The Royal Wolverhampton NHS Trust

Chair of Finance & Performance Committee Report
4 February 2019

Agenda Item No: 12.2

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chairman of the Finance and Performance Committee	
DATE PREPARED	19th December 2018	
SUBJECT	Chairman's Summary Report	
PURPOSE	To provide assurance to the Board in relation to all delegated responsibilities of the Finance and Performance Committee	
STRATEGIC OBJECTIVE		
OVERVIEW OF ASSURANCE THEMES/INDICATORS HIGHLIGHTED IN THE REPORT	CQC STANDARDS (For Use of Resources)	X
	NHSLA	
	OTHER REGULATORY STANDARDS – Statutory Financial Duties	X
	NATIONAL GUIDANCE/NATIONAL AUDITS	X
	EXTERNAL REVIEWS	X
	INTERNAL REVIEWS	X
	CLINICAL OUTCOMES	
	TRENDS/RECURRENT THEMES	
	CLINICAL EFFECTIVENESS	
	BAF/RISK REGISTERS	X

1) **Current report - Emerging issues for report (summarise issues or information impacting on the area/compliance/ indicator)**

Assurance Theme/Indicator	**Specific Item/issue Reviewed**	**Summary of Assurance (internal or External)**		**Outcome and any on-going risk**
		Positive	Negative	
Board Assurance Framework	Cost Improvement Programme (CIP) achievement. In support of SR8 on the BAF (that there is a failure to deliver the recurrent CIP).	The Trust has identified an element of vacancies that can be identified as recurrent CIP Continuing work to develop PID pipeline The Clinical Excellence programme is well supported	At month 8, the Trust is forecasting to deliver £11.013m (an increase of £0.781M since month 7 due to an increase in non-recurrent schemes), leaving a shortfall of £13.987m against the CIP Target. The Trust's recurrent YTD delivery is £0.922m with forecast outturn of £2.005m and the Trust's non-recurrent YTD delivery is £6.140m with forecast outturn of £9.008m.	Initial risk is rated red and remains red.
Board Assurance Framework	Mid Staffordshire FT transaction. In support of SR9 on the BAF (that the underlying deficit in the medium term is not eliminated).	The Trust has received payment for 2017/18	An invoice for 2018/19 has been raised and the Trust continues to pursue payment. This is being escalated.	Initial in year score amber.
Board Assurance Framework	Loss of Emergency Admissions Income. In support of SR9 on the BAF	The Trust has agreed a risk/gain share agreement with Staffordshire and Wolverhampton CCGs including MRET (for Wolverhampton access to this is through the A&E delivery board).	The Trust lost a significant amount of income through its revised pathways of care that appropriately ensured the Trust did not admit some patients. The estimated loss of this revised pathway was £4.8M in 2016/17. The Trust has now re- submitted a case for the Frailty/ambulatory care unit to Wolverhampton CCG and discussion continue	Initial risk is rated amber and remains amber.

Board Assurance Framework	Provider Sustainability Fund (PSF). In support of SR9 on the BAF.	The Trust did not achieve its financial plan for M6	The financial position and increased CIP phasing for the year remains extremely challenging. The Trust did not achieve its ED trajectory for Q2 and therefore did not earn the PSF payment for that element (30%). The revised forecast year end position indicates Q3 and Q4 PSF (finance and A&E) will not be achieved.	Initial risk is rated high red and remains high red.
Board Assurance Framework	Capital Programme. SR11 on the BAF has been de-escalated to the Risk Register.	The Trust has now received confirmation that Stroke and Pathology are funded in the next wave of STP capital but the Trust has a process to comply with, to access the funds. All required information is being collated.	The Trust has submitted the required business cases and is working through the questions/comments raised by NHS Improvement. The Trust has not yet received the cash. Further questions have been raised by DH	Initial risk is rated high amber and altered to medium amber.
Risk Register	Material outstanding Invoice with Wolverhampton CCG for £4.8m.	The Trust maintains its position that it is providing the right care for patients but losing material monies as a result and expects the fixed cost/transitional costs should be recognised. Discussion with the CCG have restarted	This was raised again with NHS Improvement on 24th October 2017/ 14 November/15 December 2017/8th march 2018/14th August 2018/20th September 2018. The Trust has kept the debtor in the 2017/18 accounts.	Initial risk is rated amber and remains amber.
Risk Register	The cost of the Agenda for Change pay award is greater than the funding available	Central funding has been identified to fund the Agenda for Change pay award. The £0.8m shortfall has been built into financial forecasts.	The calculation of the cost compared to the funding shows a £0.8m current deficit which will increase as the vacancy rate is reduced.	Initial risk is rated as Amber and remains Amber.

