

# Chair's Report of the Finance and Performance Committee 1 July 2019

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Agenda Item No: 8.2

# ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chair of the Finance and Performance Committee	
DATE PREPARED	19 <sup>th</sup> June 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/Indicator	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 2, the Trust is forecasting to deliver £13.522 (an increase of £2.257m compared to month 1 2019/20), leaving a shortfall of £10.978m against the CIP Target. The Trust's recurrent YTD delivery is £0.287m with forecast outturn of £3.413m and the Trust's non-recurrent YTD delivery is £0.834m with forecast outturn of £10.109m.</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 built £6m payment into its start point position for MSFT for 2019/20 and will invoice and chase 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 has yet to finalise agreement on the frailty case with Wolverhampton CCG. The case is being updated and finalised for agreement with the CCG.</p>	Initial risk is rated amber and remains amber.

<b>Board Assurance Framework</b>	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.
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**See updated progress report Additional Items:**

Specific item/Issue	Lead	Due Date	Status *
<b>The Committee will examine in more detail:</b>			
- Draft of 5 year financial plan	CFO	Monthly updates for final deadline of 30 September 2019.	
- 6 month review of FCE to spells	CFO/DCFO	October 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
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**2) Summary, conclusion and recommendations from meeting held on 19<sup>th</sup> June 2019:**

- a) The Committee discussed the **shortfall on MSFT funding**. The Chair of the Committee will write directly to the DH to seek resolution of this issue
- L Grant provided an update on the hip fracture audit. Time to surgery (within 36 hours) has increased from 66% to 85% over the last 6 months. Care of the Elderly appointment performance was recorded as 83% January, 91% February and then dropped to 82%. The Trust will have 8 fully established consultants in place by September 2019. Cannock utilisation was improving and phasing theatre start times was work in progress as it involves changes to Consultant job plans.
- b) The **Committee discussed the BAF** and noted that Cancer performance and outcomes has been added as a risk and would be discussed at QGAC
- 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). NHSI has not yet released guidance on how the target is to be calculated. S Evans will provide a quarterly update to the Committee starting from July 2019. L Dowson will be leading on the clinical work and will be invited to a the next F&P meeting
  - The **underlying deficit position**. H Troalen is providing a pack for the Use of Resources Assessment and will provide a monthly update
- d) **The Committee reviewed the Financial Performance Report for Month 2** and detailed the following issues:
- **Patient care income over performed by £0.9m**. This was due to increased attendances in A&E. Planned activity also over performed. Pay overspent in month predominantly due to medical agency spend and the vacancy factor not being achieved as expected due to supporting safe services. Non-pay overspent in month in clinical areas is largely due to clinical supplies through increased activity.
  - The year to date performance is marginally behind the **operating plan**. Activity income has continued to over perform but overspends within expenditure budgets has impacted on the position
  - The **cost improvement plan** has continued to deliver in month but it should be noted the phasing makes achievement of the plan more challenging as the year goes on.
  - The **depreciation** overspend in month reflects the timing of transferring asset under construction into working assets.

