

Chair's Report Finance and Performance 5 August 2019

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Agenda Item No: 8.3

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chair of the Finance and Performance Committee	
DATE PREPARED	24 th July 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 3, the Trust is forecasting to deliver £14.847m (an increase of £1.325m compared to month 2 2019/20), leaving a shortfall of £9.653m against the CIP Target. The Trust's recurrent YTD delivery is £0.459m with forecast outturn of £3.231m and the Trust's non-recurrent YTD delivery is £1.327m with forecast outturn of £11.616m.</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&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.

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 Trust achieved the Q1 PSF payment however 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 *
The Committee will examine in more detail:			
- Draft of 5 year financial plan	CFO	Monthly updates for final deadline of 30 September 2019 – now to be part of STP financial plan.	
- 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 24th July 2019:

- a) The **Committee discussed the BAF** and noted that no changes had been made to the ratings. A new control and mitigation had been added to SR8 (Maintain financial health – appropriate investment enhancement to patient services) under CM7 where an external review had been commissioned of Divisional budget lines which was seen as best practice by NHS Improvement.

The Committee had also asked for an **update on the procurement service transfer to Stoke (UHNM)** and it was confirmed that the Director of Procurement from Stoke would be attending the Committee in October 2019 to give an update.

- b) The Committee **discussed progress on 5year financial plan:**

- The Trust had originally been asked for a **five year plan** as part of its move from segment 2 to segment 3 by the end of September 2019. It has now been agreed that the Trust will be part of the STP submission, which will still require Trust sign off in September but final submission from the STP is the 1st November 2019.
- The Committee discussed the context of the financial plan:
 - The national requirements for the STP
 - The five financial tests
 - The information required from providers
 - The recommended assumptions for tariff and inflation
 - The recommended assumptions for growth in primary care and the community
 - The Trust’s activity assumptions
 - The Trust’s planned capital expenditure
 - The next steps
- The **draft results were tabled at the Committee which identified a deficit in 20/21 of £29m** which required review and internal discussion as to how the Trust wished to deal with the challenge which required further detailed discussions at Directors and then at August Board and future Board development dates.
- Given the timetable the **Committee needed to ask for delegated authority to approve the submission on 25th September** as the next available Board meeting is 7 October which was beyond the submission date.

- c) **The Committee reviewed the Financial Performance Report for Month 3** and detailed the following issues:

- The financial performance for the month (excluding PSF) **was a deficit of £3m which was £1.4m worse** than the planned deficit of £1.6m.
- **Patient care income under performed by £0.4m** in June although performance by patient type was different:
 - Attendances in A&E over performed

- Outpatients and electives under performed.

- **Pay overspent in month by £0.46m** predominantly due to medical agency spend and the vacancy factor not being achieved due to supporting safe services.
- **Non-pay in month was overspent by £0.723m** driven by several items particularly in orthopaedics for shoulder joints and spend in cardiac/Beynon theatres. Mitigating actions have been identified where applicable.
- The year to date actual position was marginally behind the operating plan but was within the NHS Improvement plan which means the Trust **achieved its Q1 PSF payment**.
- The cost improvement plan has delivered year to date (£1.786m actual versus £1.521m plan) but the committee noted the phasing makes achievement of the plan more challenging as the year goes on.
- The following Risks were identified in the plan:
 - **MSFT transaction support (£6.0m)** and depreciation funding support from NHSI (£5.1m) have been included in the annual plan. Informal feedback from NHSI suggests that the £5.1m may not be supported.
 - **CIP delivery** is in excess of what has been delivered in past years, however, more has been identified at this point of the year than the same period last year.
 - **£13.5m of vacancy factor is built into budgets**. The current delivery of this is c. 50% per month which leaves a potential pressure of nearly £7m for the year.
- The Committee **drew attention to the variance within Division 1 and 2 Divisional Management**. This was due to the fact that vacancy factor is within this cost centre which is released once a vacancy has been identified. The basis of the figures had been previous year's vacancies after deducting temporary staffing costs. With the organisation now reducing its vacancies the factor had been more difficult to achieve. It was agreed to review as part of the 5 year plan but acknowledged that any reduction was either going to increase the efficiency ask of the organisation or increase its deficit.

