

Council of Governors Focus and Approach on Finance

October 2022

Owen McLellan, NED, Chair of Finance and Performance
Committee

Richard Mills, NED, Finance and Performance Committee

Contents

Slide/Page

Finance Strategy 2022-
2026

3 and 4

Finance and Performance
Committee

5

Governance Structure

6

Objectives

7

Core Functions

8

Executive Summary

9

Briefing on break-even
and changes to the
budget

10

Finance Strategy 2022-2026

- The Finance Strategy is an enabling Strategy to the Clinical and Social Care Strategy
- It aims to provide an insight into the financial ambitions for SHSC and sets out where we would like to be by 2026, and how we will get there
- The strategy has been informed and shaped by national, regional and local context, and considers the current position of SHSC, the views of service users, staff and partners



Finance Strategy

- The Finance Strategy has been shaped by national, regional and local context.
- National priorities include the NHS Long-term plan for Mental Health and Learning Disabilities Services
- Regional priorities considers SHSC's place in the new Integrated Care System and how we work with partners, including NHS providers, local Authorities and newly formed Provider collaboratives
- Local priorities are those that are related to SHSC's goals and visions, including the Enabling strategies (set out on the previous slide) that support the delivery of the Clinical and Social Care strategy

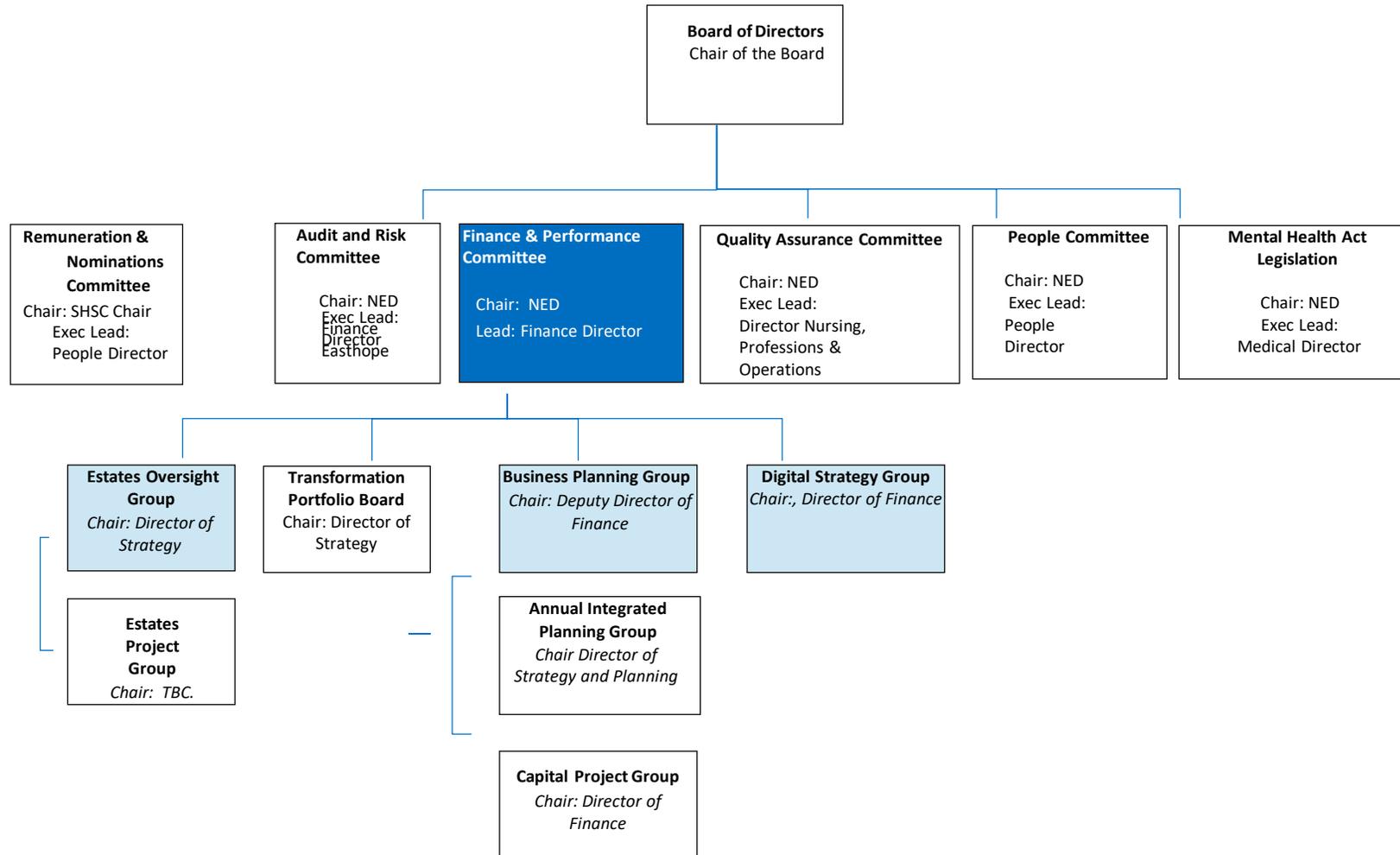


Finance Strategy

Finance and Performance Committee

- The Finance and Performance Committee provides assurance to the Board of Directors in consultation with the other Board Committees that adequate and appropriate governance structures, processes and controls are in place throughout the Trust
- This committee meets every month
- Membership:
 - **Chair:** Owen McLellan, Non-Executive Director (from 1 October 2022)
 - **Non-Executive Directors:** Richard Mills and Anne Dray
 - **Executive Director of Finance** (Lead Executive and SIRO): Phillip Easthope
 - **Executive Director of Nursing, Professions and Operations:** Beverley Murphy
 - **Director of Strategy:** Pat Keeling
- Attendees:
 - Deputy Director of Finance
 - Director of Corporate Governance
 - Committee Administrator
 - Governor observer

Governance Structure



Finance and Performance Committee Objectives

- **The work of the Finance and Performance committee is set out within its Terms of Reference and includes:**
