

**Cover report to the Trust Board meeting to be held on 29 November 2016 at 11:00 am – 1:00 pm in the Conference Room, Trust HQ, Marlborough St, Bristol, BS1 3NU**

<b>Meeting Title</b>	Finance Committee	<b>Agenda Item</b>	14
		<b>Meeting Date</b>	25 November 2016
<b>Report Title</b>	Chairs Report Finance Committee		
<b>Author</b>	Pam Wenger, Trust Secretary		
<b>Executive Lead(s)</b>	Paul Mapson, Director of Finance and Information		
<b>Freedom of Information Status</b>	Open		

<b>Reporting Committee</b>	Finance Committee
<b>Chaired by</b>	Lisa Gardner, Non Executive Director
<b>Lead Executive Director (s)</b>	Paul Mapson, Director of Finance and Information
<b>Date of last meeting</b>	25 November 2016

**Summary of key matters considered by the Committee and any related decisions made.**

This report provides a summary of the key issues considered at the Finance Committee on 25 November 2016.

**Finance Directors Report**

Paul Mapson, Finance Director presented the Finance Report at month 7 and outlined the summary income and expenditure statement showing a surplus of £9.086m (before technical items) for the first seven months of the year. This includes £7.014m of sustainability funding – the position represents a surplus of £2.072m without this funding.

It was recognised that the Trust had been prudent in assuming that sustainability funding of £0.380m relating to the delivery of RTT and cancer targets would not be achieved. The Trust is awaiting a decision from NHS improvement regarding this – the revised appeal regime initially indicated success would be unlikely but subsequent changes may be more positive.

Members noted that the Divisional monthly overspend was slowing, largely due to an improvement in activity and delivery of CQUIN income over and above the baseline. It was noted that there were still some high risks in the delivery of CQUIN Schemes and that work was being progressed to address this. It was recognised that expenditure on nursing bank and agency continued to be the major issue.

Assurances were provided to the Committee that robust Divisional recovery plans were in place to address the forecast outturns and Divisions had agreed control totals for the year.

**Divisional Financial Reports**

The Divisional Financial Reports were received and it was noted that the Clinical Divisions and Corporate Services overspend against budget increased by £0.530m in October to a cumulative position of £7.257m adverse to plan. Members noted the improvement in the run rate from the previous months.

Members discussed the challenging issues in relation to the adverse variance on the nursing position which was driven by high bank and agency usage. Whilst the position deteriorated compared to September it was anticipated that improvements in the substantive nursing position should start to have an impact next month.

Assurances were provided in relation to the Specialised Services position and it was noted that an escalation meeting had taken place with the Division and that the actions being taken by the Division were significant. Members noted that further work was being taken forward to understand when it was appropriate to open extra beds using agency staff.

### **Savings Programme**

Members received an update against the Savings Programme and it was noted that the year to date achievement was £7.446m against a plan of £10.203m, leaving a shortfall of £2.757m.

Members noted that further work is being taken to consider any new approaches which will be considered as part of the discussions with Senior Leadership Team.

### **Contract and Activity Income**

Members received an update in relation to the Trust's contract and activity income and noted that contract income was £0.53m higher than plan in October and is £2.66m lower than plan for the year to date. Activity based contracts were higher than plan this month by £0.19m, pass through payments, contract penalties, contract rewards and prior year income were also all higher than plan. Sustainability funding as behind plan by £0.41m.

Assurance was provided in relation to the appropriate controls in place in relation to 'Interventions Not Normally Funded'.

### **Workforce Report**

Members received the quarterly report and noted the improved information regarding vacancies over 5% and the reasons for the vacancies. Assurance was given that this important information is reported monthly to the Quality and Outcomes Committee.

Members received a presentation to update the Committee on the use of investment money in marketing to improve recruitment. Members noted the innovative and targeted marketing strategies used and that the results were being monitored and showed measurable success.

Members discussed how the strategy was currently ensuring advertising and recruitment was across the diverse population of Bristol and it was agreed that this should include input from the Trust's current Black and Minority Ethnic staff.

### **Capital Programme**

Members received an update against the Capital Programme and noted the position at the end of October is £16.902m against the internal plan of £16.724m, £0.178m ahead of plan. The forecast outturn remains at £35m and it was recognised that there was significant spend due in the latter part of the year relating to specific high cost pieces of equipment.

Members received the minutes of the Capital Steering Group held on 10 November 2016 and noted that the Multi Storey Car Park (MSCP) project is progressing.

### **Statement of Financial Position & Treasury Management**

Members noted that the statement of financial position remains strong. The cash balance of £69.112m an increase of £2.433m from last month. Significant outstanding debts over 60 days had been settled in the early part of November.

**NHS Improvement Monthly Return**

Members received and noted the financial monthly return to NHS Improvement.

**Reference Cost Index**

Members received a report outlining the Reference Cost position of the Trust and noted that in 2015/16 the Trust was 96 and this is 4 less than the average of 100. Members noted that the performance is good but not exceptional compared to South West Trusts.

**Key risks and issues/matters of concern and any mitigating actions**

Members of the Committee discussed in detail the financial position and the plans in place to address achievement of the national targets.

**Matters requiring Committee level consideration and/or approval**

Members agreed to raise the issue in terms of the capacity in the Divisions to deliver the financial plan. Members agreed that it would be appropriate for this to be considered by the Trust Board.

**Matters referred to other Committees**

None

**Date of next meeting**

22 December 2016