

## FINANCE & INVESTMENT COMMITTEE MINUTES

**Venue** Room 13, Education Centre, Sandwell General Hospital      **Date** 28<sup>th</sup> September 2018, 0915h-1030h

### Members attending:

Mr R Samuda (RS)                      Chairman (Acting Chair)  
Mr H Kang (HK)                        Non-Executive Director  
Mrs M Perry (MP)                      Non-Executive Director  
Ms D McLannahan (DMc)          Acting Finance Director  
Mrs R Goodby (RG)                  Director of People and OD

### In attendance:

Mr T Lewis (TL)                        Chief Executive  
Mrs P Massey                            Executive Assistant

Minutes	Paper Reference
<b>1. Welcome and apologies for absence</b>	<b>Verbal</b>
Apologies were received from Ms R Barlow and Mr M Hoare.	
<b>2. Minutes of the previous meeting</b>	<b>FIC (09/18) 001</b>
The minutes of the previous meeting held on the 31 August 2018 were agreed as a true and approved as a accurate record.	
<b>2.1 Matters arising and update on previous meeting actions</b>	<b>FIC (09/18) 002</b>
<p>RS: Point 4 from FIC 29<sup>th</sup> June 2018 regarding workshops. DMc advised the idea of the workshops was to involve commissioners, internal and external stakeholders to scope elements of financial strategy in order to produce an outline at FIC in October with a view to completion by end 2018.</p> <p>TL: Advised NHSI financial review had been deferred.</p> <p>The Committee noted any ongoing actions were either not yet due or were included for discussion as part of the agenda.</p>	
<b>3. Strategic Board Assurance Framework (finance risks)</b>	<b>FIC(09/18) 003</b>
<p>The two Strategic Board Assurance Framework risks (cost reduction plans and level of cash remediation) aligned to the Finance and Investment Committee were presented by DMc for review and challenge by the committee members to enable/support the Director of Finance to update the SBAF report to the Board.</p> <p>DMc advised content to be covered further in papers presented in the meeting.</p>	
<b>4. Month 5 Financial Performance Report</b>	<b>FIC (09/18) 004</b>
DMc presented the Month 5 Performance report advising it has begun to reflect the expected position at the end of Q2 (being £2.7m behind plan) and therefore some support of the position was required to report on plan.	

The position did allow for some provision for income under performance; specifically sepsis CQUIN and anticipated data challenges. Pass through drugs activity also contributed to income under-performance.

**PRODUCTION PLAN:** DMc advised £130k behind on the Production Plan YTD, no major adverse deviation from budget at Month 5 but there is a forward looking risk. The last FIC meetingast received a forecast on Production Plan slippage of £1.9m; full mitigation plan in place and a need to keep track of income against plan going forward..

**Discussion:** regarding recruitment/headcount; safety and income issues. General dip in births across other Trusts.

**PAY:** DMc advised in August we spent £26.7m, this equates to £3.5m YTD underspend against plan, mainly due to vacancies. The Trust is significantly over plan on agency spend; spending circa £1.3m per month, annualised spend £16m, which would be more than last year. This was reviewed at Exec Group. High cost well-controlled but volume must be growing as we are not seeing cost go down. TL/RG and Paul Hooton to meet to discuss control cost versus volume Bank/Agency/Nurse rostering.

**Discussion:** regarding medical staffing/mix of staff on agency/figures not scientific but an average calculation.

**NON-PAY:** DMc advised slightly over budget YTD, even with underspend on Pass Through Drugs which matches the income under-recovery. Key drivers for material variance are CIP delivery, being Procurement, Minor Works, Maternity Pathway, CNST and Utilities Related. Procurement work plan not having financial benefit impact as expected. Scope of surgery project was £1m, more like £300k will be realised. Mike Hanson, new Black Country Alliance Director of Procurement, made good start working on consistency across three Trusts. We need to remedy year end position of procurement quickly. DMc meeting with Mike Hanson later today.

**Discussion:** two-fold problem around savings and accounting. Work being done on a non-pay procurement plan, simple problem being overcomplicated. Good clinical engagement but needs to join up to analytics. Needs to move forward in the last 2-3 months of the year; by Christmas.

MP queried report on non-pay undershooting on Maternity income how are costs exceeding budget? DMc explained volume drop due to recharging from other providers. Antenatal pathway issue in CIP plan, we are in dispute with neighbouring providers about charging levels. Making progress on resolution. CNST issue may be resolved through NHSI.

TL: Confirmed CNST and Procurement remain big issues. At this point TL left the meeting.

**CASH:** DMc advised the Trust is significantly ahead of cash plan due to decreased debtors/increased creditors and being behind plan on payment of 2018/19 capital programme. Forward look means we need to access £6m borrowing in Month 8, in November. Cash plan never assumed NHS England taper relief. Asking NHS England for £7.9m which relates to 2018/19. DMc advised we may not need to access cash borrowing in 2018/19.

