

# Chairs Report of the Finance & Performance Committee of 24 April 2019

13 May 2019

Three wavy lines in blue, green, and pink/magenta colors that sweep across the bottom of the page.

Agenda Item No: 12.2

# ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chair of the Finance and Performance Committee	
DATE PREPARED	24 <sup>th</sup> April 2019	
SUBJECT	Chair'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	<p>Cost Improvement Programme (CIP) achievement.</p> <p>In support of SR8 on the BAF (that there is a failure to deliver the recurrent CIP).</p>	<p>The Trust has identified an element of vacancies that can be identified as recurrent CIP</p> <p>Continuing work to develop PID pipeline</p> <p>The Clinical Excellence programme is well supported.</p>	<p>At month 12, the Trust has delivered £14.070m, this equates to 56.3% of the overall target. Of which, the Trust's recurrent delivery is £1.944M and non-recurrent delivery is £12.126M.</p>	Initial risk is rated red and remains red.
Board Assurance Framework	<p>Mid Staffordshire FT transaction.</p> <p>In support of SR9 on the BAF (that the underlying deficit in the medium term is not eliminated).</p>	<p>The Trust has received payment for 2017/18 and 2018/19.</p>	<p>The Trust has received a sum which is again £200k less (Now 2 sums of £200k) for 2018/19 than it believes is owed and is continuing to query this.</p>	Initial in year score amber.
Board Assurance Framework	<p>Loss of Emergency Admissions Income.</p> <p>In support of SR9 on the BAF</p>	<p>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&amp;E delivery board).</p>	<p>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.</p> <p>The Trust has agreement to the medical model and now needs to re-submit the case for the Frailty/ambulatory care unit to Wolverhampton CCG for agreement.</p>	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 19/20 remains extremely challenging.	This risk will be reassessed for 19/20
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. The Trust has now received cash for Stroke but further questions have been raised by DH with regard to the Pathology Business Case.	Initial risk is rated high amber and altered to medium amber.
Risk Register	Review of TRR red risks	The Committee asked for an update to the following risks identified on the TRR or otherwise escalated: Lack of robust system for review and communication of test results Fragility of SaTH services Lack of network support for Vascular services at RWT		

See updated progress report Additional Items:

Specific item/Issue	Lead	Due Date	Status *
<b>The Committee will examine in more detail:</b>			
- Review of the Spell/FCE medicine change in coding	CFO/COO	Deferred to May 2019	
- Draft of 5 year financial plan	CFO	Deferred to July 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 24<sup>th</sup> April 2019:

- a) The Committee discussed the **Budget Setting paper** which set out changes since previous presentation to Trust Board on 4 March. An initial funding gap of £9.8m had been identified and the paper set out the proposed mitigations for this. The Committee discussed the main risks to the plan which are:
- MSFT transaction support (£6m) and financial support requested from NHSI (£5.1m) have been requested but may not be approved.
  - CIP delivery is in excess of what has been delivered in past years. £4.9m of CIP is identified as high risk and £10.6m as medium risk.
  - £13.5m of vacancy factor is built into budgets. Based on 2018/19 performance, there could be a risk around half of this, leaving a possible cost pressure that could be estimated at £6.8m.
  - Divisions have identified £6.7m of risks to the plan that have not been included in budgets as the Trust aims to mitigate them.
- b) The **Committee discussed the BAF** and noted the changes to the risks. With regard to SR8 (failure to deliver the recurrent CIP) the Committee acknowledged that the **savings target of £25million for 2019/20 would be extremely tough**. Temporary staffing costs were discussed with some controls on high cost bank now replicating the process for high cost agency. The Committee asked for further assurance on nursing and medical bank spend.

With regard to SR9 (that the underlying deficit in the medium term is eliminated) the Committee asked that the controls were updated to reflect the Staffordshire contract agreement. The Committee also cross referenced the red risks on the TRR to discuss whether any of these should be escalated to the BAF. The Committee asked for further information on three risks.

- c) The Committee **discussed the Financial Performance Report for Month 12**: The Trust had achieved a pre- PSF deficit of £9.8m. After late adjustments to PSF funding the Trust will be posting a £2.4m surplus. The Committee expressed its frustration that the funding regime made it very difficult to provide clear and consistent messages to staff about the financial position of the Trust.

The Deputy CFO led a discussion on the extent to which the variance to the pre- PSF forecast could have been predicted. At month 9 a deficit of £14.8m had been predicted, whereas a £9.8m deficit had been achieved. This had been due to a number of unplanned benefits materialising. However, it was acknowledged that some £1.3m of the variance could have reasonably been forecast. H Troalen agreed to factor this learning into forecasting for 19/20, particularly the forecasting of income.

