

Finance Committee

Key summary points from the meeting held on 24th February 2015

Finance Director Report Month 10

The Committee reviewed the Finance Report as also reported to, and summarised for, the Board.

The position and outturn forecast remains largely as for the end of January report and the outturn forecast of a deficit of £12.2m is maintained.

In the month income was pressurised as the effects of additional non-elective activity displaced elective work with an adverse impact. Pay costs rose to beyond the level of the previous peak of October 2014 whilst non-pay costs fell as a result of less elective work. In total these factors cancelled each other out to maintain the overall outturn prospects. Recurring trends of pay costs and pressure on income present a continued significant challenge in planning for 2015/16.

Cash awaits the payment of the recent settlement which will be drawn down in early March.

Financial Strategy 2015/16

Contract discussions are ongoing.

The draft tariff for 2015/16 has been withdrawn as a large number of Trusts rejected key terms. A voluntary tariff has been developed and proposed to Trusts with several key improvements whilst having some adverse impact on previously identified risks. A fuller evaluation of its implications is being undertaken to enable the Board to decide if it is to be accepted [by early March].

Current pressures maintain especially pay trends going into the new financial year. The capacity effects of additional emergency demand remain across the cost base and income levels. The Committee remain concerned that the key risks, especially those relating to the impact of excess demand, delayed transfer and structural inefficiencies, continue to lie with the Trust rather than more evenly shared. Prospects of effective reduction of these demand levels are seen as limited.

The Committee emphasises to the Board the need for these risks to be appropriately addressed across the health economy as the contract negotiations develop.

Other Business:

- An update on the Master Vendor initiative for agency staff procurement was considered and this will continue to be monitored,
- The basis for the Future Configuration of Hospital Services post project review was established,
- Minor revisions to the Standard Financial Instructions were reviewed and recommended to the Board for adoption,
- The latest quarterly review of charitable funds was undertaken and a feedback will be made to the next meeting of the Corporate Trustee, and
- The summary of losses and special payments was received. Further instances of losses of patient valuables / property was reported and this carries a risk to the Trust in terms of patient experience and reputation. The emotional effects of lost valuables are high. Procedures are laid down to safeguard patient property but a consistent application of them is vital.

Name of Chair: Dennis Jones

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