

Chairman of the Finance and Performance Committee 25 February 2019

4 March 2019

Three wavy lines in blue, green, and pink/magenta colors, overlapping each other and extending across the bottom of the page.

Agenda Item No: 12.3

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chairman of the Finance and Performance Committee	
DATE PREPARED	25 th February 2019	
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/In dicator	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 M10, the Trust is forecasting to deliver £14.263M (an increase of £2.394M since M9), leaving a shortfall of £10.737M against the CIP Target. The Trust's recurrent YTD delivery is £1.496M with forecast outturn of £4.177M and the Trust's non-recurrent YTD delivery is £9.987M with forecast outturn of £10.086M.	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	The Trust has received a sum which is again £200k less than it believes is owed and is continuing to query this.	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 continues.	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 revised forecast year end position indicates Q4 PSF (finance and A&E) will not be achieved although guidance has been received detailing more PSF could be distributed to the Trust but the Trust is unable to identify if and how much this will be.	Initial risk is rated high red and changed to high Amber as Q1 to Q3 achieved.
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 which have been answered.	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	The Trust is seeking to finalise an agreement with the CCG on to resolve this matter	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. A further 0.17m has been released in year from central funds.	Initial risk is rated as Amber and remains Amber.

See updated progress report Additional Items:

Specific item/Issue	Lead	Due Date	Status *
The Committee will examine in more detail:			
- Review of the Spell/FCE medicine change in coding	CFO/COO	Deferred to March 2019	
- Report on overseas patients	COO	Jan 2019 - Complete	
- Update on Radiology capacity	COO/DCOO	Feb 2019 - Complete	
- Draft of 5 year financial plan	CFO	Deferred to July 2019	
- Receive bi-annual self-assessment survey	Chair	Feb 2019 - Complete	

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 23rd January 2019:

- a) The Committee discussed the Radiology report and noted the pressures caused by increasing demand and the vacancy situation. The Trust had put in place a number of actions to meet demand, including diverting referrals to DGFT and outsourcing some capacity to the private sector. A Business Case for expansion of services is currently being prepared.

The Committee also discussed the merits of internal recharging for diagnostic tests and the indicators used to test the efficiency levels of the service.

