

## Council of Governors

<b>Subject:</b>	Report of the Finance Committee	<b>Date:</b> 9th November 2021		
<b>Prepared By:</b>	Neal Gossage, NED			
<b>Approved By:</b>	Neal Gossage, NED			
<b>Presented By:</b>	Neal Gossage, NED			
<b>Purpose</b>				
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 Council of Governors	<b>Approval</b>			
	<b>Assurance</b>	X		
	<b>Update</b>	X		
	<b>Consider</b>			
<b>Strategic Objectives</b>				
<b>To provide outstanding care</b>	<b>To promote and support health and wellbeing</b>	<b>To maximise the potential of our workforce</b>	<b>To continuously learn and improve</b>	<b>To achieve better value</b>
				X
<b>Overall Level of Assurance</b>				
	<b>Significant</b>	<b>Sufficient</b>	<b>Limited</b>	<b>None</b>
		X		
<b>Risks/Issues</b>				
<b>Financial</b>	<b>Performance and financial forecasts</b>			
<b>Patient Impact</b>				
<b>Staff Impact</b>				
<b>Services</b>				
<b>Reputational</b>				
<b>Committees/groups where this item has been presented before</b>				
N/A				
<b>Executive Summary</b>				
<p>A virtual meeting of the Finance Committee was held on 26 October 2021 due to the Covid-19 restrictions.</p> <p><u>Matters to be brought to the attention of the board:</u></p> <p>1.1 M6 (Half Year) Performance</p> <p>The committee noted that the Trust reported a deficit of £1.86m for the half year – £1.86m worse than plan and £0.56m worse than the forecast at the end of M5.</p> <p>The deficit was mainly due to:</p> <ul style="list-style-type: none"> <li>- A higher number of Covid patients than expected coupled with higher staff absences</li> <li>- Failure of the ICS to meet the ERF target for the last two months of the half year when income for August had already been recognised. It should be noted that the ERF targets were changed during the first half of the year.</li> </ul> <p>The cost of emergency care has also increased over the last two months as a result of the additional activity in that department.</p>				

The transformation and efficiency plan delivered savings of £2.64m in the first half - £50k better than plan. The Trust is targeting to generate savings of £7.21m for the year but the current forecast falls short of target by £1.1m. Work is underway to identify further savings to 'plug the gap'.

The committee noted that underlying expenditure has gradually increased over the last 12 months from around £30.5m/month at the beginning of the period to £32.8m in September and asked for work to be undertaken to identify the cause of this and take corrective action.

Agency costs in September 2021 at £1.63m were the highest recorded since April 2020 at the start of the pandemic. This is due to workforce shortages (due to sickness/absence) and a high vacancy rate – particularly for Band 5 nurses.

Overall, the Trust had an acceptable result for the first half of the year given the reasons for the variance to plan were largely outside the control of the Trust.

## 1.2 H2 Planning

The planning guidance for H2 was published on 30 September 2021 and a final plan submission (by the ICS) is due to be delivered by 16 November 2021. An interim submission dealing with activity and performance (recovery and winter capacity) was delivered on 14 October.

Work is now being carried out to finalise the financial aspects of the plan together with risks and mitigations. Workforce availability continues to be a significant risk.

The Trust also delivered a Targeted Investment Fund (TIF) plan on 14 October setting out capital requirements to support the ERF activity. This will also form part of the final H2 plan submission.

There will be further discussions at Board regarding the H2 plan.

## 1.3 BAF

The committee noted the revisions to PR4 following the changes proposed at the last finance committee meeting. No further changes are considered necessary to the BAF at this stage.

### Other matters discussed by the Committee

#### 2.1 Procurement Forward View

The committee noted the updated report and was assured that some projects are now progressing faster than first thought. The report will be developed to cover aspects of contract management as well as procurement.

#### 2.2 NHIS Governance and Infrastructure

Following an internal audit report, the committee noted the actions and the options for the way SFH interacts with NHIS. This will be considered further following the appointment of a Chief Digital Information Officer.

#### 2.3 NHIS Performance and MIG Approval

NHIS generally performed in line with its operational targets for H1 except for the Time to Answer (TTA) which was slightly worse than plan. From a financial perspective, NHIS reported a break-even position for H1 and is expecting to produce a break-even position for the full financial year.

The committee also reviewed and approved an extension to the Medical Interoperability Gateway (MIG). This allows sharing of a subset of patient data around Nottinghamshire.

#### 2.4 Strategic Objective 5

The committee received an update on the plan to Achieve Better Value including delivery of a three- year Transformation and Efficiency Programme. Due to the disruption to the NHS over the last 18 months or so, the first year of the plan will now be 2022/23.

#### 2.5 National Cost Submission

The committee noted progress on the submission and the difficulties posed in separating costs relating to Covid. In view of that, the deadline for submission of the data has been put back to 26 November 2021.

#### 2.6 PFI Governance

The committee noted the update and ongoing work to improve the performance of the hard and soft FM providers.

#### 2.7 Terms of Reference for Internal Audit reports on Financial Systems and Stock Management

The committee reviewed and approved the terms of reference for this work to be conducted by 360 Assurance.