

Minutes of the Finance and Performance Committee

**Date** Wednesday, 19<sup>th</sup> March 2014  
**Venue** Conference Room, Hollybush House  
**Time** 8.30 am

**Present:**

<u>Name</u>	<u>Role</u>
Mary Martin	Non-Executive Director (Chair)
Rosi Edwards	Non-Executive Director
Jeremy Vanes	Non-Executive Director, Acting Chairman

**In Attendance:**

<u>Name</u>	<u>Role</u>
Kevin Stringer	Chief Financial Officer
Gwen Nuttall	Chief Operating Officer
Maxine Espley	Director of Planning and Contracting
Elaine Williams	Deputy Chief Financial Officer
Simon Evans	Head of Performance Management & Compliance
Claire Richards	PA to Director of Planning and Contracting (minute taker)

63/2014	<b><u>Apologies for Absence</u></b> Apologies were received from David Loughton.	
64/2014	<b><u>Minutes of Meeting Held on 19<sup>th</sup> February 2014</u></b> The minutes were agreed.	
65/2014	<b><u>Matters arising from the Minutes of the Meeting of the Finance and Performance Committee held on 19<sup>th</sup> February 2014.</u></b>  49&56/2014 CIP/Contract Income Risk – E Williams confirmed that the risk page had been updated following the meeting on 27 <sup>th</sup> February. <b>Action complete.</b>  59/2014 Pathology Centre Benefits Realisation Report – G Nuttall was asked to provide a full benefits realisation paper for the meeting in May. <b>Action: G Nuttall for May agenda</b>  61/2014 Board Report – M Espley stated that this was completed in K Stringer’s absence. <b>Action complete.</b>	<b>GN</b>

66/2014	<p><b><u>Declaration of Interest</u></b> No interests were declared at this meeting.</p>	
67/2014	<p><b><u>Financial Performance</u></b></p>	
67.1	<p><b><u>Trust Financial Report for Period 11</u></b> Page 3 Executive Summary – K Stringer outlined the highlights of the report and referred to the ‘Executive Summary’. The Trusts Income and Expenditure position as at Month 11 is a surplus of £7,349, an improved position of £187k above the month 11 plan. The Trust has forecast monthly run rates which would ensure that the required annual surplus is achieved. A&amp;E attendances were significant in February and continue into March, with 387 attendances in A&amp;E yesterday. K Stringer confirmed that the Trust should meet the both the Trust and TDA forecast (dependant on figures in March).</p> <p>G Nuttall entered at 8.40am.</p> <p>K Stringer stated that analysis of fixed asset revalidation and testing confirms that this may go in our favour as the level of depreciation is decreasing, allowing asset lifespan to increase. A full review is required to be completed every 5 years, the Trust currently completes a full review every 4 years, different valuers have varying opinions with regard to life span. K Stringer stated that the Trusts last full review was this financial year and included the community buildings that we own. Each full review costs approx. £15k – £20k and some Trusts are completing these annually.</p> <p>Page 5 Financial Risk – A discussion took place regarding the financial risk rating and continuity of service rating, it was felt that the ratings are very good and do not seem to be affected by CIP. K Stringer confirmed that this was the case and that the balance sheet was quite strong.</p> <p>Page 6 Risk Register – no changes.</p> <p>Page 7/8 SLA and Income Actual V’s Plan by Specialty – R Edwards commented on the positive monthly variance in Clinical Haematology/Oncology. G Nuttall confirmed that whilst there had been some clinical difficulties within Haematology and Oncology there has also been renewed engagement. Division 1 and 2 actual v forecast was examined and it was felt that both forecasts were extremely close to actual figures.</p> <p>J Vanes asked if the preparations for CQC and HSLA had had a detrimental Effect on performance. K Stringer stated that he did not believe the preparation had caused an impact on performance in any way. S Evans also confirmed this.</p> <p>M Martin stated that it was extremely pleasing that every comment on page 7 was positive and asked if there was some way a message could be relayed to staff. E Williams stated that the information was relayed back at the Ops/Finance and Divisional Manager Meetings. J Vanes also suggested feeding back this message at the Royal Awards.</p>	