- b) The Committee discussed the BAF and noted there had been no changes to the risk scores.
- c) The Committee discussed the Committee self-assessment feedback and concluded that meeting reflection should take place quarterly and that the Terms of Reference for all Committees should clearly state that a self-assessment will be undertaken every two years.
- d) The Committee scrutinised the Finance Report and Supplementary Finance Report for Month 10 and highlighted the following issues:
- The Trust had achieved a cumulative surplus of £2.335m (including PSF of £7.421m) at the end of month 10. This is £5.172m adverse to the plan.
 - The most significant variance continues to be the pay overspend and the Committee discussed the reasons for the variance and the increase in agency expenditure in month. This had been caused by a number of factors, including some that were specifically funded such as ED middle grades and some e.g. Pathology that would be recharged to other Trusts. The February agency spend is expected to be lower than January's.
 - The Committee also queried the level of bank expenditure in relation to an improving staffing position and noted that reductions in time to recruit and time spent on induction should improve the position.
 - A new financial risk had been added which is the revaluation of Asset Lives policy. This is because there is a national discussion about the use of the national guidance that is being followed by the Trust.
 - Income was largely on plan in January. The MSFT funding for £6.0m had now been paid at £5.8m and this is being queried because it is again £200k less than the Trust believes it is owed.
 - CIP performance was discussed. The CIP achieved in month was £3.0m against a target of £3.1m and the remaining months of the year had a similar target. Year to date was an achievement of £11.48m against £19.7m.
 - The cash position at the end of M10 was £9.5m which was £6.8m below the plan. The Trust was still owed significant sums from DH/NHSI for stroke and pathology (£6.25m).
 - The forecast outturn position was discussed. The likely position would be between the Trust previous forecast of a deficit of £14.8m and the NHSI target. Both income and expenditure are now forecast to be higher than in the previous forecast. Further work on the risks was also being undertaken.
- e) The Committee received the Financial Recovery Board report and noted:
- At month 10 the Trust is forecasting to deliver £14.263m (an increase of £2.394M since M9), leaving a shortfall of £10.737M against the CIP Target. The Trust's recurrent YTD delivery is £1.496M with forecast outturn of £4.177M and the Trust's non-recurrent YTD delivery is £9.987M with forecast outturn of £10.086M.
 - Progress has been made on closing off Trust recovery Actions and ideas for 2019/20, however, a significant number of PIDs were still awaited and the Committee asked to see further progress on the 2019/20 plan at its next meeting.
 - The Committee asked how unallocated CIP is dealt with and noted that it is held at divisional rather than directorate or corporate level.
 - The Trust has recently received further good practice guidance from NHSI and is working through this.
- f) The Temporary Staffing Expenditure Dashboard was discussed as part of the finance report.
- g) The Committee discussed the annual budget which is due to be submitted to NHSI by the end of March. The Committee agreed to hold an extraordinary virtual meeting to approve the budget once it has been prepared and before the end of March.
- h) The Committee received an update on the Performance Element of the IQP Report (National & Contractual Standards):
- Referral to Treatment Incomplete – Performance saw deterioration during January. This is a knock on effect from reduced activity over the bank holiday period and patients choosing to prolong their waits until the new year. Head and Neck and Maxillo facial services have particular challenges but do not represent the largest numbers. RWT ranks 39/144 nationally.
 - Diagnostics – This target has shown slight improvement during January 2019. The endoscopy backlog will be cleared by the end of January. However, there has been an increase of cardiac referrals into Radiology for CT and MRI Heart. The Committee discussed how the improvements could be sustained.
 - Emergency Department – The Trust failed to achieve both Type 1 and the All Types target for the month. There was one patient who breached the 12 hour decision to admit target during the month of January. This was a child waiting for a PICU bed. RWT ranked 27/134 Trusts nationally.

- Ambulance Handover – Ambulance handover saw a deterioration during January 2019 for both the 30-60 minutes and the >60 minute target compared with the previous month. We continue to see a rise of ambulance conveyances into the Trust, receiving an additional 524 (11.17%) during January 2019 compared with the same period last year. This equates to an additional 17 ambulances per day or the equivalent of 3.5 days extra activity.
 - Cancer – The Committee discussed Cancer performance and the Cancer Recovery Action Plan referrals are at 1600 to 1700 in January. Nationally there has been a huge increase in breast referrals leading to most breaches. NHSI have stated that this is becoming a national issue. Specific immediate actions are:-
 - Model impact on RWT on the interactions of Gynae oncology service following transition from SWBH/UHB.
 - Improve quality and timeframe of tertiary referrals.
 - CCG to support GP's to improve referrals into the Trust.
 - Continued support from the Intensive Support Team.
 - The Committee noted that the projected trajectory for recovery has been changed from June 2019 to March 2020. This is in light of the increase in referrals.
- i) The Committee noted the Performance on Fines.
- j) Contracting Update – The Committee was informed that there is currently an £11m gap between the Trust income assumptions and the offer from commissioners. This is being worked through with all commissioners. The deadline for agreeing contracts is 21 March.
- k) The **Committee received an update on STP developments**, noting that the STP was expected to play a role in assuring the contracting processes are on track and that Staffordshire is proposing a fixed income approach to their main providers (which does not include RWT). The Black Country STP will also commence work on identifying vulnerable services in the patch.
- l) The Committee received a report on Service Line reporting and noted that a new system for producing reports has been implemented. The Committee will receive a demonstration of the more granular data now available.
- m) The Committee noted the following reports:
- NHSI monitoring Return and commentary
 - Annual Work Plan.
 - Finance Minutes.
 - Capital Report

Chairman of Finance and Performance Committee
20th February 2019