

Minutes of the Finance and Performance Committee

Date Wednesday 20th April 2016
Venue Conference Room, RWT
Time 8.30am

Present:

<u>Name</u>	<u>Role</u>
Mary Martin	Non-Executive Director (Chair)
Jeremy Vanes	Chairman (part attendance)
Junior Hemans	Non-Executive Director
Kevin Stringer	Chief Financial Officer
Linda Holland	Director of HR
Michael Sharon	Director of Strategic Planning & Performance
Gwen Nuttall	Chief Operating Officer

In Attendance:

<u>Name</u>	<u>Role</u>
Elaine Williams	Deputy Chief Financial Officer
Simon Evans	Deputy Director of Strategic Planning & Performance
Katherine Geal	PA to Deputy Director of Strategic Planning & Performance (Observer)

34/2016	<u>Apologies for Absence</u> Apologies were received from Sue Rawlings.	
35/2016	<u>Minutes of Meeting Held on 23rd March 2016</u> The minutes were agreed.	
36/2016	<u>Matters Arising from the Minutes of the Finance and Performance Committee Meeting Held on 23rd March 2016</u>	
36.01	<u>National Reference Cost Audit Report (PWC)</u> – E Williams informed the Committee that the report had not yet been received but that she would forward a copy to the Committee on receipt.	EW
36.02	<u>Cancer Intensive Support Team Report (Visit on 8th and 9th March)</u> – G Nuttall informed the Committee that the report had been received for factual accuracy checks and will be circulated to the Finance & Performance Committee in May. The report will be added to the May Finance & Performance Committee agenda.	GN CR
36.03	<u>E-Discharge</u> – S Evans confirmed that he had discussed the 2 issues in relation to e-discharge procedures in assessment areas with G Nuttall. The issues were in relation to Maternity Area Discharge and the Paediatric Assessment Unit (PAU). S Evans felt that the Maternity solution would improve performance by 3.5%. The PAU solution will require a further meeting to resolve but should also improve performance by 3.5%. Action completed.	

36.04	<u>Board Assurance Framework (BAF) Vertical Integration</u> – The Vertical Integration Business Case has been added to the agenda. See item 39/2016. Action completed.	GN/KS
36.05	<u>BAF (SR4)</u> – K Stringer/G Nuttall to transfer the risk assurance lead to K Stringer. Repeat action.	
36.06	<u>BAF (SR5)</u> – M Sharon confirmed that SR5 has now been removed from the BAF and added to the Risk Register. Action completed.	
36.07	<u>BAF (SR6)</u> – G Nuttall to ask T Powell to present an A&E post business case review at the Finance & Performance Committee in May. The business case will be added as the first agenda item on the May Finance & Performance Committee agenda.	GN/CR
36.08	<u>BAF (SR7)</u> – K Stringer confirmed that SR7 has now been removed from the BAF and added to the Risk Register. Action completed.	
36.09	<u>Director BAF Updates</u> – Directors were asked to update their risk on the BAF Register and to forward a revised copy to the Committee so that actions can be discussed. Action completed.	
36.10	<u>Risk Matrix Table</u> – The risk matrix table had not been updated for the previous meeting but that it would be updated for future meetings. Action completed.	
36.11	<u>Counting Discrepancies</u> – K Stringer confirmed that he had emailed the Committee informing them of the counting discrepancies. Further discussions took place during the Ops/Finance Meeting and it was noted that 2 out of 51 births had not been included on the Service Level Agreement Monitoring report (SLAM). This has since been reconciled and corrected and a system is in place to prevent a recurrence. Further work is taking place with Divisions to check and reconcile each speciality against clinical systems over the next 12 months. Action completed.	
36.12	<u>Car Parking Timeline</u> – The report was added to the agenda see item 44.04. Action completed.	
36.13	<u>Orthopaedic Referrals/Theatre Capacity</u> – G Nuttall stated confirmed that the Orthopaedic Consultants will not be transferring to University Hospitals of North Midlands NHS Trust (UHNM) until July 2016. The impact of the delay in transfer will result in a reduction of 6 theatre sessions per week. G Nuttall did not feel that this would impact heavily on the Trust.	
36.14	<u>Increased Admissions Accident & Emergency (A&E)</u> – G Nuttall informed the Committee that she did not feel that there had been an increase in admissions, however there had been an increase in overall attendance. The Committee had some discussion and G Nuttall confirmed that a split report would give a more accurate reflection of admission/attendance rates. The report will be added to the May Finance & Performance Committee agenda.	GN/CR
36.15	<u>Cancer Waiting Time (Trends)</u> – Discussed as part of the agenda, see item 42.01.04. Action completed.	
36.16	<u>Orthodontic Patient Lists</u> – G Nuttall confirmed that the Trust Board had received an update regarding the validation of patients, adults and children in Orthodontics. G Nuttall stated that the Trust was collating the responses from patients in order to produce a plan NHS England have been informed but the Trust has not yet received a response. NHS Improvement (NHSI) have also been informed and they have requested the annual plan return and trajectories for the year. NHSI have confirmed that figures can be amended when the Trust is aware of the confirmed position. G Nuttall also confirmed that Terms	

