

Board of Directors Meeting Report – 4 December 2018

Agenda item 79/18

Title	Report from the Finance and Resources Committee – 25 September and 6 November 2018
Sponsoring Director	David Parkins – Non-Executive Director
Author	David Parkins – Non-Executive Director
Purpose	To update the Trust Board on the meetings of the FRC held on 25 September 2018 and 6 November 2018
Previously considered at	N/A
<p>Executive Summary</p> <p>This paper summarises the issues considered at the meetings which included:</p> <ul style="list-style-type: none"> • Outpatient and Theatre Utilisation • HR Performance including Mandatory Training • Implementation of Agenda for Change (AfC) Terms and Conditions, including the NHS Pay Reform • Board Finance Report to September 2018, including a Recovery Plan and CIPs • Cash Flow and Loans • New gateway process and methodology for business cases • BAF Review of Risk 3, 4, 5 & 6 • Estates and Facilities 	
Related Trust Objectives	Financial and Operational Sustainability
Related Risk	All BAF risks
Legal implications / regulatory requirements	Additional scrutiny of Finance issues, NHSI FRR
Quality assessment impact	QIAs 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:</p> <p>The Board is asked to receive assurance from the report.</p>	

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, its use of other resources and also to oversee the delivery of financial performance. This report sets out the issues considered at the 25 September 2018 and 6 November 2018 meetings.

Outpatient and theatre utilisation

Following concerns raised by the Committee, over the productivity improvement project, an overview of the programme was presented. The process for monitoring the implementation of the programme was also presented and a further report will be received by the Efficiency Sub Committee. The Committee noted the report.

HR Performance including Mandatory Training

The trend of workforce KPIs for were discussed, the results by September:

- Vacancy rate decreased to 12.47% but remain high
- Establishment increased to 4,484
- Agency costs for medical and other staff continue to be high
- Appraisal compliance is slightly down at 79.1%
- Sickness increased and is currently at 3.99%
- Turnover has decreased to 12.91%
- Statutory Mandatory training compliance is at 85% meeting the target for all staff excluding bank

The Committee received an update on overseas recruitment activities and continue to be concerned about the high turnover of staff and also the high agency costs. The Committee was assured by the report.

Implementation of Agenda for Change (AfC) Terms and Conditions, including the NHS Pay Reform

The Committee received a presentation on the implementation of Agenda for Change Terms and Conditions (AfC), including the NHS Pay Reform. The annual pay award cost was funded within the tariff for 19/20. However, the AfC uplift would be a cost to the Trust of c£920k for 20/21.

The Committee noted and received assurance from the report. The Committee was in support of the proposal.

Board Finance Report to September 2018, including a Recovery Plan and CIPs

The figures (before impairments and donated asset income and expenditure) were presented showing a deficit YTD of £6.3m adverse to plan by £1.0m.

- Cash balances finished the period at £15.3m, ahead of plan.
- Capital spend for the year to date was £3.0m against a plan of £6.3m.
- The cost improvement plans achieved £4.3m behind budget by £1.2m

In response to concerns raised by the Committee regarding the assumptions behind the latest forecast to achieve the financial plan, the Committee received presentation on the recovery plan. The Committee noted the report and actions being taken.

CIPs continue to be of concern in a number of areas particularly as the delivery of IPs in month 6 was the lowest in the year so far. CIP updates were received regarding Women and

Children and also Medicine. The Committee noted the work in hand to identify opportunities to cover the current shortfall.

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.

New gateway process and methodology for business cases

The new gateway process and methodology for business cases was presented, which ensured requests for additional expenditure and larger scale projects had the appropriate review and governance arrangements around them.

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 pending the presentation referred to below.

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 and discussed the assurance received from the Premises assurance Model and the Six Facet survey. A linked presentation will made to the site governance forum meeting.

The Committee was assured by the report.

Recommendations

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