

Minutes of Committees in respect the Chair's report has already been submitted to Board:

- Finance and Performance Committee,
23 October 2013**

Minutes of the Finance and Performance Committee

Date Wednesday, 23 October 2013
Venue Conference Room, Hollybush House
Time 8.30 am

Present:

<u>Name</u>	<u>Role</u>
Mary Martin	Non-Executive Director (Chair)
Sue Rawlings	Non-Executive Director
Jeremy Vanes	Non-Executive Director

In Attendance:

<u>Name</u>	<u>Role</u>
Kevin Stringer	Chief Financial Officer
Gwen Nuttall	Chief Operating Officer
Simon Evans	Head of Performance
Elaine Williams	Deputy Chief Financial Officer
Denise Harnin (part)	Director of Human Resources
Anne-Louise Stirling	Personal Assistant to Chief Financial Officer (minute taker)

Item No		Action
12/2013	<u>Apologies for absence</u> Richard Harris (Trust Chairman) and Maxine Espley (Director of Planning and Contracting).	
13/2013	<u>Minutes of the Meeting held on the 18 September 2013</u> The committee approved the minutes of the meeting held on the 18 September 2013, as a correct record.	
14/2013	<u>Matters arising from the Minutes of the Meeting of the Finance and Performance Committee held on the 18 September 2013</u> <u>2/2013 Terms of Reference – Risk No 1734 and 2508 (page 2)</u> The Chair enquired when the Contracting and Commissioning Report would be presented to the committee.	

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	<p>S Evans confirmed that the report would be presented to the November meeting of the committee. However, clarification would be sought as to whether this report would be the quarterly update or the monthly progress report.</p> <p><u>2/2013 Terms of Reference – Responsibilities Point 18 (page 3)</u> The Chair referred to the monthly update report pertaining to the progress made with Research and Development (R&D), following the Trust’s successful bid to Host the West Midlands Local Clinical Research Network (LCRN). K Stringer advised the committee that a considerable amount of work had to be undertaken before the 1 April 2014. The Chair queried the timing for the committee to review progress on the two elements of the bid the due diligence and the finance element. K Stringer suggested that a work stream report be brought to the November meeting and undertook to ask M Espley to produce.</p> <p><u>4/2013 Financial Performance – Trust Board Report August 2013 (page 5)</u> The Chair welcomed D Harnin to the meeting to present her report on ‘Temporary Staffing Expenditure’. This followed a request at the last meeting for a more detailed overview.</p> <p>D Harnin circulated a detailed explanatory report to members of the committee for their information.</p> <p>D Harnin explained that the current spend position as at the end of September on bank and agency staff was approximately £5.3 million. The majority of spend on bank staff related to nursing staff and also hotel services pertaining to catering, domestic and portering staff, this was mainly due to activity pressures being experienced.</p> <p>D Harnin advised that there had been several early consultant retirements because of the new pension arrangements put in place, which had led to a higher number of medical vacancies than in previous years. She advised that some consultant staff will return to work for the Trust not as locums, but on fixed term contracts. The Chair asked for a position statement on this issue, which E Williams agreed to undertake and establish the details.</p> <p>It was noted by the committee that another significant overspend driver was medical posts being removed by the Deanery, which then have to be filled by the Trust. D Harnin explained that the Deanery only have to give four weeks’ notice to withdraw a member of staff, which then leaves gaps on medical rotas.</p> <p>Referring to page 5 ‘comparison analysis of spend for Bank, Locum and Agency for neighbouring Acute Trusts and Community’ it was noted that RWT ranked at number nine in 2012/13 for the pay bill (year-end position 2012/13).</p> <p>S Rawlings raised the issue of using Physicians Assistants to which D Harnin responded that she was in discussion with J Odum (Medical Director) about this very issue.</p>	<p>S Evans</p> <p>K Stringer</p> <p>E Williams</p>

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	<p>The Chair queried why a CIP scheme of £2m was put forward when it was clearly not achievable due to high activity. K Stringer advised that budgets were set based on negotiated contract activity levels and money taken out for CIP, but this didn't include bank and agency staff. The Chair asked if it there was extra capacity in the hospital if staff could be moved to assist in a different part of the hospital service. G Nuttall advised that there was a model for junior doctors to move around to make the service more efficient, but this did not necessarily make any savings.</p> <p>The Chair enquired if the hospital service could be moved to 24/7 cover to facilitate efficiency savings. D Harnin explained that the Trust was governed by Agenda for Change (AFC) conditions of service, which were terms of condition set nationally so this would have to be a national agreement. K Stringer suggested that a way forward may be to look at AFC terms and conditions in particular to stopping automatic progression through the gateways.</p> <p>The committee thanked D Harnin for attending and presenting the findings of her report.</p> <p>D Harnin left the meeting at 9.15 am.</p> <p>K Stringer addressed the committee and advised that he thought it would be good practice to go back through the bank and locum spend to gather as much detail as possible. G Nuttall agreed and advised that she would send a copy of D Harnin's report to the Deputy Chief Operating Officers for their comments and thoughts on the overspend areas. G Nuttall agreed to bring a report back to the November meeting of the committee.</p> <p>RESOLVED: G Nuttall to present a progress report to the November meeting of the committee.</p>	G Nuttall
15/2013	<p><u>Declaration of Interest</u> No interests were declared at this meeting.</p>	
16/2013	<p><u>Revised Terms of Reference</u> The Chair introduced the revised Terms of Reference for the Finance and Performance Committee.</p> <p>The Chair referred to the query raised at last month's meeting as to whether Risk No 514 relating to CIP should be included in the Terms of Reference for the committee. Clarification had been sought from Governance who had advised that this particular risk was managed/monitored by the Change Programme Board and, therefore, the committee would receive assurance via monthly progress reports. Following discussion the committee concluded that this risk was pertinent to the committee's role and should be added to the Terms of Reference.</p> <p>G Nuttall advised that in relation to Risk No 1734 this should be reviewed as an overall risk and not just for 'Any Qualified Provider'.</p>	K Stringer