36.17	<p>of Reference had been drawn up for a piece of work on the orthodontic waiting lists to be completed by the Trust's Internal Auditors.</p> <p>M Martin asked if the Trust would receive monthly fines until the discrepancy was rectified. S Evans confirmed that according to the contract a fine could be levied.</p> <p>J Hemans stated that there had been a lot of media coverage regarding this recently and asked if the relevant agencies had been informed. G Nuttall and S Evans confirmed that this was the case.</p> <p>J Vanes entered the meeting.</p> <p>M Martin asked what assurance the Committee could give to the rest of the Board that other processes are working correctly. A detailed discussion took place and G Nuttall felt that it would be difficult to provide assurance at this time but that there is a need to ensure that staff understand the systems and processes that need to be adhered to. M Martin suggested the use of an awareness campaign. G Nuttall to action.</p> <p><u>Performance Against Contractual Standards (Fines)</u> – S Evans informed the Committee that the Trust had been fined because it had not achieved the Safeguarding Children Training target. S Evans felt that this may be because the training was a 3 yearly requirement. M Martin expressed concerns regarding the fine and asked if the department organising the training were aware of the impact to the Trust. S Evans informed the Committee that a new Safeguarding lead for the Trust was now in post but that meetings had taken place to ensure that they were aware of the indicators and impact in relation to the Safeguarding dashboard. S Evans felt that the department was aware of the impact on the Trust and that training sessions were made available but that difficulties arose when trying to maximise attendance.</p>	GN
37/2016	<p><u>Reference Costing 2015/16</u></p> <p>Each year providers are required to submit their Reference Costs, which detail activity undertaken and the associated cost. The process is carried out following the final accounts process and using the year-end data and reconciled to the Trust's accounts. The submission is completed according to national guidance. The Committee were asked to approve the process supporting the Reference Cost submission. The Committee approved the report and endorsed the process.</p> <p>The report outlined the requirements of the process, provided assurance that the process is regularly assessed, reviewed and any action taken to further improve processes. E Williams stated that several key improvements had been made to the 2014-15 costing model. E Williams confirmed that the Costing team would submit the reference costs in late July.</p>	
38/2016	<p><u>Declaration of Interest</u></p> <p>No interests were declared at the meeting.</p>	
39/2016	<p><u>Vertical Integration Business Case</u></p> <p>K Stringer confirmed that he had circulated a copy of the Vertical Integration Business Case via email. Given the late receipt of the report he requested comments be raised at the Private Trust Board on Monday 25th April. K Stringer also circulated hard copies of the document for information and reiterated that further work is required in relation to affordability issues of the practices. Further meetings will be arranged to look into this.</p>	All
40/2016	<p><u>Governance</u></p>	

