

TRUST BOARD
31st October 2013

TITLE	Monitor Quarter 2 2013/14 submission
EXECUTIVE SUMMARY	In accordance with Monitor's <i>Risk Assessment Framework 2013/14</i> , the Trust is required to make a quarterly submission to Monitor on the Trust's performance in both financial, quality and operational terms. This includes performance against various national targets and indicators.
BOARD ASSURANCE (RISK)/ IMPLICATIONS	<p>The Finance Committee scrutinises the financial reports on a monthly basis with minutes of the meeting presented in the open meeting. The operational performance report is presented in the open Board meetings and regularly scrutinised.</p> <p>The recommended declarations were approved by the Integrated Governance and Assurance Committee and Finance Committee at their respective meetings in October.</p>
LINK TO STRATEGIC OBJECTIVE	The Monitor submission links to all Trust Strategic Objectives.
STAKEHOLDER/ PATIENT IMPACT AND VIEWS	None taken.
EQUALITY AND DIVERSITY ISSUES	None known.
LEGAL ISSUES	Insufficient or inaccurate declaration of future risk to Monitor can impact the Trust's regulatory ratings and potentially our Licence.
The Trust Board is asked to:	<p>The Board is asked to review and agree the content of the Q2 submission as:</p> <ul style="list-style-type: none"> ▪ Governance Declaration: 2 ▪ Finance Declaration: 1
Submitted by:	Valerie Bartlett, Deputy Chief Executive Simon Marshall, Director of Finance and Information
Date:	24 th October 2013
Decision:	For Approval

Risk Assessment Framework-In year Monitoring Quarter 2 2013/14 Submission

1 Introduction

The Trust is required to submit the Quarter 2 Compliance Return to Monitor by 31st October 2013.

The Compliance Return comprises the following: -

- Governance Declaration;
- Finance Declaration;
- Elections;
- Targets and Indicators;
- Finance Risk Indicators; and
- Financial Returns for the Quarter.

The full draft Q2 2013/14 submission is available for review by contacting the Head of Corporate Affairs. However the following summary sheets are attached:

- Finance Risk Indicators (Appendix I); and
- Governance indicators (Appendix II).

2 Governance declaration

The Integrated Governance and Assurance Committee (IGAC) reviewed the Governance aspects of the Monitor Compliance Return for Quarter 2 at its meeting held on 22nd October 2013.

Background

The Governance declaration relates to the performance against national targets and indicators with the Board needing to certify that it:

“is satisfied that plans in place are sufficient to ensure ongoing compliance with all existing targets (after the application of thresholds) as set out in Appendix A of the Risk Assessment Framework; and a commitment to comply with all known targets going forwards”

Performance against national targets and indicators

In Q2 2013/14 all national targets and indicators have been met. This includes the A&E waiting time target which was not achieved in Q4 2012/13 but was achieved in Q1 2013/14.

Governance Risk Rating

The Trust's underlying Governance score is Green (with a service performance score of zero) following achievement of all targets and indicators. In Q1 2013/14 a Monitor override, following the triggering of the investigation criteria for failure of the four hour waiting time target for three quarters in seven, led to a Trust Governance risk rating of Amber-Red.

Paper 8.1

Following the introduction of the *Risk Assessment Framework* on 1st October 2013 Monitor wrote to the Trust and confirmed that our Governance risk rating had been revised to Green.

Recommended Q2 2013/14 declaration

The Trust achieved the waiting time target in July (96.92%) and August (97.73%) but failed to deliver this in September (94.25%). As with Q1 whilst the target has been achieved in Q2 as a whole the failure to achieve the month in September, the significant operational pressures already seen and the number of actions and challenges outside of the control of the Trust mean that IGAC recommended a risk against this target is declared.

As a result of this declaration the Trust's Governance rating will either remain as Green or be replaced by written concerns by Monitor which will also detail the actions being taken by Monitor to rectify these concerns.

3 Finance Declaration

The Finance Committee reviewed the financial aspects of the Monitor Compliance Return for Quarter two 2013/14 at its meeting held on 23rd October 2013.

