

Chair's Report of the Finance & Performance Committee of 22 May 2019

4 June 2019



Agenda Item No: 9.2

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chair of the Finance and Performance Committee	
DATE PREPARED	22 nd May 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	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 1, the Trust has delivered £0.546m, against a target of £0.507m. The Trust's forecast recurrent delivery is £2.851m and non-recurrent delivery is £8.414m.	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 and 2018/19.	The Trust has built £6m payment into its start point position for MSFT for 2019/20 and will invoice and chase 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 has yet to finalise agreement on the frailty case with Wolverhampton CCG. The case is being updated and finalised for agreement with the CCG.	Initial risk is rated amber and remains amber.
Board Assurance Framework	Provider Sustainability Fund (PSF). In support of SR9 on the BAF.	The Trust signed up to the control total and therefore is earmarked to receive the income.	The financial position and increased CIP phasing for 19/20 remains extremely challenging.	This risk is assessed as Amber.

See updated progress report Additional Items:

Specific item/Issue	Lead	Due Date	Status *
The Committee will examine in more detail:			
- Draft of 5 year financial plan	CFO	Monthly updates for final deadline of 30 September 2019. October 2019	
- 6 month review of FCE to spells	CFO/DCFO		

Status *

Action not yet initiated	Action In Progress but not on target or target has expired	Action in progress and on target	Action Completed
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2) Summary, conclusion and recommendations from meeting held on 22nd May 2019:

a) The Committee discussed the **Finished Consultant Episode (FCE)** change in medical spells and noted the following:

- Average spell income for **Non-Electives decreased by £228 in the April – November 2018** period compared to the previous year. This was believed to be due partly to the work being done in newly created Ambulatory Care/frailty facility which attracted lower tariffs. If this was deducted then the reduction was **reduced to £109**.
- When the period of review is extended to the whole year however the price shows a 1.2% increase **from £2,785 to £2,819**.
- Whilst acknowledging the impact of increased acuity over winter, **the mortality work** of capturing co-morbidities, Allied Health Professionals activity and reviews of e-discharge information was undoubtedly improving the accuracy of coding.

b) The **Committee discussed the BAF** and noted the changes to the risks:

- With regard to SR8 (failure to deliver the recurrent CIP) it was acknowledged that the **savings target of £24.5million for 2019/20 would be extremely challenging**. The Committee challenged the control and mitigation issues and it was confirmed the work on reviewing **medical establishments was ongoing until the end of June** and needed updating in the BAF.
- With regard to SR9 (that the underlying deficit in the medium term is eliminated) the Committee asked that the risk **be updated** for the work **commencing on the medium term plan**. It was also noted that the Committee was still awaiting feedback from the NHS Improvement visit.

c) The Committee **discussed its objectives for the 2019/20 year**:

- A **review of RTT waiting lists/Super stranded patients** (patients with over 21 days length of stay). The Trust had been set a **target of 40% reduction over 2 years** and this would be reviewed quarterly.
- The **production of a Medium term Finance plan for the Trust** in response to the recent enforcement letter. Given that it was due for completion by 30 September it was agreed this would be reviewed monthly.

d) **The Committee reviewed the Financial Performance Report for Month 1** and detailed the following issues:

- The trust had **produced a new format for the Board report** which was more visual in an attempt to provide clarity on the financial position of the Trust and the exception issues at first sight. This was **broadly welcomed by the Committee** and it was suggested that a supporting document is produced identifying the indicators and how calculated for the Board.
- The Trust had **achieved a post - PSF deficit of £5.1m** which was 0.7m better than the planned deficit of £5.8m.
- Patient Care Income had over performed by c£1m mainly due to the **high levels of A&E attendances and resulting medical admissions**. Planned activity was also higher than plan which had been significantly depressed to allow for the Easter period in Month 1.
- **Non Pay was underspent by £0.64m** due to a low month for utilities and blood products.
- **Pay remained a concern being £0.96m greater than budget**. Approximately 50% was due to the underachievement of vacancy factor in budgets and the reminder related to budget overspend for safe staffing levels and bank costs.

