

Chair's Report Finance and Performance

7 October 2019



Agenda Item No: 7.2

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chair of the Finance and Performance Committee	
DATE PREPARED	25 th September 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 indicator	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 5, the Trust is forecasting to deliver £14.398m leaving a shortfall of £10.102m against the CIP Target (a decrease of £0.244m compared to month 4 2019/20). The Trust's recurrent YTD delivery is £0.977m with forecast outturn of £4.015m and the Trust's non-recurrent YTD delivery is £2.656m with forecast outturn of £10.383m.	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 which it has invoiced and will chase the DH FD.	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 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.

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	Discussed at 25 September F&P and approved for submission to the STP.	
- 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 25th September 2019:

a) The Committee received a report on the BAF and discussed the risks/amendments:

- SR8 (There is a failure to deliver the required CIPs) had been updated for a number of proposed changes including revised national guidance on agency costs and exception reporting required where non-medical/HCA agencies used. **The risk score remained as 20 and the proposed amendments were approved.**
- SR9 (That the underlying deficit that the Trust has is not eliminated in the medium term to bring the Trust back to financial surplus) identified some minor changes including discussions facilitated by Deloitte at the Board Development session on 16 September. **The proposed amendments were agreed, the risk scored remained at 20 and it was agreed that further mitigations would be required to be produced and agreed by the Board** for final submission in November.
- The Trust risk register and the highest risks (red) were discussed, noted and agreed should remain as described.
- The Trust had received feedback from the CQC inspection that there was some inconsistency in the management of the BAF and risk register however, **the Committee felt that this feedback was unclear** and that further clarification would be required which would be through the process of factual accuracy review when the Trust received their draft report.
- The BAF report would also include which responsible Committee is responsible for reviewing each risk in future reports.

b) The Committee reviewed the Medium Term Financial Plan and made the following points:

- The contents of the report were as **presented to the Board Development session on 16 September.**
- The financial plan had been updated at 16 August to reflect commissioner allocations which had improved the financial position slightly. The position showed a **deficit of £26.9m by 2023/24**. This excluded FRF of £7.4m which the Trust was currently receiving.
- Based on provisional figures for providers across the Black Country **it was clear that providers were making different assumptions** and this required review by the STP.
- Given the Trust was not **indicating that it would achieve its control total** going forward then there would likely be robust challenge from the regional NHS Improvement/England team and/or the STP. On this basis the Committee asked for mitigation plans to be worked up.
- The Committee discussed where it was possible to contain quality investments (not funded by contracts/tariff) and whether the cost of additional activity could be performed at better marginal rates.
- **The financial figures were approved for submission to the STP.**

c) The Committee reviewed the Financial Performance Report for Month 5 (August) and detailed the following issues:

- The financial performance for the month (excluding PSF) is a **deficit of £1.3m**. The year to date actual is a deficit of £9.4m (including PSF) which is £2.5m behind the Trust plan but £60k inside the NHS Improvement plan.
 - Patient care income over performed by £1m in August (cumulatively over performed by £3.5m). Attendances in A&E, non-electives and day cases are over performing, however, outpatients and electives are under performing despite phasing in expectation of annual leave periods. Additional work in Divisions/Groups and Directorates is taking place to correlate underperforming specialties with leave taken.
 - **Pay was overspent in month by £0.41m (cumulatively overspent by £3.6m)** 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 £0.92m (cumulatively overspent by £1.44m)** mainly due to BCPS expenditure for which there is a corresponding income offsetting the variance and £100k of back dated CIP taken.
 - The **Cost Improvement plan was now showing a cumulative underperformance of £1.06m**, with an in-month under-performance of £0.73m as the phasing starts to increase due to the 'back ended nature of the programme.
 - Forecast Year End positions were being worked through by Divisions and this would be presented to the next Finance & Performance Committee including any mitigation actions.
 - 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.
 - Divisional risks were captured during budget setting and will be reassessed as part of the forecasting exercise.
 - Cash collection had improved (and was ahead of the business plan) through constant focus **but the impact of the Trust's trading position and capital spend would mean that this will require constant vigilance**. Suppliers were being paid at circa 48 days.
 - There was some evidence that tax/pension rules were impacting on the Trust's capacity as evidenced by a drop in WLIs however it was difficult to quantify financially as the reason for not doing extra work was not recorded.
 - The **Committee challenged orthopaedic performance and the reason for being behind plan**. The Directorate were experiencing some senior staff issues but were expecting to recover their activity levels by year end.
- 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 5, the Trust is forecasting to deliver £14.398m **leaving a shortfall of £10.102m against the CIP Target** (a decrease of £0.244m compared to month 4 2019/20 - due to a reduction in forecast on non-recurrent savings). The Trust's recurrent YTD delivery is £0.977m with forecast outturn of £4.015m and the Trust's non-recurrent YTD delivery is £2.656m with forecast outturn of £10.383m.
 - The Trust has delivered £3.633m YTD against a YTD FRB approved plan of £3.841m (94.5%). This only relates to schemes FRB has approved. However, the YTD Trust CIP Plan is £4.666m. As a result, the Trust has delivered 78% of the YTD Trust Plan.

