

## Board of Directors' Meeting Report – 4 September 2018

### Agenda item 54/18

<b>Title</b>	Report from the Finance and Resources Committee
<b>Sponsoring Director</b>	David Parkins – NED, chair of FRC
<b>Author</b>	David Parkins – NED, chair of FRC
<b>Purpose</b>	To update the Trust Board on the meeting of the FRC held on 3 July 2018
<b>Previously considered at</b>	N/A
<p><b>Executive Summary</b> This paper summarises the issues considered at the meeting which included:</p> <ul style="list-style-type: none"> <li>• Outpatient and Theatre Utilisation</li> <li>• HR Performance including Mandatory Training</li> <li>• Junior Doctors Forum Feedback</li> <li>• Month 2 Board Finance Report for 2018/19</li> <li>• Financial Improvement Plan</li> <li>• Cash Flow and Loans</li> <li>• BAF Review of Risk 3, 4, 5 &amp; 6</li> <li>• Estates and Facilities, including Estates Strategy</li> </ul>	
<b>Related Trust Objectives</b>	Financial and Operational Sustainability
<b>Related Risk</b>	All BAF risks
<b>Legal implications / regulatory requirements</b>	Additional scrutiny of Finance issues, NHSI FRR
<b>Quality impact assessment</b>	QIAs are applied to the financial recovery plan actions and to all CIP programmes
<b>Equality impact assessment</b>	As far as can be considered this paper has no detrimental impact for the 9 protected characteristics under the Equality Act 2010
<p><b>Recommendations:</b> The Board is asked to receive assurance therefrom.</p>	

## **Report from the Finance and Investment Committee**

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### **Background**

The purpose of the Committee is to provide the Board with an objective review of the financial position of the Trust, its use of other resources and oversee the delivery of financial performance. This report sets out the issues considered at the 3 July 2018 meeting.

### **Outpatient and theatre utilisation**

An update on performance was presented to the Committee. Progress was noted, including the performance against the model hospital data. Plans were requested for further improvements in line with the expectations from the FourEyes exercise.

### **HR Performance including Mandatory Training**

The trend of workforce KPIs were discussed:

- Vacancy rate increased to 12.16% in May compared with 10.55% in March
- Establishment increased by May by 41 FTE mostly due to additional medical staff in line with budget
- Agency costs for medical and other staff continue to be high
- Appraisal compliance is slightly down at 77.3% in May
- Sickness increased slightly and is currently at 3.85%
- Turnover has decreased to 12.33%
- Statutory Mandatory training compliance is at 86.88% meeting the target for all staff excluding bank

The Committee were particularly concerned about the high turnover of staff and also the high agency costs. The Committee was assured by the report.

### **Junior doctor forum feedback**

A report was presented to the Committee to provide assurance in relation to doctors in training rota gaps, additional hours worked due to patient safety concerns and the financial impact to the Trust. The overall feedback was good however some concerns were raised and mitigating actions taken.

### **Month 2 Board Finance Report, including CIPs**

The figures (before impairments and donated asset income and expenditure) were presented showing a deficit YTD of £3.6m adverse to plan by £1.8m. However, against the pre STF control total there was a deficit of £0.7m.

- Cash balances finished the period at £9.4m, ahead of plan.
- Capital spend for the year to date was £0.4m against a plan of £0.8m.
- The cost improvement plans achieved £1.5m behind budget by £0.4m
- The Financial Sustainability Risk Rating was a rating of 3 (1 is best, 4 is worst).

The Committee received CIP presentations from the ED and MSK Directorates with regards to 2018/19. The Committee were concerned that ED did not yet have a viable plan in place and challenged the basis that targets were set. An analysis, using the model hospital data, of similar Trusts is to be prepared to inform the discussions. MSK reported that it was very close to identifying the CIPs for its department.

The Committee requested that a Trust level reforecast be presented at the next Efficiency Sub Committee.

The Committee was assured by the report.

### **Financial Improvement Plans**

The Committee received an update on the plans and noted the continuing difficulties in the recruitment market and the consequential impact on Bank and Agency expenditure. The focus would remain on reducing vacancies and improving the authorisation process of bank and agency staff, primarily medical

### **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 3, 4, 5 and 6 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 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.

Risk 5 (Current and future estates, infrastructure and equipment may not comply with national specifications, meet service needs and/or service user needs), it is recommended that the current risk level remains at 12 and the target 9.

Risk 6 (Lack of robust IT infrastructure & cyber security), it is recommended that the current risk level remain at 15, the target remains at 6.

The Committee was assured by the reports.

### **Estates and Facilities Report**

The Committee received a report on the provision of services and the state of the estate.

The 6 facet condition survey had been completed. There was an Estates capital requirement for circa £20m. As per previous years there was a shortfall of available capital. Items that had not secured capital funding were risk assessed with associated mitigations as appropriate and reported to the Finance and Resources Committee.

The Committee received a report on the MSB hospitals strategic estates development plans. The Committee noted the impact of the strategy on the Overall Business Case.

The Committee was assured by the report.

### **Recommendations**

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