

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chairman of the Finance and Performance Committee	
DATE PREPARED	22 nd October 2014	
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	
Risk register	Cost Improvement Programme achievement		The level of performance at Month 6 was £3.1million against a plan of £7.9million. Given the scale of challenge this remains high risk.	This risk to remain as red rated.
Risk register	Mid Staffordshire		The short term sustainability of services and impact upon RWT. Additionally agreements were yet to be reached with UHNM on the SLAs and the timings of service moves. A business case has been prepared but now requires updating and re-submitting to TDA.	This risk is amber rated.
Clinical outcomes	None identified			

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

See updated progress report

Additional Items:

Specific item/Issue	Action	Lead	Due Date	Status *
<p>The Committee will examine in more detail:</p> <ul style="list-style-type: none"> - The updated addendum to the Aquisition Business Case for the MSFT acquisition - The detailed implementation of the pathology direct access workstream 	To receive future reports on the impact of each transaction.	Director of Planning and Contracting/ Chief Financial Officer/ Chief Operating Officer	<p>Addendum for Acquisition Business Case Approval – Dec 2014</p> <p>Report on the benefits of the new pathology centre – Nov 2014</p>	

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 *
Cost Improvement Programme In Year	- CIP programme to be reviewed monthly to ensure delivery and any gap closed with identified schemes	Director of Planning/Contracting	Update to Trust Board and next Finance and Performance Committee	
Integrated Transformation Fund – now 'Better Care' 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	Update to next Finance and Performance Committee	

3. Chairman final summary/conclusion/recommendation

a) The Committee scrutinised the **financial position as at the end of September**. The following issues were reviewed:

- The Trust was £1.8m in deficit and had deteriorated by £0.7m in month. The single biggest impact was due to the lack of achievement of the Cost Improvement Plan.
- Patient income had improved by £0.4m and Division 1 had seen an improvement but remained in deficit by £0.2m. Of concern was that Cardiac and Critical Care were £1m below contract whilst overspending by £0.4m. The Cardiac/Cardiology Directorate have been asked for a clear report explaining the variance and a recovery plan which will probably require some degree of disinvestment.
- Maternity Pathway Income within the obstetrics specialty was £0.5m behind plan. This was predominantly due to the move from an old funding system to a new system of pathway funding but the number of patients on the old system had proved to be less than expected. The Committee requested a detailed analysis of future projections to determine the level of recovery by year end.
- It was noted that the Trust had performed a number of operations to hit RTT targets but this was at no contribution to the Trust as they were done either in the private sector or at Waiting list Rates.
- The Committee noted that the Trust was receiving a number of challenges to its data and performance by CCGs which could reduce the income paid. Whilst the Trust was responding robustly this was taking significant time for the information, contracting and performance management teams
- The Committee reviewed the Emergency Threshold and the revised impact if this was distributed over the appropriate specialties. This changed the impact of some specialties performance and therefore future presentation would be considered for a revised financial report
- The Committee focussed on medical vacancies and the link to medical agency and locum expenditure and further analysis has been requested for the next meeting.
- The Committee received an update based on best, most likely and worst case scenarios for the financial year end position. Given the in-year position this was now becoming increasingly challenging although at this stage with recovery plans in place the Trust was still expecting to achieve the 14/15 planned level of surplus.

b) The Committee received a detailed report on the **transformational Cost Improvement Programme (CIP)** which identified that there was significant potential in re-organising outpatients but would not be delivered in 14/15 as this required the freed up space in the A&E department. In addition:

- Programme D had formally closed as the MARS scheme had formally ended and the T&Cs after discussion at the Board had predominantly not been taken forward. **This left a significant gap for CIP which required a much wider debate for the whole Trust Board.**
- A number of opportunities with benchmark reports and consultancy agencies were being examined.

c) The Committee reviewed the **Performance element of the Integrated Quality and Performance Report** and discussed:

- The fact that Cancelled operations had failed the target in September due to bed pressures
 - That the 4hour A&E target had been failed for September and activity levels remained very high at an average of 335 attendances per day compared to a contract of 295.
 - The Trust failed its RTT target in September which it had agreed with commissioners in order to catch up on its backlog and planned to do the same in October.
 - Tertiary referrals from other Trusts were continuing to prove problematic for cancer target achievement and had been escalated to the TDA whom would speak to Monitor.
- d) The Committee received an update on **hosting costs for the Local Clinical Research Network** and was assured that the Trust would not have any financial risk by the end of March.
- e) The Committee received a report on **service line reporting** and challenged the low returns on Cardiac and Care of the Elderly which would now be investigated and reported back to a later meeting.
- f) Under the capital report update the Committee noted that **an addendum to the Acquisition Business Case for MSFT was being prepared for the TDA**. Given the timescales for approval and that the Trust didn't have a Trust Board in December the **Executive would be seeking approval from the Board in November for the Finance and Performance Committee to have delegated authority to approve the case**.

Chairman of Finance and Performance Committee

22nd October 2014