

# Minutes of the Finance and Performance Committee 5 November 2018

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Agenda Item No: 12.5

Minutes of the Finance and Performance Committee

**Date** Wednesday 19<sup>th</sup> September 2018  
**Venue** Conference Room, Hollybush House, The Royal Wolverhampton NHS Trust (RWT)  
**Time** 8.30am

**Present:**

<u>Name</u>	<u>Role</u>
Mary Martin	Non-Executive Director (Chair)
Junior Hemans	Non-Executive Director
Kevin Stringer	Chief Finance Officer
Alan Duffell	Director of Workforce
Gwen Nuttall	Chief Operating Officer

**In Attendance:**

<u>Name</u>	<u>Role</u>
Helen Troalen	Deputy Chief Financial Officer
Simon Evans	Deputy Director of Strategic Planning & Performance
Claire Richards	PA to Director & Deputy Director Strategic Planning & Performance (Minutes)
Lee Jones	Planning & Performance Administrative Officer (Observer)

<b>100/2018</b>	<b><u>Apologies for Absence</u></b> Apologies were received from M Sharon and S Rawlings. C Richards Introduced L Jones, Planning & Performance Administrative Officer, to the Committee.	
<b>101/2018</b>	<b><u>Minutes of Meeting Held on 5<sup>th</sup> September 2018</u></b> The minutes were agreed to be a true record.	
101.1	<u>CIP Deep Dive Meeting (Page 6)</u> – M Martin referred to the deep dive meeting regarding CIP on page 6 of the meetings and asked for feedback following the meeting.  H Troalen stated that a meeting took place with NHS Improvement representatives the previous day (18 <sup>th</sup> September) to discuss activity capacity, funding requirements, provide an update on income and to discuss the CIP plan. The Trust discussed the Deloitte's contract which is providing assistance with the delivery of a robust CIP programme. The NHSI highlighted concerns regarding a financial plan that did not correlate with the delivery of CIP. The Trust informed the NHSI that we would be presenting a forecast to the Finance & Performance Committee in October. K Stringer stated that he would be meeting with NHSI to discuss feedback following the meeting. Suggestions from NHSI to deliver the control total consisted of a vacancy freeze, land sale, private sector and site evaluation. H Troalen informed the Committee that the Trust had informed the NHSI that RWT currently use a vacancy approval panel to manage Trust vacancies and also stressed that the Trust are providing service support for neighbouring Trusts. NHSI were using FIMS (Financial Information Management System) data for discussion during the meeting. H Troalen stated that the FIMS data was not up to date as the plan is frozen at a point in time whereas the Trust Business Plan moves throughout the year. A revaluation of the FIMS and Trust Business Plan is required.	<b>HT</b>
<b>102/2018</b>	<b><u>Action Points From Previous Meeting</u></b>	
102.01	<u>BAF</u> – Mr Stringer stated that the BAF and risk register would be updated to reflect the impact of the pay award for the meeting in October.	<b>KS</b>

102.02	<u>Supplementary Finance Report (Pass Through Drug Costs/Income)</u> – K Stringer stated that the reports needed to be updated to show income and budget in both for high cost pass through drugs to ensure the contribution is accurate. H Troalen agreed to make the changes in next month's report.	HT
102.03	<u>Risk Gain Share</u> – K Stringer stated that discussions have taken place with the CCG and that a signed copy of the Risk Gain Share agreement is awaited for Staffordshire. H Troalen informed the Committee that she would chase this for Wolverhampton, the Trust was still awaiting a response. This would be chased.	HT/KS
102.04	<u>Quarterly Cash Flow Focus</u> – K Stringer confirmed that the Cytology service model was a smaller single service with income to the Trust. K Stringer and H Troalen confirmed the close scrutiny of the income received and would provide an update at the October meeting for the Black Country Pathology Service.	KS/HT
102.05	<u>Quarterly Cash Flow Focus (Local Authority Debt)</u> – S Evans stated that month 5 reconciliation has been agreed but has not yet been received.	
102.06	<u>Performance Element of the IQP Report (Cancer Waiting Times)</u> – S Evans to report back to the Committee in October regarding the decision on the reduction or removal of cancer fines following a debate between NHS England and NHS Improvement.	SE
102.07	<u>Mandatory Training</u> – A Duffell stated that work to review Mandatory Training was underway and asked the Committee to monitor the data to the end of the year. M Martin agreed to transfer this action to the Workforce & Organisational Development Committee.	
102.08	<u>Financial Recovery Board Report (Taunton Visit)</u> – Mr Sharon had circulated the information from the Taunton visit. <b>Action completed.</b>	
102.09	<u>Temporary Staffing Expenditure Dashboard</u> – H Troalen stated that additional narrative had been included in the report but that due to the quick turnover there had not been sufficient time to include more detail regarding bank activity and costs. The report would be updated next month.	HT
<b>103/2018</b>	<b><u>Governance</u></b>	
103.1	<u>BAF Update</u> There were no further updates to report. M Martin informed the Committee that a new risk, SR12 regarding Mortality would be added to the BAF for discussion at QGAC.	
<b>104/2018</b>	<b><u>Financial Planning</u></b>	
104.1	<u>Long Term Financial Model (LTFM)</u> H Troalen confirmed that the LTFM had been deferred until there is a clear forecast. H Troalen stated that the forecast would be presented to the Committee in October and the LTFM would be presented in November.  M Martin asked for an update regarding budget setting. S Evans informed the Committee that planning requirements are yet to be confirmed and that a debate is taking place as to whether there will be a 2 or 3 year planning round. H Troalen stated that the Trust would be adhering to the current annual planning timetable in the absence of the planning round guidance.	

