

# Report of the Chair of the Finance and Performance Committee 23 October 2019 6 November 2019

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Agenda Item No: 6.2

## ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chair of the Finance and Performance Committee	
DATE PREPARED	23 <sup>rd</sup> October 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 6, the Trust is forecasting to deliver £14.5m leaving a shortfall of £9.97m against the CIP Target (an increase of £0.132m compared to month 5 2019/20). The Trust's recurrent YTD delivery is £1.23m with forecast outturn of £4.00m and the Trust's non-recurrent YTD delivery is £3.87m with forecast outturn of £10.52m.	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, this has been agreed for the next 2 financial years. Still awaiting final payment of £0.2m for 2018/19, waiting on response from NHSI. F&P chair to draft a letter.	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. It is likely that any agreement will be concluded around discussions on year end forecast for planning purposes.	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 has achieved the Q1 and Q2 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 *
<b>The Committee will examine in more detail:</b>			
- Draft of 5 year financial plan	CFO	Discussed at 23 <sup>rd</sup> October F&P and agreed the revised plan was unable to deliver the trajectories year on year, F&P supported the proposal to take the plan forward.	

**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 23<sup>rd</sup> October 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) MD & COO have reviewed all medical (doctor) establishments with Directorates and HR to understand vacancies, locum plans. Completed - further work identified with analysis on actions currently underway. Report not expected until November 19.
- SR9 (That the underlying deficit that the Trust has is not eliminated in the medium term to bring the Trust back to financial surplus) it was confirmed that notice had been received (07/10/19) from NHSI/E of the 4 year Financial Control Totals. Discussions are currently taking place to identify ideas for closing the gap including meeting with Wolverhampton CCG & other STP Providers.
- The Trust risk register and the highest risks (red) were discussed, noted and agreed should remain as described.
- The Trust is still waiting on the formal feedback from the CQC inspection regarding possible inconsistencies in the management of the BAF and risk register. **The Committee confirmed that** further clarification would be required before any action would be taken.
- K Wilshere confirmed that the template document has been adjusted to clearly identify which Board Committee will be reviewing each risk.

b) **The Committee received a report on the Performance Element of the IQP Report** (National & Contractual Standards) and noted:

- Referral to Treatment Incomplete – **Performance continues to show deterioration.** A recovery action plan has been produced with specific departmental actions to aid improvement. The validation team has been recruited to and the CGG has provided additional funding to support this. Weekly oversight group has been established with performance monitored weekly via the COOs performance meeting.
- Diagnostics – This **indicator failed to achieve the target during September 2019.** Increased referrals are continuing for Endoscopy, here had also been some impact from FIT testing and capacity within Neurophysiology Department. However, there was improvement for both CT and MRI.
- 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 stated that performance was fairly static, although not quite at the levels of last year the Trust was still showing reasonable performance when benchmarked to the national position.
- Ambulance Handover – **Ambulance handover breaches saw an improvement during September 2019** for the 30-60 minutes target, however, the Trust saw a slight deterioration in the >60 minute target compared with the previous month. For the first time in over 12 months ambulance numbers were static when compared to the same period last year, however, quarter 2 showed an overall increase of 427 conveyances (3.41%) compared with the same period last year.

- Cancer – **The Trust is currently predicting possible failure of 8 out of the 9 indicators for September.** , however validation was on-going. Final cancer data is uploaded nationally 6 weeks after month end.

G. Nuttall highlighted the progress made with Breast referrals following the collaborative approach adopted with across the STP involving Russells Hall and Walsall Manor hospitals. As a result of the referral diversion programme, RWT was now able to clear the Breast backlog. It was also reported that all of the Trusts were now working to stabilise the date of booking at around 20 days. Whilst this was outside of the standard, it provided parity and equity of access to all patients across the three Trusts. On-going monitoring of the situation would continue over the coming months.

The Cancer Recovery Action Plan was presented which included the latest position against the trajectory. It was agreed that the key headlines would be presented at the Finance and Performance committee in November.

The Committee noted the report.

