. The Boards clear expectation is that the end of year I&E position should be lower than the initial £16m planned deficit. To that end a financial recovery plan has been developed, the successful delivery of which, in full, would see the trust achieve its stretch target of a (£9.7m) deficit.
4. During the first quarter the Executive worked to reduce the size of the capital programme for the year to be in line with the level of depreciation. This has resulted in the capital programme being revised down to £15.7m.

### Income and Expenditure position

5. The I&E position for the Trust for the second quarter gives a deficit of £15.6m compared to a budgeted deficit of £9.7m giving an adverse variance to plan of **£5.9m**.
6. The main reasons for the adverse performance are;
  - £6.5m – Excess cost of temporary staff compared to standard cost
  - £1.6m – Non-Pay related
  - £1.5m – Unachieved CIP
  - £1.0m – Increased 'pass through' drugs costs (offset by income see below)
  - £0.7m – Unfunded Investments
  - £0.8m – Legacy Costs
  - £0.8m – One off costs
7. These were partially offset by;
  - £3.2m – Income achieved above target
  - £1.0m – Income to cover increased 'pass through' drug costs
  - £2.9m – Staff vacancies

### **Capital position**

8. Trust Board decided to only release 50% of the reduced Main capital programme initially, with the remainder to be released in the second half of the year, subject to review of the trust's performance. At the end of the second quarter net capital spend to date is £5.4m.

### **Conclusions and actions**

9. The financial position after the second quarter presents a considerable challenge for the remainder of the financial year. The management, assurance and delivery of the FRP is subject to continuous review and development, in order to bring the adverse position to plan into line with the Trusts financial objectives.