

Finance and Investment Committee Minutes

Venue: Room 13, Education Centre, Sandwell Hospital 1030h **Date:** 25th January 2019 0900h –

Members Present:

Mike Hoare	Non-Executive Director & Chair
Richard Samuda,	Trust Chairman
Harjinder Kang	Non-Executive Director
Marie Perry	Non-Executive Director
Dinah McLannahan	Acting Director Finance
Rachel Barlow	Chief Operating Officer
Raffaella Goodby	Director of People & OD

In Attendance:

Toby Lewis, Chief Executive

Committee support:

Menisha Bodh, Exec. Assistant

1. Introductions [for the purpose of voice recording]	Verbal
Introductions were given.	
2. Apologies for absence	Verbal
Apologies were given for Rachel Barlow.	
3. Minutes of the previous meeting held on 21 December 2018	FIC (01/19) 001
<p>DM confirmed that the 2% was part of the action to improve the normalisation gap that had been created, partly by assuming all the vacancies would be filled. Although part of the route back to closing that gap was that realistically not all vacancies would be filled.</p> <p>DM proposed a change to the last sentence in paragraph 5, to: "Dinah noted that it was noted that within the normalisation model as completed by the finance team it had been assumed that every vacancy would be filled. Just to make it clear."</p> <p>TL confirmed that the figure established would be 100% and that the budget would be set at 98%. Although it was not assumed that the 2% would be covered by a banking agency, but it would be a combination of various groups of staff.</p> <p>DM highlighted the important changes to minutes as follows:</p> <ul style="list-style-type: none"> • Under Section three in the 2nd paragraph it was confirmed that I.T had been left out of the sentence. • Under Section five in paragraph three. It was confirmed that it was not correct that £607k would be used for new staffing in 19/20 regarding procurement savings and that the sentence would be removed. 	

3.1 Matters arising and update on previous meeting actions**FIC (01/19) 002**

It was confirmed that the setting of the 2019/20 budget was still ongoing. DMc confirmed that a conclusion had not yet been reached, about agreeing to antenatal pathways, and that she had sent proposals to other partners. It was her intention to chase this up today. TL expressed his wish for the deadline to be for the next Finance and Investment meeting. In the event of an inability to agree pathways the need for arbitration was discussed. TL confirmed that this would be a consideration for him to contemplate.

It was confirmed that the 60 Day non-NHS creditor payment position had been covered in the paper and that the others were not yet due.

TL requested that the action from Summer 2018 be re-instated, this being the visualisation of the model hospital data CIP plan. This was not actioned due to the new model hospital data being updated. It was confirmed that updated numbers were now available.

ACTION: A visualisation of the model hospital data CIP plan to be provided.

DM confirmed that staffing per unit of activity was comparatively high and she would conduct further analysis on this issue.

4. Financial Performance PO9**FIC (01/19) 003**

DM updated the group in terms of Month 9 performance and confirmed that there had been no major changes since last month and that the Trust remains on track to deliver the revised plan with a route to control total, although a tight grip would need to be maintained on finances in Q4. DM acknowledged that the risks to delivery were set out on slide 4 of the presentation.

It was confirmed that the early works contract money was flowing, although the expenditure was not flowing as fast as had originally been profiled so it was necessary to draw down a little bit in excess of PDC but that this was being monitored and managed carefully'

DMc clarified that the cost of drawing down the PDC dividend is £472k, and she was confident that this could be covered.

DMc clarified that, from a cash perspective, £27.8m was in the bank at the end of December and that the messages remained the same in that The Trust is looking much better than had been planned. The cash planned for, to hold £1.7m at year end, was now expected to be £18.8m.

It was noted that, from a non-NHS creditor perspective, a further small reduction was seen and only 900,000 of the balance now relates to local companies, these being local none NHS companies. Whilst there have been some staffing issues within the team, which are being watched carefully, it was confirmed that the balance continued to be driven down, which is encouraging.

A discussion regarding the Oracle software ensued and it was confirmed that whilst there were

some teething issues it was expected that the system would quicken processes eventually.