40.1	<p><u>BAF Update</u> – M Martin suggested that the Committee look at the changes made to the BAF and provide updates for the May Finance & Performance Committee Meeting.</p> <p>SR11 (Lead: Chief Finance Officer) K Stringer informed the Committee that the current risk rating is amber but that it would be escalated if the Trust needed to apply for a cash loan. In the meantime work continues to proactively chase debtors.</p>	All
41/2016	<p>Financial Performance</p> <p>M Martin thanked the Finance Department for their hard work in ensuring that the finance reports were produced for the Finance & Performance Committee at year end.</p>	
41.01	<p><u>Trust Finance Report for Period 12</u> – K Stringer presented the report and stated that it contained a draft year end position, subject to audit. The pre-audited set of accounts will be submitted to the NHS Improvement (NHSI) by the national deadline of 9.00am on 22nd April 2016. The audited final accounts will be presented to the Audit Committee on 27th May and then reported to the Board.</p> <p>The draft Month 12 position is a surplus of £0.134m, after NHS Trust Development Agency (TDA) technical adjustments. In Month 12 the position is (£2.028m) adverse to the stretch forecast. Until the Accounts are formally submitted on 22nd April 2016, the figures may be subject to change however any changes are not anticipated to be significant. M Martin asked if the revised forecast year end had been approved. K Stringer stated that a letter had been received from the Regional Director of NHSI stating that they were unhappy with the revised year end figure but that the forecast year end is where we predicted and a clear audit trail in place.</p> <p>K Stringer confirmed that Wolverhampton CCG had returned all fines money, re-admissions, MRET and that there had also been some productive contract negotiations. A total of £800k held for carry forward of annual leave has been released, as per financial manual and NHSI checklist of issues. K Stringer stated that the Trust pays £120k per annum on average for annual leave not taken prior to staff departing, on this basis it was immaterial compared to the overall pay budgets. M Martin and J Vanes queried the release of funds as charities are being asked to ensure that they have this provision in place. Further discussion took place and it was felt that the Trust had robust systems in place in order to free up the £800k provision.</p> <p>M Martin asked if the Trust had released £1M of debt provision. E Williams stated that as part of a deal to clear old debt with Commissioners a stipulation was put in place to ensure that they could not submit any further queries regarding historic debt in the new financial year.</p> <p>M Martin requested clarification regarding the Nursing Directorate underspend against plan due to the removal of a provision related to the Clinical Negligence Scheme for Trusts (CNST) of circa £500k. K Stringer stated that the accrual was in relation to a risk premium for clinical negligence, which was weighted by speciality, claims history, outstanding cases etc. The breakdown of specialities are split between Consultants and as the Orthopaedic Consultants have now transferred to UHNM, taking their previous clinical liabilities and as a result the accrual has been removed, resulting in a saving.</p> <p>M Martin requested an update in relation to the claim for costs surrounding a Consultant that did not work for the Trust. K Stringer stated that the Consultant had not worked at the Trust and that as the Trust is not the successor organisation the claim has been refuted. This was a cost of circa £750k.</p>	
41.01.1	<p><u>Cash</u> – K Stringer stated that cash was higher than expected due to Commissioners paying a lot of cash on the last NHS day and that the Capital Resource Limit (CRL) was £200k underspent.</p>	

41.01.2	<u>Capital</u> – M Martin asked K Stringer to clarify the requirements for a transaction to qualify as a capital spend. K Stringer detailed there were clear definitions of what was capital which the Trust followed.	
41.01.2	<u>Pay Analysis</u> – A discussion took place regarding the £600k increase in Agency expenditure. K Stringer expressed concerns regarding the increase and stated that it may be due to a coding issue or catch up of bills. K Stringer to investigate further and report back at the Trust Board Meeting on Monday 25 th April.	KS
41.01.3	<u>Charity Income & Expenditure</u> – M Martin asked E Williams to include the Charity Income and Expenditure section in the Finance Report in May.	EW
41.01.4	<u>Contract Negotiations</u> – M Martin drew attention to under performance on the Wolverhampton contract and asked if it had impacted on contract negotiation discussions. M Sharon stated that it had not greatly impacted on negotiations but had slightly weakened the case to request funding for additional activity. Further discussions regarding Contracting can be found at item 42.03.	
41.01.5	<u>South Staffordshire Activity</u> – M Martin asked whether the number of patients being treated from the South Staffordshire area had increased. G Nuttall confirmed that the numbers for Orthopaedic activity have increased since September 2015.	
41.01.6	<u>Brexit</u> – J Hemans asked whether the forthcoming referendum regarding Brexit had impacted on the recording of overseas patients. K Stringer stated that he was not aware of anything directly relating to Brexit but confirmed that there was more scrutiny and increased focus by the Department of Health regarding overseas treatments and that a central team would be visiting the Trust to look into the process of capturing overseas patients. L Holland also confirmed that the Trust had received a Freedom of Information (FOI) request regarding the treatment of overseas patients.	
41.02	<u>Supplementary Finance Report</u> The supplementary Finance Report was noted and approved.	
41.02.1	<u>Hotel Services</u> – M Martin asked for clarification regarding the overspend accrued due to additional porter requirements in the Emergency Department. G Nuttall confirmed that additional porters had been funded via Bank to assist with the opening of the new Emergency Department, however, this level of staffing would not be sustainable long term and would be reviewed.	GN
41.03	<u>Transactional CIP Report</u> The Transactional CIP Report details the month 12 position for the Trust's cost improvement plan for 2015/16. The CIP target is £20.6m. As at month 12 a total of £16.8m (Annual Budget) has been removed from budgets (£15.2m at month 11) against the 2015/16 target of £20.6m, this represents 81.55% of the total annual amount. The recurrent element achieved is £10.1m, representing 49.03% of the annual target. Where appropriate, this achievement represents the full year value of schemes that have commenced. E Williams stated that the increase in recurrent achievement mainly relates to income schemes which have been agreed following the agreement of activity levels in the 2016/17 contract. The Committee were asked to note the report. The report was noted. M Martin asked how the transactional savings compared to last financial year. E Williams confirmed that the transactional savings were on par with the previous 2 – 3 years and that the savings had consistently been at 80%, however, the amount of savings that the Trust continues to carry forward increases.	
41.04	<u>Trust Efficiency Programme Report</u> Following on from Lord Carter's recommendations the Trust have developed a programme of work to	