<b>105/2018</b>	<b>Financial Performance for Period 5</b>																						
105.01	Trust Financial Report – K Stringer provided an overview of the Finance Report.																						
	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Year to Date</th> </tr> <tr> <th>Plan £'000</th> <th>Actual £'000</th> <th>Variance £'000</th> </tr> </thead> <tbody> <tr> <td>Surplus/(Deficit)</td> <td>(7,271)</td> <td>(7,647)</td> <td>(376)</td> </tr> <tr> <td>Achieved PSF</td> <td>3234</td> <td>2,264</td> <td>(970)</td> </tr> <tr> <td>Control Total Surplus/(Deficit)</td> <td>(4,037)</td> <td>(5,384)</td> <td>(1,346)</td> </tr> </tbody> </table>				Year to Date			Plan £'000	Actual £'000	Variance £'000	Surplus/(Deficit)	(7,271)	(7,647)	(376)	Achieved PSF	3234	2,264	(970)	Control Total Surplus/(Deficit)	(4,037)	(5,384)	(1,346)	
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105.01.01	<p><b>Financial Plan:</b> K Stringer stated that the Trust is behind the year to date financial plan at month five by £1,346k, which is made up of £970k unachieved PSF and £376k adverse to plan on all other budgets. Income shows a favourable variance to plan of £4.8m year to date, however, it should be noted that there was a one-off benefit in August of £0.4m which relates to adjusting the accrual for fines to reflect the guidance for 2018/19. Expenditure is adverse to plan by £5.2m year to date which is predominately due to pay expenditure exceeding the budget. The pay overspend does also include the impact of the new AFC pay award.</p> <p>The shortfall on PSF income is due to the Q1 A&amp;E element that was not achieved and a prudent assumption that similarly Q2 will not be achieved. It is possible, however, that at the end of next month the full PSF available will be achieved for Q2 if the A&amp;E trajectory is delivered.</p>																						
105.01.02	<p><b>Financial Risks:</b> This financial year is expected to be one of the most challenging years that the Trust has experienced. The key risks are:</p> <ol style="list-style-type: none"> <li>1) A high activity and income plan. To a degree this risk has been mitigated as the funding for additional capacity has now been agreed with divisions.</li> <li>2) A low contingency compared to previous years.</li> <li>3) A £25m CIP target and a £11.1m vacancy factor, both of which have only been partially delivered year-to-date.</li> <li>4) The nationally agreed pay award is a risk that has materialised with an estimated cost pressure of £0.6m in 2018/19.</li> <li>5) Agreeing funding for the AEC/ frailty model of care and/ or securing transition funding for the 2017/18 ward closure (£1.1m).</li> <li>6) Confirmation of the £6m funding for MSFT support.</li> </ol>																						
105.01.03	<p><b>CIP and Vacancy Factor:</b> In month five there has been an under recovery of £0.45m against the in-month CIP plan of £1.16m. Year to date shows an achievement of £3.11m against a plan of £5.78m. Of the CIP delivered to date, there is a £1.34m recurrent full year effect. The non-delivery of recurrent and cash releasing CIP continues to be an issue. The vacancy factor target for month five is £0.9m (18/19 Factor only). There was an under recovery of £0.2m.</p>																						
105.01.04	<p><b>Cash:</b> At the 31st August 2018 the Trust had a cash balance of £13.4m which is £1.6m above the plan.</p>																						
105.01.05	<p><b>Pay:</b> K Stringer informed the Committee that the back pay for the Agenda to Change Pay Award had been issued to staff in August. The financial deficit in a full year of the award has risen to £600k and will increase as the Trust recruits additional staffing. K Stringer highlighted concerns expressed at the Financial Directors Meeting regarding the financial implications of the funding shortfall. J Hemans asked how neighbouring Trusts would manage the gap. K Stringer stated that discussions are taking place as the mechanism (ESR an+ plan + expected efficiency savings) used to calculate the pay award was complex.</p>																						
105.01.06	<p><b>Bank:</b> A discussion took place regarding the deep dive exercise. A Duffell and H Troalen confirmed that the deep dive would be available for discussion at the next meeting. Further</p>			<b>AD/HT</b>																			