Provide Details of further actions for mitigation of above issues/risks:
See updated progress report
Additional Items:

Specific item/Issue	Lead	Due Date	Status *
The Committee will examine in more detail:			
- Long Term Financial Model	**CFO/DCFO**	**Nov 2018 following Forecast year End Work - Presented but requires update following release on national planning guidance in December.**	
- Review of the Spell/FCE medicine change in coding	**CFO/COO**	**Deferred to January 2019**	
- Report on overseas patients	**COO**	**Jan 2019**	
- Update on Radiology capacity	**COO/DCOO**	**Feb 2019**	
- Draft of 5 year financial plan	**CFO**	**Feb 2019**	

Status *

Action not yet initiated	Action In Progress but not on target or target has expired	Action in progress and on target	Action Completed

2) Summary, conclusion and recommendations from meeting held on 19th December 2018:

a) **It was agreed that a written report be received on overseas patients in January.**

b) The Committee discussed **the FCEs to spells ratio in medicine**. The team has identified that there are no financial impacts arising from changing the ratio and a paper would be circulated within 3 weeks

c) The Committee discussed **Division 3's GP vacancies** noting that there are 32 vacant sessions and that work is ongoing to standardise job plans and recruit clinical fellows

d) **The Committee discussed the BAF and noted:**
- **With regard to SR9 there was partial assurance**, with the vast majority of posts under a clear control process but that further work needed to be completed on junior medical staffing. This has now been added as a gap in control.

e) The Committee discussed the Estates Strategy update. The following points were made:
- An updated five year plan would be brought back to the Committee in February for approval in March
- An STP estates strategy would also be developed
- The Trust was reviewing the five year plan in the light of being unsuccessful in the current round of bids for cancer and West Park funding. In the meantime the West Park planning would continue to avoid slippage in the timetable for public engagement and (probably) public consultation and the development of an Outline Business Case
- The Trust was prioritising Incinerator completion, car parking capacity and the pathology extension. It was also seeking funding for additional linear accelerators
- Most backlog work at Cannock had now been completed. Next steps at Cannock include developing plans for relocation of neuro rehabilitation services and outpatients redesign
- The model hospital data that shows poor utilisation of the estate may be a result of an error in data submission and this is being investigated
- Funding has been received for fire cladding to the heart and lung centre, the work has been tendered and is likely to commence in the new year
- The Head of estates development will provide a briefing for the NEDs estates walkabout in the new year

f) The Committee agreed the **updated Terms of Reference for the Committee** for approval by the Board and noted that the two yearly self-assessment was due for completion by members by 4 January.

g) The Committee scrutinised the **Finance Report and Supplementary Finance Report for Month 7 and highlighted the following issues**:

- The Trust is behind the **year to date financial plan** at month eight by £10.1m which is made up of £3.5m unachieved PSF and £6.6m adverse to plan on all other budgets. The adverse variance to plan has increased significantly in month 8.
- The main drivers for the **£5.4m worsening** since month 7 are patient income adverse to plan (£1.3m), unachieved CIP target (£2.1m) and lost PSF (£1.1m). The Committee discussed the non-pay expenditure, the vacancy factor, and the controls on medical pay expenditure.
- The in-month actual **income** is worse than plan but the average daily income is in line with the high levels in October.
- The Trust is currently assuming non-achievement of PSF for Q3 and Q4.
- **CIP and vacancy factor achievement** remained a key concern. In month there was a shortfall of £2.11m against the in-month CIP plan of £3.19m. Year to date shows an achievement of £7.06m against a plan of £13.81m. Of the CIP delivered to date, there is a £1.94m recurrent full year effect. The non-delivery of recurrent and cash releasing CIP continues to be an issue. The vacancy factor target for month eight is £0.9m (18/19 Factor only). There was an under recovery of £0.6m.
- At the 30th November 2018 the Trust had a **cash balance** of £6.3m which is £5.8m below the plan. The Trust cash position is becoming tighter and that a substantial amount of debt is owed to the Trust which is being actively pursued. This included monies owed to the Trust from the system for MSFT (£6m), Stroke (£3.3m) and Linacs (£1.9m). However, Walsall debt has once again increased despite chasing. This will be escalated to the Walsall FD. The Trust continues to trade at 40 days, however, this will be carefully monitored throughout the financial year in case there is a need to review this arrangement.
- The **Committee discussed the updated financial forecast** noting the range of worst case and best case was between £21,624 and £25,024. The Committee agreed to review via email an updated forecast to be submitted by 14 January.

