

Chair's Report Finance and Performance – 18 December 2019

4 February 2020

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Agenda Item No: 9.2.1

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chair of the Finance and Performance Committee	
DATE PREPARED	18 th December 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 Continuous Quality Improvement (CQI) Team is well supported.	At month 8, the Trust is forecasting to deliver £13.51m by year-end, leaving a shortfall of £10.993M against the CIP Target (a decrease of £1.101M compared to M7 2019/20). The Trust has delivered £6.618M YTD against a YTD FRB Approved Plan of £8.128M (81%).	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. 8/12 th are now shown in our data. Still awaiting final payment of £0.2m for 2018/19 (and 2017/18). The Trust has escalated the position to NHSE/I for resolution.	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. The Trust is working up a recovery plan to achieve the Q3 payment.	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	The revised plan is currently unable to deliver the trajectories year on year, F&P supported the proposal to take the plan forward. Waiting on financial planning guidance due in January 2020.	

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 18th December 2019:

a) The Committee received a report on the **NIHR CRN West Midlands Report** which highlighted:

- That the cost plan is on target and that the network is on track.
- A new funding model from April 2020 - March 2023 has been agreed by the Partnership Group which will include financial incentives for performance against agreed metrics.
- NIHR are expecting improvement in performance against the number of GP practices recruiting.
- Performance against recruitment to time and target has improved but we will finish the year behind target.
- NIHR are expecting a cut in funding for 2020/21 (working on assumption of 1.6%). Partner Organisations have been informed.

The Committee received and noted the report.

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

- The committee was informed of the discussion that took place at Audit Committee as it was noted that SR8 and 9 had remained at level 20 for some time. The Committee discussed this and determined whether the risk should be acknowledged as part of the environment or removed from the register and reported in a different format as the 2 risks were unlikely to change going forwards. It was agreed that that the BAF and Risk Register would be reviewed at the same time as the strategic objectives in May.

The Committee accepted and approved the amendments to SR8.

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

- Dashboard – The improved performance on the dashboard was noted with clear improvement in 2 week wait cancer referrals and 2 week wait breast symptomatic referrals.
- ED/Vocare – In response to a question around performance, it was stated that Vocare are achieving 98%+ performance Monday to Friday but that performance is dropping over weekends due to staffing issues. It was identified that there are a lot of different variations of UTCs nationally and that the CCG, through the Integrated Care Alliance (ICA), were currently looking to develop the Urgent Care Strategy to define future requirements. It was confirmed that the Phoenix Centre is now a designated UTC and open from 8am – 8pm.
- One patient breached the 12 hour decision to admit target during the month. That patient required mental health assessment.
- Cannock MIU – should have been redefined as a UTC with a 12 hour opening. However, Staffordshire CCG are not making any changes at present as wider consultation is taking place in January 2020 to discuss potential scenarios for Planned Care, Urgent and Emergency Care.
- Ambulance handover - breaches saw an improvement for the 30-60 minute target, however, there was a slight deterioration for ambulances waiting >60 minutes when compared with the previous month.

- Diagnostics – the committee noted that there had been some improvement in month but that the indicator continues to be a challenge. The Trust is still experiencing high levels of referrals into the Endoscopy Department with capacity constraints in Neurophysiology.
- Flu - The Trust escalated to level 4 in December and Flu and Norovirus is on the increase. Current staff immunization rate stood at 55.6%.

The Committee noted the report.

d) **The Committee received a report on the Cancer Summary and Action Plan** and noted the following:

- 62 day performance for November sits at 53.0% against a trajectory target of 72.0%. There are over 1000 patients waiting with 106 beyond 63 days (of which 49 are waiting in excess of 104 days).
- Following the success of the Breast referral management process, waiting times had been equalised across the Black Country, the Trust is now supporting Walsall by taking 20 referrals this month. Waiting times for the Black Country are currently between 14 – 20 days.