The Committee discussed the pay trends and noted that some of the increase was accounted for by pay awards and the Pathology merger. It was noted that the vacancy factor would mean that a continuing overspend on pay versus budget is likely to continue.

The Committee thanked all involved for their hard work in achieving the year end position.

- d) The **Committee discussed the updated 5 year capital programme** and highlighted the following:
- Stroke funding has been moved into financial year 19/20. H Troalen confirmed that Stroke funding has been approved and will be received during 19/20.
  - Year 1 Pathology has been moved into financial year 19/20 and has not yet been approved.
  - The Trust has brought forward an additional £3.3m from last year's programme to this year's programme. W Nabih expressed thanks to everyone involving in assisting with this process.
  - Wrekin house development has been added to the 19/20 programme.
  - IT spend has been uplifted from £1.3m to £2m to enable the Trust to bring forward PC replacement throughout 19/20.
  - Linac funding has been moved to 20/21. Currently awaiting feedback from S West and G Nuttall to CRG as to whether this is feasible.
  - The Multi-storey car park is being completed during the 19/20 programme

The Committee asked that further information regarding the spend on IT and the extent to which this would allow the Trust to mitigate cyber security risks be brought as part of the update to the Board.

Given the little time available to read the report before the Committee, members were asked to provide any further comments to Mr Nabih before the Board meeting.

- e) The Committee discussed the **FRB report**, noting that at month 12, the Trust has delivered £14.070m, this equates to 56.3% of the overall target. Of which, the Trust's recurrent delivery is £1.944M and non-recurrent delivery is £12.126M. The Committee asked for a discussion on the outpatients programme at the next Committee meeting
- f) The Committee received an update on the **Performance Element of the IQP Report** (National & Contractual Standards):
- **Referral to Treatment Incomplete** – RTT deteriorated in March. RWT continues to be affected by the rise in urgent referrals into cancer 2 week waits which were taking priority over routine appointments. The Trust continues to focus on reducing the backlog where possible and work closely with Directorates to use all available capacity effectively. In addition the Electronic Referral system is generating an increase in counted referrals and the Committee learned that a capacity alert system is being considered.
  - **Diagnostics** – performance remained within standard in March and is now back within standard. The Trust continues to see an increase of cardiac referrals into radiology for CT and MRI Heart for which extra capacity has been made available.
  - **Emergency Department** – The Trust failed to achieve both type 1 and the All Types target for the month. One patient breached the 12 hour decision to admit target during the month of March. This was a mental health patient awaiting a specialist bed. The Trust remained in the top 30 nationally.

- **Cancer** – The Trust is currently predicting possible failure of the 2 week wait, 2 week wait Breast Symptomatic, 31 Day First Treatment, 31 Day Sub Surgery, 31 Day Sub Radiotherapy, 62 Day Wait for First Treatment, 62 Day Screening and 62 Day Consultant Upgrade for February. Validation is ongoing. The Committee enquired as to capacity elsewhere but other Trusts/private sector were equally challenged. Cancer remains an ongoing challenge for the Trust due to the increase in referrals compared to available capacity.

Specific actions in the Cancer Action plan are:

- Provide additional CTC capacity to support bowel screening.
- Improve the quality and timeframes of tertiary referrals.
- CCG to support GP's to improve referrals into the Trust.
- Manage significant impact of rearrangement of Black Country pathology services, whilst maintaining current good turnaround times.
- Review Radiotherapy pathway.
- STP meeting scheduled for 1st May to discuss Black Country Breast capacity.

The Committee noted that the IST would sign off their report in June.

- g) The **Committee received a performance against contractual standards (fines) report** and noted that Wolverhampton CCG was willing to alter the e- discharge target which meant the Trust could now comply with this standard.
- h) The **Committee received an STP update** with the following issues highlighted:
- **Sandwell and West Birmingham CCG** would make a decision by May on whether it should remain in the STP or be split or join the Birmingham and Solihull STP. The Accountable Officer post for the CCG was now vacant. It is likely that the latest date for a single Black Country CCG AO will be April 2021 but could be earlier.
  - The **Director of Workforce and other would attend a workforce and clinical leadership 10 year planning workshop**
- i) The Committee **received a verbal update on the contracting round** and were informed that agreement had now been reached with Staffordshire CCGs. The overall settlement was as good as could have been expected.
- j) The Committee received the **Tender report** and noted that the Trust had been awarded the West Midlands HPV tender which provides up to £51.3m of income over 7 years.
- k) The **Committee noted the following reports:**
- NHSI monitoring Return and commentary
  - Annual Work Plan.
  - Finance Minutes.
  - Capital Report

**Chair of Finance and Performance Committee**

**24<sup>th</sup> April 2019**