

Board of Directors Meeting in Public - Cover Sheet

Subject:	Finance Committee Report		Date: 6 th June 2019	
Prepared By:	Neal Gossage, NED, Finance Committee Chair			
Approved By:	Neal Gossage, NED, Finance Committee Chair			
Presented By:	Graham Ward, NED			
Purpose				
The Finance Committee met on 23 rd May 2019 and reports as follows.			Approval	
			Assurance	X
			Update	
			Consider	
Strategic Objectives				
To provide outstanding care	To promote and support health and wellbeing	To maximise the potential of our workforce	To continuously learn and improve	To achieve better value
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 Divisional Control Total Delivery 2019/20				
<p>A review of the divisional control totals has been carried out by the CFO and the COO as requested by the committee. This review identified a risk of £16.5m in delivering the control total with 67% of that risk being in the Medicine and Surgery divisions. The risk has been further categorised by 'cause' with £6.88m being attributable to potential under-delivery of FIP. Risk has also been identified in the system not delivering reductions in activity in line with plan (£3.31m) and additional pay spend resulting from increased activity (£4.55m).</p> <p>There are potential mitigations in place including for example, additional income resulting from increased activity. The divisions have accepted their control totals and the PMO will work to assist in the delivery of the cross cutting workstreams to mitigate the risk.</p> <p>The finance committee will receive regular updates and track progress on the mitigation of these risks.</p>				
1.2 FIP 2019/20				
<p>In month 1, £82k of FIP was delivered against a month 1 target of £323k. Under the best case scenario, FIP delivery by the year end is expected to be £5.24m against a plan of £12.8m. In addition, there are a number of small schemes within this projection but no large or transformational schemes. Progress has been made in converting ideas into projects but the Trust is still lacking ideas to deliver the target.</p>				

The FIP panel will continue to meet on a regular basis and the Finance Committee will consider whether a FRP will again be required if the FIP programme does not deliver much better results in the next two months.

1.3 Medical Pay WTE analysis

As requested by the committee, the medical director carried out a review to understand why the number of WTEs worked was 51.8 above plan in 2018/19. The report presented to the committee highlighted a number of reasons including a shortage of doctors in some areas (e.g. Geriatrics), winter plans and WLIs.

These have been acted on and the number of WTEs worked above plan in April 2019 amounted to 28.24 – a big improvement in the position during the last financial year. Further work is being carried out to reduce this further but some areas will not be resolved in the short-term – notably vacancies in Geriatrics at KMH.

The committee thanked the medical directorate for the work carried out and noted the plans in place to improve the position further.

Other matters discussed by the committee

2.1 Month 1 Finance Report

The deficit in month 1 at £5.46m (before PSF) was £0.18m better than plan despite the significant shortfall in FIP delivery as noted above.

2.2 Finance Committee Terms of Reference and Workplan

The Terms of Reference were updated to no longer include the Director of Strategic Planning and Commercial Development as a member following the secondment of the incumbent to the ICP. The Workplan was similarly amended – both being subject to board approval.

2.3 D&O Radiology Outsourcing Contract renewal

The committee approved the transfer of the contract to GE, the change having previously been approved by the Executive. This gives a positive financial impact of £36k over the three year life of the agreement.