The action plan was noted.

e) **The Committee received a verbal report on the contracting round.**

- Wolverhampton CCG – The Trust has shared the forecast outturn with Wolverhampton CCG. There is still £1.5m difference which is being worked through, this will form the basis of the contractual offer. Further negotiation meetings are planned to take place in January.
- Staffordshire CCG – Little information has been received from Staffordshire CCG despite repeated requests. A teleconference was due to take place in late December but this has also been stood down. An initial offer is expected in January.
- Specialised Commissioning – The Trust has received an offer which the finance team is currently evaluating. Key focus areas are for an Aligned Incentive Scheme approach which will include renal, cardiac and cancer services.
- Local Authority – Discussions are taking place and a joint paper will be presented to council members on current performance. The Trust has highlighted that it will be unable to retain the current service offer going forwards next financial year based on the quantum available. A partnership meeting is due to take place in January 2020.

The Committee noted the update.

f) **The Committee received a report on the Trust Financial Report and Forecast Outturn** which highlighted:

- The financial performance for the month (excluding PSF) is a surplus of £3.8m. The in-month position was £2.6m deficit until a series of adjustments were made to bring the financial performance back into line with the financial plan.
- Year to Date Delivery of Annual Operating Plan – Due to the adjustments the year to date performance is £275k ahead of the NHSI operating plan. The CIP plan for the year included a step change increase at month 7 and has started to fall significantly behind plan at this point.. Pay is the other material variance to plan although the level of over spending on pay does appear to have reduced.
- Cash – The cash balance as at 30th November 2019 is £14.3m, £11.6m above the plan.
- Patient Income – Patient care income plan is £4.8m over-performing year-to-date, £281k over performance in November. A&E attendances continue to rise with an average of 412 attendances per day in November. Non-elective and day case income are also over performing, with electives and outpatients under performing in the month.

- **Risks and Mitigations** – The key risks in delivering the financial plan in 2019/20 are in line with what has been previously reported
 - 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 remains challenging although more has been delivered than at the same point in the previous 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.
- The committee were informed that the new incinerator was not yet reaching the required temperature and that waste disposal had been outsourced for the remainder of the financial year.
- **A discussion took place regarding recruitment.** It was confirmed that there had not been a freeze but that Executive Directors are being directly asked to consider holding non-business critical post vacancies until the new financial year.
- **Forecast Discussion Q3 FOT (Delegated from Trust Board)** – the month 8 outturn was presented, informing the Committee that £6.4m had been added back into the plan. Adjustments were made to recognise year to date value of MSFT position, provision for associate CCG challenges, HPV income and revenue benefit.
- The updated forecast outturn still has a variance to plan and a virtual sign off meeting has been arranged for mid-January allow the Finance & Performance Committee to virtually sign off the statement.

The Committee noted the report.

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

- **Year End Forecast Outturn as at Month 8** - The year-end forecast outturn has reduced from £14.608m to £13.507m, a decrease of £1.101m. However, following a further analysis of the Month 8 forecast, this has been amended to £13.822m, therefore there has been a decrease from M7 to M8 of £0.786m. The drivers are:
 - Reduction in forecast for Operating Theatres Efficiency Programme from £1.5m to £1.0m.
 - Reduction in forecast for Improving Endoscopy Patient Flow and Booking from £0.263m to £0.
 - Reduction in non-recurrent forecast within Division One from £0.675m to £0.296m.
- The over-performance from other schemes within the pipeline has mitigated the reduction and therefore the Trust has a shortfall of £10.678m against the £24.500m CIP Target.
- The Committee were advised that a pipeline of schemes for 2020/21 has been developed with 47 ideas of which 17 have been transferred from the 2019/20 Pipeline. Financial values are expected in January. The next Model Hospital update is due at the end of December will also be evaluated.
- **Internal Audit Feedback** - The audit approved the process, identification and quality process but did not provide assurance on delivery, providing 2 recommendations that CIP be delivered. The Committee felt that future internal audits be directed to look at specific projects from the pipeline as this may provide more valuable feedback.

The report was noted.

h) The Committee **received a verbal update on the Medium Term Financial Plan noting the Trust's position remained unchanged**

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

- NHSI monthly return
- Annual Work Plan.
- Monthly capital update
- Performance against contractual standards (fines)

Chair of Finance and Performance Committee

18th December 2019