

Minutes of the Finance and Performance Committee - 24 October 2018 3 December 2018

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Agenda Item No: 12.6

Minutes of the Finance and Performance Committee

Date Wednesday 24th October 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)
Sue Rawlings	Non-Executive Director
Mike Sharon	Director of Strategic Planning & Performance
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
Adam Race	Deputy Director of Workforce
Claire Richards	PA to Director & Deputy Director Strategic Planning & Performance (Minutes)
Sarah Allan	Senior HR Manager – Resourcing
Michelle Collins	Head of Financial Control and Assurance

111/2018	<u>Apologies for Absence</u> Apologies were received from J Hemans, K Stringer and A Duffell.	
112/2018	<u>Minutes of Meeting Held on 19th September 2018</u> The minutes were agreed to be a true record.	
113/2018	<u>Action Points From Previous Meeting</u>	
113.01	<u>Overseas Patients</u> – K Stringer to provide an update at next month’s meeting.	KS
113.02	<u>Revaluation of FIMS and Trust Business Plan</u> – H Troalen stated confirmed that the action was completed. Action closed.	
113.03	<u>Finished Consultant Episodes</u> – H Troalen agreed to provide an update at December’s meeting.	HT
113.04	<u>BAF</u> – K Stringer had updated the BAF accordingly. Action closed.	
113.05	<u>Supplementary Finance Report (Pass Through Drug Costs/Income)</u> – H Troalen informed the Committee that CFMs will be producing the information and that it would be available for the next financial year.	HT
113.06	<u>Aligned Incentive Contract</u> – This report has been added to the agenda, see item 117.06. Action closed. M Sharon confirmed that the Staffordshire contract has been signed off.	
113.07	<u>Quarterly Cash Flow Focus</u> – This report has been added to the agenda, see item 117.05. Action closed.	

113.08	<u>Quarterly Cash Flow Focus (Local Authority Debt)</u> – Action closed.	
113.09	<u>Performance Element of the IQP Report (Cancer Waiting Times)</u> – S Evans informed the Committee that the meeting to discuss the reduction or removal of cancer fines was taking place on 25 th October and that he would report back on his findings.	SE
113.10	<u>Temporary Staffing Expenditure Dashboard</u> – The report has been added as an agenda item, see item 117.04. Action closed.	
113.11	<u>Deep Dive</u> – The deep dive report has been added to the agenda, see item 115/2018. Action closed.	
113.12	<u>Due Diligence</u> – G Nuttall agreed to discuss the due diligence process with Kate Shaw to ensure sign off before being presented to Directors for review. Repeat action.	GN
113.13	<u>Radiographer Training Programme</u> – 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. Repeat action.	AD
113.14	<u>Clinical Haematology Day Case Investigation</u> – G Nuttall to provide an update to the Committee once finalised. Repeat action.	GN
113.15	<u>Supplementary Report Invoice Payment Figures</u> – Action closed.	
113.16	<u>NHS Supply Chain Workshop</u> – Actioned closed.	
113.17	<u>Outpatient Project Presentation</u> – Completed. Action closed.	
113.18	<u>Impact of Closure of Shrewsbury & Telford Hospital NHS Trust (SATH) Emergency Department (ED)</u> – G Nuttall confirmed that a report had been submitted to Trust Board. Action closed.	
113.19	<u>Elective Intensive Support Team (EIST) Report</u> – This item has been added to the agenda, see item 118.02. Action closed.	
113.20	<u>Service Line Reporting Bubble Chart (Critical Care)</u> – H Troalen clarified that the information contained in the bubble chart regarding critical care was correct and that it was showing a negative contribution. Action closed.	
113.21	<u>Division 3 Performance</u> – G Nuttall confirmed that K Shaw would present on Division 3's last 6 month's performance at the November meeting.	GN/KS
114/2018	Declarations of Interest There were no declarations of interest.	
115/2018	Bank Deep Dive	
115.1	S Allan presented the report to the Committee. The report conducted a deep dive review into bank usage and explored the reasons why bank reliance continues despite the improved vacancy position.	

