

MSE Trusts Boards in Common – 11 March 2020

Report from the Finance and Performance Committee in common meetings held on 10 January and 7 February 2020

Introduction

The Finance and Performance Committee in common met on 10 January and 7 February. Below is a summary of the main issues discussed. Full minutes of the meetings are available to the Trust Boards.

Financial position – to month 9

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

- MEHT remained favourable to plan by £0.2m with continued shortfalls in income being offset by pay and non-pay underspends. However improvement in Q4 is required to deliver the annual plan.
- SUHFT pre-PSF position (before national money and donated asset income and expenditure) improved to £2.7m 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 £6.8m behind its pre-PSF/FRF plan of £18.3m 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. SUHFT and MEHT continue to carry net risks of £2.2m and £2.5m 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.

The Committee was assured by the report noting the risks to delivery of the forecast.

Capital Plan

The Committee discussed and noted an update on the preparation of the capital plan. The current draft plan marginally exceeds the resources available and is work in progress.

2020/21 Budget setting

The Committee received reports on the budget setting for 2020/21 The following key points were noted:

- First cut budgets have been drafted on the basis of a 6+6 approach, being the last 6 months of 18/19 and first 6 months of 19/20
- As a basis for comparison the 2020/21 year of the LTFM has been used
- There remains significant work required in order to conclude a realistic budget for 2020/21

The Committee noted the report and the progress made in setting the budget.

Use of resources – model hospital

A report on the use of the model hospital data was presented together with a high level analysis of the potential for cost and other improvements. The Committee requested that the model hospital approach be included in a future Board seminar, with the focus on a topic that would demonstrate its value.

The Committee noted the report.

New finance system

The Committee noted updates to the Committee on the new finance system which is due to be implemented on 1 April 2020

Feedback from the Investment Group

The Committee noted the report from the Investment Group on the cases considered at its last meeting.

Corporate services redesign program

The Committee received a progress report on the Corporate Services redesign project:

- The majority of corporate services have now completed their detailed structure design work, most also having now consulted where necessary upon these.
- As corporate services become single teams, a small number have experienced the need for a period of stabilisation due to high level of staff turnover as consultations have concluded and teams have come together in the hub.
- The programme is currently forecasting to deliver £5.2m of savings in 19/20. This is £0.9m behind the planned levels although it is still expected that the recurrent full year benefit will be as planned going into 2020/21.
- Staff briefing sessions with corporate services staff in HR, Finance, Procurement, Digital and Healthcare Analytics are routinely being delivered.

The Committee received assurance form the report

Merger update

The Committee was updated on the recent developments and particularly:

- The OBC and PTIP have been submitted to NHSI/E.
- The Reporting Accountant exercise is being undertaken and the NHSI assurance process has also started alongside.
- The operating model and governance structure are being worked through.
- Due to the secretary of state involvement in approving the merger transaction for MEHT, delays might be encountered and a plan will be put in place to mitigate this risk.
- 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.

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 were assured by the report.

Sale of Orsett

The Committee was provided with an update to the Committee on the strategy for disposal of Orsett Hospital.

The Committee noted the report and requested an update in April

Integrated Performance Report

The IPBR of the three Trusts for November and December 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.