h) The Committee received **the Financial Recovery Board** report and noted:
- That **NHS Improvement had still not yet approved the continuation of the Deloitte contract**.
- At month 8, the Trust is forecasting to deliver £11.013m (an increase of £0.781M since month 7 due to an increase in non-recurrent schemes), leaving a shortfall of £13.987m against the CIP Target. The Trust's recurrent YTD delivery is £0.922m with forecast outturn of £2.005m and the Trust's non-recurrent YTD delivery is £6.140m with forecast outturn of £9.008m.
- The Committee noted the **model hospital data** now included in the report and agreed to review the outputs from the CIP workshops in January.
- The Committee also noted that **an appointment had been offered for the post of Head of Efficiency and Delivery.**

i) The **Temporary Staffing Expenditure Dashboard** was reviewed and the following noted:
- The WLI policy has been approved but further negotiation was required to agree a flat rate.

j) Committee received an update on the **Performance Element of the IQP Report (National & Contractual Standards)** and expressed satisfaction with the revised format.
- <u>Referral to treatment incomplete</u> – Performance saw a slight deterioration in M7 but was being affected by the **significant rise in cancer referrals**.
- <u>Diagnostics</u> – The Trust failed to achieve the target in November 2018. This continues to be largely due to the knock on effect of a significant rise in urgent referrals for a few diagnostic tests, this is directly linked to the rise in cancer 2 week wait referrals.
- <u>Emergency Department</u> – The trust had failed both type 1 and All types target for the month.
- <u>Ambulance Handover</u> –There was a slight deterioration during November 2018 for both the 30-60 minutes and the >60 minute target compared with the previous month. In addition to this the Trust's continue to see a significant rise of 443 (10.15%) ambulance conveyance numbers in month compared with the same period last year.
- <u>Cancer</u> – **The Trust was predicting a failure of all cancer standards except for Anti-Cancer Drug for October subject to validation. The Trust continues to experience a very high number of 2 week wait referrals receiving referrals of 1,638 against a plan of 1,380** in November. The back log over 62 days stands at 78 and is reducing.
- K Mclean (National Medical Director and Chief Operating Officer, NHSI), the Head of the Intensive Support team and other NHSI representatives visited the Trust on 14th December. The visit had been constructive and the Trust was awaiting a letter from NHSI setting out the outcomes of the visit.
- E-Referrals. – October performance was 28.27%. Areas facing the biggest challenge during this period were Gynaecology, Paediatrics, Ear Nose and Throat and Rheumatology all issues are monitored weekly. Stroke has improved.

k) The Committee noted the **Performance on Fines** report and that the Trust had achieved the e-discharge Q3 target and avoided the fine.

l) **Contracting update** – Planning guidance was still awaited. The Committee noted that the Trust were being offered a 10 year partnership by Wolverhampton City Council for 0-19 and sexual health services and noted that there were financial risks associated with this which the Trust would need to negotiate on with the Council. The Trust had been awarded the contract for its current portfolio for specialised services following the tender exercises.

m) The **Committee received an verbal STP update** and noted that Dr Odum had been appointed as vice chair of the Clinical Reference Group

n) The Committee received a service line report and noted and approved the next steps.

o) The Committee **noted the following reports:**
- Financial monitoring return and Commentary for Month 8.
- Financial Monitoring NHS I template.
- Annual Work Plan.
- Finance Minutes.
- Capital Report.
- NIHR CRN West Midlands Report.

Chairman of Finance and Performance Committee
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