

# Public Board Meeting

# Report

**Subject: Finance Committee Update**

**Date: 7<sup>th</sup> September 2016**

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## **Executive Summary**

Finance Committee report to the Board

The finance committee met on 23 August 2016 and has the following matters to escalate to the board:

### Financial Performance (July Month 4)

EBITDA (deficit) for the month of July was £80k (2%) worse than plan but was £460k (3%) better than plan for the year to date. Capex is underspent by £1.5m in the year to date with expenditure partly being delayed to allow capex plans to be merged with those of NUH. There are ongoing concerns about overspends on agency nursing pay costs and increasing overspends on medical pay.

CIPs fell behind plan for the first month this year but are 23% better than plan for the year to date.

The CIP target increased in July and continues to increase towards the end of the year. The risk adjusted CIP forecast as at month 4 is £7.34m against a full year target of £12.6m. Schemes need to be identified (mainly in the divisions) and there is some risk in the target given the amount of work required to complete the merger. There is limited assurance that the gap can be bridged by non-recurrent schemes.

### Nursing Pay Costs

The committee received a detailed report from the chief nurse on phase 1 of the establishment and acuity review. This has empowered matrons and sisters to control costs at ward level and has resulted in a real focus on KPIs at ward level. Whilst costs will not be reduced as a result of the work, the work has averted possible cost increases of up to £2m.

Implementation of the second phase of the project will wait until a similar review has been carried out by NUH by December so that controls can be implemented across the merged trust. The committee was assured that much better controls are in place over nursing pay.

### Risk

The forecast deficit for the year (£41.2m) is in line with plan but it assumes full delivery of the CIP target and receipt of all the sustainability and transformation funds. The ED 4 hour wait target (95%) may not be achieved in Q2 but a 1% tolerance for Q2 in the S&T funding should ensure that the full S&T funding is received in Q2.

The CFO will prepare an analysis of the risks in the forecast for the next finance committee meeting at the end of September.

<b>Relevant Strategic Priorities (please mark in bold)</b>	
Ensure the highest standards of safe care are consistently delivered by, and for, individuals, teams and departments	Ensure that patients experience the very best care, building on good practice and listening and learning from both negative and positive feedback and events
Provide timely access to diagnosis, treatment and care when people need it and safely reduce the time patients spend in hospital	Raise the level of staff engagement through strong leadership, communication, feedback and recognition
Reduce the scale of our financial deficit by reducing costs, improving utilisation of resources and productivity, and achieving best value for money	Work in partnership to keep people well in the community, and enable them to return as soon as they are ready to leave hospital
Develop and implement a programme of work in conjunction with Nottingham University Hospital NHST to create a new combined organisation	

<b>How has organisational learning been disseminated</b>	
<b>Links to the BAF</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>	