	<p>A discussion took place regarding medical fellows. M Martin asked for assurance regarding the utilisation of medical fellows. H Troalen stated that a piece of work was being carried out to provide assurance and that presently the information was reported to Workforce & Organisational Development Committee (WODC). M Martin stated that she would cross-refer to J Hemans. H Troalen to discuss the suggested piece of work with A Duffell.</p> <p>S Allan confirmed that the report concluded that whilst bank use has continued, despite the recent substantive recruitment activities, it has been identified that vacancy, annual leave cover and sickness remain the key reasons for this. M Martin stated that the Board were seeking assurance regarding the pay bill variance.</p> <p>M Martin asked if a Trust wide protocol was in place to manage holidays. G Nuttall stated that such a policy was not in place and that this was managed at local level. However, the e-rostering system is in place for nursing staff which supports the management of leave for nursing. A Race confirmed that A Duffell was looking into the development of a policy approach to encourage staff to pre-book 75% of annual leave at the start of the leave year to try to reduce a build-up of last minute annual leave requests. G Nuttall informed the Committee that clinical areas are required to provide 8 weeks' notice for annual leave requests.</p> <p>A discussion took place regarding the length of time it would take to train newly recruited staff in order for them to be effective on wards and whether the preceptorship time could be reduced. Trust managers felt that the time was in line with national norms and was needed to ensure safe practice.</p> <p>Further discussion took place regarding Figure 8 turnover chart. S Allan stated that the top reasons for leaving were due to work life balance, careers progression etc. The Trust's turnover rate has improved and is better than the national average.</p> <p>S Rawlings highlighted staff concerns regarding staff being taken from wards to assist with other areas. G Nuttall stated that staffing were moved around to assist with short notice vacancies and to maintain safe staffing levels. Bank assist with planning for long term cover arrangements.</p> <p>M Martin suggested that internal audit may be able to assist with the review of bank use if necessary.</p> <p>The Chair accepted the report but stated the concern that the pay spend position remains to be fully clarified.</p>	<p>MM HT/AD</p>
<p>116/2018</p>	<p><u>Governance</u></p>	
<p>116.1</p>	<p><u>BAF Update</u> M Martin stated that there were a number of updates. A discussion took place regarding the strategic objectives on the summary page. The Committee felt that it would be useful to have the objectives listed in numerical order and queried whether some of the risks should have ticks in multiple boxes. M Martin asked for the Committee to feedback comments to K Wilshere.</p>	<p>ALL</p>
<p>116.1.1</p>	<p>SR6b – A discussion took place regarding this risk and given that it has not changed rating for two quarters and that the Committee felt that there was no longer a risk associated at this time it would be removed from the BAF but retained on the risk register. M Sharon agreed to discuss the addition of a risk surrounding the impact of the closure of SATH Emergency Department at Trust Board.</p>	<p>MS</p>

116.1.2	SR8 – M Martin asked that risk 4113 shows all Divisions not just Division 1	GN																			
116.2	<u>Proposed Yearly Meeting Dates</u> – The meeting dates were circulated. M Martin stated that all dates were agreed but August. M Martin to discuss the August Committee Meetings with S Rawlings and J Hemans and report back.	MM																			
117/2018	<u>Financial Performance for Period 6</u>																				
117.01	<u>Trust Financial Report</u> – H Troalen 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>7,766</td> <td>7,754</td> <td>12</td> </tr> <tr> <td>Achieved PSF</td> <td>3,995</td> <td>2,797</td> <td>1,199</td> </tr> <tr> <td>Control Total Surplus/(Deficit)</td> <td>3,771</td> <td>4,957</td> <td>1,187</td> </tr> </tbody> </table>		Year to Date			Plan £'000	Actual £'000	Variance £'000	Surplus/(Deficit)	7,766	7,754	12	Achieved PSF	3,995	2,797	1,199	Control Total Surplus/(Deficit)	3,771	4,957	1,187	
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117.01.01	Financial Plan: The Trust is behind the year to date financial plan at month five by £1,187k, which is made up of £1,199k unachieved PSF and £12k favourable plan on all other budgets. Income shows a favourable variance to plan of £4.9m year to date. There was a one-off benefit in September of £1.2m which relates to income provisions. Expenditure is adverse to plan by £5.2m year to date which is predominately due to pay expenditure exceeding the budget. The shortfall on PSF income is due to the Q1 and Q2 A&E element that was not achieved.																				
117.01.02	Financial Risks: This financial year is expected to be one of the most challenging years that the Trust has experienced. The Trust has identified a number of risks in relation to the forecast outturn, a new risk has been added, see point 7). The material risks are: <ol style="list-style-type: none"> 1) A high activity and income plan. 2) A low contingency compared to previous years. 3) A £25m CIP target and a £9.8m vacancy factor, both of which have only been partially delivered in quarter two. 4) The nationally agreed pay award which is a cost pressure of c. £0.7m. H Troalen stated that this would be removed from risks and added to cost pressures. 5) Agreeing funding for the AEC/ frailty model of care and/ or securing transition funding for the 2017/18 ward closure (£1.1m). 6) Confirmation of the £6m funding for MSFT support. 7) Additional cost pressures due to A&E department closure overnight at Princess Royal, Telford. 																				
117.01.03	CIP and Vacancy Factor: In month 6 there has been an over performance by £0.15m against the in-month CIP plan of £1.69m. Year to date shows an achievement of £4.95m against a plan of £7.47m. Of the CIP delivered to date, there is a £1.48m recurrent full year effect. The non-delivery of recurrent and cash releasing CIP continues to be of concern. The vacancy factor target for month 6 is £0.9m (18/19 Factor only). There was an under recovery of £0.5m. H Troalen informed the Committee that she had been liaising with the Service Redesign team and felt that the expectation of £10m vacancy factor was correct but that recruitment has changed in year historically.																				
117.01.04	Cash: At the 30th September 2018 the Trust had a cash balance of £9.3m which is £0.2m below the plan. A discussion took place regarding the Trust's cash plan. H Troalen informed the Committee that the Trust continues to chase payment of £6m MSFT funding.																				
117.01.05	Further discussion took place regarding the financial risks/opportunities related to the closure of SATH ED. H Troalen stated that the Finance team were preparing a proposed cost impact																				