<p>105.01.07</p>	<p>discussion took place regarding neighbouring Trusts increasing the amount of notice period for staff. M Martin asked if the Trust would consider this change of process. A Duffell stated that this could be a possibility but that it could cause other Trusts to increase their notice period further.</p> <p><b>Divisions:</b> J Hemans expressed concerns regarding the amount of GP cover within Division 3. A discussion took place regarding the operational input when completing due diligence. G Nuttall agreed to discuss the due diligence process with Kate Shaw now that she is in post and to ensure sign off before being presented to Directors for review.</p> <p>A discussion took place regarding Division 3's agency spend. G Nuttall informed the Committee that there had been difficulty recruiting Radiographers. M Martin suggested liaising with Wolverhampton University to see if they could provide a Radiographer Training Programme for local Trusts. A Duffell agreed to liaise with the University and feedback.</p> <p>M Martin stated that the majority of Division 1 variances were due to non-achievement of CIP but that activity performance was good.</p> <p>A discussion took place regarding Division 2 variances which were primarily due to pay pressures and changes to income. M Martin asked whether the pressures were due to the impact of Finished Consultant Episodes (FCE). H Troalen informed the Committee that Ops/Finance had agreed that there was a need to realign the budgets to reflect the change more accurately. See action log 79.15 to be updated at the meeting on 19<sup>th</sup> December.</p>	<p>GN</p> <p>AD</p> <p>HT</p>
<p>105.01.08</p>	<p><b>Clinical Haematology:</b> M Martin asked for an update on the outcome of the investigation into day cases. G Nuttall and K Stringer stated that a discussion had taken place at the Ops/Finance Meeting and that an update would be provided to the Ops/Finance Meeting in October. G Nuttall to provide an update to the Committee once finalised.</p>	<p>GN</p>
<p>105.01.09</p>	<p><b>Payment of Suppliers:</b> A discussion took place regarding payment of invoices. H Troalen informed the Committee that analysis provides a level of assurance that in excess of 90% of invoices are paid within 40 days. A change of process to revert to 30 day payment would cost the Trust £4m and would not be a good use of cash. Suppliers who have a 30 day payment period within contract are paid within 40 days and there has been no negative feedback. If the Trust reverted to 30 day payment it would also hasten the need to request cash support. If the Trust requested cash support from the NHSI we would be told to increase payment to 90 days. M Martin asked that the invoice payment figures remain within the supplementary report. H Troalen confirmed that this would be the case.</p> <p>The report was noted.</p>	<p>HT</p>
<p>105.02</p>	<p><u>Supplementary Finance Report</u> – The supplementary report was read in conjunction with the Finance Report.</p> <p>The report was noted.</p>	
<p>105.03</p>	<p><u>Financial Recovery Board (FRB) Report</u> – S Evans stated that the 2018/19 CIP Target is £25m, which is broken down into a £15m recurrent CIP Target and £10m non-recurrent CIP Target. At month 5, the Trust is forecasting to deliver £6.769m (an increase of £1.094m since month 4) which is a shortfall of £18.231m against the CIP Target. The Trust's recurrent YTD delivery is £0.446m with forecast outturn of £2.451m and the Trust's non-recurrent YTD delivery is £2.665m with forecast outturn of £4.317m.</p>	

