

<b>TRUST BOARD IN PUBLIC</b>		<b>Date: 28 January 2016</b>	
		<b>Agenda Item: 3.2</b>	
<b>REPORT TITLE:</b>		Finance & Workforce Committee Chair Update – Part 1	
<b>EXECUTIVE SPONSOR:</b>		Paul Simpson (Chief Financial Officer)	
<b>REPORT AUTHOR (s):</b>		Richard Durban (Non-Executive Director and FWC Chair)	
<b>REPORT DISCUSSED PREVIOUSLY:</b> (name of sub-committee/group & date)		No – Board Update	
<b>Action Required:</b>			
<b>Approval ( )</b>	<b>Discussion ( )</b>	<b>Assurance (√)</b>	
<b>Purpose of Report:</b>			
To update the Board on the discussions and actions from the Finance and Workforce Committee.			
<b>Summary of key issues</b>			
<p>The Finance and Workforce Committee met on the 25<sup>th</sup> January 2016 and was quorate.</p> <ul style="list-style-type: none"> <li>• The UKPN Addendum was approved.</li> <li>• M09 reports were received for Finance &amp; the 15/16 CIP, Workforce and Organisational Development, Capital and IT.</li> <li>• The Trust has year to date I&amp;E deficit of £(5.3m) which is £(4.0m) adverse to the revised TDA plan.</li> <li>• The Trust’s cash balance at the end of December was £5.7m, with a forecast year end cash balance of £2.5m</li> <li>• The Trust has delivered £3.2m of savings and is behind both the TDA plan and also the internal plan</li> </ul>			
<b>Recommendation:</b>			
<b>Relationship to Trust Strategic Objectives &amp; Assurance Framework:</b>			
<p><b>SO2:</b> Effective - Deliver effective and sustainable clinical services within the local health economy  <b>SO4:</b> Responsive – Become the secondary care provider and employer of choice our catchment population  <b>SO5:</b> Well led: Become an employer of choice and deliver financial and clinical sustainability around a clinical leadership model</p>			
<b>Corporate Impact Assessment:</b>			
<b>Legal and regulatory impact</b>		The FWC reviews assurance in respect of workforce, capital and investment projects, business planning (which includes financial planning) and cash aspects. Employment law: laws governing the rights of individuals and terms and conditions	

	<p>terms include: National Minimum Wage Act 1998; the Working Time Regulations 1998; Employment Rights Act 1996; Equality Act 2010; Employment Rights Act 1996, and; the Transfer of Undertakings (Protection of Employment) Regulations 2006. Other key laws affecting employees include the Pensions Act 2004 and the Trade Union and Labour Relations (Consolidation) Act 1992.</p> <p>Financial performance is subject to Schedule 5 of the NHS Act 2006 which provides the “breakeven duty”. Legal aspects related to capital works will depend on the nature of the works.</p> <p>The main regulators, are as follows:</p> <ul style="list-style-type: none"> <li>- External audit (the Grant Thornton for this Trust) gives an opinion on the Trust’s compliance with International Financial Reporting Standards and with NHS accounting conventions – this is not purely financial and deals with procurement, fraud, transparency and legal duties. It also gives a Value for Money Conclusion on the Trust’s ability to put in place arrangements to deliver economy, efficiency and effectiveness in its use of resources.</li> </ul> <p>The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services</p>
<b>Financial impact</b>	The report provides assurance about savings, capital spend and the structure of the business planning process.
<b>Patient Experience/Engagement</b>	Indirect impact through Trust planning and workforce.
<b>Risk &amp; Performance Management</b>	The committee, and this report, provides assurance about workforce and capital management.
<b>NHS Constitution/Equality &amp; Diversity/Communication</b>	
<b>Attachment:</b>	
Report Paper	

## TRUST BOARD REPORT – 28 January 2016 Finance & Workforce Committee Chair Update

The Finance and Workforce Committee met on 25<sup>th</sup> January 2016 and it was quorate. The key points from Part 1 were as follows:

- An update was received on the current legal and financial situation between the Trust and **UK Power Networks (UKPN)** and following negotiations the extra claim has been reduced to £61K plus VAT. Assurance was received that no further costs should now arise. The Committee **approved** the addendum on a “full and final” basis.
- The **Communication Plan** was welcomed by the Committee. The plan provides a set of actions for 16/17 across all platforms. The Committee noted the progress made to date. It asked for an update on outcomes and a view on achievement against the strategic objectives at an appropriate time.

### **Month 9 CIP report**

- The savings target YTD in the submitted TDA plan for 2015/16 is £5.3m and at month 9 the Trust has delivered £3.2m of savings and is behind both the TDA plan and also the internal plan. Contingency savings of £0.6m have been used to achieve this position. The Committee noted that achieving the year end forecast of £4.8m would require delivery of £1.6m in Q4 against a quarterly average of £1.1m.

### **Draft 16/17 Revenue Budget**

The draft budget shows a deficit of £(4.1m). This position is predicated on achieving the 15/16 forecast of £(6.0m) set off by the capital to revenue transfer of £3m ie a net position of a deficit of £(3.0m) . There are four main actions required to firm up the budget:

- Complete a demand & capacity plan for emergency activity
- Surgical Division to provide a capacity plan for elective activity describing cost and income
- Complete a demand and capacity plan for outpatients
- Directors to complete actions on the CIP

The Committee noted that the CIP is set at £9.2m v a forecast outturn of £4.8m for 15/16 although it recognised the contingency in the budget of £3.5m of which £1.5m is specific to nurse costs. The Committee asked that a percentage of the saving be applied depending on which gateway had been achieved; that the CIP is phased to show the rate required by quarter and that a total in excess of £9.2m be scoped to allow for underachievement; the Carter analysis may be helpful.

- The **Month 9 Workforce and Organisational Development** paper was presented. The Committee noted plans against each of the 6 strategic objectives would be refreshed, that a new set of KPIs would be in place for the new financial year, that work to deliver the Achievement review target would continue and that the definition and approach to delivering mandatory training was being reviewed.

- The **Month 9 Capital report** was presented. The Committee noted the openings of the IRU and the Macmillan Information Centre.
- **The IT report** was noted and the Committee extended their congratulations to the IT team in the successful upgrade to the new Cerner version.

[END]