

TRUST BOARD
27th July 2017

AGENDA ITEM NUMBER	7.2	
TITLE OF PAPER	Financial Management Committee Annual Report	
Confidential		
Suitable for public access	√	
PLEASE DETAIL BELOW THE OTHER SUB-COMMITTEE(S), MEETINGS THIS PAPER HAS BEEN VIEWED		
This annual report of Financial Management Committee to the Trust Board was reviewed and approved at a meeting held on 20 th July 2017.		
STRATEGIC OBJECTIVE(S):		
Best outcomes	√	
Excellent experience	√	
Skilled & motivated teams	√	
Top productivity	√	
EXECUTIVE SUMMARY	<p>As a formal sub-committee of the Trust Board the Financial Management Committee is required to present its Annual Report to the Trust Board under the Committee and Group Policy.</p> <p>The report summarises the key areas of activities over the year to 30th June 2017 in discharging the Committee's duties under its approved Terms of Reference. The key objective areas have been:</p> <ul style="list-style-type: none"> • Risk based budgetary control • Operational performance • Financial strategy 	
RECOMMENDATION	Receive and note the paper	
SPECIFIC ISSUES CHECKLIST:		
Quality and safety		
Patient impact		
Employee		
Other stakeholder		
Equality & diversity		
Finance	Identification of key financial risks and the Committee's work in reviewing these.	
Legal		
Link to relevant Board Assurance Framework Principle Risk	The Trust Board is assured that risks (financial, performance and workforce) have been identified during the year and actions have been taken to address them.	
AUTHOR	Paul Doyle, Deputy Director of Finance	

	Please approach for any further information required.
PRESENTED BY DIRECTOR	Meyrick Vevers, Non-Executive Director and Committee Chair
DATE	20 th July 2017
TRUST BOARD ACTION	Receive

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Annual Report of the Financial Management Committee to the Trust Board

Introduction

The Financial Management Committee is a formal sub-Committee of the Trust Board with defined Terms of Reference and as such is required to prepare an annual report on its work and performance in the preceding year for consideration by the Trust Board. This report summarises the Financial Management Committees activity for the year to 30th June 2017.

Meetings

Meetings were held on the following dates during the period: -

21 st July 2016	18 th August 2016
22 nd September 2016	20 th October 2016
17 th November 2016	19 th January 2017
16 th February 2017	23 rd March 2017
20 th April 2017	18 th May 2017
22 nd June 2017	

In addition an extraordinary meeting was held on 16th January 2017 which was opened up for all Trust Board members to attend.

Membership and Attendance

The membership of the Financial Management Committee over the year is set out below along with the maximum number of meetings that could have been attended and actual number attended. Each member (or fully briefed deputy) must attend a minimum of 50% of meetings during the year.

<u>Name</u>	<u>Position</u>	<u>Max</u>	<u>Actual</u>
Meyrick Vevers	Non-Executive Director (Chair)	12	11
Neil Hayward	Non-Executive Director	12	12
Nadeem Aziz	Non-Executive Director (ex-Chair)	7	4
Peter Taylor	Non-Executive Director	3	3
Simon Marshall	Director of Finance and Information	12	11
Lorraine Knight	Interim Chief Operating Officer	5	4
Tom Smerdon	Director of Operations - Unplanned Care	7	3
James Thomas	Director of Operations – Planned Care	7	5

All meetings of the Committee were quorate. Deputies attended for the Director of Finance and Information and Interim Chief Operating Officer on one occasion each.

The Chief Executive, Chief Nurse, Medical Director and Director of Workforce Transformation have an open invitation to attend meetings, but are not formal members of the Committee. The Chief Executive and Director of Workforce Transformation attended ten of the meetings, whilst the Medical Director and Chief Nurse attended one each.

The extraordinary meeting held on 16th January 2017 was also attended by the Trust Chairman and three other Non-executive Directors.

The Committee is supported by the Deputy Director of Finance and the Assistant Director, Financial Management who acts as Secretary to the Committee.

Peter Taylor attended his last meeting as a Committee member on 22nd September 2016 and Nadeem Aziz stood down in February 2017. They were both thanked by the Committee for their valuable input over the years of their membership.

