

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chairman of the Finance and Performance Committee	
DATE PREPARED	20 th November 2013	
SUBJECT	Chairman'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	
	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	
BAF/Risk register	Cost Improvement Programme achievement		The level of performance at Month 7 was £8.5m against a plan of £13.0m (of which £2.6m was non-recurrent)	This risk to remain as red rated.
	Integrated Transformation Fund		Potential material transfer of income from Trust into a pooled budget with the City Council and significant transformation of services required	This risk is amber rated.
Clinical outcomes	None identified			

Provide Details of further actions for mitigation of above issues/risks:

Specific item/Issue	Action	Lead	Due Date	Status *
Cost Improvement Programme	<ul style="list-style-type: none"> - CIP forecast year end position after mitigations to be finalised at Change Programme Board - Further Non-recurrent 	Director of Planning/Contracting Relevant Director for	Update to Trust Board and next Finance and Performance	

	schemes to be identified	their area	Committee	
Cost Improvement Programme	- 2014/15 draft CIP was discussed and the necessity for HR issues to be fully debated at Board	Board level discussion	Next Board development session	
Integrated Transformation Fund	- To understand and work closely with Health Economy partners in mitigation of this financial and operational risk	Director of Planning/Contracting Chief Operating Office Chief Financial Officer	Monthly update required	

Additional Items:

Specific item/Issue	Action	Lead	Due Date	Status *
The Committee will examine in more detail future potential significant changes for: - The outcome of the consultation process for MSFT The successful winning of the bid to host national R&D monies	To receive future reports on the impact of both transactions.	Director of Planning and Contracting/ Chief Financial Officer/ Chief Operating Officer	To be Agreed	

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. Previous report progress update:

Specific item/Issue	Action	Lead	Due Date	Status *
Terms of Reference	Chairs of Committees to share outcomes of revised terms of reference to ensure consistency and no gaps in governance.	Chairs of Committees	Complete	
Review of temporary staffing costs as part of financial position	This was reviewed at Committee. Further detailed analysis required as to why locum/agency costs incurred.	Director of Human Resources Chief operating Officer	Next Committee	

3. Chairman final summary/conclusion/recommendation

- a) A workplan has been established and approved.
- b) The Committee reviewed the financial performance of the organisation at month 7 and remains concerned by the performance of the Cost Improvement Programme. A number of schemes have moved into red risk status and other schemes are not delivering to their expected values. The Change Programme group were charged with identifying the forecast year end position for 2013/14 in order to inform future plans.

The Committee received a tabled update report on the CIP plans for 2014/15 which included a high level assessment of the work from KPMG. The challenge was significant and the Board will need to debate a number of difficult projects including the impact on staffing within the organisation.

- c) Wider financial performance was also scrutinised. In particular:
 - Why the Dudley CCG contract was underperforming
 - The cost of the orthopaedic recovery plan and the related income underperformance
 - The underperformance of income for the critical care contract and the related staffing issues in the department
 - Why there were income losses for data quality issues
 - That the Trust was incurring the cost pressure in A&E for the unfunded Clinical Decisions Unit and the additional costs of the extra 10 major cubicles that had recently been opened
- d) The Committee received a report on the backlog maintenance position of its assets which had been reviewed by an experienced external consultancy firm called Nifes. The updated backlog liability shows an increase of £1.9m (mainly due to the steam main and community premises being added). This however assumes that the incinerator is replaced with revenue investment. Further work on options for the incinerator and steam main in relationship to the Trust's 5 year programme is currently underway.

Chair of Finance and Performance Committee

20 November 2013