

Board of Directors Cover Sheet

Subject:	Finance Committee Report		Date: 26/04/18	
Prepared By:	Paul Robinson, Chief Financial Officer			
Approved By:	Neal Gossage, NED, Finance Committee Chair			
Presented By:	Neal Gossage, NED, Finance Committee Chair			
Purpose				
The Finance Committee met on 24 th April 2018 and this paper summarises key matters discussed and matters to be brought to the attention of the board.			Decision	
			Approval	
			Assurance	X
Strategic Objectives				
To provide outstanding care to our patients	To support each other to do a great job	To inspire excellence	To get the most from our resources	To play a leading role in transforming health and care services
X	X	X	X	X
Overall Level of Assurance				
	Significant	Sufficient	Limited	None
n/a				
Risks/Issues				
Financial	n/a			
Patient Impact	n/a			
Staff Impact	n/a			
Services	n/a			
Reputational	n/a			
Committees/groups where this item has been presented before				
n/a				
Executive Summary				
<p>Matters to be brought to the attention of the board:</p> <p>1.1 PFI Performance Management Report The committee received a report from the Head of Estates and Facilities and considered how performance against the PFI contract was being managed.</p> <p>Both the Soft FM and Hard FM services are being adequately controlled although concerns continue to exist in relation to floor standards as the contractual requirements are not being met. This has been raised with the Soft FM provider and as a result, a new Domestic Services Manager is being seconded to SFH.</p> <p>The committee also noted the discovery of legionella at KMH and the remedial action being taken to improve the performance in this area. The committee was assured that adequate action has been taken to minimise the risk of any further outbreak of legionella.</p> <p>The benchmarking data were also reviewed and it was noted that the performance on the Trust (as measured by the Model Hospital) fell short of the average in a number of areas including the Estates and Facilities cost per WAU. The Head of Estates and Facilities was asked to provide the committee with an action plan to address all areas of performance where the Trust performance falls short of Model Hospital comparatives.</p>				

1.2 2018/19 Plan

The committee noted that further work has been carried out on the draft budget for 2018/19 and delegated authority to submit the plan (by 30 April 2018) to the CEO and CFO. The Trust is now planning to deliver a pre PSF control total of (£46.4m) and a post PSF control total of (£34.0m).

The committee noted that the planning assumptions of the Trust have been aligned with those of the Commissioners but that considerable risk remains in relation to the QIPP for 2018/19 and the Trust's FIP target of £17.9m.

Within the FIP, there are 125 potential opportunities for 2018/19 and 67 schemes in active development but the risk adjusted delivery currently stands at under £2m. Divisional targets have been set and divisional managers will be asked to confirm their FIP plans to provide some assurance on the delivery of the plans.

The committee will receive a further update on the final plan submission as its next meeting.

1.3 BAF

The committee will now assume responsibility for PR6 – Breakdown of Strategic Partnerships. After some discussion, it was agreed that although the risk of a breakdown of strategic relationships is relatively low, the impact of a breakdown could be severe. The committee advised that a risk rating of 5 would be acceptable against a current risk rating of 10. This is driven by a target likelihood of a breakdown in relationships happening from 2 to 1.

The committee does not propose any change in the risk rating of financial sustainability of 20 but noted that this risk could be reduced during the course of 2018/19 as performance against the QIPP and FIP targets is reported.

Matters discussed by the committee

2.1 Alliance Progress Report

The committee noted the performance of the alliance against the revised target for 2017/18 but recognised that the focus will now be on delivering the system changes planned to deliver the QIPP in 2018/19.

2.2 2017/18 outturn and CIP

It was pleasing to note that the Trust delivered against its control total for the year and over-delivered slightly against its CIP target. A change in PFI accounting (which is dealt with in the CFO's report) and some additional Winter monies led to a reduction in the deficit of a further £5.9m. Further bonus monies from NHSI have been received and those will further reduce the deficit for the year.

The committee thanked the finance team for the control that has been exercised over the finances and CIP target in 2017/18 despite significant under-delivery in the year against the QIPP target.

2.3 Reference Costs Submission

The committee noted the successful implementation of the PLICS system during the year and the plan to participate in the voluntary PLICS submission this year in parallel with the normal reference costs submission.

The reference costs submission will, in future, be replaced by a mandatory PLICS submission from 2018/19.

2.3 Long Term Financial Strategy Update

The committee received a presentation on the financial strategy in advance of the presentation to be given to the board on 26 April 2018. Amendments were suggested to the presentation and there was discussion as to how assurance will be gained on delivery of the financial strategy as the focus shifts from short term delivery to STP-wide system delivery over the medium term.

2.4 PFI Purchase Order

The committee approved a purchase order for £57m for the 2018/19 PFI costs in accordance with the Trust's commitments.

2.5 Endoscopy Maintenance Contract Renewal

The committee approved an extension of the maintenance contract for a further three years with the existing incumbent at a cost of £258,000 pa.