	<p>deliver the efficiency agenda. The report detailed the overall progress of each of the four work streams (Procurement, Clinical, Estates and Medicines Management). The Committee were asked to note the report. The report was noted.</p> <p>S Evans informed the Committee that an advertisement has now been placed to recruit a Deputy Director of Service Re-design to assist with delivery of the Trust Efficiency Programme.</p> <p><u>Procurement</u> – S Evans informed the Committee that a new procurement tool is being made available for procurement networks. The new tool will enable Trusts to benchmark buying prices against every other Trust in the country.</p> <p><u>Clinical</u> – S Evans informed the Committee that an internal target has now been confirmed against the proposed £28M Carter efficiencies, totalling £12M. The first Cardiology peer clinical visit is due to take place in early May.</p> <p><u>Text Messaging</u> – S Evans confirmed that phase 1 had worked well and that phase 2 of the text messaging service would be rolled out shortly, to include some additional areas and a proposed change to the content of the message.</p> <p>J Hemans asked if any savings had been identified from the Rheumatology deep dive. S Evans stated that further investigation had taken place and that the Carter opportunity was found to be an error. However, the service was continuing to look at opportunities for savings.</p>	
<p>42/2016</p> <p>42.01</p> <p>42.01.01</p>	<p><u>Performance</u></p> <p><u>Integrated Quality and Performance Report (National & Contracting Standards)</u> G Nuttall gave a brief overview of the highlights (see below for further information). The report was noted.</p> <p><u>Cancelled Operations</u> – 40 operations were cancelled in March. A root cause analysis continues to be undertaken for every cancelled operation for non-medical reasons and is reviewed weekly at the Divisional Managers Meeting. Cancelled operations that fall into the ‘other’ category were 1 x Gynaecology (inadequate patient information) and 1 Urology (no equipment available). G Nuttall stated that the Trust failed to achieve this year target during Q4 last year and that the current 0.6 cancellation rate was a significant improvement. The Trust had met the target for Q4 in 15/16.</p>	
<p>42.01.02</p>	<p><u>Referral to Treatment (RTT)</u> – All RTT targets were achieved in Quarter 4. Predicted fines at speciality level for March Incomplete Pathways total £245,700. G Nuttall reported increasing challenges to meet the RTT target due to pressures from the impact of strike action which may impact on performance in 2016/17</p>	
<p>42.01.03</p>	<p><u>Urgent Care</u> – G Nuttall gave an update on the current pressures in the Urgent Care Centre and stated that despite the recent performance targets the Trust was still 40th nationally. M Martin felt that the list of comparators should be reviewed as she did not feel that it accurately compared like for like Trusts.</p> <p>M Martin asked for an update in regards to streaming patients to the walk-in centre. G Nuttall reported that the walk-in centre was busier during weekend periods and that discussion during contract negotiations were in relation to 30% of patients being streamed out. G Nuttall stated that there is no evidence to suggest that this is the case and less than 10% of patients were currently being diverted Monday to Friday. J Vanes asked for clarification regarding the reporting figures. G Nuttall stated that at</p>	

