

## Council of Governors

<b>Subject:</b>	Report of the Finance Committee	<b>Date:</b> 8 <sup>th</sup> February 2022		
<b>Prepared By:</b>	Richard Mills, Chief Financial Officer			
<b>Approved By:</b>	Richard Mills, Chief Financial Officer			
<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>				
A virtual meeting of the Finance Committee was held on 25 January 2022 due to the Covid-19 restrictions.				
<u>Matters to be brought to the attention of the Council of Governors</u>				
1.1 M9 Performance and Forecast				
The committee noted that the Trust reported a deficit of £5.0m for the year to date to the end of Quarter 3 – £3.4m worse than plan.				
The forecast for the full year has been adjusted to a deficit of £13.7m. A forecast risk range has been identified from a best-case deficit of £8.7m to a worst-case deficit of £14.4m.				
This forecast reflects the heightened operational pressures experienced since the onset of the Omicron variance, and the subsequent impact on ERF income and operating expenditure. No further ERF is expected to be achieved by the system for the remainder of the financial year. In addition, Covid costs to cover increased staffing unavailability and additional surge capacity are expected to be higher than planned. The adjusted forecast has been discussed and confirmed with NHSE/I.				

## 1.2 Financial Planning

Planning guidance was published by NHSE/I on 24 December 2021 and draft technical guidance published on 14 January 2022. The guidance states that ICS planning submission dates are 17 March 2022 for the draft plan and 28 April 2022 for the final plan.

The guidance recognises the uncertainty around Covid-19 variants, transmission patterns and consequent demand on the NHS. The objectives within the planning guidance are based on Covid-19 returning to a low level and NHSE/I will keep these under review as the pandemic evolves.

The plan for 2022/23 will be prepared and submitted by the ICS with a focus on activity and performance as well as people and finance. The Trust is working with ICS partners to finalise the system planning timetable.

Internally, the Trust has continued to develop plans and divisional and corporate confirm & challenge sessions have been planned for 28 January 2022.

There are still some elements of the guidance to be finalised by NHSE/I, including the final financial allocations and detailed guidance in respect of ERF.

## 1.3 NHIS Approvals

In accordance with the Scheme of Delegation the committee reviewed and approved four business cases in respect of NHIS systems, which were all within the delegated limits of the committee.

- The replacement of the NHIS Service Desk platform with a new ITSM solution from Ivanti. This allows greater level of collaboration across the ICS and provides the best fit from a financial and functionality point of view. The contract will take the form of 3+1+1 and cost £440k inclusive of VAT, for which funding has been fully identified.
- The expansion of Virtual Desktop Integration (VDI), which ensures clinicians can access the right information, at the right time, in the right place. This will support SFH in readiness for the new EPR system (Electronic Patient Record) and allow the CCG to support GP practices in business continuity. The purchase of additional servers and licences will cost £915k and is fully funded through successful bids made by SFH and the CCG to the Unified Technology Fund.
- The replacement of the Virtual Private Network (VPN) solution, due to the current solution nearing the end of its life. The new solution ensures compliance with the requirements of the National Cyber Security Centre and will support increased levels of flexible working. The costs of £422k will be covered by funding secured through Cyber Security bids.
- The purchase of laptops and PCs for the Trust and CCGs through the End User Devices (EUD) Pooling Scheme. This helps to mitigate risks relating to the international silicone chip shortage and will enable delivery of required kit to support the rolling replacement programme. Sufficient funding for the costs of £615k has already been identified in the Trust's capital expenditure plan and CCG budgets.

## 1.4 BAF

The committee reviewed the risk rating of Principal Risk 4 and recommended a change to the 'likelihood' score to high. Although the reported deficit is largely due to factors external to the Trust (including the access to ERF funds and the ongoing pandemic) it was noted that there may be a higher chance of regulatory action given the change to the forecast deficit at Q3.

The proposed change would result in an overall score of 16 in relation to Principal Risk 4.

Other matters discussed by the Committee

2.1 EPR Business Case

A verbal update on progress of the Electronic Patient Record (EPR) business case was provided. It is expected that the case will be reviewed at the March committee meeting. Discussions with NHSE/I on the regulatory approval process and timescales are ongoing.

2.2 ICS/ICP update

The committee received an update on the performance of the system at month 8 and noted that a deficit of £10.3m was reported for the year to date. The confirmed ICS position for Month 9 was due to be reported at the end of January.

2.3 Procurement Forward View

The committee received the forward view and noted the significant procurement projects in the pipeline for the next twelve to eighteen months.

2.4 Private Patient Pricing Policy

The committee received details of a review undertaken on the mechanism for charging private patients. The steps taken to simplify the process were welcomed and the committee supported the proposal for discussions at a system level on the future provision of private patient activity.

2.5 NHSEI Update

Updates were noted in respect of the 2021/22 financial year-end and the planning process for 2022/23.

2.6 PFI Governance

The committee noted progress in respect of the PFI contract, including the establishment of workstreams and progress in respect of capital scheme delivery.

2.7 Finance Committee Annual Report

The annual report for the calendar year 2021 was reviewed and discussed. This provides a description of activities and assurance that the committee has carried out its obligations in accordance with the terms of reference and the annual work programme. The committee approved the report.

2.8 360 Assurance Report

360 Assurance have produced a report on the integrity of the general ledger and financial reporting. The report provided significant assurance. One low risk action was agreed and is expected to be completed by 31 January 2021.