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	<p>G Nuttall referred to point 10 in the 'Responsibilities Section' and advised that the wording needed to be changed as it was not feasible for the committee to approve all financial returns. K Stringer concurred this was the right approach and agreed to the wording being revised.</p> <p>RESOLVED: The Terms of Reference to be revised and brought back the November meeting of the committee.</p>	K Stringer
17/2013	<p><u>Financial Performance</u></p> <p><u>Trust Board Report September 2013</u></p> <p>K Stringer referred to the 'Executive Summary' on page 3 of the Finance report and drew members' attention to the income and expenditure position at month 6 - surplus of £2,123k. It was noted that pay and non-pay budget variances were similar to the previous month.</p> <p>K Stringer advised that the CIP position was causing concern and that there was a lot of work to be concluded over the next six months. He stressed that it was essential that Divisions implemented recovery plans. It was noted that as at month 6 only £7,771k had been achieved of the original target of £21,283k.</p> <p>The Chair referred to page 7- point 1 referring to the underperformance in General Surgery due to a high level of Consultant annual leave and queried how this had been allowed to happen. E Williams confirmed that activity was indeed planned for, but not annual leave.</p> <p>Referring to point 7 the Chair asked for an explanation on the 'loss of income due to data quality challenges'. E Williams explained that this related to when contracts are issued to Commissioners, but some contracts may be subsequently returned with activity queries. Further discussion would then be held with Commissioners until a satisfactory outcome was reached by both parties.</p> <p>S Rawlings enquired if there had been any changes in the underutilisation of the Neo-Natal Unit. G Nuttall responded that levels of activity and charges levied were currently being reviewed. E Williams confirmed that the position had slightly improved at month 6.</p> <p>The Chair referred to page 8 and the line 'other' and asked what this referred to. E Williams responded that this pertained to Non-Emergency Threshold Adjustments. She advised that any over performance in emergency activity would only be funded at 30% of the national tariff and that the remaining 70% would have to be negotiated back. K Stringer concurred that the Trust always aimed to get as much funding credited back as possible.</p> <p>Following discussion members asked that for future meetings that this line be broken down into smaller sections, in order that they had sight of more detail.</p> <p>Referring to page 18 the Chair raised the overspend on the running costs of the Clinical Decision Unit (CDU). G Nuttall responded the overspend on the current pay costs for the CDU had occurred because the CCG had not yet provided the funding. She further advised that following the approval of this project at Board it was acknowledged that the income element would be a cost pressure.</p>	E Williams

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	<p>The committee concurred that going forward it would be useful to receive the full detail of any overspend for any new initiatives. E Williams agreed to produce a note for the next meeting of the committee on what schemes had been accepted and how they were being managed.</p> <p>K Stringer drew the committee's attention to page 24 'pay reporting' in particular the section on Agency/Locum/Bank Spend. He reassured members that the agency staff contracted in both Procurement and Finance were within budget. Members noted that the use of agency staff in Procurement had been necessary whilst the department went through a management of change process before recruiting to permanent positions.</p> <p>The Chair expressed concern regarding the CIP Monitoring detail on page 26 of the report and noted that despite £7.77m having been withdrawn in month 6 the Trust was still forecasting around £6m short of the CIP target.</p> <p>S Evans referred the committee to item 7.1 the 'high value amber schemes' of the CIP Programme.</p> <p><u>Ref No 107 – Outsourcing Outpatient Pharmacy</u> K Stringer advised S Evans that he would brief him outside of the meeting on a potential managed service for pharmacy. An initial meeting had been held this week with a follow up meeting scheduled for early November. If realised savings could be offset higher than that currently quoted.</p> <p><u>Ref No 85 – Additional Activity Aligned to Business Case for 8th Consultant</u> S Evans reassured the committee that the slippage on this scheme was due to late payment and that the forecast year end value of £51,000 was still achievable.</p> <p><u>Ref No 97 – Reduce Length of Stay on Care of Elderly Wards by 1 Day</u> The committee noted that work had commenced on both Wards A8 and C22. A reduction of length of stay had been evidenced on Ward A8, but had not yet transpired on the Stroke Ward C22. However, the Division remained confident that savings could be achieved.</p> <p><u>Ref No 99 – Reduction in Length of Stay at West Park Rehabilitation Wards</u> G Nuttall advised members that this scheme would be revisited by both herself and S Evans as no savings had yet materialised.</p> <p><u>Ref No 75 – Adult Community Efficiency Savings</u> S Evans advised members that Division 2 were currently forecasting a slippage on this scheme. It was noted that whilst it was still feasible to achieve savings this year it was more realisable for next year. S Evans reported that work had commenced with IT suppliers on how to streamline activity.</p> <p>S Evans reassured members that the Change Programme Board actively continue to look at new schemes together with the level of detail of all schemes reported.</p> <p>J Vanes referred to the previous work undertaken by Nina Ennis (Management Consultant) on the Transformation Programme and the work now being undertaken by KPMG.</p>	<p>E Williams</p> <p>K Stringer</p>

