NHS
The Shrewsbury and Telford Hospital
NHS Trust

Finance Assurance Committee, Key Issues Report		
Report Date: 25 February 2025		**Report of:** Finance Assurance Committee
Date of meeting: 25 February 2025		Richard Miner (Chair), Rosi Edwards, Simon Crowther, Paula Gardner, Adam Winstanley, Simon Balderstone, Sarah Dixon, Debbie Bryce (Part), Lisa Mitchell
1	**Agenda**	The Committee considered the following: • Financial Report M10 • Quarterly Contract Award Report • Draft 25/26 Revenue & Capital Budget • Draft 25/26 Trust Operating Plan • Workforce Plan and Financial Impact • Capital Planning Key Issues Report • SaTH SIIP Transition Criteria Metrics Financial Key Issues Report • Early review of BAF 5 for quarter 4
2a	**Alert** *Matters of concerns, gaps in assurance or key risks to escalate to the Board*	• Deficit is now £22.7m (up from £17.2m in month 9) against a restated planned deficit of £3.6m (this is the profiled deficit having taken account of the funded deficit of £44.3m for FY 24/25) therefore adverse to plan by £19.1m year to date. The planned and funded deficit for FY24/25 is £44.3m. The deficit to plan is driven primarily by workforce costs and the shortfall of endoscopy income. • Current year end best-case forecast outturn is a deficit (to the agreed deficit) of £23.3m with a worst-case forecast deficit of £29.3m and a likely outturn of £28.8m. 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, and as has been emphasises previously, the Committee would categorise current initiatives as incremental cost reduction (“salami slicing”) and consider transformational change is the real answer to materially impact on the current forecast deficit position. Temporary staffing expenditure, especially Bank, escalation costs, medical workforce expenditure 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 necessary to impact from the start of FY25/26 in order to deliver the required performance in FY25/26. • There is varying divisional performance with MEC particularly challenged through its medical pay bill and the Committee is inviting MEC to attend the March meeting to look at the FY25/26 financial plan. The division is being supported by PwC in relation to their recovery plan. • 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 and estimates continue to reduce.

		• The capital spend budget requires significant work (£26.9m so far out of £68.8m) in order for it to be achieved by year end, however plans to achieve are in place. • SIIP Transition Criteria Metrics Financial Key Issues Report shows there would be lots of work to do in order to exit from the programme by March 2026. • After substantial debate the Committee agreed in respect of BAF 5 (operating within available resources) for quarter 4 to leave at 20 but to review again at the March meeting. • That having reviewed the draft of both the 25/26 Revenue and Capital Budget and the 25/26 Integrated Plan, further work is still ongoing and necessary in anticipation of submission to the ICB by 27 February and final submission to NHSE on 27th March. • Due to continuing data warehouse problems, it remains difficult to measure activity.
2b	**Assurance** *Positive assurances and highlights of note for the Board*	• Current cash balance is £54.9m at the end of January 2025 and following deficit funding (cash support). Cash forecasting is monitored carefully and, the Committee is assured there should be sufficient cash to the end of the year and beyond. FAC will follow closely but it is forecast that cash support will be required in quarter two of FY25/26. • The increasing alignment between financial and workforce governance is vital. • The YTD efficiency target is close to being achieved (nearly 90%) and, excluding the element linked to the reduction in escalation costs, BAU efficiency delivery is within sight of being achieved. • Noted the Quarterly Contract Award Report and its compliance with Standing Financial Instructions (SFIs).
2c	**Advise** *Areas that continue to be reported on and/or where some assurance has been noted/further assurance sought.*	• FAC asked for further work through FRG be undertaken in relation to the year-end forecast and where the current likely-case deficit forecast of £28.8m could be improved. • FAC will closely follow the monthly reporting on the forecast financial outturn, the workforce modelling and the mitigations against overspends and deficits. • Capital Planning Group 4As Issued and noted with follow up monitoring around capital spend trajectory. • FAC considers attendance by operational colleagues in future meetings would be helpful
2d	**Actions** ***Significant*** *follow up actions*	• Continue to review the maintenance of the relationship between the FRG and its actions and FAC as this is so vital to financial performance. • Review BAF 5 risk score. • Review of STW ICS Financial Plan 25/26 and MTFP when received.

3	**Report compiled by**	*Richard Miner (Chair)* *Non-Executive Director*	**Minutes available from**	*Lisa Mitchell* *Senior Governance Support Officer (Minute Taker)*