

**Board Part 1:** 24 November 2011

**Title of Paper:** Finance Committee 10 November 2011

**Presented by:** Stuart Lacey, Chair

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## 1. Purpose of Paper

To brief the Board on the issues discussed at the Finance Committee held on 10 November 2011.

## 2. Cash Flow

The Finance Committee reviewed cash flow forecasts for the Trust for the remainder of 2011/12 and for 2012/13. The committee noted that the Trust had started the financial year planning for a cash balance of £6.5m by the year end. The trust is now forecasting a year-end cash balance of £0.5m. This forecast has accepted that relief on loan repayments will not happen this financial year. However, the forecast also assumes delivery in full of the Big Ask savings commitment in the approved recovery plan. Progress against the Big Ask is moving in the right direction but not fast enough. It was reported to the committee that there was good engagement with Big Ask from the Trust management teams but savings achievement is still behind plan. The committee has requested for the next meeting in January a Big Ask report that details by month up to the end of the financial year:

- Forecast savings as per the recovery plan
- Actual savings achieved to date
- Shortfall against plan detailed by the responsible Trust executive

The committee noted the conclusions of 2012/13 cash forecast that without PCT support it will be very difficult for the Trust to remain solvent in next financial year. The Finance Director is confident the PCT will support the Trust's request for funding and will secure before the next Committee meeting in January, written confirmation from the PCT and SHA of their agreement to provide the Trust with a cash payment of £7m in the first three months of 2012/13 ahead of it being earned by the Trust.

## 3. Service Line Reporting

The committee reviewed a progress report on the implementation of service line reporting (SLR) and the latest reference cost data. The committee agreed that in the light of current financial performance the objectives of introducing SLR, namely the appropriate allocation of resources to profitable services, were now more important than ever. We agreed that clinical engagement was key to achieving this outcome and invited Tony Divers to the next committee meeting in January to outline how the clinical body is using SLR to achieve these Trust objectives. The reference cost data was positive and indicated that the Trust is improving its cost position across a number of specialties relative to the rest of the NHS.