

MSE Trusts Boards in Common – 15 January 2020

Report from the Finance and Performance Committee in common meetings held on 8 November 2019 and 9 December 2019

Introduction

The Finance and Performance Committee in common met on 8 November 2019 and on 9 December 2019. Below is a summary of the main issues discussed. Full minutes of the meeting are available to the Trust Boards.

Financial position – to month 8

At month 8 the year to date position of the three Trusts were:

- MEHT is £0.1m favourable to plan with continued shortfalls in income being offset by pay and non-pay underspends.
- SUHFT pre-PSF position (before national money and donated asset income and expenditure) is £3.1m adverse to plan. There is a difference in the phasing of the SUHFT plan agreed with NHSI and consequently the PSF And FRF are currently receivable.
- BTUH the Trust is £5.0m behind its pre-PSF/FRF plan of £12.2m deficit, missing its allocated PSF/FRF funding as a result.

The forecast position projects that the group financial performance will exceed the approved control total of £110.6m deficit:

- MEHT and SUFT are forecasting to deliver a full year financial position in line with plan. It was noted that SUHFT and MEHT are carrying significant net risks of £3.9m and £4.7m respectively that are not yet mitigated.
- BTUH forecast projects a deficit £9.8m adverse to plan. The financial recovery actions are currently not sufficient to recover the position to the extent that PSF and FRF would be payable and therefore £22.3m will be lost to the Trust. The consequence of this will require an increase in a cash loan to facilitate ongoing creditor and salary payments in March 2020. Due to the critical importance of delivering the £9.8m forecast position, external support has been received to help the organisation with a short, intensive Turnaround programme.

The Committee:

- Discussed the forecast position and sought further assurance on the actions being taken to ensure its delivery.
- Sought more information on central funding and associated variances.
- Sought further assurance on the performance of the Corporate departments.
- Considered the capital plan and the Executive confidence in its delivery

The Committee noted the report but was not assured because of the level of unmitigated risk faced by the Trusts and requested further assurance from Executives.

BTUH recovery plan and financial governance– PWC support

The Committee was presented with a letter from PWC regarding their work in support of the recovery plan. The Committee discussed and noted the actions being taken to enhance the Finance team and to deliver the necessary improvements. Executives expressed the view that the reforecast position for BTUH is achievable.

The Committee noted the report

2020/21 Approach to Budget setting and also CIPs

The proposed budget planning and setting principles and processes for 2020/21 were presented to the Committee. The following key points were noted:

- There will be a single planning/budgeting process
- Each Trust will prepare a separate budget in a way that will enable a simple consolidation.
- The start point will be the level of activity currently being delivered not the current cost run rate.
- A zero based budget approach will be used in conjunction with recurrent based approach.

The Committee were presented with the proposed approach to the planning and management of CIPs for 2020/21. This included a new governance structure across the single Trust including the establishment of an Efficiency Programme Team. The Committee noted the increased use of model

hospital information to support the process and a report on this will be provided to the Committee in January.

The Committee noted the report, endorsed the proposed approach to budgeting and CIPs and supported the ZBB proposal

Capital plan review and prioritisation

Following the announcement made with regards the reinstated capital funding of 20%, each site has reviewed its capital commitments and have produced a revised plan. The Committee reviewed the plans and queried the changes from the original position.

The Committee agreed, subject to its comments, to recommend the capital proposal to the Board for approval.

Merger update

The Committee was updated on the recent developments and particularly:

- The Capital SOC was approved by NHSI/E on 22 November.
- The OBC will be sent for approval to the January Boards in common meeting; the draft has been shared with NHSI/E.
- The PTIP and patient benefit case will be discussed at the Boards in Common meeting on 11 December.
- The Reporting Accountant exercise is being carried out in parallel.
- The Board to Board meeting with NHSI/E has been scheduled for 27 February which will be chaired by Ann Radmore.
- We remain on track to deliver the 1st of April merger date.

The Committee noted the report.

Long-term Financial Model

An update on the long term financial model (LTFM) was presented to the Committee, in particular the revised assumptions and the approach to sensitivity analysis. The Committee referred to the inconsistency between the LTP position in the long-term plan paper and the position in the 10 year reconciliation and it was agreed that this will be reviewed.

The Committee noted the report.

Long Term Plan

The Committee was updated on the initial draft of the STP 5 year Strategy and the Delivery Plan for NHS Long Term Plan submissions to NHSE/I. The draft 5 year plan had previously been discussed at the Boards in common. The Committee suggested that a set of assumptions underpinning the plan alongside the risks should be included.

The Committee recommended the LTFM to the Boards in common for approval prior to submission to NHSI.

Capital Risk Summary

The Capital Risks summary report was presented to the Committee.

The key points were:

- The Trust's Capital Programme has been agreed by the Executive team.
- The following Strategic Transformation Partnership (STP) schemes have been bought forward due to urgent clinical need:
 - ✓ The vascular scheme at Basildon is complete.
 - ✓ IR suite at Basildon delivery date is 18th December 2019.
 - ✓ A detailed 5 year Capital plan has been developed as part of the wider Estates Strategy that links to the STP. This is due for presentation after the POBC has been submitted to NHSE/I.

After discussion, it was agreed that a refreshed paper on the risks and mitigations of the capital programme, both funded and unfunded, will be brought back to the Committee.

The Committee noted the report.

Digital Transformation

The Committee was provided with an update on the digital Transformation programme. A report on the timeline for the programme at each site was requested.

The Committee noted the progress made to date on the development of the programme and recognised that further specific project initiation documents (PID) and potential business cases will be submitted as part of the phased approach.

Integrated Performance Report

The operational performance of the three Trusts to October 2019 were presented to the Committee and, noting that the reports were considered by the local Site Governance Forum, were discussed in some detail.

The Committee was assured by the reports.

David Parkins

Chair

Finance and Performance Committee in Common