

# Board of Directors

# Report

**Subject: Finance Committee**  
**Date: 24<sup>th</sup> February 2016**  
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## Executive Summary

The Finance Committee met on 23 February 2016 and this report summarises the key points and assurance received at the meeting.

## Performance to January 2016 (10 months)

The performance is summarised in a board paper and the key points are:

- . Deficit of £42.8m - £7.6m (22%) worse than the original plan but £2.2m better than the forecast submitted to Monitor in September 2015
- . CIP delivery 6% ahead of plan and expected to be £6.8m for the full year (5% ahead of plan)
- . Significant overspends against budget on medical pay and nursing pay coupled with a net increase in nurse vacancies.

## Expected Outturn 2015/16

- . The full year deficit is expected to be around £53.3m and a further £10.0m of cash support is required in the last quarter of the year. Assurance was received that the expected deficit is within the range highlighted by PWC in its review (£52.9m-54.3m)

## 2016/17 Budget

- . There is a planned deficit of £41.2m including £12.6m of CIPs and £10.3m from the Sustainability and Transformation fund. CIP plans with a value of around £6.5m are in place but the 'gap' needs to be bridged to provide assurance on CIP delivery next year. It is expected that around £10m of next year's CIPs will be planned in detail by the end of March. A bed modelling exercise carried out recently shows that around 60 beds can be released next year as a result of a reduced length of stay in key specialties. A focus will need to be maintained on CIP delivery next year alongside the QIP and LTP work to ensure delivery of this important element of the plan.
- . There was little assurance that the number of nurse vacancies is known with any accuracy and that the plan for nursing costs is therefore reliable.
- . Further assurance is also required on the performance conditions attached to the Sustainability and Transformation fund and the arrangements for drawing down cash from the fund are yet to be finalised.
- . The clinical income budget is subject to further refinement and negotiation.
- . The final 2016/17 budget will be finalised for submission to the Finance Committee on 29 March 2016 and approval by the Board at its meeting on 31 March 2016.

<b>Recommendation</b>	
The Board is invited to receive and note the report from the Finance Committee.	
<b>Relevant Strategic Priorities (please mark in bold)</b>	
To consistently deliver a high quality patient experience safely and effectively	To develop extended clinical networks that benefit the patients we serve
To eliminate the variability of access to and outcomes from our acute services	To provide efficient and cost-effective services and deliver better value healthcare
To reduce demand on hospital services and deliver care closer to home	

<b>How has organisational learning been disseminated</b>	
<b>Links to the BAF and Corporate Risk Register</b>	
<b>Details of additional risks associated with this paper</b> <i>(may include CQC Essential Standards, NHSLA, NHS Constitution)</i>	N/A
<b>Links to NHS Constitution</b>	
<b>Financial Implications/Impact</b>	
<b>Legal Implications/Impact</b>	
<b>Partnership working &amp; Public Engagement Implications/Impact</b>	
<b>Committees/groups where this item has been presented before</b>	
<b>Monitoring and Review</b>	Reported quarterly to the Finance Committee and Board of Directors for information.
<b>Is a QIA required/been completed? If yes provide brief details</b>	N/A