In summary the Trust has achieved an FRR of 3 (rounded up from 2.80). This is against a planned Monitor FRR of 4 (rounded up from 3.70) and is forecasting to "continue to maintain a continuity of service risk rating of at least 3 over the next 12 months". The declaration was assessed using the forecast for the remainder of 2013/14, along with the first half of 2014/15 using the Trust's three year plan submission from May 2013.

The Committee noted the reasons for the two (out of ten) indicators of financial risk relating to 'Debtors >90 days' and 'Creditors >90 days'. See Appendix I.

Financial Risk indicators:

Debtors > 90 days – the Trust had 25% of total debt more than 90 days past due, exceeding the 5% target. Included within this is Compensation Recovery Unit (CRU) debt of £932k relating to personal injury claims. The Trust has minimal influence over the timing of the payment of this debt as it is subject to insurance/legal claims in which the Trust is not involved. Excluding this debt from both relevant total debtors and debt greater than 90 days past due date, then the old debt equates to 3.7% of total debt

Creditors > 90 days – the Trust had 5.4% of total creditors more than 90 days past the due date. The reason for this is a significant balance with Frimley Park Hospital NHS Foundation Trust in relation to a May invoice for £282k – this was paid on 1st October 2013.

Recommended Q2 2013/14 declaration

The Finance Committee discussed the recommendation that a declaration 1 should be made confirming that the Trust would continue to maintain a 'continuity of service' risk rating of at least '3' over the next 12 months and approved that this should be recommended to the Board.

4 Elections

The Trust is required to report the outcome of any elections as part of the quarterly submission.

There were no elections held in Q2 2013/14.

5 Recommendation

The Board is asked to review and approve the Q2 2013/14 Monitor submission as:

- Governance Declaration: 2 ('not confirmed')
- Finance Declaration: 1 ('confirmed')

Appendix I

Finance Risk Indicators for Ashford and St Peter's Hospitals

Please respond "True" or "False" in the yellow cells below to statements 3 to 7 inclusive

Finance Risk Indicators

		Response
1	Unplanned decrease in (quarterly) EBITDA margin in two consecutive quarters	FALSE
2	Trust is unable to certify that Board anticipates that the Quarterly FRR will be at least 3 over the next 12 months (from Governance Statement)	FALSE
3	Working capital facility (WCF) was used at any point in the quarter ending 30 Sep 2013	FALSE
4	Debtors > 90 days past due account for more than 5% of total debtor balances	TRUE
5	Creditors > 90 days past due account for more than 5% of total creditor balances	TRUE
6	Two or more changes in Finance Director in a twelve month period	FALSE
7	Interim Finance Director in place over more than one quarter end	FALSE
8	Quarter end cash balance <10 days of (<i>annualised</i>) operating expenses	FALSE
9	Capital expenditure < 85% of Latest Plan for the year to date	FALSE
10	Capital expenditure > 115% of Latest Plan for the year to date	FALSE

Note: Once your financial results are entered in SoCI, SoFP and SoCF the "?" cells will be calculated

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Monitor Risk Assessment Framework - Governance Indicators Financial Risk Ratings as at September 2013

