

TRUST BOARD IN PUBLIC		Date: 26th May 2016	
		Agenda Item: 4.2	
REPORT TITLE:		Finance & Workforce Committee Annual Report to the Board 2015/16	
NON-EXECUTIVE SPONSOR:		Richard Durban Chair of Committee	
REPORT AUTHOR (s):		Catriona Tait Head of Costing and Service Line Reporting	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)		N/A	
Action Required:			
Approval ()	Discussion ()	Assurance (√)	
Purpose of Report:			
<p>To provide assurance to the Board that the Terms of Reference of the Finance & Workforce Committee are being met.</p> <p>In addition, to highlight significant themes that have been emerged, changes in ways of working and to describe challenges for 16/17.</p>			
Summary			
<p>There has been increased focus on assurance over productivity and financial planning and performance, reflecting their importance to the Trust. There has been less focus on strategy, in part because of the stage reached in our FT journey but also because of agreement that the Board lead on strategy development with sub-committees seeking assurance over strategic delivery.</p> <p>The FWC considers that it met it's Terms of Reference during 15/16.</p>			
Recommendation:			
<p>The Board is assured that the Finance and Workforce Committee is meeting its terms of reference.</p>			
Relationship to Trust Strategic Objectives & Assurance Framework:			
<p>SO1: Safe -Deliver safe services and be in the top 20% against our peers SO2: Effective - Deliver effective and sustainable clinical services within the local health economy SO3: Caring – Ensure patients are cared for and feel cared about SO4: Responsive – Become the secondary care provider and employer of choice our catchment population SO5: Well led - Become an employer of choice and deliver financial and clinical sustainability around a clinical leadership model</p>			

Corporate Impact Assessment:	
Legal and regulatory impact	<p>The main regulators, are as follows:</p> <ul style="list-style-type: none"> ▪ External audit give 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. ▪ <p>The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services</p>
Financial impact	<p>Direct impact through informing business cases and service development.</p> <p>Indirect impact through Trust planning and workforce</p>
Patient Experience/Engagement	Indirect through enabling clinicians to better manage patient led services
Risk & Performance Management	The committee, and this report, provides assurance about Trust financial performance.
Attachment:	

TRUST BOARD REPORT – 26TH May 2016 FINANCE AND WORKFORCE COMMITTEE 2015/16 ANNUAL REPORT TO THE BOARD

1. Introduction

The purpose of this paper is to provide assurance to the Board that the Terms of Reference of the Committee are being met, to highlight significant issues that have been raised, resolved or challenged and to describe improvements in the way the Committee works.

2. Context

The purpose of the Committee is to assist the Board of Directors in exercising its business planning, financial and workforce and investment governance procedures in four key areas:

- i) monitoring Financial Performance
- ii) Business planning, including strategic financial and workforce planning;
- iii) approving investment decisions and;
- iv) monitoring delivery of significant projects and investments, and any potential business combinations.

It acts in a dual role both providing assurance that control systems are working and approving investments, plans and strategies either directly or recommending them to the Board.

The Committee meets monthly, on the Tuesday before the Board meeting. The members of the Committee are:

- three non-executive directors, one of whom is appointed as Chairman of the Committee; another of whom is a member of the Audit and Assurance Committee;
- Chief Financial Officer, Chief Nurse, Chief Operating Officer, Director of Corporate Affairs, Director of Organisational Development and People, and Director of Information and Estates
- The quorum necessary for the transaction of business is three, which includes at least one non-executive and one executive director.

The Agendas are split into Public and Private, with the Private agenda dealing with items that are commercially sensitive.

Although other Board members are not members of the Committee they are welcome to attend meetings.

3. Sources of assurance

To meet its terms of reference the Committee received:

- *Monthly reports* on Finance, Workforce and Organisational Development, Productivity, Capital, Estates, IT and Partnerships

- *Strategies and Annual plans* eg draft IBP and LTFM, all draft supporting strategies ie not Clinical or Quality, draft financial budget and a draft annual operating plan.
- *Business cases* - Outline, Full and Post Implementation Reviews
- *Some specific policies and procedures* eg budgetary process and timetable

4. Ways of Working

- The Committee covered a large tranche of delegated Board business. This resulted in time pressures and therefore the monthly meetings were increased from 2 to 2.5 hours. It remains a very busy committee. Membership is appropriate to the Terms of Reference and attendance has been good. Papers have, in general, both been of good quality and timely. The meetings continue to be split into public and private parts with the latter dealing with commercially sensitive issues. The Chair presents a summary of each meeting to the Public and Private Boards as appropriate.
- There has been an increased focus on **Productivity**. The Committee received a quarterly benchmarking report (now taken at the Private Board as it also covers quality comparisons), a monthly report showing performance of key areas and the draft productivity programme for 16/17. It also considered matters of governance over this emerging area.
- There was increased time spent on **Financial scrutiny and assurance** reflecting the challenging situation facing the Trust and the wider health system. This consisted of reviewing monthly performance including the CIP and Service Line Reporting, one off reports eg nurse agency, the 15/16 forecast, the 16/17 budgets and LTFM assumptions .
- There was less focus on **Strategy**. This was partly due to the stage reached in the application to become an FT requiring less strategic output and partly due an agreement that the some elements covered by the FWC in 14/15 were more appropriate to the Board.
- The reporting of **Workforce and OD** was reviewed and then strengthened in the last quarter coinciding with the arrival of the new Executive Director. This included addressing control weaknesses identified in the Internal Control Framework.

5. Themes

There were robust discussions around financial performance and the risks against the achievement of the budget. The position was always visible and clearly stated but there were differing views on how this should be reflected in the forecast. This judgement will again feature strongly in 16/17.

Whilst our approach to benefits delivery from investments has strengthened there needs to be further improvement. This will include over partnership agreements.

There was a clear recognition that many of the issues faced can only be resolved at a health system level. This requires transformation not only in the Trust but both within our catchment area and across the whole health system.

6. Challenges and changes for 2016/17

The Committee has identified the following as its main challenges for 2016/17:

1. Assurance over the delivery of benefits from investments.
2. Assurance over the effectiveness of our IT plans, both Trust specific and how they integrate across the health system.
3. How to ensure that the use of Service Level Reporting is effective as it broadens into a wider costing role and dovetails with Carter.
4. Clarify the Trust approach to strategy development, in particular the role of the FWC v the role of the whole Board. Our strategy is likely to be impacted by the Sustainability & Transformation Plan (STP).
5. Achieving the correct balance over detailed scrutiny and the discussion around the key issues. This may be reflected in the frequency of some papers, making some for information only and having presentations on specific issues.
6. As the STP develops there will be a greater focus on partnerships and Integration. This will need to be reflected in our reporting.

Conclusion

The Board can be assured that the Finance and Workforce Committee is meeting its terms of reference.

Richard Durban
Non-Executive Director
Chair Finance & Workforce Committee
May 2016

Appendices

Meeting the Finance & Workforce Committee Terms of Reference



Meeting the FWC
ToR.pdf

Terms of Reference of t