

Council of Governors

Subject:	Finance Committee Report		Date: 13 th August 2019	
Prepared By:	Neal Gossage, NED, Finance Committee Chair			
Approved By:	Neal Gossage, NED, Finance Committee Chair			
Presented By:	Neal Gossage, NED, Finance Committee Chair			
Purpose				
The Finance Committee met on 23 rd July 2019 and reports as follows.			Approval	
			Assurance	X
			Update	
			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	X	X	X	X
Overall Level of Assurance				
	Significant	Sufficient	Limited	None
	X			
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				
Board of Directors 1st August 2019				
Executive Summary				
<p>The following report provides Council with assurance regarding the actions of the Finance Committee, Brian Bacon and Kevin Stewart attended as Governor observers, the following are items of note:</p> <p>1.1 FIP 2019/20</p> <p>Whilst the Trust performed in line with forecast for Q1 and continues to forecast delivery of the control total for the year, FIP presents a considerable challenge and risk to delivery of the control total for 2019/20. Just £1m of FIP was delivered in Q1 and 60% of the savings achieved were non-recurrent. The target FIP for the full year is £12.8m and there is a residual risk of £5.27m in delivering that total.</p> <p>EY have been engaged to assist in delivering the FIP until 1 September 2019 following the secondment of the head of PMO. Part of the risk to delivery has now been mitigated but the possibility of retaining EY for a longer period will be explored during August. The risk in non-delivery of FIP will continue to be monitored and the impact on PR4 (Financial Sustainability) will be re-assessed as the year progresses.</p> <p>1.2 Five Year Financial Strategy</p> <p>EY were commissioned to review the draft strategy and presented their report to the committee. The report made a number of recommendations which will be incorporated into the financial strategy to be presented to the board. The report suggested that the finance committee should</p>				

focus on movements in the underlying deficit in the medium term on a regular basis rather than mainly on in-year performance. This is accepted but focus on delivery of the 2019/20 control total will continue.

1.3 Reference Costs Submission

The committee noted progress on the reference costs (and PLICS) submission. The draft has now been prepared and the CFO was authorised to approve the submission on behalf of the board. The submission will be reviewed at the next finance committee meeting.

Other matters discussed by the committee

2.1 Medical WLI Audit

The committee noted the actions being taken on the approval and authorisation of timesheets and data quality. Progress is being monitored by the Medical Taskforce.

2.2 Estates and Facilities Costs per WAU

The cost per WAU for the Trust (£657) is an outlier and does not compare well with the peer group median (£534) or Derby (£477). This is because the average for the Trust includes Newark and MCH (which have higher cost per WAU) and the configuration of the estate with large public areas/corridors and many single rooms. The space is under-utilised and a plan to improve the WAU will be developed in the new ICS Estates Strategy.

2.3 Nursing Spend above Band 8c

SFH has considerably higher costs for band 8c nursing and above and sits in the lowest quartile of equivalent trusts. Action is being taken to address this but further work is required to identify why SFH has more posts at this level than equivalent trusts.

2.4 Better Together Progress Report

The committee noted that the QIPP programme delivered savings of £2.0m at month 2 against a plan of £1.8m. There is a £1.8m risk of non-delivery of the QIPP for the full year.

2.5 NHIS

NHIS experienced a considerable increase in the number of calls received in Q1 and this led to a 'time to answer' performance of 119 seconds against a target of 80 seconds. Work is being carried out to avoid some of these calls where possible by, for example, allowing managers to reset passwords for their staff. The financial performance for NHIS remains on track to deliver the full year forecast.

2.6 Key Financial Systems Review

The report from 360 Assurance was noted together with the audit plan for 2019/20. The audit opinion provided significant assurance on the areas examined.

2.7 Board Assurance Framework

No changes in the risk ratings for PR4 or PR6 are proposed at present. However, the committee noted the considerable risk in delivery of the FIP for 2019/20 and the impact on the strategy for the next five years. This will be monitored in the next few months and changes to the risk rating will be recommended if appropriate.

2.8 Committee TOR and Work Plan

The committee approved relatively minor changes to the TOR and work plan for the committee. These are subject to board approval.

2.9 PSF and Capital Letters

Additional PSF (£569,000) for 2018/19 will be received by the Trust following finalisation of all trust submissions for 2018/19.

NHSI has asked all trusts to prioritise capital expenditure for 2019/20 and the capital control total for the ICS has been set at £70.5m. It is not anticipated that the capital allocation for SFH will change materially.