

Board of Directors Meeting in Public

Subject:	Finance Committee report to Board	Date: 7 th May 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				
<p>A virtual meeting of the finance committee was held on 27th April 2020 due to the Covid-19 restrictions. The meeting dealt with key financial matters including the financing arrangements and planning processes during the Covid-19 crisis.</p> <p>Matters to be brought to the attention of the board:</p> <p>1.1 Month 12 (Year-end) Performance</p> <p>The Trust reported a deficit for the year of £42.3m - £0.8m behind plan. However, the impact of Covid-19 on staff holidays meant that the Trust was not able to recalculate the annual leave accrual as planned. This would have amounted to a benefit of £0.8m so net of this adjustment – which qualified for ‘PSF Eligibility Cover’ - the Trust achieved its control total before PSF, FRF and MRET. The ICS also achieved its control total so PSF, FRF and MRET were earned for the year meaning that post these adjustments and the holiday pay accrual, the net control total was also achieved.</p> <p>The FIP target for the year (£12.8m) was also delivered but £8.1m (63%) of that total came from non-recurrent savings. This led to the underlying deficit being £12.1m worse than the full year plan.</p>				

Overall, this was an excellent achievement by the Trust and its finance team at a time when safety and quality standards were maintained and improved.

1.2 Covid-19 and 2020/21 Planning

As previously reported, the normal tariff used to determine income has been replaced by a form of block contract for the period April – July 2020. The income payments are based on the actual income for the period April 2019 to February 2020 adjusted for certain items such as inflation. In addition, a ‘top-up’ payment will be received to ensure that the Trust effectively breaks even for the first four months of the current financial year.

On top of this, NHSI/E will reimburse all reasonable revenue and capital costs during the Covid-19 crisis. The first claim for revenue cost support of just over £1m has been received. Costs associated with the indirect consequences of Covid-19 in 2019/20 have been reimbursed subject to an underpayment of £84k and a decision on the reimbursement of capital costs is awaited.

Estimates of Covid-related revenue and capital costs for 2020/21 have been provided to NHSI/E and these costs, if deemed to be reasonable, will be reimbursed. Capital projects with a value in excess of £250,000 need central approval. The Committee approved a business case for Integrated Operating Theatre (value £305,770) which will now be subject to the NHSI approval process.

Planning for 2020/21 has been suspended until the end of July 2020 and the Trust is awaiting guidance as how/whether planning will be required for the current financial year. In the meantime, 2020/21 budgets will be set based on last year’s performance plus inflation.

By the end of the financial year, the Trust will enter a ‘Reset’ period but it is not clear at this stage how that reset process will work or the impact of the process on the five year financial plan.

1.3 BAF

The committee discussed PR4 (Failure to achieve the Trust’s financial strategy). The risk score was inadvertently changed to 12 following a board workshop earlier this year so the committee agreed to adjust the score to 15 as previously agreed. The risk of failure during the Covid-19 period is quite low because of the support offered so the risk will be reviewed again in the middle of the year in the light of the deterioration in the underlying deficit and planning guidance issued in the post-Covid-19 period.

Other matters discussed by the committee

2.1 Telephone support and maintenance contract

The committee approved a switch to a new supplier for this contract following a tender process and detailed evaluation of the cost and quality offered by the tendering parties.

2.2 Committee Terms of Reference and Workplan

The committee approved the terms of reference and workplan for the current financial year. In view of the Covid-19 crisis and uncertainty over future planning requirements, the committee agreed to schedule an additional meeting in June.