

Meeting:	Brighton and Sussex University Hospitals NHS Trust Board of Directors
Date:	29th March 2016
Board Sponsor:	Spencer Prosser, Chief Financial Officer
Paper Author:	Bill Stronach, Deputy Chief Financial Officer
Subject:	Finance Report M11 2015/16

Executive summary

Month 11 Performance

At month 11 the trust is reporting a year to date deficit of £36,052k and a forecast deficit of £37,612k against a full year planned deficit of £16,704k.

The year to date deficit position reflects over performance of £15.7m on income offset by pay and non-pay overspends of £17.5m and £21.9m respectively. The non-pay spend includes £10.4m of pass through costs that are matched by additional income. The deficit position is leading to cash flow pressures which are being mitigated through working capital management and the drawdown of funding. Capital spend is below plan year to date because of delays to projects and the need to conserve funds.

The key risks to forecast outturn for 2015/16 are:

- Income – gross commissioner income risk is £18m including CQUIN worth £4.9m and fines of £6.2m, forecast assumes the resolution of these risks and work continues with commissioners to this end.
- Operational costs – there are gross risks of £4m relating to potential changes to estimates at year end, these relate to provisions, accruals, prepayments, and stock holding levels.
- Depreciation – the forecast assumes a further depreciation saving of £3.8m arising from the fixed asset revaluation and revalidation exercise and the actual change will be known during March.

Appendix 1 gives the detailed financial report to month 11.

Loan Funding

The applications for funds to support the East Sussex radiotherapy project (£14,500k) and the trust deficit (£17,924k) were approved by the Department of Health and Board approval was required to access the loans.

The powers which the Board of Directors has reserved to itself within Standing Orders (see paragraph 2.8 of these Standing Orders) may in an emergency or for an urgent decision be exercised by the Chief Executive and the Chairman after having consulted

at least two non-executive directors. The exercise of such powers by the Chief Executive and Chairman shall be reported to the next formal meeting of the Board of Directors in public session. This was the governance process being used to approve the loan application, with the Chief Executive and Chairman approving the loans after consulting two non-executive directors.

The documentation used in support of the decision is given at Appendix 2.

Links to corporate objectives	The report supports the objective of <i>high productivity</i>
Identified risks and risk management actions	Noted in Executive Summary.
Resource implications	Annual revenue budget £510m
Legal implications	The Trust has a duty to break even taking one year with another.
Report history	None
Appendices	Appendix 1 – Board Report

Action required by the Board

The Board is asked to note the Month 11 position; the risks to forecast outturn; the Department of Health approval for the funding application, and Board approval under emergency action