

Meeting:	Board of Directors	Date:	4 January 2018
Title:	Chair of Finance and Investment Committee Report – November & December 2017		
Summary of paper:	<p>This paper summarises key issues considered by the Finance and Investment Committee at its meetings held on 27 November and 22 December 2017 which it is considered should be drawn to the attention of the Board.</p> <p>The purpose of this report is to provide a summary account of what happened at the committee meeting and also to provide an independent opinion to the Board where there are any nuances of view on any particular issue.</p>		
Consultation / other committee views:	None		
Assurances:	None		

Recommendations/decisions required:	<i>that the report be received.</i>
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Link to Trust Priorities	Link to Quality
<ul style="list-style-type: none"> (1) We will make the patient the centre of everything we do. (2) We will innovate and identify new ways of working. (3) We will build capacity and capability by investing in our staff, infrastructure and partnerships. 	<ul style="list-style-type: none"> (1) Effectiveness (HMSR, SHMI, Mortality, Clinical audits, care bundles, deteriorating patient). (2) Caring (patient experience, patient surveys, friends and family test, patient stories, response to call bells). (3) Responsiveness (complaints, waiting times, cancelled operations, ambulance stays, translation services, comfort factors – TV and seating). (4) Well led (staff survey, staffing levels, sickness rates, flu vaccinations rates, board/ward interactions, staff reports, governance and reporting, risk management, financial control).

Risk issues:	Risk Register Ref No:	Risk Score:
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Resource Implications: Expenditure / Income net value	Regulations and legal considerations:	Quality consideration and impact on patient and carers:
n/a	n/a	n/a

Report Sign Off:		
Financial	Operational	HR
n/a	n/a	n/a

Confidentiality
This report does not contain any confidential information.

Equality Impact Assessment
Great Western Hospitals NHS Foundation wants its services and opportunities to be as accessible as possible, to as many people as possible, at the first attempt.
This report has been assessed against the Trust's Equality Impact Assessment Tool and there are no proposals or matters which affect any persons with protected characteristics.

Non-Executive Director:	Steve Nowell	Title:	Non-Executive Director
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1. Introduction

This paper summarises key issues considered by the Finance and Investment Committee at its meetings held on 27 November and 22 December 2017 which it is considered should be drawn to the attention of the Board. The purpose of this report is to provide a summary account of what happened at the Committee meeting and also to provide an independent opinion to the Board where there are any nuances of view on any particular issue.

This is in advance of the minutes of the Committee being presented to the Board at the next meeting and in addition to any verbal update of the Committee meeting provided to the Board later on the agenda. Set out below is a summary of the main issues.

2. Chairman's Overview of the Finance and Investment Committee on matters considered by that Committee

(a) Overall financial performance

Overall Financial Position including Sustainability & Transformation Funding (S&TF)

The Committee noted that the overall financial position as at month 8 is a year to date deficit of £4,014k compared to a target deficit of £2,457k.

Income

Total income is £1m below plan year to date relating to private patients, clinical income, non-clinical income relating to road traffic actions (RTA) and overseas visitors as well as research and development.

In November, the Committee discussed clinical income and questioned the charging methodology applied by other Trusts who had established similar streaming models for patients away from their Emergency Departments. The Director of Finance sought to understand the discussions that those Trusts had had with their respective clinical commissioning groups around fair payments for patient streaming.

The Committee discussed the assurances around delivery of CQUIN targets and welcomed that the Director of Finance will look at strengthening processes around this.

Demand and Capacity Planning

In November the Committee noted that further work was to be undertaken around demand and capacity planning.

Additional funding

The Committee welcomes the successful bid for additional funding towards extended 7 day working, Emergency Department flow and patient transport.

Cash and borrowing

The Committee supports an application for borrowing noting the Trust's forecast cash position in January and longer term. Discussions are continuing with NHSI around structural deficit and longer term financial support for the Trust.

Asset Register

A review of the asset register is underway, which includes a detail reconciliation of assets. New processes and systems are being established to ensure a robust methodology is applied to asset depreciation. The external auditors will look at internal processes and controls as part of their year end audit.

Forecast outturn / control total

Challenges around the financial position continue but NHS Improvements view is that the Trust should seek to achieve its control total. The Committee recognise the risks around this and the mitigation in place. The overall financial position was improved on last years.

Pay spend

The Committee has discussed in detail the increase in the whole time equivalent (wte) numbers of staff compared to 2016/17 and questioned why there has not been a corresponding reduction in temporary staffing numbers. Further analysis of this has been sought by the Committee to include a high level overview of productivity per wte and an understanding of this.

The pay forecast for 2017/18 is based on establishment agreed through the Executive Committee and agency spends has been set at cap, notably £8.5m. The level of agency spend reduction will be challenging and the Committee has sought additional assurance around workforce planning and how this supports agency spend reduction.

(b) Cost Improvement Programme (CIP) Workstream

The Committee considered the CIP work streams as at month 8 and noted that CIP schemes totalling £12.49m had been identified against a target of £14.052m. The year-end forecast of CIP achievement is £11,348m.

(c) Draft Budget

The Committee accepted the methodology applied for budget setting but sought additional explanation around the increase in deficit for 2017/18. The Committee also requested further explanation of movements from the draft budget to the options presented.

CIPs have been assumed at 3% for 2018/19 in the draft budget which equates to approximately £9m.

(d) Unscheduled Care Division

The Committee considered the Divisional report as at month 7 and noted that the overall financial performance is above plan by £3,505k year to date. Patient activity is 7% below plan and income was below plan by £127k. Other Divisional income was on plan but pay was above plan by £339k. Finally non-pay was below plan by £41k. The Committee challenged the increased level of pay spend which did not correlate with an increase in activity. It was noted that this related to medical spend associated with waiting list initiatives and cover for consultants vacancies across the Division, as well as supernumery nursing costs.

(e) Diagnostics and Outpatients Division

The Committee considered the Divisional report as at month 8 and noted that the overall financial performance is above plan by £2,893k year to date. Patient related activity was 2% below plan and income was £187k above plan with the key driver being high cost drugs income which related to expenditure. Pay spend is £1.019m above plan year to date due to high cost Allied Health Professionals and others.

The Committee discussed the need to seek assurance from Division around how they know they are running efficient services, which would include benchmarking and that going forward there will be a focus on this.

(f) Business Planning

The Committee considered the Divisional Business Plans and noted that Corporate Teams plans will be finalised in January.

(g) Managed services

The Committee supported a scoping exercise around the managed services.