d) The **Committee reviewed the 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 3, the Trust is forecasting to deliver £14.847m leaving a shortfall of £9.653m against the CIP Target (an increase of £1.325m compared to month 2 2019/20). The Trust's recurrent YTD delivery is £0.459m with forecast outturn of £3.231m and the Trust's non-recurrent YTD delivery is £1.327m with forecast outturn of £11.616m.
- The Trust has delivered £1.786m year to date (YTD) against a YTD FRB Approved Plan of £1.932m (92%). This only relates to schemes FRB has approved. However, the YTD Trust CIP Plan is £1.521m. As a result, the Trust has delivered 117% of the YTD Trust Plan.
- Income had reduced in month which potentially could reduce the opportunity for non-recurrent savings if continued. This would be kept under constant review as part of forecasting in future months.
- 5 PIDs with a combined value of £0.08m had been presented to FRB for approval. The committee enquired as to the time taken for relatively small values and it was confirmed that it was worthwhile whilst energy was still focussed on the 6 high difficulty, high saving PIDs as well as identifying future opportunities.

e) **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 June, a recovery action plan and new trajectory has been developed with specific departmental actions to aid improvement of compliance for this indicator. The Trust continues to focus on reducing the backlog where possible and works closely with Directorates to use all available capacity effectively. The Trust also intends to complete a significant piece of work on re-validation. Also under development was a business case using digital improvements that can reduce DNAs and improve overall efficiency. Deloitte will remain in place until the end of September.

- **Diagnostics** – This target remains within standard for June 2019. However, the Trust continues to see high numbers of cardiac referrals into Radiology for CT and MRI Heart. In addition to this the Trust continues to see a large increase in urgent endoscopy diagnostic tests. The Committee were also informed that a new FIT screening test is being introduced which will increase the number of requests for scans.
- **Emergency Department** – **One patient breached the 12 hour** decision to admit target during the month, this was a Mental Health patient awaiting a specialist inpatient bed.
- **Ambulance Handover** – Ambulance handover breaches **saw deterioration during June 2019** for both the 30-60 minutes and the >60 minute target compared with the previous month. However, the Trust continues to see a rise of ambulance conveyances into the Trust, receiving an additional 217 (5.13%) during the month compared with the same period last year, and an overall increase of 1,127 (8.68%) conveyances in Quarter 1.
- **Cancer** – The Trust is currently predicting failure of the 2 week wait, 2 week wait Breast Symptomatic, 31 Day First Treatment, 31 Day Sub Surgery, 31 Day Sub Anti-Cancer Drug, 62 Day wait for First Treatment, 62 Day Screening and 62 Day Consultant Upgrade for June, validation is on-going. Final cancer data is uploaded nationally 6 weeks after month end. Specific actions are:-
 - Recruiting additional radiographers - 7 offers have been made, start dates from August 2019.
 - Increased new patient capacity – there was on-going work to review and monitor clinic set up and audit of current waiting times.
 - Reviewing the Radiotherapy pathway – a quality checklist has been developed with medical physics and radiotherapy.
 - The Trust had over 500 patients waiting for a 2 week appointment and the Trust is working collaboratively with Walsall/Dudley providers so that GPs can divert patients hence improving waiting times for the Trust’s patients.

The Committee were informed that the Trust cancer lead, Dr Simon Grummet, has stepped down as the lead for the Trust. The Committee thanked Dr Grummet for his hard work and noted that the Trust would start to look for a replacement lead.

The Committee questioned why the 31 Day Sub Treatment Anti-Cancer Drug target had deteriorated. This was due to the impact of one patient and that the target would improve next month.