	<p>The Trust has delivered £3.111m year to date against a year to date FRB Approved Plan of £3.028m. However, this only relates to schemes FRB has approved. The year to date Trust CIP Plan is £5.782m. As a result, the Trust has only delivered 53.8% of the YTD Trust Plan.</p> <p>To date FRB has approved 30 PIDs with a value of £4.480m. On 12th September 2018 Division 2 and 3 presented 3 new PIDs for FRB approval with a combined value of £0.114m. FRB approved all three PIDs.</p> <p>S Evans stated the Trust has asked the NHSI for suggestions to generate further CIP savings that we have not already attempted or achieved, there have been no ideas forthcoming. K Stringer stated that the Finance Team are completing an analysis of non-recurring CIP and vacancy factor from last financial year to assist with calculations for this financial year. Discussions have taken place with Royal Stoke University Hospital (UHNM) regarding joint working in procurement.</p>	
105.03.01	<p>K Stringer informed the Committee that NHS supply chain is being moved to a new supplier and that he would be attending a workshop regarding this. K Stringer to feedback following the workshop.</p>	KS
105.03.02	<p>M Martin asked for feedback on the outcome of the Outpatient Project. G Nuttall confirmed that the project was delivering transactional savings on track. G Nuttall agreed to share a presentation produced by Alex Claybrook regarding the project with the Committee. G Nuttall stated that a kick off meeting had taken place to develop a plan to achieve the transformational savings.</p> <p>The report was noted.</p>	GN
105.04	<p><u>Temporary Staffing Expenditure Dashboard</u> – The report was noted.</p>	
<b>106/2018</b>	<p><b><u>Performance</u></b></p>	
106.01	<p><u>Performance Element of the IQP Report (National &amp; Contractual Standards)</u> – G Nuttall presented highlights from the report.</p>	
106.01.01	<p><u>RTT Waiting Times</u> – Performance reached the recovery trajectory figure for August, achieving 90.98% for the month. Each directorate continues to be monitored against their individual trajectories for both activity numbers and backlog reduction for each month. Diagnostic waiting times saw slight deterioration during August, however, the Trust remained within tolerance. The pressure points continue in Cardiac diagnostic testing and additional sessions are utilised to keep up with demand.</p>	
106.01.02	<p><u>Urgent Care</u> – Total time spent in the Emergency Department improved during August and the Trust was in the top 30 nationally, however, the 95% target was not met. G Nuttall stated that there were 2 x 12 hour breaches during August and that the CCG are meeting with Mental Health Trusts and RWT to look at improving processes. However, G Nuttall felt that this would be a capacity issue for mental health teams and that this may deteriorate nationally. Overall August was a good month for performance.</p> <p>G Nuttall informed the Committee that she attended a NHSI/NHSE risk summit with D Loughton and Dr Odum to discuss the impact of the CQC report for Dudley Hospital and the possible overnight closure of Shrewsbury &amp; Telford Hospital NHS Trust (SATH) Emergency Department (ED). G Nuttall informed the Committee that the closure of SATH ED would impact on RWT. A decision will be made by SATH at their public Trust Board Meeting on 27<sup>th</sup> September, with a</p>	

