

Board of Directors Meeting in Public

Subject:	Finance Committee report to Board	Date: 6th February 2020		
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 Board 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/ICS			
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/ICS could result in negative publicity			
Committees/groups where this item has been presented before				
N/A				
Executive Summary				
The Finance Committee met on 27 th January 2020 and reports as follows:				
Matters to be brought to the attention of the board:				
1.1 Planning and Budgeting				
Work is underway to prepare the 2020/21 budget but, at the time of the committee meeting, the Trust was awaiting planning guidance from NHSI. This has since been received and the impact of it will be assessed before the next committee meeting.				
SFH has seen its underlying deficit increase by nearly £10m since the beginning of the current financial year and has failed to deliver its FIP target on a recurrent basis for the last two financial years. This will present challenges as the 2020/21 plan is prepared.				
The guidance includes, inter alia, a much greater emphasis on the system (ICS) performance and it looks likely that at least 50% of the FIP plan for 2020/21 will depend on system performance. The ICS has not delivered its plans for the last two years so this change represents a further challenge for SFH.				

The initial draft plan for 2020/21 will have to be submitted to NHSI by early March 2020 so it will be discussed at the next committee meeting.

1.2 Medicine Division

The committee received a report on the performance of the Medicine division for the current financial year. The performance of the division has deteriorated in the year for a number of reasons including:

- Pressures resulting from the pensions earnings cap for consultants resulting in fewer sessions being worked
- Staff vacancies – the division currently has 28 medical staff vacancies
- Increased sickness in the division resulting in £270,000 of additional cost

The division did flag a risk of £7.3m in delivering its surplus at the start of the financial year but the impact of the matters identified above and mitigating actions taken have resulted in the surplus for the division now forecast to be £25.6m - £4.2m (14%) short of plan. This has a significant impact on the overall deficit forecast for the Trust.

1.3 PFI

Discussions are ongoing in relation to the hard and soft FM services provided to the Trust against the service specifications. The outcome of the discussions will be reported to the board once a conclusion has been reached.

1.4 Month 9 Financial Performance

The Trust reported a deficit of £32.8m before PSF, FRF and MRET and continues to forecast to achieve a full year deficit of £41.5m on the same basis. FIP delivery is expected to fall short of plan by £1m by the year end. The year-end forecast can only be achieved if further non-recurrent schemes are identified but plans are in place to identify and achieve those savings.

Other matters discussed by the committee

2.1 Mobile CT Contract

The committee approved the contract as it is part of NHSE's national cancer screening programme. The cost (£2.5m) will be met by NHSE. The plan will be rolled out over a number of years as the initiative is likely to reveal more early stage cancers which will put additional strain on the Trust.

The contract is subject to full approval by the Board.

2.2 BAF

Changes proposed to PR4 by the committee at the last meeting have not been incorporated in the BAF yet as the change is subject to further discussion by the board. Some changes to the plans to improve control were made for PR4 and PR6.

2.3 ICS/ICP update

At month 8, the ICS reported a deficit £10.4m worse than plan - this represented a worsening of £4.5m in the month. Although the full year forecast deficit is expected to be slightly better than plan at month 8, the position will be subject to further review by the ICS organisations' CFOs.

2.4 Terms of Reference

The committee approved some minor changes to its Terms of Reference.