

# ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chairman of the Finance and Performance Committee	
DATE PREPARED	28th October 2016	
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		At Month 6 a total of £5.05m (Annual Budget) has been removed from budgets, against the annual target of £28.5m. This represents 17.7% of the total target. The recurrent CIP achieved to Month 6 is £2.88m, which represents 10.1% of the annual target. The in-month target was £1.61m, with actual achievement in month of £1.44m, a shortfall in month of (£171k).	This risk to remain as red rated.
Risk register	Mid Staffordshire		The sustainability of services and impact upon RWT. The Trust is currently supported by £6m of transitional support per annum. This has been factored into the Staffordshire STP discussions however due to the lack of progress in resolving this it will be escalated to NHSI.	This risk has been increased to red.
Risk register	Pensions Agency		The trust has been notified of a significant cost in respect of an employee that the Trust believes it is not the successor organisation for.	This risk is yellow rated.
Risk register	Sustainability and Transformation Payment		The Trust has confirmed sign up to the NHSI revised control total for 2016/17. This enables a payment to the Trust of £10.6m. However there are a number of performance criteria and trajectories to be achieved which may make the payment unattainable (RTT/A&E/Cancer/Agency cap).	This risk is amber rated.

<b>Risk register</b>	Capital Programme		The Trust has identified a Capital resource Limit requirement of £27.17m for its Capital Programme. This has yet to be approved by NHSI and given the financial pressures in the NHS there is a danger that a lower level/strict authorisation processes are implemented which would impact on the Trust's Capital Programme.	This risk is amber rated.
<b>Clinical outcomes</b>	Agency Medical Cap Arrangement		New proposal to cap Agency Medics may introduce safety challenges if Agencies do not reduce rates and decisions/processes inhibit shifts being filled.	This risk is amber rated.

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

See updated progress report

Additional Items:

Specific item/Issue	Lead	Due Date	Status *
<p><b>The Committee will examine in more detail:</b></p> <ul style="list-style-type: none"> <li>- <b>The impact of opening the new Emergency Department against the original Business Case</b></li> <li>- <b>Activity levels at CCH following transfer of services from MSFT.</b></li> <li>- <b>Financial Recovery Plan</b></li> </ul>	<p><b>Chief Operating Officer/Chief Financial Officer</b></p> <p><b>Chief Operating Officer</b></p> <p><b>Chief Financial Officer/ Chief Operating Officer</b></p>	<p><b>Jan 2017 for a full years assessment following the opening of the ED and following the preliminary analysis seen in September.</b></p> <p><b>Dec following opening of Surgical Enhanced Care unit.</b></p> <p><b>November 2017.</b></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. Summary, conclusion, and recommendations from meeting

a) The Committee discussed in detail :- **The Trust financial position at the end of Month 6 and the forecast outturn for 2016/17.**

1. In month 6 the Trust financial position is a deficit of (£0.82m), which is adverse to plan by (0.85m)
2. The Trust will achieve its STF target, this is due to the underachievement of STF performance targets not being a contributory factor in achieving the financial control element of STF.
3. Balance sheet and cash flow performance is above plan by £1.4, mainly due to underspend on the capital programme.

4. Work had been on-going with CIP recovery plan actions with most of the workshops having been completed at the time of the meeting. There has been an improvement in month 6. It is planned to have detailed discussion on recovery plan at a future meeting – Nove 17.
  5. Detailed discussion about activity and income performance in some specialties. Further information was provided on the orthopaedic position and the reason for their overspend and underperformance. This was a combination of incorrect contracting ( day cases) – based on directorate forecast, reduction from their non-pay budget for procedures of limited clinical value which were not in line with forecast and some misalignment with the UHNM position, It was confirmed that the SECU (surgical enhanced care unit at Cannock will open in November). Agreed that there should be further deep dives taken on other specialties. General Surgery likely to be next.
  6. It was reported that the Trust's external agency spend would be adjusted following confirmation from NHSI about the criteria for inclusion. Overall Trust bottom line expenditure is not adjusted, but this will have a positive impact on the Trusts variance from its agency cap of £10.6m
  7. As noted previously the single biggest drivers of the deficit were the bring forward of unachieved CIP from previous years with the related unidentified plans for efficiency and the cost of Agency and locums (mainly Medical) expected to be £15.5m for 2016/17. More work across the Black Country was underway with Directors of HR but this had not yielded anything conclusive yet.
- b) The Committee discussed the updated position with regard to the **Forecast Outturn for 2016/17as at month 6:**
1. Work has been ongoing since last month to identify actions and recovery plans. A number of areas are scheduled for more work during November, particularly around agency costs, medical pay bill, control of bank costs via e-rostering and challenges to departmental budgets.
  2. The Committee was extremely concerned at these projections and challenged Directors that the organisation was taking all possible steps and that the organisation was fully engaged. Reported that engagement with the CIP workshops had been extremely positive and cross representative of the organisation. Further discussions were on-going as to the action that could be taken following discussion amongst executives and then report to F&P
- c) The Committee reviewed the **Capital and Cash Report:**
1. Given the forecast year end position of the Trust and the NHS Improvement's increasingly tough messages on capital the Capital programme had been being reviewed to identify schemes that were slipping and schemes that would not be started in 2016/17.
  2. £4.156m of schemes had been identified in this regard and discussions had been held with Divisions and Directorates as to whether there were any operational and/or quality implications. Following good governance the proposals would need discussion and ratification by CRG and TMC – these discussions had taken place since the last F&P meeting in September and had been agreed as action. It has also been assumed that the lease funding for the incinerator will not be required for this year. The net funding requirement for capital for 16/16 is forecast to be £21.085m. F&P approved the plan.
  3. The Committee enquired as to whether national charitable resources were available for the linear accelerator replacement programme but this had not been take up nationally when the CEO had written to various national individuals. **(post meeting note – the DoH**

**announced that further money would be available for Linac replacement, however it is not yet clear what this means and if the Trust can access funds.)**

d) The Committee Discussed the **Trust Efficiency Programme Report**:

1. There was a brief report on the workshops being held by Deloittes and the engagement from staff ( see above). A fuller report was to be produced for the November F&P for discussion and action .

e) The Committee discussed **Performance at month 6 (September 2016)**:

1. Cancelled Operations – A total of 18 operations were cancelled during September, which is good performance.
2. Urgent Care – ED performance in August was 93.8% and includes Vocare – now separated out.
3. Cancer Waiting Times – performance in September was 80.5%, with the breaches in urology, colorectal and lung. All the lung patients were complex patients that could not be treated within the expected standard.
4. Theatre performance for Head and Neck and Max Fax was explained due to unexpected consultant absence.

f) The Committee noted other reports and agreed to defer the **Procurement Strategy** paper until November.

g) Noted that the BAF had not been fully updated as a result in the change in time of the committee and it would be covered /reviewed by other committee meetings and the Trust Board.

h) Items that were noted included:

1. Quarterly contracting report
2. Annual work plan
3. Budget training report
4. Financial Monitoring NHSI
5. Performance against contractual standards ( fines)

**Chairman of Finance and Performance Committee**  
**21<sup>st</sup> October 2016**