

**Cover report to the Trust Board meeting to be held on 31 October 2016 at
11:00 am – 1:00 pm in the Conference Room, Trust HQ, Marlborough St,
Bristol, BS1 3NU**

		Agenda Item	6.2a
Meeting Title	Finance Committee	Meeting Date	24 October 2016
Report Title	Chairs Report Finance Committee		
Author	Pam Wenger, Trust Secretary		
Executive Lead(s)	Paul Mapson, Director of Finance and Information		
Freedom of Information Status		Open	

Reporting Committee	Finance Committee
Chaired by	Lisa Gardner, Non Executive Director
Lead Executive Director (s)	Paul Mapson, Director of Finance and Information
Date of last meeting	24 October 2016

Summary of key matters considered by the Committee and any related decisions made.

This report provides a summary of the key issues considered at the Finance Committee on 24 October 2016.

Procurement Transformation Plan (PTP)

Members received an update on the progress against the Procurement Transformation Plan including the key activities that the trust needs to undertake to achieve the targeted performance improvement. Members noted the Trust position and the work being progressed to address the Carter Recommendations for Procurement.

Challenges were made in relation to the efficiencies of the Bristol & Weston Purchasing Consortium (BWPC). Assurance was provided that the NHS Standards Self-Assessment Score would enable the Trust to measure the service against other procurement services. Members agreed to sign off the submission on behalf the Board and requested that the BWPC strategy was brought to the Committee in due course.

Service Profitability and Efficiency 2015/16

Members noted the report and the 2015/16 end of the year position of £3.6m profitability. Members noted the impact of the tariff changes and the position for each division against the service lines and that this information would form part of the speciality reviews.

There was discussion in relation to Trauma and Orthopaedics and whether there could be further work taken forward within the Trust until the whole system pathway issue had been addressed. Members noted that this would be addressed in the next phase of speciality reviews recognising the wider work required.

Members agreed to receive a further update in December 2016 and to consider the risk factors around any changes to tariff. Further work would be undertaken to enable the Committee to consider the best estimate for 2017/18 and to understand the changes and the profile for the Trust.

Operating Plan Variances

Members received a report describing the issues driving the difference between Divisional current financial position and their operating plans, including a planned year end outturn position of £3.302m. There was a detailed discussion in relation to the deteriorating position for the Divisions and assurances were requested in terms of the actions being taken to address the position.

Members noted the main issues which have impacted on the adverse variance which included the unanticipated levels of enhanced care costs, higher than planned costs of deliver outsourcing work, over estimation of the potential benefits that would arise from the introduction of the ORLA initiative and the delivery of certain savings programme schemes.

Finance Directors Report

Members received the Finance Report at month 6 and noted that the summary income and expenditure statement shows a surplus of £8.170m (before technical items) for the first six months of the year. This includes £6.337m of sustainability funding – the position represents a surplus of £1.833m without this funding. Members noted that at month six the Trust is £1.488m adverse against plan and that the deterioration from last month reflects the continued adverse run rate in Clinical Divisions.

The agreed NHS Improvement plan required a surplus of £8.135m at month 6, the Trust has just achieved this and therefore is able to receive the sustainability and transformation funding subject to activity performance. This position, however, relies on a planned lower run rate in the second half of the year. Members noted that the position was only being achieved by utilising non-recurring items and that concern has been raised and noted to NHSI, that this is not sustainable in future years.

Divisional Financial Reports

The Divisional Financial Reports were received and it was noted that all Divisions had deteriorated this month. Members discussed the financial controls particularly around agency spend given the assurance on nursing controls previously provided by the Chief Nurse.

Savings Programme

Members received an update against the Savings Programme and it was noted that the year to date achievement was £6.444m against a plan of £8.178m leaving a shortfall of £2.277m.

Members discussed the progress against 2016/17 savings and there was discussion in relation to the development of the plan for 2017/18 onwards, in particular some of the concerns within the Divisions to achieve the savings required. Members noted the update against the Carter Recommendations and assurance was provided that the Trust was continuing to undertake the actions as required.

Capital Programme

Members received an update against the Capital Programme and noted that at the end of September the position was £14.048m against the internal plan of £14.143m, £0.095m behind plan.

Statement of Financial Position & Treasury Management

Members noted that the statement of financial position remains strong. The cash balance of £66.679m is below plan, due to commissioners continuing to pay at 2015/16 contract levels and delays in the receipt of sustainability funding. This is reflected in accrued income being £9.911m higher than plan. The shortfall on Commissioners is expected to be paid in November.

NHS Improvement Monthly Return

Members received and noted the financial monthly return to NHS Improvement.

Terms of Reference

Members reviewed the terms of reference for the onward approval by the Trust Board.

Key risks and issues/matters of concern and any mitigating actions

Members of the Committee discussed in detail the financial position and the plans in place to address achievement of the national targets.

Matters requiring Committee level consideration and/or approval

Terms of Reference for the Finance Committee.

Matters referred to other Committees

None

Date of next meeting

25 November 2016