	present the walk-in centre figures are not captured as part of the Trust's performance reporting and that she would discuss this with the CCG.	GN
42.01.04	<p><u>Cancer Waiting Times</u> – The Trust did not achieve the following targets during Quarter 4:</p> <ul style="list-style-type: none"> • 31 day sub treatment (Surgery) – all Urological capacity issues. G Nuttall confirmed that she has written to the NHSI asking for advice/support, stressing that there is no local availability to assist with capacity. • 62 day wait for first treatment – 13 tertiary referrals received between days 36 and 124 of the patients' pathway (operating guidelines state referrals should be made within 42 days), 6 x capacity issues, 2 x patient initiated and 8 x complex pathways. • 62 day wait – screening (estimate) but mostly due to patient breaches and capacity issues. 	
42.01.05	<u>HR</u> – L Holland reported an increase in staff sickness and stated that there were no apparent underlying trends.	
42.02	<p><u>Performance against Contractual Standards (Fines)</u></p> <p>The total number of fines year to date are £2,662,698.69. S Evans highlighted the lowest number of ambulance fines for 6 the last months and A&E fines for the last 3 months. S Evans informed the Committee that as the Trust will no longer attract Sustainability and Transformation Funding (STF) we will not be protected under double jeopardy.</p> <p>G Nuttall asked if there was scope in the contract with the Commissioners to reclaim RTT fines lost due to strike activity. S Evans confirmed that there was, if sufficient evidence was in place to suggest that the Trust had failed to meet the RTT target due to strike action.</p> <p>K Stringer stated that he believed that NHSI would need to have further discussions with Trusts on the STF.</p> <p>The Committee noted the report.</p>	
42.03	<p><u>Quarterly Contracting Report</u></p> <p>M Sharon gave an overview of the report. Overall good progress has been made in reaching agreement with Commissioners. Overall patient income is expected to be £10m higher than in 2014/15 contracts. Agreement on nationally mandated Commissioning for Quality and Innovation (CQUIN) remains the principal known contracting risk. The lack of offer from the Local Authority is a result of the delay in receiving their allocation figures. M Sharon stated that since finalising contract negotiations with Wolverhampton CCG, further queries have arisen around CQUIN. Contracts will be signed off this week but further negotiations will need to take place.</p> <p>S Rawlings had requested, via M Martin, further information in relation to Specialised Services. M Sharon confirmed that the Trust had accepted the offer from Specialised Services subject to ratification of CQUIN. S Evans informed the Committee that Specialised Services will not pay the CQUIN for the Clinical Utilisation Review (CUR) as the Trust are currently committed to using Safehands. M Sharon stated that the Trust would need to invest a considerable amount of funding into the CUR software to obtain the CQUIN funding and that the CUR would be more labour intensive on ward nursing staff time.</p> <p>K Stringer and M Sharon informed the Committee that they met with the Wolverhampton Local Authority yesterday to have an initial discussion about the Local Authority contracts with the Trust and it was not confirmed that the Trust would need to seek additional efficiency savings. A discussion took place regarding the options available and the Committee felt that the Trust should not be provide</p>	