Terms of Reference

The current Committee Terms of Reference were reviewed and updated by the Committee at its 22nd June 2017 meeting and then approved by the Trust Board on 29th June 2017.

Progress and Achievements

As a matter of routine the Committee considers at each of its meetings the following main reports:

- Operational Performance Report;
- Workforce Report;
- Finance Report, including Risks and Opportunities; and
- Operational Effectiveness Metrics;

Other reports are received on a cyclical basis or have been requested by the Committee over the year to enable it to discharge its duties. In particular these have covered:

- Service Line Reporting;
- Capital;
- CQUIN's;
- Detailed Reviews of the Cost Improvement Plans and review processes;
- Review of Finance Risks for the Trust Risk Register;
- Overseas Visitors Income Review;
- Reference Cost Collection;
- Medical Workforce Plan; and
- Business Case Review Update – following up on previously approved Business Cases.

The Committee made satisfactory progress overall against the objectives which it set itself for 2016/17 as follows:

Objective	Update
<p>1. <u>Risk based budgetary control</u></p> <p>Manage the delivery of key financial targets using a risk management plan.</p>	<p>This was the major focus of the Committee's regular work in 2016/17. The Trust faced several challenges (e.g. payment of over-performance, investment in urgent care pathways including escalation beds, low CQUIN achievement and risk share arrangements), as well as increased scrutiny by regulators given the state of the Trust and national NHS finances.</p> <p>The Trust's forecast moved off plan at the end of quarter three which led to an extraordinary meeting of the Committee on 16th January 2017 which was opened to all Trust Board members.</p>

	<p>The key mechanism for reviewing forward performance was through a risk and sensitivity analysis to provide focus on the most significant drivers of performance.</p> <p>The Committee also worked with the workforce team to develop a new Workforce Report that provided the right focus for the Committee's understanding of the financial impacts of workforce issues.</p> <p>The Schedule of Business is reviewed at each meeting to ensure that future agendas cover key risk items.</p>
<p>2. <u>Operational Performance</u></p> <p>Continuation of the "operational oversight" role of the Committee.</p>	<p>Ongoing review of the Operational Performance Report to ensure the Committee received relevant information, with focus on A&E and Cancer targets.</p> <p>At the Committee's request presentations were received as follows:</p> <ul style="list-style-type: none"> • Theatres management on Theatre utilisation; and • A&E clinical and management team on the A&E performance challenges and improvements being made.
<p>3. <u>Merger/Financial Strategy</u></p> <p>Provide support and oversight to the merger and long term financial strategy.</p>	<p>Due to the continued pause and then cessation of merger discussions, this was not an agenda item for the Committee during the year.</p> <p>The two year plans for 2017/18 and 2018/19 were reviewed and the submission to NHS Improvement approved.</p> <p>During the course of the year the Committee considered Business Cases for:</p> <ul style="list-style-type: none"> • Endoscopy expansion; • Integrated Critical Care; • Interim arrangements for Stroke Services; • West Site (OBC); and • Urgent Care Facility (SOC)

The Committee has referred matters onto other Committee's as necessary, for example the Workforce and Organisational Development Committee. In addition it reports monthly to the Trust Board through provision of the Committee's minutes with key points to bring to the Trust Board's attention.

As mentioned earlier in the report the Committee set up an extraordinary meeting on 16th January 2017 which was opened up for all Trust Board members to attend. This meeting was to discuss the Trust finances and the decision to amend the year end forecast financial position.

Policies

The following policies were reviewed and approved during the period:

- Treasury Management Policy (August 2016); and
- Remuneration of Governors Expenses (October 2016).

Objectives for 2017/18

Key objectives for 2017/18 will remain as:

- Risk based budgetary control
- Operational performance
- Financial strategy

At its meeting on 20th July 2017 the Committee agreed to move to eleven meetings a year, dropping the current meeting set for August each year. The Director of Finance and Information will notify Committee members if the results that would normally be discussed at an August meeting are significantly adverse to plan. It is proposed to amend the Terms of Reference of the Committee at its next review (June 2018)

Conclusion

The Committee has complied with its Terms of Reference during the periods under review.

Meyrick Vevers
Financial Management Committee Chair
July 2017