	<p>Page 10 Patient Follow Up Activity – R Edwards asked if there was a plan to reduce follow up activity and how this would be achieved. K Stringer stated that the Trust would need to look at a piece of work which will examine the scheduling of all clinics across all specialities and that we would need to gain a clear understanding of the new follow up rates. K Stringer and R Edwards agreed that this would need to take place but that it should be in line with good clinical practice and not because it is required statistically.</p> <p>Page 13 Expenditure by Directorate – M Martin noted that actual employment figures had increased but were still not up to budget.</p> <p>Page 16 Expenditure Exception Report – Clarification was requested regarding the financial impact of the Maternity Pathway System. E Williams stated that the Trust currently receive a yearly amount for the whole duration of a person’s pregnancy and that a risk share agreement is reached with Commissioners at the end of the financial year. However, from April onwards the new Maternity Pathway System will mean that if Mother’s attend alternative Trusts for care mid pregnancy each Trust will be able to invoice each other for costs. G Nuttall asked if this would add any financial risk. E Williams stated that this was reviewed and it is felt that currently costs should equal themselves out but that this will be monitored in the next financial year.</p> <p>Page 20 – M Martin asked for clarification regarding funding for CDU. K Stringer stated that to fund CDU in year the Trust bid against fines money, however, CDU has been negotiated into the base contract for the next financial year. J Vanes would be meeting with Dr DeRosa in the near future and stated that he would discuss any issues with M Espley, G Nuttall and K Stringer prior to the meeting. <b>Action: J Vanes</b></p> <p>Page 28 Pay Reporting – M Martin raised concerns that although agency spend had reduced YTD the bank spend had increased significantly. G Nuttall stated that this was due to a number of factors ie winter ward opening, cover whilst recruiting staff to eliminate risk on wards, sickness etc and it was felt that the use of bank staff was more affordable than paying agency premiums. R Edwards asked if the use of bank staff was to ensure safe staffing levels. G Nuttall confirmed that this was the case.</p> <p>Page 34 Capital Expenditure – K Stringer confirmed that this should be within £100k against target.</p>	<p>JV</p>
68/2014	<p><b><u>Current Issues</u></b></p>	
68.1	<p><b><u>CIP Report 2014/15 and 2015/16 Plans</u></b></p> <p>S Evans provided a summary of the CIP schedule. The projected carry forward on month 11 has increased to a shortfall of £7,508,067 (dependant on final position at the end of March). M Martin asked what had caused the increase in shortfall. S Evans stated that this was due to the non-delivery of some of the larger schemes.</p> <p>The shortfall will be discussed at the Change Programme Group Meeting due to take place tomorrow, along with discussions on how to bridge the gap and 4 workstreams will take work forward.</p> <p>G Nuttall agreed to deliver a presentation on how the new Directorates work in conjunction with</p>	<p>GN</p>

	Dr Odum as part of board development. <b>Action G Nuttall</b>	
68.2	<p><b><u>Performance Element of the Integrated Quality and Performance Report</u></b></p> <p>G Nuttall provided a summary of the above report. The number of cancelled operations had increased in February (a deterioration from January), however, despite the deterioration this was a 22.8% improvement on the same period last year.</p> <p>All referral to treatment times were showing as green. However, there were challenges around this as referrals for Orthopaedics were increasing and there were more people on the waiting list. The increase in activity level assists with income generation but does not help with RTT performance. G Nuttall expressed concerns that RTT could become the new A&amp;E. The TDA have flagged the Trust as an amber risk assessment for overall performance and we complete weekly reporting to ensure that it does not deteriorate further. S Evans confirmed that operational pressures mean that beds are not available, activity has increased by 8% but referrals are increasing by 15-16%. Discussions are taking place with the CCG regarding the increase in referral rate. G Nuttall did not feel that referrals were regarding a specific age range but stated that they were mostly for joints such as hips/knees. J Vanes asked for some information to be circulated to NEDs. G Nuttall agreed to circulate a paper and provide a 10 minute FAQ session following Trust Board. <b>Action G Nuttall</b></p> <p>G Nuttall stated that the Trust was currently carrying 3 breaches against this target, 2 of which were due to capacity issues. G Nuttall will be meeting with the Urology and Cancer team tomorrow to discuss further.</p> <p>A&amp;E performance fluctuated in February, giving a combined YTD A&amp;E figure of 95%.</p> <p>G Nuttall expressed her disappointed at the 86.96% 31 day sub treatment surgery figure in February. S Evans stated that this was due to an extra 1.5 patients being reported late and the second was due to a capacity problem. G Nuttall stated that when the Trust receives late breaches cancer guidance allows the Trust to write to other organisations (via the CEO) and she will continue to do this.</p>	GN
68.3	<p><b><u>Income and Expenditure Plan 2014/15</u></b></p> <p>E Williams outlined the content of the Income and Expenditure Plan for 2014/15 which reflects the Trust's Long Term Financial Model (LTFM). M Martin asked if the plan included research and development. E Williams stated that it did not and that this would be on a separate budget, assuming it is consolidated. K Stringer confirmed that he continues to liaise with NIHR regarding the research and development budget.</p> <p>Page 3 provides a summary of baseline budgets and further detail is outlined in the appendices, some contain inflation for pay/non-pay and activity and development is included in the report. The Trust is also holding some contingency reserves of approx £2.5m against emergency re-admissions/threshold etc. A clinical audit has been completed and agreed a lower figure for emergency re-admissions, this has now reduced from 14% to 11%.</p> <p>M Martin stated that the contract with Wolverhampton CCG was £11m less than last year. M Espley stated that it was difficult to make year on year comparisons due to the changes around commissioning responsibility. In response to a question M Espley clarified that Commissioners can</p>	