- **Income & Expenditure Run Rates** – The current month has a £757k adverse position compared to plan and a year to date position of £34k adverse to plan although it should be noted that this is within the operating plan submitted to NHSI.
  - **Cash position:** Discussions had taken place regarding the mechanism in place for cash loans if required, however a loan was not anticipated at this time. The Trust payments had now slipped to 60 days (30 days late) and that a discussion had taken place regarding the possibility of adding £3m into the budget to improve payments to 45 days. The Trust will need to indicate if it requires cash support in October next month.
  - **The Boots pharmacy contract.** Boots had given notice to the Trust and the contractual position had given rise to a significant cost pressure. Alternative options are being discussed
  - The **key risks identified** in the financial plan remain as:
    - Payment of £6m for MSFT support
    - £5.1m of support related to increased depreciation – informal feedback suggests the Trust position may not be supported by NHSI
    - The level of vacancy factor in budgets totalling £13.5m.
    - £6.7m of risks in Divisional budgets
- 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 2, the Trust is forecasting to deliver £13.522 (an increase of £2.257m compared to month 1 2019/20), leaving a shortfall of £10.978m against the CIP Target. The Trust's recurrent YTD delivery is £0.287m with forecast outturn of £3.413m and the Trust's non-recurrent YTD delivery is £0.834m with forecast outturn of £10.109m.
  - On 12<sup>th</sup> June FRB approved one PID with a value of £249k relating to overseas patients income.
  - The Financial Recovery Board is completing a piece of work to accurately identify recurrent CIP ahead of the Use of Resources Assessment in August.
- f) The Committee **received an update on the Temporary staffing dashboard**. The pay bill reduced in May, partly driven by reduction in temporary staffing spend. Further analysis would take place to identify whether the improvements were sustained. The Committee also focused on the trend is in Division three.
- g) **The Committee received a report on the Performance Element of the IQP Report** (National & Contractual Standards) and noted:
- **Referral to Treatment Incomplete** – Performance saw further deterioration during May. This continues to be a knock on effect from reduced activity over the bank holiday periods, patients choosing to prolong their waits and in addition to this is compounded by the significant rise in cancer 2 week wait referrals taking priority over routine patients. The Trust continues to focus on reducing the backlog where possible and work closely with Directorates to use all available capacity effectively.
  - **Diagnostics** – This target remains within standard for May 2019. However, the Trust continues to see a high numbers of cardiac referrals into Radiology for CT and MRI Heart and in addition to this we have seen a large increase for urgent endoscopy diagnostic tests. This will have a knock on effect into June.
  - **Emergency Department** – The Trust failed to achieve the target during May. There were two patients who breached the 12 hour decision to admit target during the month, both of these were Mental Health patients awaiting a specialist inpatient beds. Performance had been particularly challenging in June, which was largely due to patient flow. The Local Authority are currently struggling to provide immediate care for patients who are being

discharged from Hospital. The Trust has been liaising with Wolverhampton CCG to put some intermediate action in place to assist with patient flow.

- **Ambulance Handover** - Ambulance handover breaches saw a significant improvement during May 2019 for both the 30-60 minutes and the >60 minute target compared with the previous month. However, we continue to see a rise of ambulance conveyances into the Trust, receiving an additional 300 (6.97%) during the month compared with the same period last year.
  - **E-discharge** performance has hit the target.
- h) The Committee discussed the **Cancer Action Plan** - The Trust has recruited some radiographers and secured some Breast Radiologists through the support of Sandwell & West Birmingham Hospital NHS Trust. However, the 2 week wait breast referral target is currently 1.1% against a target of 9%. RWT is working actively with other Trusts to spread GP referrals for breast cancer more widely to those Trusts with shorter waiting times. Final agreement is expected on 21 June
- i) **Performance against Contractual Standards (Fines)** – The Committee was pleased that the Trust had incurred zero fines
- j) The **Committee received an STP update** with the following issues highlighted:
- Work had commenced on the medium term plan and that a visioning session took place with Trusts last week.
  - Joint working discussions are taking place with the Chief Executive Officers from Walsall Healthcare Trust.
  - The Staffordshire STP have started an engagement process entitled “Together We Are Better”.
- k) The Committee discussed the **Medium Term Financial Plan**. The plan is due on 30th September. The Finance Department have completed the NHSI 5 year plan template and have a draft initial set of 5 year figures. The initial 5 year plan suggests a large financial challenge in 2020/21. The assumptions will be discussed with Executive Directors and the Finance & Performance Committee in July.
- l) The **Committee noted the following reports**:
- NHSI monthly return
  - Annual Work Plan.
  - Finance Minutes.
  - Capital Report for Month 2. It was noted that the Trust had not received feedback on the operating plan and that NHSI had written to all Trusts asking them to reduce their capital spend.

**Chair of Finance and Performance Committee**  
**19<sup>th</sup> June 2019**