

Board of Directors' Meeting Report – 5 September 2017

Agenda item 77/17

Title	Report from the Finance and Resources Committee
Sponsoring Director	David Parkins, Non-Executive Director
Author(s)	David Parkins, Non-Executive Director
Purpose	To update the Trust Board on the meeting of the FRC held on 4 July 2017
Executive Summary	
<p>This paper summarises the issues considered at the meeting which included:</p> <ul style="list-style-type: none"> • Statutory and Mandatory Training • HR Performance including Recruitment and Retention • HR & OD Strategy progress • Month 2 Board Finance Report for 2017/18 • Financial Improvement Plan • Cash Flow and Loans • BAF Review of Risk 4 & 5 • Budget Virement policy • Single Data centre update • Capital Risk assessment 2017/18 	
Related Trust Objective	Financial and Operational Sustainability
Related Risk	All BAF Risks
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 ascertained this paper has no detrimental impact for the 9 protected characteristics under the Equality Act 2010.
Recommendations:	
The Board is asked to receive assurance from the report.	

Report from the Finance and Resources 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 4 July meeting.

Statutory and Mandatory Training

The Committee reviewed the compliance level for statutory and mandatory training. The compliance level has remained the same as reported to the previous FRC 82% (target 85%) for all core topics for all staff, and at 85% for all staff excluding Bank.

The Committee continues to be concerned over a number of issues:

- There is a significant number of 'did not attend' at courses; of particular concern is the large numbers where no reasons have been recorded.
- The compliance levels for Junior Doctors.

A further update on these matters and on volunteer training will be presented to the next meeting.

The Committee was assured by the report.

HR Performance including Recruitment and retention

The trend of workforce KPIs indicates improvements in a number of areas; however, further progress is needed:

- Appraisal compliance rate in April was 65% and May was 70% down from on the previous two months. There are a large number of appraisals that fall in April. The target to reach compliance at 85% by June 2017 looks unlikely. A best practise review is underway with ESR Trusts.
- The Trust's overall vacancy rate was rebased at 12.21% in May following a change in the method of reporting. Recruitment and retention continues to be difficult and the Committee were not assured that recruitment plans would be achieved in the year.
- Agency spend generally continues to fall and stands at 9.12% for May year to date.
- The Trust's year to date sickness absence rate has again decreased slightly from 4.05% in March to 3.96% in May against a stretch target of 3.50%.
- The Trust's turnover rate is stable at 12.78% against a target of 9.7%.

The Committee was assured by the report.

HR and OD Strategy

The Committee received a presentation on the proposed HR objectives for 2017/8

The Committee was assured by the report.

Month 2 Board Finance Report and Forecast

The year to date figures were presented showing a deficit of £0.7m slightly adverse to plan.

- Cash balances finished the period at £1.5m, on plan.
- Capital spend for the year to date was £0.3m, slightly under plan.

- The cost improvement plans achieved £1.4m again slightly adverse to plan.
- The Financial Sustainability Risk Rating was a rating of 3 (1 is best, 4 is worst).

The Committee noted the report.

Financial Improvement Programme

The Committee received a report on progress to achieve progress in pay, non-pay and income. The Committee noted that Nursing and Doctor vacancies remain a significant cost pressure. Reviews of potentially unsustainable services continues and solutions found in several instances. Work continues on service changes to improve capacity. Theatre productivity is improving.

The Committee was assured by the report.

Cash Flow and Loans

The Committee received an update on the current cash position and the ITFF (Independent Trust Finance Facility) loans. The Committee noted that further funds will have to be applied for on a month by month basis. The Committee also noted the actions in hand to ensure that the Trust meets the loan conditions.

The Committee noted the report.

BAF Review

The Committee received an updated review of BAF Risks 4 and 5 and, after discussion, the following is recommended:

Risks 3 ('Trust not being financially sustainable'), it is recommended that the current risk level remains at 20 and the target remains at 15.

Risk 4 (Inability to recruit and retain staff), it is recommended that the current risk level remains at 20 and the target at 15.

The Committee was assured by the reports.

Budget Virement policy

The Committee received, and after discussion, approved the policy.

Single Data Centre

The Committee were updated on the procurement activity to support longer term IT resilience.

Capital Risk Assessment 2017/18

The Committee received an appraisal of the risks associated with primarily those capital bids that did not make the approved capital programme and mitigations in place. Further information has been requested. The Committee requested that the Managing Director ensures that NHSi are appropriately informed on the risks.

Recommendations

The Board is asked to note the report and the assurances received by the Committee.