

Board of Directors Meeting in Public - Cover Sheet

Subject:	Finance Committee Report		Date: 20 th December 2018	
Prepared By:	Neal Gossage, NED, Finance Committee Chair			
Approved By:	Neal Gossage, NED, Finance Committee Chair			
Presented By:	Neal Gossage, NED, Finance Committee Chair			
Purpose				
The Finance Committee met on 18 th December 2018 and this paper summarises key matters discussed and matters to be brought to the attention of the board.			Approval	
			Assurance	X
			Update	
			Consider	
Strategic Objectives				
To provide outstanding care to our patients	To support each other to do a great job	To inspire excellence	To get the most from our resources	To play a leading role in transforming health and care services
X	X	X	X	X
Overall Level of Assurance				
	Significant	Sufficient	Limited	None
N/A				
Risks/Issues				
Financial	N/A			
Patient Impact	N/A			
Staff Impact	N/A			
Services	N/A			
Reputational	N/A			
Committees/groups where this item has been presented before				
N/A				
Executive Summary				
Matters to be brought to the attention of the board:				
1.1 System-wide working				
<p>The committee noted that the pain relief bid had not been successful and this prompted a debate as to whether intentions of system-wide working are feeding into actions and behaviours. The effect of this decision leaves some residual cost in the system. The QIPP plan was 'off track' in Q2 and is expected to be 'off track' in Q3 as well.</p> <p>Planning for 2019/20 is now underway and it is essential that QIPP plans are shared amongst system members and that all affected parties within the system buy into the plan and any related activity targets.</p>				
1.2 Full year out-turn and FIP/FRP target				
<p>SFHT performed in line with forecast in month 8 and reported a pre-PSF deficit of £33.4m for the year to date. EY has been supporting the Trust in delivery of the FRP programme but the plan is mainly expected to deliver savings in the December 2018 – March 2019 period. At P8, the FRP was assessed and is currently carrying a risk of £0.78m. This will be reassessed when the P9 results are known and a further risk rating will be carried out on the expected outcome.</p>				

1.3 BAF

The committee reviewed principal risks 4 and 6 and does not recommend a change to the risk ratings at this stage. PR4 will be considered again at the January committee meeting in light of delivery against the FRP in Q3.

360 Assurance is conducting a review of the risk of a system failure and the willingness of SFHT to participate fully in system working. Although no change to the risk rating for PR6 is proposed at this stage, the risk will be reviewed again in the light of the internal audit report.

1.4 EY Outturn assessment

EY will be reporting in January 2019 on their assessment of the projected 2018/19 outturn as the system moves towards a single financial plan for the ICP. The committee hopes to receive further assurance from that report but also considers that active participation in the ICP by key SFHT executives will help to secure the validity of an ICP financial plan for next year. This could be achieved by the appointment of the CEO, MD and CFO into key roles in the ICP.

1.5 Electronic Prescribing and Medicines Administration

The committee reviewed the outline business case and agreed with the recommendation that this should now move to a full business case subject to board approval. The system will improve patient safety by avoiding over-prescribing or mis-prescribing but will result in a cost for the Trust from next year mainly resulting from capital amortisation costs. It is anticipated that approximately half the cost of the system can be met from additional central funds from NHSI.

1.6 Microsoft licencing

The committee authorised the purchase of new Microsoft licences (for PCs and servers) subject to board approval. The previous Enterprise Wide Agreement ended in 2010 but the Trust has procured licences since then on the same terms.

Licences now need to be upgraded because both Windows Server and PC systems will not be supported from 2020 and importantly, will not receive security updates. This could leave the Trust open to further cyber-attacks and Trusts can be fined over £10m for failing to make proper cyber security arrangements.

The proposal is to enter into a new three year Enterprise Wide Agreement but further discussion is required to ascertain which users can use online versions of Office and which users need to download the full version. Hardware upgrades may also be required and these are currently being assessed.

The committee supports the proposal subject to board approval.

Matters discussed by the committee

2.1 Procurement Forward View – Horizon Scanning

The committee received an update on what contracts are due for renewal in the foreseeable future and the procurement options available to the Trust.

2.2 Better Together Progress Report

The committee received the latest Better Together Progress Report and noted that delivery of the QIPP was 11% behind plan. The plan is backend loaded so it is not anticipated that it will deliver

the savings planned for this year. As noted above, it is expected that there will be much closer cooperation between providers and commissioners next year so that, for example, volume reduction targets can be jointly assessed to be realistic and achievable.

2.3 EY Summary Report

The committee reviewed the EY report and noted the improvements made in most areas of control and governance over the FIP/FRP process. EY also noted that the Trust needs to move to a greater focus on delivery rather than reporting and, in the light of the fact that the Trust is reporting a loss of around £1m each week, inject more pace into FRP activity. It is important that SFHT takes on the overall management of the FRP programme now that EY has largely scaled down its support.

2.3 Financial Planning

Planning for 2019/20 has commenced but at the time of writing, the control total for 2019/20 has not been communicated by NHSI. Initial planning will centre on activity planning but an outline timetable has been produced to complete the planning cycle in the new year.

2.4 Reference Costs

The reference costs from submissions made earlier this year have now been analysed and the Trust has a reference cost index of 104 – the same as last year. There is considerable variation over different areas which will now be investigated. It was disappointing to note that Derby (a similar PFI Trust) had a reference cost index of 99 so that demonstrates the opportunity SFHT has to improve its performance in this area.

It was noted how successful the PLICS implementation has been and how that will provide a much better understanding of cost drivers – particularly marginal costs when activity is increased or reduced or when services are introduced or stopped.

2.5 Investment Governance Group

The committee noted the report of the group.

2.6 Windows 10 Deployment Resources

The committee noted the need to roll out Windows 10 across the Trust as Windows 7 will not be supported much longer and that presents a security risk to the Trust. This will require engineers to be on site to convert four computers each per day.