**c) The Committee received a report on Quarterly Contracting Report** and noted:

- Routine contract management is ongoing with Commissioners via monthly contract discussions. A long term agreement has been reached to develop a Partnership Agreement for the delivery of Wolverhampton Healthy Child Programme and Sexual Health Services.
- Commissioning intentions have been received from all commissioners. The Trust has informed commissioners that we want to keep using the Aligned Incentive Scheme (AIS). It was noted that Wolverhampton CCG have confirmed that they face increased financial pressures which is a risk to the Trust. S Evans stated that the Trust expects that any Wolverhampton “deal” is likely to extend across other Black Country CCGs.
- Staffordshire CCGs have indicated a change in focus in their intentions from sharing risk to the avoidance of risk with the possible development of an Integrated Care Provider contract. Wolverhampton and Staffordshire are seeking agreement to contract independently. However, the Trust preference remains as one contract with Staffordshire CCGs and an Associate to the Wolverhampton CCG contract.
- The committee heard that Specialised Services have indicated that they want to commission differently with a focus on developing provider collaborations at an STP level, linking into ICS arrangements and for the first time, seeking aligned incentive style arrangements. S Evans stated that the Trust remains a Tier 2 provider in the Black Country and we need to position ourselves accordingly.
- In response to a question about the three STP capital bids, it was confirmed that they would form part of the discussions regarding future financial planning.

The Committee noted the report.

**d) The Committee received a report on Tenders and Business Development** and noted:

- The Trust has **submitted 4 bids** and are awaiting the outcomes:
  - A joint DVLA bid with ViaPath – expecting to hear back in the Spring
  - Physiotherapy services (Sandwell Metropolitan Borough Council)
  - Occupational Health Nurse Service (Wolverhampton Homes)
  - Physiotherapy services (Wolverhampton Homes)
- A total of **4 tenders did not meet the Trust qualification criteria** and are therefore not being progressed are:
  - Delivery of community-based sexual health services in Shropshire
  - Integrated Drug and Alcohol Services for Walsall patients
  - Black Country wide School Age Immunisation Service; and
  - Specialised Services for women with complications of mesh inserted for urinary incontinence and vaginal prolapse

- **Current Tenders** also being prepared for submission are:
  - Cytology and HPV testing for the Jersey Government Healthcare
  - Patient Recruitment Centre (PRC) – late phase commercial research

The Committee noted the report.

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

- The Trust received control totals on 7<sup>th</sup> October that were significantly different to plan and were asked to respond by 18<sup>th</sup> October. It was confirmed that the last 2 years of MSFT transition funding has been agreed and NHSI have altered our trajectory to take this into account.
- The Trust has provided an update on the latest developments, submitted the five year plan to the STP.
- The financial plan had been updated to reflect commissioner allocations and the latest financial planning assumption. The position still showed a **deficit of £26.9m by 2023/24**. This excluded FRF of £7.4m which the Trust was currently receiving. Following this latest assessment, the Trust is still unable to deliver the trajectories year on year that have been requested.
- Discussions still need to be concluded at and STP level as it is still evident that providers across the Black Country **were making different assumptions** and this required review by the STP.
- It was reaffirmed that 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 financial figures were approved for submission to the STP on 1<sup>st</sup> November.**

f) **The Committee reviewed the Financial Performance Report for Month 6 (September)** and detailed the following issues:

- The financial performance for the month (excluding PSF) is a **deficit of £2.0m**. The year to date performance is in line with the NHSI operating plan. Within the in-month position there is £1.1m of non-recurrent prior year adjustments that improve the overall position.
- The cash balance as at 30th September 2019 is £12.6m, £12.4m above the plan and the Trust is paying at 41 days.
- Patient care income has **over performed by £3.6m to date**, with £60k over performance in September. Elective care continues to underperform, the key contributors are Orthopaedics and Urology. Orthopaedics is currently the main focus and an update will be provided next month.
- The committee looked to understand the variance in the Division 1 contribution. G Nuttall stated that the vacancy factor for Division 1 nursing was less than Division 2 so that there would be less room for any vacancy factor.
- In response to a question about why bank expenditure had increased despite recruitment. A Duffell stated that the Trust had received the lowest number of requests for bank shifts this month and the Trust head count had risen to 9.5k staff. The committee were also informed that bank costs are more from medical bank.

