

# Chair's Report Finance and Performance – 22 January 2020

## 4 February 2020

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Agenda Item No: 9.2.2

## Trust Board Report

<b>Meeting Date:</b>	4 <sup>th</sup> February 2020
<b>Title:</b>	Assurance/Escalation Report of the Finance and Performance Committee Chairs Summary Report
<b>Action Requested:</b>	To provide assurance to the Board in relation to all delegated responsibilities of the Finance and Performance Committee

### For the attention of the Board

<b>Assure</b>	
<b>Author + Contact Details:</b>	Mary Martin mary.martin1@nhs.net
<b>Links to Trust Strategic Objectives</b>	<ol style="list-style-type: none"> <li>1. Create a culture of compassion, safety and quality</li> <li>2. Proactively seek opportunities to develop our services</li> <li>3. To have an effective and well integrated local health and care system that operates efficiently</li> <li>4. Attract, retain and develop our staff, and improve employee engagement</li> <li>5. Maintain financial health – Appropriate investment in patient services</li> <li>6. Be in the top 25% of all key performance indicators</li> </ol>
<b>Resource Implications:</b>	None
<b>CQC Domains</b>	Safe: Effective: Caring: Responsive: Well-led:
<b>Public or Private:</b>	Public
<b>NHS Constitution:</b>	<p>In determining this matter, the Board should have regard to the Core principles contained in the Constitution of:</p> <ul style="list-style-type: none"> <li>• Equality of treatment and access to services</li> <li>• High standards of excellence and professionalism</li> <li>• Service user preferences</li> <li>• Cross community working</li> <li>• Best Value</li> <li>• Accountability through local influence and scrutiny</li> </ul>

<b>OVERVIEW OF ASSURANCE THEMES/INDICATORS HIGHLIGHTED IN THE REPORT</b>	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	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 9 the Trust is forecasting to deliver £13.666m, leaving a shortfall of £10.834m against the CIP Target (an increase of £0.021m compared to month 8 2019/20). The Trust's recurrent YTD delivery is £2.035m with forecast outturn of £4.147m and the Trust's non-recurrent YTD delivery is £6.291m with forecast outturn of £9.519m	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. 9/12 <sup>th</sup> 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 who have requested written evidence.	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 year to date performance is £31k ahead of the NHSI operating plan which has secured the PSF payment of £2.8m for Q3.	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	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 22<sup>nd</sup> January 2019:

- a) The **Committee received a report on the Black Country Pathology Services (BCPS)** which highlighted:
- Building work is under way at the New Cross site to merge laboratory services. Until this building work is complete anticipated savings will not be achieved. This is now likely to be early in 2021.
  - Following a successful tender, Cytology services expanded from July 2019 to cover the whole of the West Midlands and surrounding areas. Early indications are that the financial contribution from this service transfer is higher than the initial tender had assumed.
  - In order to track performance, it was confirmed that the Trust was currently having internal discussions regarding the separation of BCPS reporting in order to make reporting arrangements more transparent.
  - In response to a question about key risks, G Nuttall agreed to produce a report for the March Finance & Performance Committee Meeting which would include operational risks.