- Further opportunities were being scoped within the Community Transformation Programme and this may become a CQI project long term.
 - Another scheme being pursued was a section 106 scheme with local councils but it was unlikely that the savings would be at the level originally anticipated. This would be led by the Estates Development Team.
 - Further work was being undertaken on Medical Productivity led by the Chief medical Officer and their Deputy.
 - It was **noted that the incinerator was now nearing completion and was being tested and that on completion robust commercial discussions would be taking place** with the contractors regarding financial penalties that have been accrued throughout the project. Once fully commissioned the Trust would commence projects on earning income from its additional capacity.
- e) The Committee discussed the Temporary Staffing Expenditure dashboard and noted:
- There would be a **significant increase of Nursing staff from January 2020 onwards** due to clinical fellows and overseas recruitment. It was noted **that despite the reduced nursing vacancy levels the demand for bank nursing was not reducing**. Divisional analysis of mapping the reduction of vacancies against Bank would be submitted to FRB on 16th October.
 - The analysis of Waiting List Initiative Expenditure. This section of the report would be brought forward as it was a higher priority than agency expenditure at present.
 - The report was noted.
- f) **The Committee received a report on the Performance Element of the IQP Report** (National & Contractual Standards) and noted:
- The IQP Report had a revised format which now had integrated Statistical Process Charts (SPCs) and was being trialled for a 3 month period.
 - Referral to Treatment Incomplete – **Performance saw slight deterioration during August**, largely due to reduced activity over the holiday/bank holiday period. A recovery action plan and new trajectory has been completed with specific departmental actions to aid improvement of compliance for this indicator, and would be monitored on a weekly basis.
 - Diagnostics – This **indicator dropped below the target during August 2019**. This is due to a marked increase in referrals into the Endoscopy Department with an increased demand of Fast Track patients taking precedence over routine tests.
 - Emergency Department – One **patient breached the 12 hour decision to admit target during the month**, which was a mental health patient who was waiting for a specialist bed. G Nuttall informed the Committee that this was escalated formally to the CCG as the mental health response for the patient was poor. It was noted there was a further 12 hour breach in September.
 - Ambulance Handover – Ambulance handover **breaches saw a deterioration during August 2019** for the 30-60 minutes target, however the Trust saw improvement in the >60 minute target compared with the previous month. **The Trust continues to see a rise of ambulance conveyances into the Trust**, receiving an additional 273 (6.56%) during the month compared with the same period last year, and an overall increase of 1,563 (7.29%) conveyances year to date.
 - Cancer – **The Trust is currently predicting possible failure of 8 out of the 9 indicators for August**, however validation was on-going. Final cancer data is uploaded nationally 6 weeks after month end. Specific actions were:-
 - **Recruitment of additional radiographers** – 7 offers have been made, 4 have since started with 2 due to start September and one in December.
 - **Acquired 2 locum radiologists** to support the breast service.
 - **A Clinical fellow has been appointed** and started in post to provide capacity and reporting support in radiology for 62 day target patients.

- **Review of the Radiotherapy pathway** – a quality checklist has been developed with medical physics and radiotherapy.

- There **were still key issues with the breast 2 week wait standard** and this would be discussed in detail at QGAC (Quality Governance Audit Committee). The Trust initially liaised with GPs to divert patients at source to other providers, however, this had not proved successful. The Trust has since liaised with Wolverhampton CCG and is now diverting patients that are referred to RWT who are within a 3 mile radius of Russells Hall Hospital and Walsall Healthcare NHS Trust to those providers. Patients are being contacted and appointments will be booked for them.

- The **Trust has now appointed a new cancer lead.**

- The **Regional cancer performance has been reported on a call hosted by NHSI and was challenging.** NHSI have asked Trusts to sign up to achieving a 62 day target for 3 specialities. RWT have agreed for Dermatology and Gynaecology.

- The Committee noted the report.

g) The Committee received an update on STP matters and noted that interviews for the Black Country CCG accountable officer were being held that day and the Staffordshire CCGS had rejected a merger.

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

- Performance against contractual standards (fines)
- Cancer Action Plan
- NHSI monthly return
- Annual Work Plan.
- Finance Minutes.
- Monthly capital update
- NIHR DRN: West Midlands Report

Chair of Finance and Performance Committee
25th September 2019