

Presentation to Overview & Scrutiny Committee

8th March 2010

Marek Stepniak
Chief Restructuring Officer

Monitor intervention:

- Issues now dealt with:
 - Christopher Langley appointed Chairman - October 2009
 - Medical Director appointed February 2010

42 core Standards for Better Health as of Nov 2009

35 X Met

**2 X Insufficient
Assurance**

5 X Not met

Standard		Status	Completion Date
C4d	Medicines Management (Not Met)	Blue	31.03.2010
C7a&c	Corporate Governance (Insufficient Assurance)	Blue	30.06.2010
C9	Corporate Records Management (Not Met)	Green	31.03.2010
C13b	Consent (Not Met)	Green	31.03.2010
C13c	Data Protection (Not Met)	Green	31.03.2010
C17	Seeking Views (Insufficient Assurance)	Green	31.03.2010
C20b	Single Sex Accommodation (Not Met)	Green	31.03.2010

Trust Financial Position Month 10

Income and Expenditure summary

Income & expenditure by category - 2009/10 As at month 10 (January)

	2009-10	2009-10			In Month			2009-10		
	Revised plan	Month 08	Month 09	Month 10	Plan in month	Actual in month	Variance in month	Plan to date	Actual to date	Variance to date
Total income	226,082	18,429	19,109	19,053	18,781	19,053	272	188,575	187,830	(745)
Pay	153,857	12,547	12,492	12,475	12,858	12,475	383	128,879	126,698	2,181
Non-pay	70,560	5,823	5,562	5,587	4,918	5,587	(669)	59,935	61,246	(1,311)
Total expenditure	224,416	18,369	18,054	18,062	17,776	18,062	(285)	188,814	187,944	870
EBITDA	1,666	59	1,050	991	1,005	991	(14)	(239)	(114)	125
Total financing costs	11,570	968	971	1,000	994	1,000	(6)	9,571	9,621	(50)
Net Surplus/ (deficit)	(9,904)	(909)	80	(9)	11	(9)	(20)	(9,810)	(9,735)	75

EBITDA - Earnings Before Interest Dividends & Amortisation

Commentary

The Trust is reporting a breakeven position for M10, which is in line with plan.

Income

Total Trust Income is £0.3m above plan in month.

Expenditure

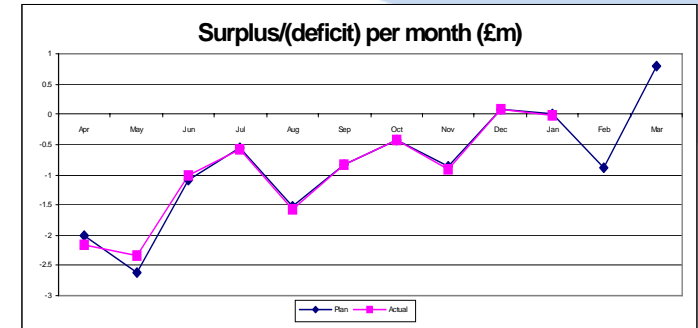
Pay is £0.4m favourable to plan in month. The key driver remains vacancies. Non pay is £0.7m adverse to plan in the month. Additional consultancy, drugs and external catering and linen costs account for £0.6m of the variance.

Financing

Reduced interest receivable and higher depreciation charges account for the variance.

Contingency

£1.8m of reserves remain uncommitted at M10 however future obligations equivalent to the total have been identified.



Monitor risk rating score

FRR Metrics by quarter all on YTD basis	Q1 YTD Actual	Q2 YTD Actual	Q3 YTD Actual	M09 YTD Actual	Full year forecast
EBITDA margin	-4.4%	-2.4%	-2.8%	-2.8%	0.9%
EBITDA % of plan	0.0%	0.0%	0.0%	0.0%	89.4%
ROA	-13.6%	-10.3%	-11.7%	-11.7%	-4.7%
I&E surplus margin	-9.9%	-7.5%	-8.2%	-8.2%	-4.4%
Liquidity	0.0	-4.0	0.0	0.0	-3.3
Financial Risk Rating	1	1	1	1	1

Scoring

	5	4	3	2	1
EBITDA margin	3%	2%	1%	-2%	< -2%
EBITDA % of plan	100%	85%	70%	50%	<50%
ROA	6%	5%	3%	-2%	< -2%
I&E surplus margin	11%	9%	5%	1%	<1%
Liquidity	60	25	15	10	<10

Note: Results reported one month in arrears

Commentary

The Trust remains as a FRR of 1. This is driven by all 5 metrics. The main determinants of that are;

- Planned deficit £9.9m
- Weak EBITDA
- Weak working capital position

Performance is not expected to change in year

Turnaround Plan

This transformation will deliver improvements to patients:

- Our hospitals are clean and the services we provide are safe
- Providing the best quality care for the best possible outcomes by trained clinical staff
- Fewer cancelled operations and clinics
- Faster results from diagnostic tests
- Shorter waiting times in A&E
- Trust's services will be delivered to recognised standards of clinical best practice
- Patients are discharged promptly as soon as they are deemed fit
- Maximise the money spent on direct patient care and minimise the money spent on overheads.

