

Board of Directors Meeting in Public - Cover Sheet

All reports **MUST** have a cover sheet

Subject:	Report of the Finance Committee	Date: 6 th January 2022		
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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 Board of Directors			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				
N/A				
Executive Summary				
<p>A virtual meeting of the Finance Committee was held on 21st December 2021 due to the Covid-19 restrictions.</p> <p>Matters to be brought to the attention of the board:</p> <p>1.1 M8 Performance and Forecast</p> <p>The committee noted that the Trust reported a deficit of £3.4m for the year to date – £1.9m worse than plan.</p> <p>The forecast for the full year is for the Trust to deliver a break-even position but this is now considered to be the best case – the probable deficit is expected to be £3.2m and in the worst case to be £8.8m.</p> <p>During the year, the targets for ERF have been changed and this has resulted in the system not achieving the full ERF. In addition, Covid costs have been higher than planned due to the ongoing pandemic but Covid costs are now included within the block contract (for income) in H2 irrespective of the actual costs incurred.</p> <p>Both of these have impacted on performance and the FIP performance has also fallen behind plan.</p> <p>The forecast will be reviewed again when the December accounts are available and further discussions have been held with NHSEI in relation to the probable deficit.</p>				

Pay expenditure in November 2021 was £23.5m - £3.1m higher than the Q3 2020/21 baseline average. This was due to an additional 540 WTEs in comparison with the same baseline. Of that, the vaccination programme employed an (additional) 282 WTEs with the remainder of the increase being spread over most departments. The reasons for this will be investigated and the committee will receive a further report at the January 2022 meeting.

1.2 Medical Staffing Business Case

The committee reviewed the business case and approved full year expenditure of £1.4m subject to further board approval.

This allows the Trust to employ an additional 22 WTEs including 11 Clinical Fellows and addresses supervision and risk concerns - especially during night shifts. There will be a reduction in unplanned variable pay (as yet unquantified) and risk will be reduced resulting in a risk rating of 4 (previously 12). This implies a significant improvement in patient safety.

This proposed change has received a positive response from all medical grades and should assist in recruiting doctors to the Trust.

1.3 Financial Planning

The H2 2021/22 plan has now been submitted and the focus will now shift to the 2022/23 plan and beyond.

The plan for 2022/23 will be prepared and submitted by the ICS with a focus on activity and performance as well as people and finance. The draft plan needs to be submitted by mid-February 2022 with the final plan being submitted before the end of the current financial year. There is the possibility of these dates being changed once final guidance is issued by NHS England & NHS Improvement.

In addition to the 2022/23 plan, the ICS will be required to work up multi-year plans that cover elective recovery together with a strategic plan that will support delivery of the NHS long term plan. Guidance is available on specific aspects of the plan and the Trust is on target to support the preparation of the system plan.

1.4 National Cost Collection

The Trust submitted its return in advance of the 22 October 2021 deadline and an updated return was submitted by the new deadline (26 November 2021) following feedback from NHSEI.

The index is expected to be produced in Q1 2022/23 and that will allow the Trust to benchmark its performance against other providers.

1.5 BAF

The committee reviewed the risk rating of Principal Risk 4 but does not recommend a change to the risk rating at this stage. Whilst there is a significant risk that the forecast for this year will not be achieved, it appears to be unlikely that regulatory action will be taken as the deficit reported so far this year is largely due to factors external to the Trust (including the change to the ERF thresholds and the ongoing pandemic).

Other matters discussed by the Committee

2.1 ICS/ICP update

The committee received an update on the performance of the system at month 7 and noted that a deficit of £9.3m was reported for the year to date. Work is now starting to identify how the performance of the ICS will be improved to eliminate the underlying deficit of £86m over the next three years.

2.2 Procurement Forward View

The committee received the forward view and noted the significant cost of the Electronic Patient Records project and options for funding that.

2.3 NHSEI Update

NHSEI has been focussing on completion of the first half accounts and progressing the Health and Care Bill.

2.4 PFI Governance

The committee noted progress in improving the service received from the hard FM provider and work being carried out to deliver capital projects to improve patient safety.

2.5 NHIS strategy

The committee reviewed the NHIS strategy and noted its alignment with the strategic plans of the NHIS partner and customer organisations. The strategy will be updated as necessary as the 'shape' of the ICS develops.

2.6 Enterprise Subscription Agreement

The committee was appraised of an increase in the cost of this licence following approval of the original quotation. This was very disappointing, but the proposed supplier still has the most competitive offer.

2.7 KMPG Q2 Benchmarking

KPMG carry out a financial benchmarking exercise for NHS trusts. This was reviewed by the committee and raised a number of questions which will be investigated further. The committee will receive an update in due course.

2.8 360 Assurance Report

360 Assurance have produced a report on the FIP and PMO. The report provided limited assurance and a number of improvement actions were identified mainly in relation to communication. These are being addressed by the PMO team and realistic timescales have been set to implement the recommendations.