

Board of Directors' Meeting Report – 5 August 2015

Agenda item 85/15

Title	Finance and Investment Committee (FIC) – Update Report
Sponsoring Director	David Parkins – Non ~Executive
Authors	David Parkins – Non ~Executive
Purpose	To update the Trust Board on the meeting of the FIC held on 24 June 2015
Previously considered at	N/A
<p>Executive Summary This paper summarises the issues considered at the meeting. Matters discussed included:</p> <ul style="list-style-type: none"> • Month 2 Board Finance Report • Financial Recovery Plan including the Transformation plan • Consideration of 3 projects that include capital expenditure • BAF Risk Review - Risk 4 	
Related Trust Objective	2. Sustainability – Keep the Core Strong
Related Risk	Objective 3 Sustainability - keep the core strong Risk 3. Uncertainty about commissioning changes Risk4. Financial pressures prevent delivery of strategic objectives
Legal implications / regulatory requirements	Additional scrutiny of Finance issues, Monitor's FRR
Quality assessment impact	QIA's are applied to the financial recovery plan actions and to all CIP programmes
Equality assessment impact	As far as can be considered this paper has no detrimental impact for the 8 protected characteristics under the Equality Act 2010
<p>Recommendations: The Board is asked to receive assurance therefrom</p>	

Report from the Finance and Investment Committee

Background

The purpose of the Committee is to provide the Board with an objective review of the financial position of the Trust and oversee the delivery of financial performance. This report sets out the issues considered at the January meeting.

Board Finance Report/Recovery Plan/Transformation Plan

The Committee reviewed the Month 2 results for the Trust.

The key points were:

- There was a deficit of £1.3m in May (versus the planned deficit of £1.1m) which increased the cumulative deficit to £2.6m against a planned deficit of £2.5m.
- Cash balances at £8.6m are marginally ahead of plan.
- The Trust's Continuity of Service Risk Rating (CoSRR) is 1.

The Committee discussed in detail financial position together with the transformation plans and noted:

- Pay expenditure in May was below plan and lower than the last 2 months.
- Agency spend was reduced to 1,163k in May.
- The transformation programme delivered £941k of savings which was on plan, albeit with some underperforming projects
- Clinical income was below plan in the month

The Committee requested that improvements be made to the reporting of progress on the transformation plan and also on over and under performance in the operational budgets. The Committee also requested further assurance that the governance of the transformation plans is effective. Further reports were requested for the Board Development Day and Board meeting following the Committee meeting.

The Committee also discussed the reporting of income, particularly the process for the construction of the management accounts. Improvements to the presentation of information were requested to enable the Committee to be assured on the level of income and the relationship with activity reporting.

The Committee noted that Monitor do not require a 5 year plan from the Trust.

Capital Expenditure proposals

Updates on the Nerve Centre and Mid Essex Radiology Centre projects were provided to the Committee.

The Nerve Centre project is part of the on-going Information and Technology strategy which sets out a vision of moving towards digitalised patient health care records.

The Committee noted that the Nerve Centre Business case was approved at Executive Committee level and was proceeding. Confirmation is being sought that the approval did not contravene authority levels.

The Mid Essex Radiology Centre proposal to build one single Linac at Broomfield Hospital to deliver up to 12,000 fractions per year was discussed. A further update will be provided to the September Committee meeting.

The Combined Heating and Power System project, to install a CHP system on the main hospital site was considered. CHP involves self-generating electricity by means of a gas fired heat engine connected to an electrical generator. A full business case will come back to the Committee in due course. Approval was given to proceed to apply for available finance on a statement of intent basis

BAF Risk Review – Risk 4

The Committee reviewed Risk 4 (Deteriorating Financial Position) together with a description of the controls that have been put in place and agreed that the risk rating should be reduced from 25 (5x5, likely and severe) to 15 (possible and severe).

Recommendations

The Board is asked to note the report and the assurance conclusions.