117.01.06	<p>paper to be presented to NHSI by 31st October. G Nuttall stated that the Trust had planned to open a winter ward to prevent the loss of elective capacity but that numbers from Telford now being talked about had increased and there was a need to ensure a robust treat and transfer protocol was in place with SaTH.</p> <p>M Martin asked if the Trust was likely to achieve the PSF payment linked to A&E performance. G Nuttall stated that it was unlikely. S Evans informed the Committee that the Trust had missed the trajectory by .02% with 7 days to go. The Trust appealed the decision not to award the payment but were informed that unless we could achieve 1 -2 breaches across the whole quarter an appeal would not be considered.</p> <p>The report was noted.</p>	
117.02	<p><u>Supplementary Finance Report</u> – The supplementary report was read in conjunction with the Finance Report.</p> <p>M Martin queried the net surplus deficit variance on page 4 of the report. H Troalen confirmed that the data should read £1.2m variance.</p> <p>M Martin expressed concerns regarding the use of bank/locums within Division 3 and asked for future assurance in terms of the due diligence process. G Nuttall asked that M Martin email any Division 3 queries to herself for relaying to K Shaw in preparation for feedback at the next Finance & Performance Committee Meeting.</p> <p>A discussion took place regarding the Trust forecast outturn (page 12 and 13). H Troalen stated that CFMs are reporting back on the accuracy of the accuracy of the data this week. M Martin asked that a copy of the forecast be discussed during the Private Trust Board Meeting. M Martin stated that she would alert J Vanes.</p> <p>G Nuttall stated that she would like to discuss the non-pay forecast for Division 1 outside of the meeting with H Troalen.</p> <p>The report was noted.</p>	<p>MM</p> <p>HT/MM</p> <p>GN</p>
117.03	<p><u>Financial Recovery Board (FRB) Report</u> – M Sharon identified the in month improvement in the position, noting that this was largely non recurrent. He stated that a business case requesting additional PMO support and outpatient project support was submitted to NHSI and rejected. The business case has since been amended to extend the PMO support until April 2019 and Outpatients Project support to end of August 2019. It is hoped that the revised paper will be accepted.</p> <p>The report was noted.</p>	
117.04	<p><u>Temporary Staffing Expenditure Dashboard</u> – The report was noted.</p>	
117.05	<p><u>Quarterly Cash Flow Focus</u> – M Collins provided an update on the Trust’s cash position, which as of 30th September 2018 is £9.3m; £0.2m below the NHSI Plan of £9.5m. The current internal forecast for the year-end cash balance is (£2.0m). This is £21.2m lower than the NHSI Plan submitted in June of £19.3m.</p> <p>The internal cash flow forecast does demonstrate that with close cash management the Trust is not expecting to require a cash loan in this financial year. However, there are periods within the forecast where the cash balances reduce and payment runs need to be managed carefully. The</p>	