The Committee were informed that the bulk of 62 day breaches had been due to Urology but that there has been an increase in Breast 62 day breaches. G Nuttall also stated that the Trust had received one query harm patient, this patient has been reviewed externally with the CCG and it has been determined that this is not a ‘harm’ case.

The Chair expressed concerns regarding the Trust Strategic Objective of being in the top 25% for key performance measures and how this would be achieved against the current cancer performance. The debate was as to whether the objective should be quantified, re-defined or whether the Trust should differentiate the risks. The Committee felt that this was a debate that should be continued at Trust Board.

f) **The Committee received a Quarterly Contract update and noted:**

- **2019/20 NHS Contracts** - NHS Contracts are progressing well. The Aligned Incentive Contracts continued to mitigate financial risk across the Health Economy.
- **CQUIN** – The Trust had done a lot of work on CQUINs and the Flu Vaccination CQUIN was the single biggest risk. The overall CQUIN risk is partly mitigated by the Aligned Incentive Contract that is in place with CCGs.

For **2018-19** – The Trust is in the final stages of reconciliation for 2018-19 awaiting publication of the national data to enable completion.

For **2019-20** – Schemes have been agreed in principle for all commissioners and the late publication of the

CQUIN schemes has been acknowledged where there may impact on achievement. There has been full clinical engagement in the negotiation process and local mitigation agreed where required. It should be noted that 50% of CQUIN monies have been included within the national tariff and the remainder of the monies are allocated to specific CQUINS.

- **NHSE Contract** - The 2019/20 contract has been signed. The Committee were informed that the Trust aims to have agreed the HPV contract by 26th July.
- **Wolverhampton City Council** - The partnership with the Wolverhampton Council has been agreed in principle and the Trust is working to develop the agreement. The first meeting of the Executive Partnership Board is taking place on 31st July.
- **Service Level Agreements (SLAs)** - An annual review of all SLAs has started and is ongoing.

g) The Committee received a Tender report and noted:

- The Trust **had submitted one bid in Q1**; for the delivery of ready prepared meals and **been awarded the tender**. However the Trust had also been told that the service would be re-tendered in 6 months' time.
- The Trust also received notification that the procurement process **to deliver Physiotherapy services to Wolverhampton Council staff has been abandoned** with a view to re-tender in 6-12 months.
- The Trust had **decided not to progress with 3 procurement** opportunities:
 - South Staffordshire MRI Service
 - School Age Immunisation Service
 - the Provision of Non-Emergency Patient Transport Services.

h) The **Committee received an STP update** and noted that a formal process would begin in September to appoint the Accountable Officer of the STP.

i) The **Committee noted the following reports**:

- The temporary Staffing Expenditure Dashboard
- The Cancer Action Plan
- Performance against contractual standards (fines)
- NHSI monthly return
- Annual Work Plan.
- Finance Minutes.
- **Capital Report**. The Trust had been notified that it needed **to take a 20% cut** in its capital allocation for 2019/20 as part of the Black Country control total set by NHS Midlands. After several negotiations it has been **settled as 11% for the Trust** with schemes identified for slippage into 2020/21. It was agreed that a briefing paper would be circulated to Non-Executive Directors of the Board.
- **Backlog Maintenance Programme**. A report was presented detailing that the Trust's backlog maintenance, Compliance and Infrastructure Programme. **£3.35m had been allocated from the Trust's capital programme in 2019/20**. The total backlog was £24.4m which had **increased by c£1.5m** due predominantly to bringing the West park site back into the backlog profile. The backlog programme will reduce providing the Trust maintains c£4-5m a year investment over the next 5 years. No other significant issues were raised. The report was noted.

j) **Any Other Business**

The committee considered a **radiology business case for approval**. The case consisted of a number of operational issues being faced with regard to the PFI building with regard to longer opening hours, altering lives of asset replacement and workload on the Philips equipment. The case had been approved at Contracts and Commissioning and detailed the value for money issues within the case. The case will need Board and NHS Improvement because of the value and PFI nature of the case. **The case was approved for Trust Board consideration.**