

Council of Governors

Subject:	Finance Committee report to Board	Date: 12th November 2019		
Prepared By:	Neal Gossage, Chair of Finance Committee			
Approved By:	Neal Gossage, Chair of Finance Committee			
Presented By:	Neal Gossage, Chair of Finance Committee			
Purpose				
To update the council of governors with regard to the activities of the Finance Committee and highlight the key discussions			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
		x		
Risks/Issues				
Financial	Failure to work effectively across the system could have a detrimental impact on the financial performance of the trust and the ICP			
Patient Impact	Inability to agree and implement seamless patient pathways could have a negative impact on our patient population			
Staff Impact	Failure to engage staff in new ways of working could delay the implementation of new processes			
Services	Inability to agree and implement seamless patient pathways could have a negative impact on our service provision			
Reputational	Lack of engagement in the ICP could result in negative publicity			
Committees/groups where this item has been presented before				
Executive Summary				
<p>The Finance Committee met on 29th October 2019. The meeting was quorate. The minutes of the previous meeting were accepted as a true record and the action tracker updated, no declarations of interest were recorded.</p> <p>The council of governors is asked to accept the content of the Finance Committee Report and the items for note highlighted below:</p> <p>Results for the six months to September 2019</p> <p>The Trust reported a deficit of £23.18m for the year to date - £0.2m better than plan. This was after a one-off release of 2018/19 accruals totalling £1.92m and despite ED attendances being 6.7% above plan and non-elective work being 7.2% above plan.</p> <p>The FIP delivered savings of £4.77m in the half year which was broadly in line with plan but 62% of those savings were non-recurrent.</p> <p>The full year deficit forecast remains in line with plan but there is considerable risk in delivery of the full year FIP. The residual risk in the FIP is £3.8m including £2.2m relating to the outpatients transformation project (which was formerly in the QIPP).</p>				

Underlying position

The full year underlying deficit increased by £6.22m to £46.99m in September. This was mainly caused by the high level of non-recurrent FIP in the first half of the year.

The deterioration in the underlying deficit could lead to the opening position for 2020/21 financial plan having to be restated and that could in turn prevent the five year plan being delivered. Work is now underway to close FIP 'gap' and ascertain whether some of the non-recurrent FIP savings reported can be converted to recurrent savings.

A secondee from EY continues to assist in delivering the FIP and is managing the PMO team.

Planning and Budgeting 2020/21

Following the submission of a draft 5 year system plan in September, the Trust is required to submit a final plan in November 2019. Financial Improvement Trajectories have now been issued by NHSI/E but further work is required to establish whether the Trust can meet the targets. The deterioration in the opening position for 2020/21 (as noted above) provides concern in relation to the delivery of the 5 year plan.

From 2020/21, the tariff deflator will reduce to 1.1% and MRET will be available to the Trust continuously.

The Trust will align projected increases in the volume of patients treated with the CCG and will ensure that the volumes projected are consistent with those included in the ICP and ICS plans.

Strategic Objectives

A draft ICS 5 year plan was submitted in September 2019 and the board is required to endorse the final draft plan in November 2019. The 5 year plan will provide a basis for operational planning in 2020/21. The plan will be based on an activity demand model developed by the CCG and planning assumptions will be consistent throughout the ICS.

The plan recognises considerable risk in the ICS as a result of underlying deficits across the member organisations, under-delivery of productivity and efficiency improvements and continual demand pressure.

Work is underway to develop the SFH plan and mitigate risks where possible in the context of the ICS five year plan.

PFI and space usage

Management of contract performance is on-going to ensure delivery of services is met.

The Estates and Facilities department has carried out some work to understand how underutilised space can be better utilised across the Trust. Some changes have already been made (eg the move of Community Paediatrics) and further work will be carried out with a view to optimising use of the space within the Trust.

BAF

The committee reviewed PR4 (Financial sustainability) and PR6 (Breakdown of strategic partnerships).

After considerable discussion, the committee agreed to leave the risk unchanged for PR4. However, it is recognised that the deterioration in the underlying position of the Trust (as noted above) creates considerable additional financial risk not just in 2019/20 but in 2020/21 and beyond. The committee will review the position again when the Q3 results are available and the 2020/21 planning process is underway. The committee will also review how many of the non-recurrent FIP savings can or have been 'converted' to recurrent savings in deciding whether the PR4 risk rating should be increased prior to the end of the financial year.

The committee also reviewed PR6 and agreed to refer the matter to the Executive and for the Executive to report back to the committee at its next meeting.

Other matters discussed by the committee

Newark Business Case for Orthopaedic Surgery

The committee discussed the proposal to carry out elective orthopaedic work at Newark and the impact that could have on the volume of work carried out in winter as a result of surgical beds at KMH being used for medical patients.

The committee supported the proposal in principle but referred the matter to the Quality Committee to confirm that a QIA had been carried out and that the change proposed is safe for patients who could deteriorate during surgery.

NHIS

The committee considered the quarterly report and noted that the time to answer metric has not yet reached the required level. NHIS is forecast to achieve its break-even position by the end of the financial year.

ICS/ICP update

The committee reviewed the ICS consolidated financial report and noted that the Month 5 ICS (NHS) deficit at £43.2m was £1.4m worse than plan. The forecast full year position shows the deficit being £2.0m better than plan. Although the ICS (NHS) savings are broadly in line with plan at Month 5, a deficit on the savings plan of £17.1m is forecast by the year end. The CCGs are under significant pressure as a result of, inter alia, increases in the number of patients treated.

EY final report

The committee noted the final report and accepted the recommendations in it.

Committee Workplan

The committee approved the updated workplan.

NHSI Update

The CFO updated the committee and noted that the Midlands region financial position is under pressure with several organisations reporting significant levels of risk in their reports. Organisations reporting significant financial risk will have a series of Regional Review Meetings to review their financial position.