MH asked about the triangle report and when it would most likely be available. DS confirmed that her team had started to run the triangle report and it was included in the last Government's pack, although there were data quality issues which she confirmed had been ironed out. DMc confirmed that she had run another validation test recently.

Action: DM to investigate what can be done to get to optimisation of the Triangle Report in the front end of 19/20.

The residual position was discussed, and it was agreed that it would be beneficial if it could be resolved going into the next financial year.

DMc confirmed that she could not see anything that could not be resolved in terms of the £900,000 over the next 75 days, which wasn't in the control of the accounts payable team, although budget holders within the trust who are not following the process will add time and delay. Therefore, full compliance with order process would be a necessity.

It was agreed that new entrants might go over 60 days and that a report could be generated giving assurance that the over 60's were new entrants because of process compliance.

5. Underlying deficit bridge to 2021

Verbal

DMc confirmed that they were preparing to do the full business case from Midland Met and 19/20 would be year one of a five-year plan that would take them through to Midland Met opening and the whole affordability around that.

The revised control for this year suggested that the Trust was at about £28m, which was £21m away from the deficit control total of £7.5m, which was made up mainly by a gap on pay of 12m. The £5m commercialisation gap would be carried forward into next year. DMc clarified that a control total offer from NHS improvement had been made with regard to 19/20.

It was noted that agreeing the £300m contract with the CCG would be key to the Trust's ability to be able to sign up to the controlled total but at first look next year it looks like a reasonable offer. Although it was confirmed that this was very much a one-year transition.

It was understood that the Trust does not have the route to remove their underlying deficit currently for 20/21 until they are clear what the PSF regime is going to be. Although the route to £5m would need to be explored across car parking and I.T.

6. Non-pay savings plan 2019/20

Verbal

DM reminded the group of the aim to target a £4m 19/20 non-pay savings plan, of which there was a plan in place to deliver that. It was confirmed that there had been significant under-delivery, so this target doesn't come without a degree of risk which they will need to mitigate and manage over the next two months.

<p>Procurement was discussed, including the opportunity to increase the rate of return on the investment and the commitment to the Black Country alignment given previous under-delivery.</p> <p>Asset lives were being reviewed, which was one of the 18/19 savings. It was confirmed that a figure of £2.9m was being targeted and over-achievement against this would be likely. The impact of that on the depreciation budget and starting point for capital for next year is likely to contribute up to £1m against next year's £4m target. There was a need to clearly agree that treatment with external audit.</p> <p>Pharmacy schemes have been outlined to the value of £450,000 but capacity to deliver it and support for pharmacy will be key. The sum of £1m was being targeted around the minor works budget and a plan from estates is awaited.</p>	
7. Phasing of 2019/20 production plan	Verbal
<p>TL talked through a chronological referrals plan, which he expressed needed slightly polishing but should be ready for oral report at the February meeting.</p>	
8. Items for February and March Trust Board	Verbal
<p>DMc will report the outline deficit bridge to the February Board meeting. Production plan for 19/20 to be presented at March Board meeting.</p>	
OTHER MATTERS	
<p>None</p>	
9. Highlight to Board & Audit & Risk Management Committee	Verbal
<p>It was confirmed that this would be discussed at the Board meeting as the position will likely evolve over the next two weeks.</p> <p>The Trust has complied with all the returns required. There is nothing in the returns that identifies a material financial risk.</p> <p>TL confirmed that the Trust was not stockpiling medicines, doesn't have a material European workforce risk, does not have a material research funding risk at any real scale. TL confirmed that he doesn't think it is a fiscal risk in this or next year and that Midland Met markets question in 19/20 is the big issue but that will flow through in the pricing of the deal.</p>	
10. Meeting effectiveness feedback	Verbal
<p>The meeting was considered effective.</p>	
11. Any other business	Verbal
<p>None</p>	

12. Date & Time of Next Meeting	
Friday 22nd February 2019, 0900 – 1030h, Room 13, Education Centre, Sandwell General Hospital	

Signed

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Date