

Finance Assurance Committee, Key Issues Report		
Report Date: 31 December 2024		Report of: Finance Assurance Committee
Date of meeting: 31 December 2024		Members: Richard Miner (Chair), Sarah Dunnett, Helen Troalen, Paula Gardner. Attendees: Adam Winstanley, Simon Balderstone, Lisa Mitchell Apologies: Sarah Dixon (NHSE), Simon Crowther
1	Agenda	The Committee considered the following: <ul style="list-style-type: none"> • Finance Highlights Month 8 Report (including forward look) • Financial planning update 25/26 • Energy Centre - updated contract arrangements • Workforce plan and financial impact • 4A Reports: Efficiency and Sustainability Group and Capital Planning Group
2a	Alert <i>Matters of concerns, gaps in assurance or key risks to escalate to the Board</i>	<ul style="list-style-type: none"> • Deficit is now £13.2m (up from £10.9m in month 7) adverse to plan which is itself a planned deficit for the year of £44.3m. This planned deficit is funded and, in essence, reduces the Trust to a break-even position. The underlying position is driven primarily by workforce costs. • Current year end forecast outturn is a deficit (to the agreed deficit) of £24.3m, a marginal improvement from last month's £25.2m. In coming to this figure, savings have already been identified and work is ongoing through the various governance groups, together with PwC input, to improve that position. That said, the Committee would categorise current initiatives as incremental cost reduction ("salami slicing") and consider transformational change is the real answer. Bank spend, medical workforce spend and MEC division financial performance represent the most critical areas. • The pace of implementation of planned workforce changes continue to pose a particular challenge (and also opportunity) with the full run-rate benefits and opportunities unlikely to impact until the start of FY25/26. Nationally mandated, but not fully funded, pay awards have added to the existing pressures allied to escalation and unavailability. • There is varying divisional performance with MEC particularly challenged through its medical pay bill and the Committee will invite MEC to attend the March meeting to look at the 2025/26 financial plan. • The Committee reviewed the draft financial plan for FY25/26. The Committee wanted to alert the Board that the financial plan for the year is likely to mean little in the way of additional cash and therefore little financial flexibility for service developments and investments. • There is still substantial uncertainty around the potential cost of clinical support worker re-gradings and quantification is vital. The Committee was advised that this would not be known until well into the new financial year.

		<ul style="list-style-type: none"> The capital spend budget requires significant work in order for it to be achieved by year end. 		
2b	Assurance <i>Positive assurances and highlights of note for the Board</i>	<ul style="list-style-type: none"> Current cash balance is £54.9m following deficit funding (cash support). Cash forecasting is monitored carefully and, the Committee are assured, should be sufficient to the end of the year and beyond. FAC will follow closely. The increasing alignment between financial and workforce governance is vital. The YTD efficiency target is close to being achieved (c. 95%) and, excluding the element linked to the reduction in escalation costs, may exceed the previously reported 90% of the BAU efficiency target at the year end. 		
2c	Advise <i>Areas that continue to be reported on and/or where some assurance has been noted/further assurance sought.</i>	<ul style="list-style-type: none"> FAC asked last month for detailed analysis on the underlying monthly deficit to track movements in it. FAC has asked for further assurance around the potential full year impact on FY24/25 and the potential savings that could be taken into FY25/26. In addition, FAC will closely follow the monthly reporting on the forecast financial outturn, the workforce modelling and the mitigations against overspends and deficits. Efficiency and Sustainability Group and Capital Planning Group 4As Issued and noted with follow up monitoring around capital spend trajectory. Energy Centre contract update – the Committee was briefed that the finalisation of the contract will not be until the end of January and in order to ensure work continues a letter has been issued to the supplier to agree the programme of work and associated funding for January. 		
2d	Actions Significant <i>follow up actions</i>	<ul style="list-style-type: none"> Continued maintenance of the relationship between the FRG and its actions and FAC. Potential review of 2025 meeting dates as current dates may not allow sufficient time for post month end reporting. 		
3	Report compiled by	Richard Miner, Chair, Non-Executive Director	Minutes available from	Lisa Mitchell