**Discussion:** regarding MMH and Carillion taper relief; NHSI and Department of Health involved in need for cash. RS requested update regarding creditors.

DMc advised Tim Reardon to scope up process improvement project, P2P; Procure to Pay. We need to improve our creditor position, have an improvement opportunity with grip and control.

**CAPITAL:** DMc advised £7m capital spend against £11m plan YTD therefore about £4m behind plan. Some slippage in £30.4m core programme but this is under regular review. Early Works contract £25m. £15.5m STP capital for acute service reconfiguration at City Hospital, £3.9m coming this year.

RS asked about IT in particular to capital versus revenue with regards IT firefighting. DMc advised £33.6m includes £1.5m extra costs for IT infrastructure and remedial works not in original plan but made available due to MMH delay. Unity delay pushed £2m capital cost into next financial year.

MP: Would like to see MMH capital impact regarding Estates, Informatics and Medical equipment and clear analysis of funding coming in.

**ACTION: DMc & MP to agree format of Finance report**

**ACTION: DMc to confirm if High Cost Drugs part of £273.8K**

**ACTION: TL to work through Mitigation Plan with Liam Kennedy and report Board on 04 October 2018**

**ACTION: TL to advise on Births: source and origin forward look at Board on 04 October 2018**

**ACTION: TL to table report on medical staffing/IT volume, money and mix to Board on 04 October 2018**

**ACTION: Procurement work plan – updates to be provided**

**ACTION: Clear analysis for MMH capital impact re: estates, informatics and medical equipment**

## 5. Year End Forecast Scenarios

Verbal

DMc presented 'Control Total Update' to the committee; including a high level summary forecast of CIP delivery. The 2018/19 plan assumed control total compliance and required £37.2m of efficiency which had been identified. The Trust has identified £34.6m of CIP plans and expects to deliver £28.1m by year end. This slippage will continue to be mitigated by non-recurrent means which vary in degrees of formal backfill for recurrent slippage. It would benefit us if we were more formal about identifying what is our non-recurrent mitigation for CIP non-delivery.

**Discussion:** Around using GIRFT to drive savings through improved clinical outcomes. We could make more savings linking to Model Hospital and more engagement from clinicians. DMc to pick up with Dave to link two things together.

DMc advised current View on 2018/19 Year End £8.5m adverse deviation from plan but we have solution to close the gap. However; we need to improve gap from Production Plan improvement recovery. Includes £28.1m of CIP delivery (recurrent versus non-recurrent to be confirmed) and £6.5m of CIP non-delivery. Assumes £7.7m of reserves funding released into the position currently have £2.7m recovered from IT. Taper relief margin previously fed in £2.7m contribution into plan. Reserves £8.3m available, £5m feeding into forecast and improving CIP non-delivery and £3.3m held back to cover Trust wide cost pressures of which £2.7m is IT. Winter reserve is not assumed although costs of winter are in forecast; £1m potentially available. BTC MES funding not distributed, £900k put aside for new CT/MRI scanner think may happen in Q4. £3.3m pay inflation reserve left over, estimate only £2m will be required. Bowel screening provision for underperformance against public health contract reserve may also be released. Balance sheet flexibility £1.5m provisions we no longer need and old accruals less than £1k. Looking forward - £8.5m variance found £5m in reserves and balance sheet flexibility, further opportunity in GNRI need to pull back income plan, possibly £4m release from I&E. Focus needs to be where we will be in Month 12.

MP request construct conversation with Group Directors in Private Board on 04 October 2018.

**Discussion:** MMH accounting treatment and commercialisation update on car parking. Audit Committee has this on their agenda therefore no need for duplication.

Commercialisation opportunities i.e. car parking will probably come in Q1 next year. Outsourcing IT service not deliverable in 2018/19 due to problems.

<p><b>ACTION: DMC to liaise with Dave B linking GIRFT and Model Hospital</b>  <b>ACTION: Construct conversation with Group Directors in Private Board on 04 October 2018</b></p>	
<p><b>6. Matters to highlight to the Board and Audit &amp; Risk Management Committee</b></p>	<p><b>Verbal</b></p>
<ul style="list-style-type: none"> <li>• Procurement</li> <li>• Income plan</li> <li>• Births; source and origin</li> <li>• November Board – capital and cash update, specifically in relation to the various funding streams relating to Midland Met.</li> </ul>	
<p><b>7. Meeting effectiveness feedback</b></p>	<p><b>Verbal</b></p>
<p>The committee agreed that the meeting discussions were useful and constructive.</p>	
<p><b>8. Any other business</b></p>	<p><b>Verbal</b></p>
<p>No other items of business were received.</p>	
<p><b>9. Date and time of next meeting</b></p>	<p><b>Verbal</b></p>
<p>The next meeting will take place on 26<sup>th</sup> October 2018, 0900h-1030h, Room 13, Education Centre, Sandwell.</p>	

Signed .....

Print .....

Date .....