

FBIC report to Board

From meeting on 15/12/16

Issues where FBIC recommends attention at Board

2016/17 Financial Monitoring and Mitigation Plan

FBIC noted that at month 7 the I&E balance of the trust was £1.1m worse than the planned profile, a deterioration of £220k since the last reported position. It considered projected profiles for the areas of concern, outstanding downside risks, and current prospects for the elements of the mitigation plan. The current forecast is still that the trust will meet its planning total by the end of the financial year, but the risk of not doing so is significant. FBIC were alerted that the draft position at month 8 suggested further deterioration which was of concern and means that the level of risk is now elevated. Actions are being set in train to assess how and whether the position can be mitigated.

If confidence in recovering the position cannot be restored in the next 3-4 weeks the Executive, FBIC and Board may need to consider a formal revision of the forecast outturn via the Quarter 3 NHSI submission. This would require urgent and formal attention in January. NHSI would require that FBIC and Board approve mitigation plans prior to any forecast change.

2017/18 and 2018/19 Plan

The committee received an update on the negotiations over key elements of contracted income for the next two years:

- ✦ a determined negotiation over the low-secure NHSE contract had led to a sequence of improved offers, amounting to £422K in 2017/18 and a further £269K in 2018/19. This remained less than the Trust had sought, but FBIC felt that significant improvements had been secured and that the risks of entering an arbitration process outweighed the potential gains
- ✦ negotiations with the CCGs were continuing. The offers had been disappointing, in terms of a deviation from shared planning assumptions agreed in the STP for the Mental Health investment standard for both years and in relation to demographic pressures for those services. An improved offer had been discussed but not yet confirmed. FBIC was of the view that we should continue detailed negotiations with the CCG, but not enter any formal dispute process.
- ✦ the BMDC budget consultation documents show proposed reductions in trust funding broadly in line with the expected 8.2% reduction in 2017/18, (subject to clarification of SMS impacts) but a much higher reduction, 15.7%, for 2018/19. The further reductions were in funding for school nursing/health visiting (10%) and substance misuse provisions (£0.5m dual diagnosis). The Trust operations would also be seriously affected should the council proceed with plans to withdraw a significant number of social workers, with current caseloads, from collaborative teams.

Against this background, draft plans had been prepared, including 5% CIP elements and provisions only for the most inescapable cost pressures. These plans achieved broadly break-even positions for each of the two financial years: some £2.4m and £2.6m below proposed control totals (comprising plan gaps of £1.65m and £752k forfeited STF; £1.9m and £752k forfeited STF). No STF payments would be received if the control totals are not agreed.

Negotiations and explorations continue. Board will need to consider the up to date position with care at its meeting on 22 December, but on the basis of the understanding available to it FBIC was of the view that the current control totals could not be accepted by the Trust.

The Chief Executive and Director of Finance, Contracting and Facilities had been in communication with NHSI and have a further conference call with NHSI the day before the Board meet to discuss the Trust's plan and contracting progress. It was agreed that the Trust should explore with NHSI any opportunity to vary the control total.

Issues where FBIC can provide assurance to Board

FBIC received an update over the Trust's Marketing Strategy, noting the significant success in winning the Wakefield Children's Services Tender, and the latest position on a number of other opportunities.

The committee endorsed the updated Estates Strategy, noting the significant progress made but also the further changes now being adopted, including further decreases in workstation/employee ratios, and reviews of the use of some major facilities as service patterns changed and wider system building use reviews were pursued.

The committee endorsed plans for a live exercise to test the Trust's preparedness in the context of a smoking related fire incident that raised issues of possible Corporate Manslaughter. It agreed that all board members should be asked to complete the self-assessment checklist.

Other issues considered at FBIC

FBIC noted the effective management of the closure of the ITC. In considering a "lessons learned" report it drew attention to the need to ensure that rational analyses of potential service need were accompanied by realistic assessments of actual demand (translated into commissioner investment), and to the importance of access to strong marketing skills for new ventures. It acknowledged that several key changes in context (the introduction of control totals and curtailment of FT freedoms and the national drive to reduce OOA placements) had made the timing of the ITC initiative difficult.

It considered an update on the deep dive into corporate service innovation to reduce overhead costs. It noted a significant number of areas where shared, or possibly outsourced, services might prove worth pursuing. Further work using new corporate service benchmarking would be possible once data was released in late January 2017. It was agreed that the committee would consider a further report next March, with the intention of filtering the range of possible areas of action against both their potential impact and an assessment of the relative complexity of their pursuit.