The Committee noted the report.

g) **The Committee reviewed the Finance Recovery Board (FRB) report** noting that:

- The 2019/20 CIP Target is £24.5m, £11m recurrent CIP Target and £13.5m non-recurrent CIP Target. At month 6, the Trust is forecasting to deliver £14.5m **leaving a shortfall of £9.97m against the CIP Target** (an increase of

£0.132m compared to month 5 2019/20). The Trust's recurrent YTD delivery is £1.23m with forecast outturn of £4.00m and the Trust's non-recurrent YTD delivery is £3.87m with forecast outturn of £10.52m.

- The Trust has **delivered £5.103m YTD** against a YTD FRB approved plan of £5.551m (91.9%). This only relates to schemes FRB has approved. The Trust is currently looking to see what is in the plan for next year that can be pulled forward and if anything further can be done with projects that are forecasting this year.
- The committee were informed that this was the first month that the Trust were able to draw against the theatres scheme and the date for the incinerator go live was confirmed as 5<sup>th</sup> November. The Trust had already received some compensation on the incinerator programme and that the remaining funds would be requested on completion of the project.

The committee noted the report.

h) **The Committee discussed the Temporary Staffing Expenditure dashboard and noted:**

- The committee were informed that staff costs were rising as staff numbers grew. The divisional analysis of mapping the reduction of vacancies against Bank was submitted to FRB on 16<sup>th</sup> October, who had requested further analysis of the data. A Duffell stated that it was important to ensure that the report identifies anomalies between nursing bank and nursing fill rate. A further update will be provided at the next meeting.
- The report was noted.

i) **The Committee received a report on the Integrated Supplies and Procurement Department (ISPD) and noted:**

- The total implemented savings for RWT that were **delivered by ISPD for 19/20 as £3.9m**. A total of 137 individual projects were identified to assist with CIP savings, 94 of which have been delivered year to date, **providing savings of £1.3m**.
- It was stated that the full integration of the two Supplies and Procurement Departments into a single entity to be known as the ISPD had gone well. ISPD is being monitored and managed by the Procurement Board and the Executive Lead for the Board is Kevin Stringer from RWT. All staff had TUPE'd across but some staff members chose to transfer to different departments or retire. There had also been some initial IT and networking issues that have now been resolved. It was confirmed that the ISPD has been approved by other Trusts wanting to join and that this may be an option long term once fully embedded.
- Opportunities to improve the RWT position on the procurement league table were discussed given UHNM were 4<sup>th</sup> and RWT 68 out of 133. Good practice that UHNM had identified would be implemented across the board and the ISPD were looking to introduce an eCatalogue system across UHNM and RWT to allow Trusts to achieve further efficiencies. It was also stated that RWT have purchased the same ledger system as UHNM and will be looking to implement the P2P and catalogue system on 1<sup>st</sup> April 2020. The Committee were also informed that further standardisation would be obtained through the use of a nurse led clinical procurement specialist.
- Discussions took place regarding the EU Exit and the Committee were informed that the NHS has completed a lot of work in the last 12 months in preparation for a potential no deal. The ISPD have been working with national, regional and local partners to cover any potential risks.
- It was also recognised that the ISPD have also been successful in achieving regional and national recognition as winners of the National GO Public Procurement Awards 2019/20 in the category of 'Taking the procurement function forward – NHS Health and Social Care' and are Winners of the 'NHS Procurement Innovation' award at the NHS in the Midlands Excellence in Supply Awards 2019.

The chair congratulated the team on their progress and the committee noted the report.

- j) The **Committee noted the following reports:**
- Performance against contractual standards (fines)
  - NHSI monthly return
  - Annual Work Plan.
  - Finance Minutes.
  - Monthly capital update

**Chair of Finance and Performance Committee**  
**23<sup>rd</sup> October 2019**