

Finance Assurance Committee, Key Issues Report		
<b>Report Date:</b> 28 January 2025		<b>Report of:</b> Finance Assurance Committee
<b>Date of meeting:</b> 28 January 2025		Prof Trevor Purt (Chair), Paula Gardner, Rosi Edwards, Simon Crowther, Adam Winstanley, Arati Das, Simon Balderstone, Dan Wright (NHSE), Anna Milanec, Lisa Mitchell & Debbie Bryce (part)
1	<b>Agenda</b>	<p>The Committee considered the following:</p> <ul style="list-style-type: none"> <li>• Monthly Finance Report: M9</li> <li>• Workforce Plan and Financial Impact</li> <li>• Efficiency and Sustainability Group 4A Report</li> <li>• Capital Planning Group 4A Report</li> <li>• Board Assurance Framework</li> </ul>
2a	<b>Alert</b> <i>Matters of concerns, gaps in assurance or key risks to escalate to the Board</i>	<ul style="list-style-type: none"> <li>• Deficit is now £17.2m (up from £13.2m in month 8) adverse to plan by £16.3m year to date. The planned deficit for FY24/25, £44.3m, is funded and, in essence, reduces the Trust to a planned break-even position at yearend. The underlying position is driven primarily by workforce costs.</li> <li>• Current year end best-case forecast outturn is a deficit (to the agreed deficit) of £23.8m, a marginal improvement from last month's £24.3m, with a worst case forecast deficit of £29.8m. 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, 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.</li> <li>• 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, especially in relation to medical staffing.</li> <li>• 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 division are being supported by PwC in relation to their recovery plan.</li> <li>• 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.</li> <li>• The capital spend budget requires significant work in order for it to be achieved by year end, however plans are in place. In additional approval has been received in relation to the HTP re-phasing.</li> </ul>

2b	<b>Assurance</b> <i>Positive assurances and highlights of note for the Board</i>	<ul style="list-style-type: none"> <li>• Current cash balance is £43.5m 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, it is however forecast that cash support will be required in quarter two of FY25/26.</li> <li>• The increasing alignment between financial and workforce governance is vital.</li> <li>• The YTD efficiency target is close to being achieved (c. 90%) and, excluding the element linked to the reduction in escalation costs, BAU efficiency delivery is at 99% to date.</li> </ul>		
2c	<b>Advise</b> <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"> <li>• FAC asked for further work to be undertaken in relation to the year end forecast and where the current best-case deficit forecast of £23.8m could be improved.</li> <li>• In addition, FAC will closely follow the monthly reporting on the forecast financial outturn, the workforce modelling and the mitigations against overspends and deficits.</li> <li>• Efficiency and Sustainability Group and Capital Planning Group 4As Issued and noted with follow up monitoring around capital spend trajectory.</li> <li>• FAC requested attendance by operational colleagues in future meetings.</li> <li>• The committee requested early sight of the quarter one predictive modelling and run-rate.</li> <li>• That real effort be put into looking at what can be deferred from FY24/25 to quarter one FY25/26 in relation to ALL expenditure not just discretionary.</li> </ul>		
2d	<b>Actions Significant follow up actions</b>	<ul style="list-style-type: none"> <li>• Continued maintenance of the relationship between the FRG and its actions and FAC.</li> </ul>		
3	<b>Report compiled by</b>	<i>Prof Trevor Purt (Chair) Non-Executive Director</i>	<b>Minutes available from</b>	<i>Lisa Mitchell Senior Governance Support Officer (Minute Taker)</i>