

SHEFFIELD TEACHING HOSPITALS NHS FOUNDATION TRUST

EXECUTIVE SUMMARY

REPORT TO THE COUNCIL OF GOVERNORS

HELD ON 27th JUNE 2017

Subject	Financial Update
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Status¹	N

PURPOSE OF THE REPORT

To provide an update on the final 2016/17 financial position and the 2017/18 Financial Plan and associated issues.

KEY POINTS

1. The 2016/17 Annual Accounts show a surplus of £5.8m which is better than plan but was aided by a significant level of one-off benefits, including £4.6m of additional Sustainability and Transformation funding (STF) notified in April as a reward for meeting the Trust's Control Total.
2. The 2017/18 Financial Plan is for a £6m deficit which would meet the 2017/18 Control Total. However, there are major risks around delivery of activity, efficiency and financial plans; residual contracting issues; service, workforce and financial pressures; and securing the £18.6m of Sustainability & Transformation funding provisionally allocated.

IMPLICATIONS²

AIM OF THE STHFT CORPORATE STRATEGY 2012-2017		TICK AS APPROPRIATE
1	Deliver the Best Clinical Outcomes	
2	Provide Patient Centred Services	
3	Employ Caring and Cared for Staff	
4	Spend Public Money Wisely	✓
5	Deliver Excellent Research, Education & Innovation	

RECOMMENDATIONS

The Council of Governors is asked to note the financial update.

APPROVAL PROCESS

Meeting	Date	Approved Y/N

¹ Status: A = Approval
 A* = Approval & Requiring Board Approval
 D = Debate
 N = Note

² Against the five aims of the STHFT Corporate Strategy 2012-2017

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FINANCIAL UPDATE

COUNCIL OF GOVERNORS 27th JUNE 2017

1. 2016/17 Final Position

- The 2016/17 Annual Accounts have been audited and have been adopted by the Board of Directors.
- The final position was a surplus of £5.8m (0.5% of turnover). However, it is important to note that the final position includes the benefit of £4.6m of additional Sustainability and Transformation Funding (STF) which was notified in April as a reward for meeting the Trust's NHS Improvement (NHSI) Control Total.
- The Trust's original 2016/17 Financial Plan was to break-even but the final Control Total agreed with NHSI was a surplus of £5m.
- The good outturn position reflects many positive achievements including improved Directorate performance in the second half of the year driven by much improved activity delivery; full receipt of the Core STF (£19.3m); the £4.6m additional STF referred to above; better than expected delivery of CQUIN income; £1m of System Resilience (Winter) Funding received from Sheffield CCG; and around £18m of contingencies and one-off benefits.
- The final activity under-performance against plan was £10.9m but £10.0m of this was in the first half of the year. Over £18m of efficiency savings were achieved which represents just under 90% of the plan.
- The Trust invested just under £31m in capital assets and had a relatively strong working capital position at the year-end.
- The Trust's 2016/17 financial performance has to be seen in the context of the £791m aggregate deficit for NHS Providers (with a deficit of £1,163m in the acute sector).
- However, it is important to note the significant underlying pressures which were offset by one-off gains in-year but will continue to be a major issue for 2017/18.

2. 2017/18 Financial Plan

- The Trust's 2017/18 Control Total is a deficit of £4.2m. The reduction from the 2016/17 Control Total reflects national estimates of income losses from new PbR Tariffs and MPET (education and training) income reductions.

- The Trust has been provisionally allocated £18.6m of STF but this is conditional on delivering the Control Total and achievement of A&E 4 Hour Target Performance Trajectories. This will again be assessed on a quarterly basis but with a greater weighting of funding given to the quarters later in the financial year.
- The Trust's 2017/18 Financial Plan is a deficit of £6m (which would result in delivery of the Control Total).
- This position reflects the income losses referred to above and other contract income reductions; the underlying pressures brought-forward from 2016/17; £16.3m of efficiency savings (to more than deliver the 2% national efficiency requirement); and unavoidable cost pressures/investments, particularly relating to IT developments, consequences of reduced numbers of Junior Doctors and emergency service pathways.
- The major risks to achieving this position are as follows:
 - Delivery of activity, efficiency and financial plans across the Trust.
 - Residual contracting issues, including outstanding contract agreements, consequences of commissioner QIPP schemes, delivery of assumed levels of CQUIN income and securing System Resilience funding for the coming winter.
 - Further service, workforce and financial pressures.
 - Securing all of the STF.
- It seems clear that 2017/18 will be a very challenging year given the internal service and financial requirements; financial pressures within partner/commissioner organisations; and the overall national financial climate. However, the Trust will do everything it can to meet these challenges.

Neil Priestley
June 2017