	<p>normally give notice against anything on contract between 6 – 12 months.</p> <p>E Williams informed the Committee that Specialised Services have not been signed up at present. However, they have been extended until the end of March and the Trust has received an offer from them, this should not be a concern.</p> <p>M Espley confirmed that the Trust have registered an interest in the Dermatology tender.</p> <p>K Stringer emphasised that QIPP saving reductions have been included in the contract to a total of £2.8m, including Procedures of Limited Clinical Value (POLCV). However, the CCG do have plans for further savings so this may be re-negotiated in the future.</p> <p>R Edwards congratulated everyone on the work that went into the contract negotiations.</p>	
68.4	<p><b><u>Potential Fines Report</u></b></p> <p>S Evans stated that the fines had been forecast until the end of the year and that the final result would be dependent on performance in March. S Evans emphasised that the Trust had not breached the C Difficile target, there were 10 days remaining and that the Trust did not have any scope for any more cases (fine amounts to £34k).</p>	
68.5	<p><b><u>Trust Development Authority (TDA) Plan and Month 11 Returns</u></b></p> <p>The paper was circulated prior to the meeting. Paper noted, no further questions.</p>	
68.6	<p><b><u>Contracting Report</u></b></p> <p>M Espley stated that 2 large tenders have recently been launched by Commissioners. The first was for Clinical Support Services for the Mental Health Trust. If we do not submit a tender this would result in a loss of income against activity as the Trust currently provides some of this activity. The Trust has submitted an expression of interest to register for the tender to enable access to service specification and tender documentation. The Head of Contracting will be attending a provider event about this.</p> <p>Staffordshire CCG have developed a tender for all cancer pathways and end of life care. The contract will run for a 10 year period, with financial envelopes across the 10 years of £687m for cancer and £535m for end of life per annum. The Trust has submitted an expression of interest to register for the tender to enable access to service specification and tender documentation.</p>	
68.7	<p><b><u>Service Line Reporting</u></b></p> <p>K Stringer stated that SLR is well embedded and shares information on a monthly basis. A Patient Level Information Costing System (PLICS) has been developed to facilitate reporting income, costs and profitability at patient level. However, work needs to take place to engage with people and create ownership in moving this forward.</p>	
68.8	<p><b><u>Procurement Strategy</u></b></p> <p>K Stringer felt that T Stanyard needed to identify what plans are in place to enable each quadrant to achieve the target as this is not clear from the report.</p>	<b>Action KS</b>

68.9	<p><b><u>Budget Training Report</u></b> E Williams stated that the total has increased from 68% to 70%. M Martin asked if percentages from the previous report can be included in future. <b>E Williams to action.</b></p> <p>E Williams confirmed that dates for the next financial year have gone out to everyone and information is available on the KITE system re training.</p>	EW
69/2014	<b><u>Items For Information</u></b>	
69.1	<p><b><u>Capital Report</u></b> The paper was circulated prior to the meeting. The paper was noted, no further questions.</p>	
69.2	<p><b><u>Finance Committee Minutes</u></b> The paper was circulated prior to the meeting. The paper was noted, no further questions.</p>	
69.3	<p><b><u>Annual Work Plan</u></b> M Martin asked that the Annual Work Plan be rolled forward. <b>Action completed.</b></p>	
69.4	<p><b><u>Impact of the Land and Building Revaluation by the External Valuers</u></b> The paper was circulated prior to the meeting. The paper was noted, no further questions.</p>	
70/2014	<b><u>Any Other Business</u></b>	
70.1	<p><b><u>Emergency Dept Business Case</u></b> K Stringer stated that this has been put on temporary hold as the Trust received a letter from the Commissioners stating that it was their intention to go to market for a number of the components in activity in the Emergency Centre.</p> <p>An urgent meeting took place with the CCG yesterday. The CCG were asked to come back to the Trust with a proposal by close of play on Friday 21<sup>st</sup> March. Further discussion will take place during the private session of Trust Board on Monday. Given the circumstances the business case will not be going to Trust Board on Monday.</p>	
71/2014	<p><b><u>Date and Time of Next Meeting</u></b> Wednesday 23<sup>rd</sup> April at 8.30 in the Conference Room, Hollybush House.</p>	