

Board of Directors Meeting in Public - Cover Sheet

All reports **MUST** have a cover sheet

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|---|--|---|--|--------------------------------|
| Subject: | Report of the Finance Committee | Date: 7th October 2021 | | |
| Prepared By: | Neal Gossage, NED | | | |
| Approved By: | Neal Gossage, NED | | | |
| 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 | | | 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 | Limited | None |
| | | X | | |
| 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 | | | | |
| A virtual meeting of the Finance Committee was held on 28 th September 2021 due to the Covid-19 restrictions. | | | | |
| <u>Matters to be brought to the attention of the board:</u> | | | | |
| 1.1 M5 Performance and Transformation & Efficiency Plan | | | | |
| <p>The committee noted that the Trust reported a deficit of £0.23m for the year to date and is now forecasting a deficit of £1.3m for H1 - £1.3m worse than plan. The deterioration in the H1 forecast is due to a change in the ERF thresholds – ERF is calculated for the ICS as a whole. It is anticipated that ERF will continue into H2 but, at the time of writing, no H2 planning guidance has been received.</p> <p>Covid and increased ‘demand’ for emergency care continue to impact on performance and staff sickness/absence is higher than planned. That in turn, generates an increased requirement for bank/agency/locum staff. It is understood that for each 0.5% of Covid-19 related staffing unavailability additional costs of around £150k per month are incurred by the Trust.</p> <p>The FIP target was set at £10.14m for the year but the forecast has since reduced to £8.04m – a shortfall of £2.1m. Since the M5 report was prepared, further work has been carried out on this and it is anticipated that the shortfall for the year now will be around £1m.</p> | | | | |

The change in the forecast is largely due to a change in the ERF thresholds, a shortfall in transactional savings and the Primary Care Partnership which will now become part of the ICS programme. For the remainder of the year, the ERF performance will be highlighted separately from the remainder of the Transformation and Efficiency Plan to provide more clarity.

1.2 H2 Planning

It was anticipated that H2 planning guidance would be available on 23 September 2021 but it is now understood that it will be available in the w/e 1 October 2021. The working assumptions for the H2 plan still appear to be valid but formal confirmation is awaited.

Areas for focus are likely to be the elimination of 104ww, stabilisation of 52ww, continued elective recovery and outpatient transformation.

1.3 ICS Developments

The ICS is now forecasting a deficit of £7.5m for H1 (£7.5m worse than plan) of which £6.0m relates to NUH. This is due to the change in the threshold for ERF. It was also noted that some further funding may become available in H2 to accelerate the work on elective recovery.

1.4 BAF

The committee reviewed PR4 (Financial Sustainability) and, in the light of assurances given, accepted a proposed reduction in the consequence from Very High to High to bring the current exposure into line with the tolerable risk. This will be discussed by the board when the BAF is next reviewed.

Other matters discussed by the Committee

2.1 Procurement Forward View

The committee noted the updated report and was assured that some projects are progressing faster as the Trust moves to a more 'business as usual' approach.

2.2 PFI Contract Management

The committee noted the independent report produced as part of the Infrastructure and Projects Authority PFI Contract Management Programme.

2.3 Health Infrastructure Plan

The Trust has submitted an Expression of Interest for funding for a new purpose-built facility for Critical Care, Theatres and Sterile Services. The EOI, which has been acknowledged by NHSEI, outlines expected capital costs of around £60m.