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	<p>He asked if the Trust was still pursuing the schemes previously identified by Nina Ennis or whether they had been abandoned in light of the KPMG review. S Evans advised that the initial schemes put forward by Nina Ennis were still being pursued, however, they may have been slightly adapted to aid the delivery of the savings.</p> <p>He further advised that with regard to the KPMG review currently underway, their remit of work was to benchmark the Trust with other organisations of similar size and establish any new ideas for cost savings. However, from an initial scope it was clear that there were no obvious cost saving schemes remaining.</p> <p>An initial report from KPMG would be presented to the Change Programme Board tomorrow.</p> <p>RESOLVED: The committee noted the detail of the Trust Board Report for September 2013.</p>	
18/2013	<p><u>Current Issues</u></p> <p>18.1 <u>Cost Improvement Programme (CIP) Report – Top Ten Amber Risks</u> This item was discussed under agenda item number 6 – Financial Performance.</p> <p>18.2 <u>Investment Proposal Emergency Centre</u> K Stringer advised members that an Outline Business Case for the Emergency Centre would be presented to the Board at its meeting on the 28 October 2013.</p> <p>18.3 <u>Mid-Staffs</u> K Stringer advised members that the Administrators for Mid-Staffordshire FT had been given a five day extension. The Trust had received no further communication as yet.</p> <p>18.4 <u>LTFM</u> K Stringer advised that work continued on the LTFM, but it was unlikely that it would be completed for sign off at the meeting of the Board on Monday, due to gaps on the CIP detail. He advised that he would speak to R Harris (Trust Chairman) about arranging a possible Board Development Session in approximately two weeks' time to present the LTFM.</p> <p>18.5 <u>Trust Development Authority (TDA) Returns</u> This item was noted by the committee.</p> <p>18.6 <u>Potential Fines Report</u> S Evans presented the Potential Fines report. It was noted that the predicted fine cost for the month was £50,000 in the possible areas of General Surgery and Trauma and Orthopaedics. The committee noted that a charge of £1,000 would be levied to the Trust for each and every ambulance handover exceeding one hour.</p>	K Stringer

Item No		Action
18.7	<p><u>Performance Element of the Integrated Quality and Performance Report</u> S Evans presented the Integrated Quality and Performance report – Performance Element (page 18 onwards of the full report). The committee noted the detail of the report.</p>	
19/2013	<p><u>Other Finance and Performance Issues</u></p> <p>19.1 <u>Annual Workplan</u> K Stringer circulated to members a draft Annual Workplan for their consideration and asked that any comments be passed to him, in order that a final work plan could be drawn up. The Chair agreed that a revised workplan would be presented to the November meeting of the committee.</p> <p>RESOLVED: K Stringer to produce a revised workplan for the meeting of the committee in November.</p> <p>19.2 <u>Revised Contracting and Commissioning Form – Terms of Reference</u> This item was presented to the committee for information purposes and was duly noted by members.</p>	K Stringer
20/2013	<p><u>Items for Information</u></p> <p>20.1 <u>Capital Report</u> This item was presented to the committee for information purposes and was duly noted by members.</p> <p>20.2 <u>Finance Committee Minutes</u> The committee noted the Finance Committee minutes for the month of October 2013.</p> <p>20.3 <u>Wolverhampton Eye Infirmary – Market Valuation Report</u> K Stringer advised that following the Board’s approval in September to the disposal of the former Wolverhampton Eye Infirmary, a market valuation report had subsequently been undertaken. This report was presented to members to demonstrate the offer was value for money. The committee noted the report.</p>	
21/2013	<p><u>Any Other Business</u> No additional business was raised by members of the committee.</p> <p>The meeting concluded at 10.35 am</p>	
22/2013	<p><u>Date and Time of Next Meeting</u> The next meeting of the Finance and Performance Committee is the 20 November 2013 at 8.30 am – 10.30 am in the Conference Room, Hollybush House.</p>	