	<p>services for which it did not receive full income recovery. M Sharon stated that there would be some discussion regarding the statutory and non-statutory requirements in the contract before reaching an agreement.</p> <p>National timescales have experienced some slippage but there is still an expectation that all contracts will be signed by 24th April.</p> <p>In summary the trust:-</p> <ul style="list-style-type: none"> • has resolved the main issues with the CCG and agreed values subject to ratification of CQUIN; • agreed an offer from the Specialised Commissioner subject to ratification of CQUIN; • agreed an offer from NHSE subject to ratification of CQUIN; <p>Has had an initial discussion with the Local Authority regarding the contract offer for 2016/17 The Committee were asked to accept the progress made on contract negotiations and to note the remaining risks to the income position. The progress made was accepted and the remaining risks to the income position were noted.</p>	
43/2016	<u>Financial Planning</u>	
43.1	<p><u>Service Line Reporting</u></p> <p>Service Line Reporting (SLR) reports continue to be issued Trustwide on a monthly basis, to demonstrate income, costs and profitability at service level. The reports are distributed to service managers and discussed with their finance leads.</p> <p>Monthly SLR reports will continue to be included in the directorate Finance information pack and SLR contributions will be continuously monitored. Significant contribution movements will be highlighted to Directorate and Divisional management.</p> <p>The Committee noted and approved the report and next steps.</p>	
43.2	<p><u>Procurement Strategy Update</u></p> <p>The report outlined that validated savings in quarter four were £185k, bringing the total in-year figure to £1.018M. Savings have now been delivered from over 70 different category/contract areas and the report shows an increase in the in-year savings delivery for 15-16, as compared with the 14-15 value. There is a significant increase in the recurrent savings value delivered for this year, which closed at £1.35M, compared to the £1.13M for 14-15, representing a 20% improvement.</p> <p>The level of savings realised for the year demonstrate the sustained focus on the collaborative agenda, with effective partnerships with both HealthTrust Europe (THE) and NHS Supply Chain. The Trust has participated in a programme to commit volume to single/dual supply contracts across 20+ clinical categories. This approach is very much aligned with the Lord Carter recommendations on improved cross Trust collaboration. The Committee noted the progress against the agreed strategy and KPI's.</p> <p>K Stringer informed the Committee that he had been contacted by Dudley Group with regard to procurement and he would report back on the conversation.</p>	
44/2016	<u>Financial Returns for Information</u>	
44.01	<p><u>Annual Work Plan</u></p> <p>The annual work plan was noted.</p>	

44.02	<p><u>Capital Report</u> The Committee noted the report.</p>	
44.03	<p><u>2016/17 Capital Plan and Revised 5 Year Capital Plan</u> The report sought approval of the Trust’s capital programme for 2016/17 and the proposed Five Year Capital Investment Plan covering the period to 2020/21, excluding Private Finance Initiative (PFI) associated additions.</p> <p>The report provides a summary of the major projects and categories of spend for the Five Year programme from 2015/16 to 20-19/20 together with the funding assumptions. The plan assumes a total spend of £107,403,299 over the five year period and supplementary information for the Capital Programme for 2016/17, which is valued at £28,351,893, with a current over-commitment of £463,893.</p> <p>The report demonstrated that the Five Year Programme is broadly in balance but will require re-prioritisation/alternative funding/cash loans to ensure sufficient cash is available for the proposed investment. The Trust will need to utilise circa £3M (subject to revised cash flow figures) in 2016/17 from its cash baseline of £15M to fund the Programme put forward in the report. The report stated that given the current financial position, including the need to achieve a significant Cost Improvement Programme and dependent on cash phasing, a working capital and/or a capital loan is likely to be required. The cash position is currently under review and the funding options for the 2016/17 Capital Programme will be updated following Board agreement of the Capital Programme scheme proposals and the 2016/17 Income and Expenditure Plan.</p> <p>J Hemans suggested the use of a prioritisation programme to identify what projects will be completed and what can be deferred. K Stringer confirmed that a programme had been completed and agreed to circulate a copy to the Board. M Martin asked if the programme was in relation to New Cross or the entire Trust. K Stringer confirmed that the whole Trust was included in the prioritisation programme.</p> <p>The Committee noted the report.</p>	KS
44.04	<p><u>Car Parking Timeline</u> G Nuttall confirmed that new parking tags will be issued to staff over the next 3 – 6 weeks. The go live date for the new parking scheme is June 2016. M Martin asked if there was likely to be any slippage with the go live date. G Nuttall stated that she did not think that there would be any slippage.</p>	
44.05	<p><u>Starter/Leaver Report</u> The starter/leaver report was noted. L Holland asked if the report would still be required for Finance & Performance Committee as the information is also submitted to Trust Board. M Martin stated that the report would no longer be required for the Finance & Performance Committee.</p>	
45/2016	<p><u>Any Other Business</u></p>	
45.01	<p>There was no further business. The meeting closed at 10.32am.</p>	
46/2016	<p><u>Date and Time of Next Meeting</u> The next Finance & Performance Committee Meeting will take place on Wednesday 18TH May 2016 at 8.30am, Conference Room, Hollybush House. Reports will be required by 12.00 midday on Friday 13th May 2016.</p>	