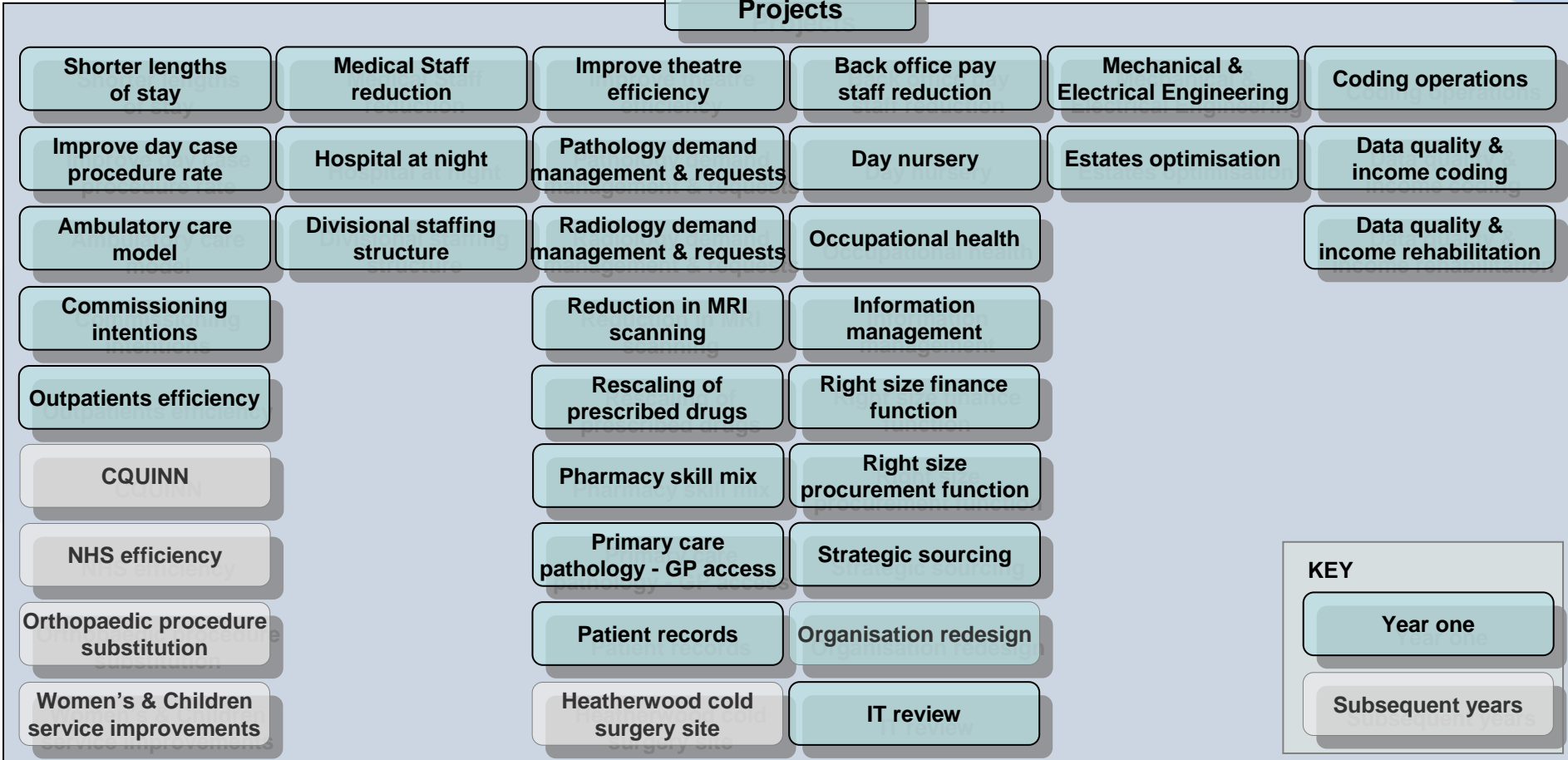
Turnaround Plan

Workstreams and Projects

Workstreams

Totals	£24.24m	£5.36m	£6.33m	£9.42m	£6.87m	£0.9m
	Clinical Services Efficiency	Clinical Workforce Efficiency	Clinical Support Service Development	Back Office Consolidation	Estate management and Optimisation	Data Quality and Income Collection
1 st Year	£8.97m	£3.72m	£4.68m	£5.0m	£1.18m	£0.8m

Projects



KEY

- Year one
- Subsequent years

- The Trust Board met with Monitor on the 22 January 2010 to present its Turnaround Plan
- Monitor said that they believe this is a credible plan and congratulated the Trust on the detail contained in it
- Monitor have agreed that the plan accurately reflects the challenges the Trust faces now and in the coming years, and that the actions identified in the plan represent good and credible solutions to address them
- Trust has now been tasked by Monitor to take the Plan forward and begin to implement it across the organisation
- Trust recognises that there is a lot of work that now needs to be done, and therefore will be starting immediately to put the plan into action