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<b>Meeting:</b>	<b>Brighton and Sussex University Hospitals NHS Trust Board of Directors</b>
<b>Date:</b>	<b>30<sup>th</sup> June 2016</b>
<b>Board Sponsor:</b>	<b>Chair, Finance, Business and Investment Committee</b>
<b>Paper Author:</b>	<b>Chair, Finance, Business and Investment Committee</b>
<b>Subject:</b>	<b>Report from the Finance, Business and Investment Committee, 23rd June 2016</b>

## Executive summary

The Finance, Business and Investment Committee met on 23<sup>rd</sup> June and approved the terms of reference of its sub-Committees.

The Committee received a report on the month 2 financial position and progress reports on the Programme Management Office (PMO) and Financial Improvement Programme (FIP).

The Committee asked for further work to be undertaken on the proposal for the e-rostering programme.

## Action required by the Board

The Board is asked to note the report.

<b>Links to corporate objectives</b>	The report concerns the objective of <b><i>high productivity</i></b>
<b>Identified risks and risk management actions</b>	The key risks concern in-year financial performance at month 2, including non-pay costs around drug expenditure, and risks to the year-end forecast deficit; and the related delivery of the efficiencies required in the Financial Improvement Programme
<b>Resource implications</b>	None applicable to this report
<b>Report history</b>	None
<b>Appendices</b>	None

**Report to the Board of Directors, 30th June 2016**  
**Report from the Chair of the Finance, Business and Investment Committee**

## **Introduction**

The Committee meeting on 23rd June was the first meeting of the Finance, Business and Investment Committee following Board approval of the revised Trust governance arrangements in April.

## **Pathology Procurement**

The Chief Financial Officer advised the Committee that the outcome of the procurement review had been discussed within the Joint Venture with a clear focus on the lessons learned and actions to be taken going forward.

## **Sub-Committees**

The Committee approved the Sub-Committee structure and terms of reference, with the following sub-committees reporting: cash; business appraisal; capital expenditure; contract management; procurement; and IM&T. The Committee welcomed the extra grip and focus this would give to financial governance.

## **Finance Month 2**

The Chief Financial Officer reported that in month 2, the in-month deficit was £6.38m, with a year to date deficit of £11.08m. The May deficit was due to the national pay award and an increase in the CNST premium. SIFT income and STF funding was not included in the Month 2 position.

The Committee noted the risks around expenditure on drugs and would receive a detailed report on the control of drug expenditure at its July meeting. The Committee also noted the risks around income, operational costs and delivery of the planned efficiency programme, with overall a significant risk to the planned deficit if the current run rate was maintained.

The Committee also noted that the year-end income position with commissioners was yet to be finalised and the Chief Financial Officer advised that the contracting and income function would be strengthened to ensure the Trust maximised its income in 2016/17.

## **Financial Improvement Programme**

The Committee received a progress report from McKinsey on the Financial Improvement Programme, which detailed the financial gap in 2016/17 and progress with the plans to bridge the gap from income and recurring and non-recurring savings, with the recurring savings representing 5% in-year cost. £48.2m plans were required, with plans at different stages of development, and an identified gap of £9.3m. The plans would be firmed up in July and August.

The Committee discussed engagement and ownership of the programme and was advised that a positive cultural change had taken place in this regard. The Committee was also advised that the in-year challenge was very significant, notwithstanding the significant efficiency opportunities within the Trust. Higher savings in non-pay were likely to be required to offset under-performance in the pay schemes.

## **Programme Management Office**

Good progress was being made in setting up the PMO and Trust Programmes, although only 8 of 22 staff had been recruited to the PMO to date, which was slowing implementation.

## **Reference costs**

The Committee considered and approved the annual return of tis costs and activity for clinical seVICES for submission to the Department of Health and Health Education England, noting the improvement in Trust costing practices.

## **International nursing recruitment**

The Committee noted and welcomed the progress in reducing qualified nursing vacancies through international, national and local recruitment. The Committee was advised of further plans for international recruitment which were remitted to the Executive Team to consider further.

## **CQC Inspection Investment**

The Chief Financial Officer advised the Committee of the urgent remedial work undertaken following the CQC inspection and further work planned, noting that this included some substantial recurring investment which would need to be supported by a full business case and SMT report, as appropriate. A case was submitted for investment in staffing in obstetric theatres which the Committee recommended to the Board for approval.

## **E-rostering**

A proposal to approve a full tender for an e-rostering system was referred back to the Executive Team for further work up.

**Antony Kildare**  
**Chair, Finance, Business and Investment Committee**  
**June 2016**