

Board of Directors' Meeting Report – 28 February 2017

Agenda item 14/17

Title	Report from the Finance and Resources Committee
Sponsoring Director	David Parkins – Non-Executive Director
Author	Tony Le Masurier – Non-Executive Director
Purpose	To update the Trust Board on the meeting of the FRC held on 4 January 2017
<p>Executive Summary This paper summarises the issues considered at the meeting. Matters discussed included:</p> <ul style="list-style-type: none"> • HR Training, Performance and Strategy Progress Reports • Finance Report Month 8 • Updates on Cost Improvement and Financial Improvement Plans • Full Year Forecast • BAF Review risks 4 and 5 • OPAT Update 	
Related Trust Objectives	Financial and Operational Sustainability
Related Risk	All BAF risks
Essex Success Regime	No impact.
Legal implications / regulatory requirements	Additional scrutiny of Finance issues, NHSI FRR
Quality impact assessment	QIA's are applied to the financial recovery plan actions and to all CIP programmes
Equality impact assessment	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 from the report.</p>	

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. The Committee is also charged with oversight of HR performance. This report sets out the issues considered at the January meeting.

Please note, that in the absence of the Committee Chair, David Parkins, on leave, this meeting was chaired by the Deputy Chair of the Committee, Tony Le Masurier.

Statutory and Mandatory Training

The Committee received a report for the period to November 30, 2016, which demonstrated increased overall compliance for core topics by all staff to a level of 82%, and a rise in compliance in a majority of directorates. Issues of concern were discussed, and these included the high and increasing number of staff not attending booked training events.

The Committee was assured by the report.

HR Performance Update

The Committee received and discussed a report for the period to 30 November. Matters covered included;

- Improved appraisal rates
- Reduced agency spend in the month
- Reduced vacancy rates
- Improved sickness and turnover rates

The Committee was assured by the report.

HR and OD Strategy

The Committee received an update on actions taken in line with the plan, and noted that good progress is being made.

The Committee was assured by the report.

Financial position – Month 8

The Committee received and discussed the report covering the month of November 2016 and the year to date.

- There was a deficit of £1.2m in November, which increased the cumulative deficit to £9.6m, and adverse variance to plan of £0.5m.
- The cash balance at the month end was £6.1m, which was £4.6m better than plan.
- The use of resources metric was 3.
- Clinical income (excluding pass-through) was ahead of plan by £230k, increasing the year to date variance of £407k.
- The pay budget was overspent by £87k in the month, despite a reduction in agency costs.
- Non-pay was overspent in the month by £298k, increasing the cumulative adverse variance to £639k.
- Cost Improvement Plans in the year to date have contributed savings of £9.6m, slightly ahead of plan.

The Committee noted the report.

CIP Update

The Committee received a report outlining the progress made to date, and noted that while some schemes were not delivering the full savings expected, plans are in place to recover. Overall savings to date, and procurement savings in particular, are slightly above plan.

The Committee was assured by the report.

Financial Improvement Plan

The Committee was updated on the actions in place and planned to deliver the identified improvements in all the main areas of pay, non-pay and income across the Trust.

Enhanced controls were implemented in November and December 2016, including an escalation process to ensure executive approval for recruitment over the agreed cap.

The Trust is also working closely with the other two Trusts in the Essex Success Regime in order to maximise opportunities.

The Committee was assured by the report.

Cash Flow and Loans

The Committee received a report detailing the cash flow position, which is stronger than plan owing to the payment of some prior year invoices.

The Committee also noted that the proceeds from the sale of Fossett's Farm are now not to be received until the 2017/18 year.

The Committee noted the report.

Forecast 2016/17

The Committee received and discussed a report that detailed a best and worst case scenario for the current year end position.

After due debate it was agreed that the forecast outturn for the year should remain unchanged at £15.8m, equivalent to the NHSI control total of £16.2m.

The Committee noted the report.

BAF Review – risks 4 and 5

The two risks – relating to financial stability and the recruitment and retention of staff – were the subject of reports presented to the Committee.

After some discussion it was agreed that the recommendation to leave the risk ratings unchanged was prudent.

The Committee was assured by the report.

OPAT Update

The Committee received a report indicating that, despite increased efforts, it has not been possible to effect sustained improvement across the activities covered by the key metrics.

The Committee expressed concern that the objectives were not being met, but noted the new actions that were proposed to improve the situation.

The Committee noted the report.

Recommendations

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