	<p>view to closing overnight from October onwards. G Nuttall stated that she would compile a report to discuss at Trust Board but stressed that this had already been factored into winter plans as a precautionary measure.</p> <p>M Martin asked if there had been a discussion to change the MRFT baseline for more admission. G Nuttall confirmed that this had not taken place at the meeting but that discussions need to take place regarding this. K Stringer confirmed that M Sharon would have discussions with Commissioners and ask for tariff plus payment as the Trust would need to recruit agency staff.</p> <p>106.01.03 <u>Ambulance Handover</u> – G Nuttall informed the Committee that ambulance handover had improved during August, with an increase of 5 – 6% ambulance conveyances. The Trust has also been receiving regular diverts from Russells Hall Hospital.</p> <p>106.01.04 <u>Winter Capital Funds</u> – G Nuttall informed the Committee that the 3 business cases for additional funding, totalling £1.85m, had been approved but would need to be spent by 24/12/18. The schemes consisted of; 1 additional MRI pad (£50k), reconfiguration of some minor cubicles within the Emergency Department to reconfigure the Paediatric waiting area (£500k already in the Capital Programme) and refurbishment of a ward that will be opened to assist with winter pressures.</p> <p>106.01.05 <u>Cancer Waiting Times</u> – The performance figures are as follows:</p> <ul style="list-style-type: none"> <li>• <b>2 Week Wait:</b> the breaches in month were as follows; 56.8% were due to internal issues (capacity) and 43.2% were patient choice.</li> <li>• <b>2WW Breast Symptomatic:</b> the breaches in month were as follows; 25.9% were due to capacity issues and 74.1% were patient choice.</li> <li>• <b>31 Day to Treatment:</b> 24 patient breaches in month, 18 were due to capacity issues, 3 complex cases and 3 patient initiated.</li> <li>• <b>31 Day Sub Surgery:</b> 9 patient breaches in month; 8 were due to capacity issues and 1 patient initiated.</li> <li>• <b>31 Day Sub Radiotherapy:</b> 36 patient breaches in month; 35 were due to capacity issues and 1 patient initiated.</li> <li>• <b>62 Day to Treatment:</b> 54 patient breaches in month.</li> <li>• <b>62 Day Screening:</b> 2 patient breaches in month.</li> <li>• <b>62 Day Consultant Upgrade:</b> 18 patient breaches in month.</li> <li>• <b>Patients over 104 days</b> - Following July 2018 month end final upload - 14 patients were treated at 104+ days on a cancer pathway during the month, all of these patients had a harm review and no harm was identified.</li> </ul> <p>G Nuttall informed the Committee that this is the area with the most challenging performance and that the Trust had set a target of treating 105 patients per month, based on static referrals. However, the number of referrals had increased, which means that the baseline would need to increase to 118 to ensure that the Trust can treat patients from the backlog. The baseline has been increased from September onwards, however, if the number of referrals keep increasing it will have a negative impact.</p> <p>G Nuttall stated that she would bring an updated Elective Intensive Support Team (EIST) report to next month's Finance &amp; Performance Committee Meeting.</p> <p>G Nuttall expressed concerns regarding the deterioration of national cancer performance and stated that the electronic referral system has generated an increase in the number of referrals. G Nuttall stated that was high number of DNA's (20%) of patients that were being referred via the fast track pathway and felt that GPs were not informing patients that this referral was for cancer treatment.</p>	<p>GN</p> <p>GN</p>
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	The Committee noted the report.	
106.03	<u>Performance against Contractual Standards (Fines)</u> – The Committee noted the report.	
096.04	<u>NIHR CRN: West Midlands Report</u> – The Committee noted the report. M Martin stated that the Committee would discuss any red deliverable risks identified in the report when NIHR attend the meeting in December.	
<b>107/2018</b>	<b><u>Financial Planning</u></b>	
107.1	<p><u>Service Line Reporting (SLR)</u> – H Troalen informed the Committee that the SLR report covers the first 2 months of this financial year. M Martin expressed concerns regarding the small bubble for critical care on the bubble chart and asked if this was correct as it was showing a £9.5m negative contribution. H Troalen stated that she would look into this and report back, it was thought that the discrepancy may be due to the supplementary report providing month 5 data and the SLR providing month 2 data.</p> <p>M Martin suggested that K Shaw attend to the Finance &amp; Performance Committee Meeting in November to discuss the last 6 month's performance for Division 3. G Nuttall to feedback to K Shaw.</p> <p>The report was noted.</p>	<p>HT</p> <p>GN/KSh</p>
<b>108/2018</b>	<b><u>Reports to Note for Period 5</u></b>	
108.1	<u>Financial Monitoring NHSi Return</u> – The return was noted.	
108.02	<u>Financial Monitoring NHSi Template</u> – The template was noted.	
108.03	<u>Annual Work Plan</u> – The work plan was noted and updated accordingly.	
108.04	<u>Finance Minutes</u> – The minutes were noted.	
108.05	<p><u>Capital Report</u> – M Martin asked for clarification regarding the increased capital spend in September. H Troalen stated that this was for LINAC purchase and £2m of PFI (Private Financial Investment) additions.</p> <p>The report was noted.</p>	
<b>109/2018</b>	<b><u>Any Other Business</u></b>	
109.01	<u>Pathology</u> – K Stringer informed the Committee that the business case had been approved by all boards. However, there has been further discussion regarding the TUPE of specialist chemistry staff. Sandwell & West Birmingham Hospitals are challenging the proposed non-pay savings and negotiations have taken place between Chief Executive Officers. Sandwell & West Birmingham have proposed a risk/share agreement. M Martin expressed concerns regarding the signing of business cases before TUPE arrangements have been agreed. K Stringer stated that the key finance issues of the variant come into play when the specialist chemistry lab move from the city site to the Sandwell site.	
109.02	<u>Apologies</u> – J Hemans provided apologies for the next meeting.	

<b>110/2018</b>	<b>Date and Time of Next Meeting</b> The next Finance & Performance meeting will take place on Wednesday 24 <sup>th</sup> October 2018 at 8:30am, Conference Room, Hollybush House. Reports will be required by 2pm on Friday 19 <sup>th</sup> October 2018.	
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