	<p>first event occurs in the last week of November, where the payment run(s) will need to be reduced by £1.3m to ensure the Trust maintains a positive cash balance. This will clearly have an impact on supplier payment dates (currently averaging 40 days). As a consequence, the Trust is currently exploring with Wolverhampton CCG paying at the start of the month, rather than 15th to ensure weekly cash flow is maintained at a positive balance. M Collins stated that the sale of the Eye Infirmary would assist the Trust's cash position.</p> <p>M Martin challenged the delay of supplier payment dates. H Troalen stated that if the Trust applied for a loan they would be encouraged to change supplier payment dates to 90 days.</p> <p>M Collins highlighted the risks, opportunities and next steps.</p> <p>M Martin asked if the Trust would curtail capital expenditure given the anticipated cash flow issues. H Troalen stated that the CRL would be high 2018/19 but that this was due to cash backed projects. G Nuttall stated that the Trust planned to deliver a phased capital programme but that the Trust had not committed to all projects to provide flexibility if needed.</p> <p>The report was noted.</p>	
117.06	<p><u>Aligned Incentive Contract (AIC) with Wolverhampton CCG</u> – H Troalen stated that the AIC had been drawn up with Wolverhampton CCG as an alternative contract to run in 2018/19. The alternative contract would better support the scale and nature of transformation necessary to deliver a clinically and financially sustainable model of health care over the medium term.</p> <p>M Martin asked when the changes would take effect. H Troalen stated that the changes would be back dated to 1st April.</p> <p>The Committee approved the report and recommended that Trust Board sign the contract.</p>	
118/2018	<u>Performance</u>	
118.01 118.01.01	<p><u>Performance Element of the IQP Report (National & Contractual Standards)</u> – M Martin stated that she was happy with the revised report layout.</p> <p><u>Emergency Department</u> – G Nuttall stated that there had been a significant rise of 323 (7.98%) ambulance conveyance numbers in month compared with the same period last year. G Nuttall informed the Committee that there had been a further increase of 10% in October and that after analysis it was found that this was not due to additional admissions from Dudley Hospital or SATH. G Nuttall informed the Committee that the Trust is liaising with WMAS and the CCG to determine what has caused the number of increased admittances from the local catchment area.</p> <p>The Committee noted the report.</p>	
118.02	<p><u>Cancer Action Plan (EIST) Update</u> – G Nuttall provided a copy of the 62 Day Cancer Standard Improvement Plan and the IST support objectives.</p> <p>G Nuttall delivered a presentation of the IST Cancer D&C and Pathway Analysis Summary report. The report outlined key objectives and the modelling approach. The summary report was able to provide quantified demand and capacity figures. G Nuttall stated that the teams have been provided with this information and asked to formulate an action plan to address the capacity gap.</p>	

118.03	<u>Performance against Contractual Standards (Fines)</u> – The Committee noted the report.	
118.04	<p><u>Quarterly Contracting Report</u> – The report was noted:</p> <p><u>2019/20 Contract Planning Round</u> The Trust has received Commissioning Intentions from its Commissioners. RWTs Commissioning Intentions were shared with partners at the end of September.</p> <p><u>2017/19 Contracts</u> Wolverhampton CCG and Associates</p> <ul style="list-style-type: none"> • All Statutory contracts have been agreed. Contract management is on-going with no significant issues to report. • The Aligned Incentive Scheme for Staffordshire CCGS has now been agreed. • Wolverhampton CCG have formally rescinded their notice to terminate Dementia Outreach Services within the Trust. <p><u>C-QUIN</u> CQUIN remains a challenge for the Trust and expected levels of compliance for the year ahead are around 65%.</p> <p>The Committee noted the report.</p>	
118.05	<u>STP Update</u> – M Sharon stated that there was no update at this time.	
118.06	<p><u>Tender Update</u> – M Sharon presented the report.</p> <p>The Trust currently has one tender in progress for Primary Care Medical Services for Pennfields Health Centre and Bilston Urban Village and Ettingshall Medical Centre. The estimated values are as follows: Lot 1 - Pennfields Health Centre - £556,100 per annum, Lot 2 – Bilston Urban Village and Ettingshall Medical Centre - £1,306,154 per annum.</p> <p>The report was noted.</p>	
118.07	<u>West Park Strategic Outline Case For Change</u> – The Committee noted the report and recommended that it be presented to Trust Board for approval.	
119/2018	<u>Financial Planning</u>	
119.1	<u>Procurement Strategy</u> – M Martin deferred the report and asked that it be the first agenda item for discussion at next month’s meeting.	
120/2019	<u>Training & Development</u>	
120.01	<u>Budget Training Report</u> – The report was noted.	
121/2018	<u>Reports to Note for Period 6</u>	
121.1	<u>Financial Monitoring NHSi Return</u> – The return was noted.	
121.02	<u>Financial Monitoring NHSi Template</u> – The template was noted.	

121.03	<u>Annual Work Plan</u> – The work plan was noted.	
121.04	<u>Finance Minutes</u> – The minutes were noted.	
121.05	<u>Capital Report</u> – The report was noted.	
122/2018	<u>Any Other Business</u>	
122.01	There was no further business to discuss.	
123/2018	<u>Date and Time of Next Meeting</u> The next Finance & Performance meeting will take place on Wednesday 21 st November 2018 at 8:30am, Conference Room, Hollybush House. Reports will be required by 2pm on Friday 16 th November 2018.	