- It was confirmed that a BCPS tender for Specialist testing services is currently in progress, while the income risk sits with Sandwell & West Birmingham Hospitals NHS Trust. The Committee received and noted the report.
- b) **The Committee received a report on the Zesty programme:**
- The Committee were reminded that the Zesty Patient Portal is a mobile web 'app' which aims to give information and ownership of outpatient appointments to patients and is available on all modern smartphones, tablets and desktop computers.
  - Implementation of the portal will take place over 2 phases, Phase 1 (August 2020) available for patients to view their appointments only. Phase 2 (Further 12 months development post phase 1) – Appointments made available to view, change, book, cancel and re-arrange appointments without the need to contact the hospital. This requires substantial technical work from both IT systems and specialty clinic rules.
  - In response to a question about the financial elements of the scheme, K Thorpe stated that all savings identified would be included on the FRB pipeline and costs for phase 1 total £50k and that costs for phase 2 have not yet been identified as they are dependent on integration.
  - The chair asked if the system would identify patients that cancelled reviews so that they did not miss regular checks. It was confirmed that discussions around such rules such as the number of times a patient can cancel a review before being invited in for a regular check were being agreed via a workshop. The Committee received and noted the report.
- c) **The Committee received a report on the BAF** and discussed the risks/amendments:
- The Chair informed the committee that following the Grant Thornton audit review of CIP (SR8) no detailed recommendations had been made although two recommendations had been received.
  - Following a question regarding any anticipated strategic impact from Brexit. G Nuttall informed the Committee that she would be providing a verbal update at Trust Board but that there would not be any impact at the present time due to the 12 month exit period. Any changes/central requirements would be escalated as and when they arise.
  - The chair also commented that the Committee would re-examine the BAF when reviewing the Trust Strategy. The Committee accepted and approved the amendments to the BAF.
- d) **The Committee received a report on the Performance Element of the IQP Report** (National & Contractual Standards) and noted:
- RTT – It was noted that a recovery plan was in place to ensure the Trust could reach the end of year target for incomplete patients of 37,598.
  - Diagnostics –The Trust continues to see high level of referrals into the Endoscopy Department and there are continuing capacity constraints in Neurophysiology. It was stated that additional Endoscopy sessions were taking place over weekends and that work was also being outsourced. Neurophysiology capacity is also being outsourced and is currently being booked for January and February 2020. Following a discussion regarding the recruitment of Consultants in the above areas. A Duffell stated that further discussions would take place at the Workforce Organisational Development Committee (WODC).
  - The COO and CFO jointly agreed to produce a paper for Trust Board providing a summary of Trust use of external companies that would also provide a forward prediction around activity.
  - Emergency Department – the Committee were informed that one patient, who was not a mental health patient, breached the 12 hour decision to admit target during the month. Performance against the 4 hour standard has dropped, which is reflective of the demand pressures seen at points within the month as well as challenges with social care capacity. Ambulance handover breaches saw a deterioration for both the 30 – 60 and >60 minute targets when compared with the previous month.
  - A discussion took place regarding the additional pressures being experienced due to diverted ambulances from neighbouring Trusts. The COO informed the Committee that the Trust received 16 diverted ambulances from Shrewsbury & Telford Hospital (SATH) in one 24 hour period in December. This led to excessive waits for a small number of patients which was unacceptable. The CEO has escalated concerns to Executives within the region and has received an apology.
  - The Committee expressed that they were aware that the staff within the Emergency Department worked really hard to deliver high quality care and that they were experiencing increased additional pressure from the number of ambulances brought onto site at New Cross from neighbouring Trusts.
  - The Trust Chairman agreed to raise the concerns regarding social care at the Health & Wellbeing Meeting.
  - Cancer – The Trust is currently forecasting failure of 5 out of 9 of the indicators for December but has forecasted achievement of 2 Week Wait, 31 Day Sub Surgery and 31 Day Sub Radiotherapy.
  - Theatre Utilisation – A discussion took place regarding theatre utilisation. The COO agreed to circulate a copy of the theatre utilisation metrics to the Committee for information.

The Committee noted the report.

e) **The Committee had a discussion around the use of the SPC Format for the IQPR report:**

- The Committee agreed to retain the use of the national colour coding system but asked that the trend lines be removed and the indicator circles be made bigger. It was also agreed to provide a further 1 hour refresher training on SPCs at a Board Development Session before the end of the financial year. T Shaves agreed to provide a one page quick guide to accompany the training session.

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

- The 62 day performance for December sits below trajectory at 60.4%, however, there have been improvements to the 62 day pathway. The 2 week wait (ww) target has been achieved being achieved in the two consecutive months of November and December. The additional capacity offered in breast, combined with the support received from Walsall and Dudley, has meant breast symptomatic 2ww performance has increased to 80.03% in December and expected to increase further in February All subsequent targets have been achieved in chemotherapy, radiotherapy and surgery.
- The Committee were informed that the Cancer Intensive Support Team were returning to the Trust in January 2020 to review actions. A copy of their report would be provided to Finance & Performance Committee in March.
- A discussion took place regarding the need for a further robot. G Nuttall stated that a robot may need to be purchased over the next 2 year period but that a decision would be made following a piece of work around demand and capacity on the use of the current robot.  
The action plan was noted.

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

- The report alerted the Committee to current gaps in 2020/21 contract offers with commissioners of c. £20m and the high likelihood of escalation and arbitration with Staffordshire CCGs.
- Staffordshire CCG are unable to make an offer until they manage to balance their system total. The Trust is hoping to receive an update from Staffordshire CCG on 25<sup>th</sup> January.
- The committee were informed that good progress was being made on the discussions with Specialised Services Commissioning and was hopeful that a deal could be reached.
- Work with the host (Wolverhampton) commissioner continues and productive discussions are taking place. Potential impact of the full national guidance and how this plays out as part of the STP are still to be finalised.  
The Committee noted the discussion.