- The **key risks identified** in the financial plan were:
 - Payment of £6m for MSFT support
 - £5.1m of support related to increased depreciation from new RICS guidance
 - The level of vacancy factor in budgets totalling £13.5m.
 - £6.7m of risks in Divisional budgets
 - **Reserves were also detailed in the report** and could not be used by Divisions unless the cost had commenced. This allowed the Trust to use the slippage to assist the in year budgeted position.
 - **The cash position remained very tight and the 12 month profile showed very low balances in August/September** in particular. Payment runs to suppliers would need to be carefully managed in this period. The Trust was hoping to avoid taking a cash loan as this requires an application process with accompanying recovery plans and probably conditions placed on the Trust (including further extension of creditor days). On the positive side £4.8m of PSF allocated to the Trust very late in the accounts closedown process was not included in the phased report as this was not known about. This would be updated for month 2.
 - The Month 2 report would include a trend analysis showing month on month variances.
- e) The **Committee Finance Recovery Board (FRB) report** noting that:
- The 2019/20 CIP Target is £24.5m, broken down into £11m recurrent CIP Target and £13.5m non-recurrent CIP Target. At month 1, the Trust is forecasting to deliver £11.265m (an increase of £7.927m compared to month 1 2018/19), leaving a shortfall of £13.235m against the CIP Target. The Trust's recurrent YTD delivery is £0.121m with forecast outturn of £2.851m and the Trust's non-recurrent YTD delivery is £0.425m with forecast outturn of £8.414m.
 - The Trust has delivered £0.546m YTD against a YTD FRB Approved Plan of £0.545m. The YTD Trust CIP Plan is £0.507m. As a result, the Trust has delivered 108% of the YTD Trust Plan.
 - On 15th May FRB approved 27 ideas with a combined value of £5.365m. A total of 7 ideas have been added to the pipeline in Division 3, Workforce and Value for Money Programmes, 5 ideas have been developed into PIDs with a combined value of £374k. One PID for Endoscopy Utilisation totalling £750k required financial validation.
- f) The Committee **received an update on the Outpatients Programme** detailing the project was split into 2 workstreams which was supported by Deloitte consultants. The first workstream focussed on improved use of assets and had now been established as business as usual. The second workstream involved clinical service redesign over 8 specialties targeting improved patient pathways. The work was progressing well.
- g) The Committee **received an update on the Temporary staffing dashboard**. There had been an increase in total pay expenditure due to year 2 of the national pay award. The non-consolidated pay award has been built into the budget and actual spend but the **budget in addition was £1m overspent**. The Committee noted the pressure surrounding Doctor pay related to taxation on superannuation annually and for lifetime allowances linked to waiting list initiative payments. With the approval of the waiting list policy pay rates have been standardised 3 to 1. However, standardising the rate of pay is still subject to negotiation.
- h) The **Committee received a national costing exercise** report as it related to the Trust and approved the following:
- That the plan is sufficient to meet the requirements to produce the required costing submission by the deadline date, and this includes:
 - Senior review and sign-off to ensure the return has been prepared in accordance with the Approved Costing Guidance
 - Processes to validate the activity and costing data with services; and
 - Completion of the Information Gap analysis and costing standards gap analysis, with any issues to be addressed as part of the planning process
 - That the costing and other teams involved in the submission are sufficiently resourced to produce and validate the submissions with the planned timeline.
- i) **The Committee received a report on the Performance Element of the IQP Report** (National & Contractual Standards) and noted:

- **Referral to Treatment Incomplete** – Performance **deteriorated during April**, due to reduced activity over the bank holiday periods and patients choosing to prolong their waits. Ophthalmology have produced a recovery action plan and trajectory. In addition the Trust was currently completing a lot of validation work.
 - **Diagnostics** – This target remains **within standard for April 2019**. The Trust continues to see a higher number of cardiac referrals into Radiology for CT and MRI Heart. These are being managed within timeframes by working closely with the Cardiac Directorate to utilise scan capacity. In addition to this, extra capacity has been made available during April and May 2019 to maintain compliance of this target.
 - **Emergency Department** – The Trust **failed to achieve the target during April**. There was one patient who breached the 12 hour decision to admit target during the month, this was a Mental Health patient awaiting a specialist inpatient bed. **The Trust achieved 77.94% for the 4 hour wait in April which was low performance for the Trust. The Trust had received the most attendances it had ever had for one month however.**
 - **Ambulance Handover** - Breaches saw a **deterioration during April 2019** for both the 30-60 minutes and the >60 minute target compared with the previous month. The Trust continues to see a rise of ambulance conveyances and received an additional 610 (13.72%) during the month compared with the same period last year. This equates to an additional 20 ambulances per day or the equivalent of 4 days additional activity.
 - **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 and 62 Day Consultant Upgrade for April, but validation is on-going. The Cancer Recovery Plan is updated monthly and a great deal of work is taking place to try to improve targets where possible. Engagement with the CCG, NHSI and Intensive Support Team (IST) has been very good. The biggest concerns regarding around breast cancer performance, which is currently at 34 weeks and deteriorating. The Trust is experiencing challenges around breast radiology. **The Trust was unable to give assurance regarding a robust recovery plan at this time.**
- j) The **Committee received an STP update** with the following issues highlighted:
- **The Black Country STP had produced a draft operating plan** which would be circulated when finalised.
 - **Staffordshire STP had started a consultation process** but it was not clear what on. The Trust would keep a close review of the issues.
- k) The Committee **received a copy of the Operational plan letter from the Regional NHS I/E director and noted the expected control improvement of £240k (funded from additional Agenda for Change monies released for Public Health contracts staff).**
- l) The Committee received the **NHS I enforcement Action letter and noted its requirements.**
- m) The **Committee noted the following reports:**
- Performance against Contractual Fines.
 - Cancer Action Plan.
 - Annual Work Plan.
 - Finance Minutes.
 - Capital Report for Month 1. It was noted the Trust had requested an additional £0.9m for the capital spend related to winning the HPV/Cytology bid.