

Council of Governors

Subject:	Report of the Finance Committee	Date: 10th August 2021		
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Approved By:	Neal Gossage, NED			
Presented By:	Neal Gossage, NED			
Purpose				
This paper summarises the assurance provided by the Finance Committee around financial management in the Trust and records matters the Committee considers need to be brought to the attention of the Council of Governors	Approval			
	Assurance	X		
	Update	X		
	Consider			
Strategic Objectives				
To provide outstanding care	To promote and support health and wellbeing	To maximise the potential of our workforce	To continuously learn and improve	To achieve better value
				X
Overall Level of Assurance				
	Significant	Sufficient	Limited	None
		X		
Risks/Issues				
Financial	Performance and financial forecasts			
Patient Impact				
Staff Impact				
Services				
Reputational				
Committees/groups where this item has been presented before				
Public Board of Directors 5 th August 2021				
Executive Summary				
A virtual meeting of the Finance Committee was held on 27 th July 2021 due to the Covid-19 restrictions.				
Matters to be brought to the attention of the Council of Governors:				
1.1 Q1 2021/22 Performance				
The committee noted that the Trust reported a deficit of just £50k for the first quarter - £1.36m better than plan. The forecast for H1 shows a break-even position for both the Trust and the ICS.				
Early in July 2021, the rules for ERF were changed and the threshold to qualify for ERF was increased from 85% to 95%. It is estimated that this could reduce the income available to the ICS in H1 by £13.3m of which the SFH share is £2.9m. As these funds have not been committed or spent yet, the change in the threshold should not affect the outturn for H1 so the Trust is still forecasting a break-even position at the half year.				
1.2 H2 Planning				
No planning guidance has yet been received for the second half of the financial year so it is anticipated that planning for H2 will not be completed until around November 2021.				

However, the Trust has developed some 'working assumptions' for H2 based on the H1 plan with a 3% efficiency target. It is assumed that the block contract arrangements will continue and that the national pay award will be centrally funded. There is no indication yet as to what growth funding will be available in H2.

Assumptions have also been made in relation to winter planning (including Covid and Flu) although, at present, it is assumed that Covid cases remain at relatively low levels throughout the half year.

The committee also noted that the 2022/23 planning assumptions are expected to be shared in November 2021 as the ICS seeks to put itself on a sustainable financial footing over the next three years.

1.3 ICS Developments

The ICS has now developed a draft financial framework which was agreed by CEOs in July and aims to deliver on the objectives of the ICS whilst also delivering financial sustainability within three years. In connection with that, development of the ICS transformation and delivery plans will be accelerated.

Further work needs to be undertaken to ascertain which decisions are made by the ICS and which decisions are taken by ICS members as statutory organisations given that performance will largely be measured at ICS level in the future.

Work will now be carried out to ascertain drivers of the deficit in the ICS (similar to the work that was done by SFH a few years ago) and benchmarking will be overseen by the ICS System Transformation Group.

Other matters discussed by the Committee

2.1 FIP

The committee noted that the FIP (including ERF) at the end of Q1 had delivered £2.15m - £0.62m ahead of plan. Transactional savings of £2.25m are projected for the current financial year although just over £0.5m of that target is yet to be identified.

2.2 Internal audit reports

The committee received two internal audit reports:

- Cut off procedures – Significant assurance. Two medium risks were identified and these are being addressed
- Procurement review – Significant assurance. The report examined the position of SFH in the 'procurement league table' and noted that there are a number of issues within the SCS data which have had the effect of positioning SFH towards the bottom of the table. However, once the data have been cleansed and given that SFH has now achieved a 'Standards of Performance Level 1 certificate, it is anticipated that SFH will be in the top half of the table in the foreseeable future.

2.3 Procurement forward view

The committee received the report and noted the projects that will require approval in the next year or so.

2.4 PFI

The committee receives regular reports on PFI governance and noted the work being undertaken to improve the performance of the hard and soft FM providers.

2.5 National cost collection

A review has recently been undertaken by EY as part of its regular programme of costing assurance audits. The Trust was given an overall rating of Limited Assurance due to issues with the quality of the underlying data. However, EY noted that the costing team has demonstrated commitment to achieving accurate and compliant costing methodologies.

Work is now underway to address the points raised in the report with an expected completion date at the end of August 2021 - with full integration of costing across the Trust being implemented by the end of the current financial year.

2.6 BAF and maturity matrix

The committee reviewed the BAF and does not recommend and change to the current risk rating for PR4. The committee also approved the committee maturity action plan following a workshop hosted by 360 Assurance in May 2021.