h) **The Committee received a verbal update on the STP**

- It was reported that the STP has worked with NHS Midlands to agree a financial plan for next year. However, this required a financial settlement from NHS Midlands in order to sign up to the control total. This, still leaves a £13.8m gap which is being worked through at an STP level. The Committee were informed that planning guidance is anticipated to be available by 30<sup>th</sup> January.  
The Committee noted the discussion.

i) **The Committee received a report on the Trust Financial Report and Forecast year-end** which highlighted:

- In-month Performance – The financial performance for the month (excluding PSF) is a deficit of £2.4m. The in-month position, following adjustments, was in line with the financial plan. The adjustments are technical in nature and are listed in the financial recovery plan and the forecast outturn is now on plan to deliver.
- Year to Date Delivery of Annual Operating Plan – The year to date performance is £31k ahead of the NHSI operating plan which has secured the PSF payment for Q3.
- Risks and Mitigations – The key risks in delivering the financial plan in 2019/20 are: £5.1m of depreciation cost pressure due to a change in accounting guidance, £10m shortfall on CIP programme, up to £7m for the non-delivery of the vacancy factor and various other directorate risks.
- Cash – The cash balance as at 31st December 2019 is £17.8m, £16.8m above the plan.
- Patient Income – Patient care income plan is £6.2m over year to date, £1.4m over performance in December. A&E attendances were 397 on average per day in December. Non-elective and day case income are the main drivers for the over performing income year to date.
- Incinerator – The committee were informed that the incinerator was now burning at the correct temperature. Discussions were taking place with the CEO of the company regarding financial penalties. The Trust is still spending £40k per month sending waste off site for incineration. The amount of waste being sent off site has reduced by 50% and work continues to progress to resolve the backlog.
- During the forecast year end sign off on Friday 17<sup>th</sup> January the Committee were asked to commit to meeting the control total which was submitted the same day. The Committee agreed to this requirement.  
The Committee noted the report.

- j) This Supplementary Finance report was read in conjunction with the Trust Financial Report. The report was noted and approved
- k) The **Committee reviewed the Finance Recovery Board (FRB) report** noting that:
- At M9 the Trust is forecasting to deliver £13.666m, leaving a shortfall of £10.834m against the CIP Target (an increase of £0.021m compared to M8 2019/20). To date FRB has approved 53 ideas which have been developed into PIDs and approved at previous FRB meetings with a combined value of £9.859M.
  - The CIP Target for 2021/21 has not yet been agreed. However, the Service Efficiency and Delivery Team have begun developing the CIP Plan for next year. A pipeline of schemes has been developed with 52 ideas of which 17 have been transferred from the 2019/20 Pipeline.
  - Discussions have taken place at FRB about the identification of further schemes, which will increase the number of schemes in next month's report. The Trust is currently aiming for a CIP plan of £18m but this is dependent on contract negotiations.  
The report was noted.
- l) **The Committee received a report on Temporary Staffing Expenditure Dashboard** which highlighted:
- The Chair commented that it was pleasing to see that the employment line evening out.  
The Committee noted the report.
- m) The Committee **received a verbal update on the Medium Term Financial Plan noting the Trust's position remained unchanged**
- n) **The Committee received a report on the procurement report which highlighted:**
- CIP Savings – 116 schemes have delivered providing a YTD achievement of £905,630 against a target of £1,320,000.
  - Implementation of an Integrated Supplies and Procurement Department (ISPD) between UHNM and RWT – 74 of the 82 individual implementation actions have now been completed, 8 are on track and none are behind schedule. Key challenges still relate to staff turnover and systems integration across the different Trusts. The staff turnover is currently being managed.
  - Trusts Embracing the Adoption and Promotion of the NHS Standards of Procurement and the Skills Development Network for Procurement – RWT will start at level 0 but NHSE/I will assess RWT at Level 3 as soon as possible and it is hoped that RWT will reach Level 2 status within 3 months. UHNM are currently at the highest level.
  - Collaborative Procurement –the Committee were advised that other Trusts had expressed an interest in joining the collaborative procurement model. However, at this stage the priority is to stabilise the current arrangements before expanding.
  - GS1 and Catalogue Management Capability – A new joint working model to standardise the eCatalogue solutions has been identified and a decision was made to market test a single eCatalogue solution that can be used across both Trusts. To drive further efficiencies and system synergies the existing Purchase to Pay system provider (ABS) was considered as a potential new eCatalogue provider.
  - Awards Update –the Committee were informed that the new Integrated Supplies and Procurement Departments were recognised at the Health Care Supplies Association (HCSA) national conference in November, winning the Procurement Transformation Award for 2019.  
The report was noted.
- o) The **Committee noted the following reports:**
- Annual Work Plan.
  - Monthly capital update
  - Performance against contractual standards (fines)