

Board of Directors Meeting in Public - Cover Sheet

All reports **MUST** have a cover sheet

Subject:	Report of the Finance Committee	Date: 7 th April 2022								
Prepared By:	Richard Mills, Chief Financial Officer									
Approved By:	Richard Mills, Chief Financial Officer									
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 Board of Directors		<table border="1"> <tr> <td>Approval</td> <td></td> </tr> <tr> <td>Assurance</td> <td>X</td> </tr> <tr> <td>Update</td> <td>X</td> </tr> <tr> <td>Consider</td> <td></td> </tr> </table>	Approval		Assurance	X	Update	X	Consider	
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								
		X								
		Limited								
		None								
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 29 March 2022 due to the Covid-19 restrictions.</p> <p><u>Matters to be brought to the attention of the board:</u></p> <p>1.1 M11 Performance and Forecast</p> <p>The committee noted that the Trust reported a deficit of £8.2m for the year to date to the end of February 2022 – £8.1m worse than plan.</p> <p>The forecast for the full year remains a deficit of £13.3m on an ICS basis. This forecast reflects the heightened operational pressures experienced since the onset of the Omicron variance, and the subsequent impact on ERF income and operating expenditure. No further ERF is expected to be achieved by the system for the remainder of the financial year. In addition, Covid costs to cover increased staffing unavailability and additional surge capacity have been higher than planned. The adjusted forecast has been regularly discussed and confirmed with NHSE/I.</p> <p>1.2 2022/23 Planning</p> <p>An update was provided on the 2022/23 plan, which was submitted in draft form on 17 March in line with the national planning timetable.</p>										

The draft financial plan for SFH shows a deterioration compared to the 2021/22 forecast. There are three key factors in the deterioration:

- Loss of non-recurrent funding received in 2021/22
- Inflationary pressures in excess of the planning assumption
- Growth costs, including the full-year effect of 2021/22 cost pressures, which exceed the indicative share

The Nottinghamshire ICS draft plan includes a large deficit, predominantly with the two acute providers. The drivers of this are similar to those described for SFH. Due to the scale of the deficit, the ICS was one of 15 systems invited to a national escalation meeting. Following this meeting, the ICS will be looking at opportunities to reduce the financial planning gap.

1.3 Transformation & Efficiency Programme (2022-25)

The committee received and discussed a final draft of the Trust's Transformation and Efficiency Programme 2022-2025.

The Programme will provide the Trust with a long-term aspirational transformative Programme of work, and will be based on four key component elements:

- a. Evidence and Comparative Data (aimed at eradicating 'unwarranted variation')
- b. The Trusts Strategic Objectives and Priorities (including key identified risks)
- c. Local and regional priorities, as identified with partner organisations (through the Mid Nottinghamshire Place Based Partnership and Nottinghamshire Integrated Care System)
- d. National priorities as identified in planning guidance and other associated documentation.

Aspirational financial figures have been included against schemes and are underpinned by a variety of potential projects, including over 30 benchmarking opportunities and more than 70 additional schemes in the pipeline. The PMO group has developed a specialty level comparison tool, linked to finance and costing information, which is being used to identify opportunities to explore.

The outline presentation of a three-year programme was welcomed, recognising that the focus would need to be on the first year. The committee discussed engagement in relation the Transformation & Efficiency Programme, noting that divisional and clinical engagement is key to delivery. Workshops and discussions with relevant stakeholders, including clinical chairs, underpins the programme. Communication was also discussed and it was agreed that positives in terms of productivity should be celebrated.

It was noted that system-wide financial opportunities have not yet been included in the Programme, despite the potential for these to contribute substantially. It was agreed that proactive engagement in these programmes of work would be important for the Trust in accelerating opportunities.

The committee agreed that the delivery of financial savings would be an area of increased scrutiny over the coming year, and that the target demonstrates a challenging position. It will be important that we hit the ground running and the committee will receive monthly updates on delivery against the Transformation & Efficiency Programme.

1.4 BAF

The committee reviewed the risk rating of Principal Risk 4 and, noting the deficit included in the draft financial plan for 2022/23, recommended that the 'likelihood' score remains at 'high', maintaining the overall score of 16 in relation to Principal Risk 4.

Approvals

In accordance with the Scheme of Delegation the committee reviewed and approved a business case to spend funding held within NHIS budgets on behalf of the CCG for the provision of Record Digitisation Services for NHS Nottingham & Nottinghamshire CCG. Approval of this case is within the delegated limits of the committee.

In addition, the committee noted that virtual approval had been granted for three cases since the previous meeting, all in accordance with the scheme of delegation.

Other matters discussed by the Committee

2.1 EPR Business Case

The committee reviewed the draft Electronic Patient Record (EPR) business case. It was noted that the case would be updated following discussion at the Executive Team meeting, with a final version expected at the April Finance Committee.

Committee members were keen to ensure that the proposed solution fits in with the ICS aspirations for digitisation, and further consideration of this will be included in the final case. Discussions with NHSE/I on the regulatory approval process and timescales are ongoing.

2.2 ICS/ICP update

The committee received an update on the performance of the system at Month 10 and noted that a deficit of £14.7m was reported for the year to date, while the forecast outturn for 2021/22 remained at a deficit of £23.2m.

2.3 Strategic Objective 5

Committee members were updated on the delivery of the Trust's strategic objectives for Quarter 3.

2.4 Procurement Forward View

The committee received the forward view and noted the significant procurement projects in the pipeline for the next twelve to eighteen months.

2.5 PFI Governance

A report was received and discussed in relation to the PFI contract governance and Contract Performance Management function undertaken the Trust's Estates & Facilities team.

2.6 360 Assurance Reports

Internal audit reports produced by 360 Assurance were shared on the Financial Reporting Arrangements and Key Financial Systems (Asset Register). Both reports provided significant assurance. 360 Assurance proposed one medium-risk and five low-risk actions in relation to these two audits and the committee were assured by the management response that these actions would be completed in line with agreed timescales.

2.7 Finance Committee Governance

Committee members discussed and approved the Committee Workplan for 2022, the Committee Terms of Reference and the Committee Effectiveness Review for 2021/22.

2.8 Finance Committee Annual Report

The annual report for the calendar year 2021 was reviewed and discussed. This provides a description of activities and assurance that the committee has carried out its obligations in accordance with the terms of reference and the annual work programme. The committee approved the report.

2.9 360 Assurance Report

360 Assurance have produced a report on the integrity of the general ledger and financial reporting. The report provided significant assurance. One low risk action was agreed and is expected to be completed by 31 January 2021.