

### Finance and Investment Committee Report

<b>Trust Board – Public</b>	<b>Item: 12.1</b>
<b>26 November 2014</b>	<b>Enclosure: O1</b>
<b>Purpose of the Report:</b> To report to the Trust Board on the meeting of the Finance and Investment Committee held on 23 October 2014	
<b>FOR: Information</b> <input checked="" type="checkbox"/> <b>Assurance</b> <input type="checkbox"/> <b>Discussion and input</b> <input type="checkbox"/> <b>Decision/approval</b> <input type="checkbox"/>	
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<b>Risk Implications – Link to Assurance Framework or Corporate Risk Register:</b>	BAF Risk 8
<b>Link to Relevant Corporate Objective:</b>	Objective 4
<b>Document Previously Considered By:</b>	None
<b>Recommendations &amp; Actions required by the Committee:</b>  The Board is asked to note the report, and to agree the revised terms of reference for the Committee.	

## **Finance and Investment Committee 23/10/14**

### Financial Position

The Committee considered the month 6 position. There was a small surplus of £0.1m in month, slightly below budget at £0.2m; the Trust's year to date variance was £0.7m adverse. Year to date the Trust was approximately £0.4m behind plan on income and £0.3m above plan on expenditure, being driven largely by non-pay. Non electives met plan in month but remained £1m behind plan year to date. Trust penalties were in line with recent months at £66k although commissioners have since agreed that the 18 week element of this (£14k) would not be applied for July, August and September. Critical care was operating at 70% utilisation in month, resulting in a £0.1m adverse variance to plan.

Overall, pay was in line with budget in month and has a small surplus against budget year to date. Vacancies were outweighing the cost of premium agency staff but this is expected to be a short-term position as vacancies are filled and agency costs reduce. There are still overspends in medical staffing due to unfunded consultants, agency/locum spend and sickness and maternity leave.

CIPs achieved on plan in month and 93% year to date.

Cash had decreased by £1.7m in month due to capital expenditure. The expenditure is now at 79% of the plan year to date.

The Continuity of Service Risk Rating was a 3 for debt service cover and a 2 for liquidity but a 3 overall.

Non-pay was adverse in month. A clinical supplies overspend of £0.1m was driven partly by specific areas of higher activity as well as charges from other providers for diagnostic tests. Non-pay also included a provision against overseas income of £0.1m, included for the first time that month.

A summary of key forecast risks and opportunities was presented to the Committee. Key risks include service line performance, CIP slippage on specific projects and material commissioner challenges. The position is tight and these risks and upsides will need to be monitored closely but at this stage, it is still anticipated that the plan will be met.

### Contracts

The contracts report was presented to the Committee. There will be an activity contract variation for the July to September 16 week activity which is in the process of being agreed and any 18 week penalties during this period will not be charged. The penalties are included in the position to date and the year-end forecast is £1.4m.

It was noted that commissioners had issued draft commissioning intentions for 2015/16 which proposed the continuation of the 5 year strategy and collaborative working. The Trust was collating its response to this and has sent its own notice letter as part of this process.

### Approvals

A summary of the Q2 Monitor return was presented. The Committee agreed that with the condition that there were no material changes to the information presented, the return could be signed off on behalf of the Board.

A summary update on progress with the Commercial Pharmacy project was presented. This was now due to open on 1<sup>st</sup> December. The Committee agreed to approve this contract on behalf of the Board.

A summary of the embryology tender was presented. The Committee agreed to recommend this tender to the Board for approval.

#### Other updates

The Committee was provided with an update on the loan. This had been partially drawn down in the month and the loan rate had been fixed at 2.27%.

The Committee reviewed the partnership reports. The position on RMH is generally good and the activity is on track.

The Committee received a verbal update on the 2015/16 budget setting process. Operational managers have fed back that the timing of the process this year has enabled them to engage more proactively. The Committee asked that careful consideration is made of non-pay budgets as part of the 2015/16 budgeting round as there are overspends each year. All service lines were preparing for a marketplace event on 12<sup>th</sup> November where they could share ideas and identify interdependencies between their plans.