

Board of Directors Meeting in Public

Subject:	Finance Committee report to Board	Date: 9th January 2020		
Prepared By:	Neal Gossage, Chair of Finance Committee			
Approved By:	Neal Gossage, Chair of Finance Committee			
Presented By:	Neal Gossage, Chair of Finance Committee			
Purpose				
To update the Board with regard to the activities of the Finance Committee and highlight the key discussions			Approval	
			Assurance	x
			Update	
			Consider	
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
		x		
Risks/Issues				
Financial	Failure to work effectively across the system could have a detrimental impact on the financial performance of the Trust and the ICP/ICS			
Patient Impact	Inability to agree and implement seamless patient pathways could have a negative impact on our patient population			
Staff Impact	Failure to engage staff in new ways of working could delay the implementation of new processes			
Services	Inability to agree and implement seamless patient pathways could have a negative impact on our service provision			
Reputational	Lack of engagement in the ICP/ICS could result in negative publicity			
Committees/groups where this item has been presented before				
N/A				
Executive Summary				
The Finance Committee met on 17 th December 2019 and reports as follows:				
Matters to be brought to the attention of the board:				
1.1 Results for the eight months to November 2019				
<p>The Trust reported a deficit of £31.9m for the year to date (before PSF/FRF/MRET) - £3.3m worse than plan. This represents a significant worsening of the financial performance as the deficit was £1m worse than forecast at M7. The deterioration was caused by a significant deterioration in divisional performance coupled with non-delivery of the FIP.</p> <p>There is now considerable risk in non-delivery of the control total for the year. If the Q3 YTD forecast is not delivered, PSF/FRF payments of £6m are put at risk and if these payments are not received, the Trust will have to request an emergency loan of £7m to meet the operating costs of the Trust.</p> <p>In addition, the forecast FIP outturn for the year at £11.64m is £1.16m behind plan and the non-recurrent element is expected to be around 55%.</p>				

Given the on-going demands on the Trust, the risks to control total delivery have increased and the committee will seek further assurance when the forecast at month 9 is prepared.

The committee requested further assurance at M9 in respect of the forecast and it is recommended that the additional risk is reflected in the BAF (see below).

1.2 BAF

The committee monitors two of the risks in the BAF – PR4 (Financial Sustainability) and PR6 (Strategic Partnerships).

Having considered the forecast financial outturn, continued deterioration in the underlying deficit and assurances received, the committee recommends that the PR4 risk rating is increased from 15 to 20 (likelihood of 4 moving from 3 and consequence of 5 unchanged).

The committee awaits a report from the risk committee on strategic partnerships particularly in light of the deterioration in financial performance across the system. It is likely that the risk rating will have to be increased once the report is available.

1.3 Spend Comparison Service (Procurement)

The committee received a report from the Strategic Head of Procurement which compares the price paid for a 'basket' of products across NHS trusts.

The data show that Sherwood Forest ranks in the bottom 30 of all trusts and that there is therefore a significant opportunity to improve. However, the data (which are compiled by a third party) are misleading as not all trusts buy the same basket of products and special arrangements such as volume rebates paid retrospectively are not taken into account in the comparative data. Checks with other trusts have revealed a number of anomalies so the Strategic Head of Procurement is to assist with cleaning up the data and possibly suggesting an alternative approach as to how the data are compiled.

Until this work is completed the committee will not be able to assess with any degree of accuracy the opportunity to improve prices of bought in goods.

1.4 Electronic Prescribing and Medicines Administration (EPMA)

The committee considered the business case for EPMA and noted that the benefits mainly centre around patient safety rather than financial benefits. EPMA is part of a national initiative to improve the accuracy of prescribing and part of the funding for the project for SFH will be provided by NHSI for expenditure incurred in 2019/20 (£1.25m).

The committee approved the proposal but further approval by the Board is required in view of the size of the investment.

Other matters discussed by the committee

2.1 Financial Planning and Budgeting

Planning for 2020/21 is underway and the Trust is expected to submit its plans in accordance with the timetable set out by NHSI.

2.2 NHIS

The committee noted that the time to answer had improved in October and November 2019 and that the financial performance of NHIS is on track to produce a break-even result at the year end. NHIS is currently assessing resource requirements for 2020/21 in the light of anticipated projects in that year.

2.3 ICS/ICP update

At month 7, the ICS reported a net financial position variance of £8.7m. This was mainly attributable to larger than expected deficits in the CCGs, NUH and SFH. It is anticipated that this variance will be eliminated by the year end but that is predicated on the ICS members achieving their financial forecasts - there is a considerable risk of non-delivery (as noted for SFH above).

2.4 Workplan

The committee approved some minor changes to its workplan.

2.5 NHSI/E Update

NHSI/E has confirmed additional monies for three schemes aimed at increasing bed capacity, reducing length of stay and preventing corridor care. There is a very clear expectation of NHSI/E that these schemes will be delivered.