Safety:		13/14 Threshold	Weighting	Monitoring Period	13/14 YTD Plan	Q1	Q2	Q3	Q4	YTD
Clostridium Difficile - meeting the Clostridium Difficile objective		13	1.0	Quarterly	7	1	3			4
Quality:		Threshold	Weighting	Monitoring Period	13/14 Plan	Q1	Q2	Q3	Q4	YTD
All Cancers: 31 day wait for second or subsequent treatment (surgery)		Surgery anti-cancer drug treatments 94% 98%	1.0	Quarterly	94% 98%	100% 100%	100% 100%			100% 100%
All Cancers: 62 day wait for first treatment from urgent GP referral to treatment		urgent GP referral NHS Cancer Screening Service 85% 90%	1.0	Quarterly	85% 90%	90.2% 100%	88.1% 100.0%			89.1% 100%
All Cancers: 31 day wait from diagnosis to first treatment			0.5	Quarterly	96%	100.0%	99.6%			99.8%
Cancer: 2 week wait from referral to date first seen		all urgent referrals (cancer suspected) symptomatic breast patients 93% 93%	0.5	Quarterly	93% 93%	97.3% 97.9%	96.7% 97.0%			97.0% 97.5%
A&E (maximum wait time of 4 hours from arrival to admission/ transfer/ discharge)			1.0	Quarterly	95%	95.43%	96.33%			95.78%
Patient Experience:		Threshold	Weighting	Monitoring Period	13/14 Plan	Q1	Q2	Q3	Q4	YTD
Referral to treatment waiting times - admitted		90%	1.0	Quarterly	90%	91.08%	92.62%			92.84%
Referral to treatment waiting times - non admitted		95%	1.0	Quarterly	95%	98.39%	97.79%			97.54%
Referral to treatment waiting times - Incomplete pathways		92%	1.0	Quarterly	92%	98.11%	98.33%			97.95%
Governance:			Weighting	Monitoring Period	13/14 Plan	Q1	Q2	Q3	Q4	Yr End
Failure to comply with requirements regarding access to healthcare for people with a learning disability			0.5	Quarterly	No	No	No			
Risk of, or actual, failure to deliver mandatory services			4.0	Quarterly	No	No	No			
CQC compliance action outstanding (as at 31st Mar 2013)			Monitor Discretion	Quarterly	No	No	No			
CQC enforcement action within last 12 months (up to 31st Mar 2013)			Monitor Discretion	Quarterly	No	No	No			
CQC enforcement notice currently in effect (as at 31st Mar 2013)			4.0	Quarterly	No	No	No			
Minor CQC concerns or impacts regarding the safety of healthcare provision (as at 31st Mar 2013)			Monitor Discretion	Quarterly	No	No	No			
Moderate CQC concerns or impacts regarding the safety of healthcare provision (as at 31st Mar 2013)			Monitor Discretion	Quarterly	No	No	No			
Major CQC concerns or impacts regarding the safety of healthcare provision (as at 31st Mar 2013)			2.0	Quarterly	No	No	No			
Unable to maintain, or certify, a minimum published CNST level of 1.0 or have in place appropriate alternative arrangements			2.0	Quarterly	No	No	No			
Trust unable to declare ongoing compliance with minimum standards of CQC registration			Monitor Discretion	Quarterly	No	No	No			
Has the Trust has been inspected by CQC (in the quarter ending 31st Mar 2013)			Monitor Discretion	Quarterly	No	No	No			
If so, did the CQC inspection find non compliance with 1 or more essential standards			Monitor Discretion	Quarterly	No	No	No			
Indicative Governance risk rating						G	G			
Financial Risk Score		12/13 Scores	Weighting	Monitoring Period	Current Score	Q1	Q2	Q3	Q4	Yr End Forecast
1. Underlying Performance - EBITDA Margin (%)		3	25%	Annual	6.13%	3	3			3
2. Achievement of Plan - EBITDA achieved		4	10%	Annual	86.28%	4	4			4
3. Financial Efficiency - Net Return after Financing		4	20%	Annual	0.95%	3	3			3
4. Financial Efficiency - I&E Margin		3	20%	Annual	0.71%	2	2			2
5. Liquidity - Liquidity Ratio*		3	25%	Annual	23.29	3	3			3
Weighted Average Rating		3.3				2.9	2.9			2.9
Overall Rating		3	100			3	3			3

Notes:
 Monitor Compliance Framework produced monthly, where the reporting month is not a quarterly submission date, performance will be for the quarter to date.
 The Financial Risk Ratings table shows the Monitor FRR at the quarter end period calculated in accordance to the Monitor guidance. For the individual ratings, the RAG is: 3,4,5 = Green and 1&2 = Red.
 The Financial Risk Rating Sensitivity Matrix is also included which shows the headroom against those individual ratings. This illustrates the movement before a change in rating score would be triggered.

Financial Risk Rating Sensitivity Matrix

	Weighting	5	4	3	2	1
1	25%	11%	9%	5%	1%	<1%
2	10%	100%	85%	70%	50%	<50%
3	20%	3%	2%	-1.0%	-5%	<-5%
4	20%	3%	2%	1%	-2%	<-2%
5	25%	60	25	15	10	<10