 - **Financial Management and Performance**
 - **Capital Management**
 - **Treasury Management**
 - **Investment Appraisal**

Core Functions



Executive Summary

KPI	Annual Plan £'000	Year to Date Plan £'000	Year To Date Actual £'000
Surplus/(Deficit)	0	(344)	(1,039)
Covid Expenditure	1,161	393	459
Agency	4,348	1,622	2,997
Cash	61,938	59,017	59,736
Efficiency Savings	5,166	1,368	1,368
Capital	10,500	3,529	2,014
Better Payments Practice Code	99% by Number 99% by Value		

Summary at July 2022:

1. The headline is a deficit of c£1m. This is c£0.7m worse than plan.
2. Specific Covid funding for 22/23 has been reduced nationally. There is no material risk based on current impact.
3. Agency remains an area of focus by NHSE/I. At present, agency usage remains high. Whilst some of this is linked to routine workforce challenges, a large element is linked to fixed term specialist transformation projects like the Electronic Patient Record (EPR) project.
4. The cash position remains strong and will continue to be for the foreseeable future. We have no cash concerns.
5. Whilst progress is being made to deliver and close the CIP gap. Some aspects and plans are not delivering. Out of area usage and agency usage is currently higher than planned.
6. Capital is underspending against plan from a profile and timing perspective but there are no major concerns.
7. We continue to achieve the national Better Payments Practice code target of at least 95%. (payment of invoices to suppliers within 30 days)

Briefing on break-even and changes to the budget

	£m	Note
Planned deficit	(2.72)	The original plan had a deficit of £2.718m
Additional Income	1.02	Through the latter stages of the regional ICB planning process, additional income was agreed for SHSC of c£1.018m. This included additional allocations for inflation and other allocations distributed across the ICB on a fair share basis.
Revised Deficit	(1.70)	Revised reduced deficit
Additional CIP Required	1.70	There was then an agreement to submit a balanced plan with an assumed gap being met via efficiencies (to be identified). This was to support a breakeven plan at the organisation and system level. This was part of a wider ICB wide agreed strategy to enable the system to access and retain the extra funding earmarked above.
Final Financial Plan (Breakeven)	0	This included a level of organisation and system wide risk. However, had this not been committed to, the additional income would not have come into the local system for allocation.