

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chairman of the Finance and Performance Committee	
DATE PREPARED	25 th January 2017	
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		As of Month 9, the Trust has delivered £6.122m Year To Date (YTD) against a YTD plan of £11.509m. The Trust is forecasting to achieve £10.088m of savings in 2016/17 which equates to 34.5% of the total target.	This risk to remain as red rated.
Risk register	Mid Staffordshire FT transaction		This risk is to 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 and escalated to NHSI. The Trust has identified this as requiring funding for 2 further years as part of its 2017-19 plan submission.	This risk is red 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. The Trust's latest forecast identifies that the Trust will not achieve its control total for 2016/17 and therefore will forgo its Q3 and Q4 payments.	This risk is red rated.

Risk register	Capital Programme		On 23 rd December the Trust was notified it would receive funding for 1 linear accelerator which will be factored into the programme. The Trust has now produced a capital programme and plan of execution that delivers against the anticipated CRL of £21.2m.	This risk is green rated for 2016/17.
Clinical outcomes	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. The Trust will not achieve its agency cap for 2016/17.	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>The Committee will examine in more detail:</p> <ul style="list-style-type: none"> - The impact of opening the new Emergency Department against the original Business Case - An Income and Expenditure statement for Cannock Chase hospital 	<p>Chief Operating Officer/Chief Financial Officer</p> <p>Chief Financial Officer/Chief Operating Officer</p>	<p>May 2017 for a full year's assessment following the opening of the ED and following the preliminary analysis seen in September.</p> <p>March 2017</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 **reporting of VI performance data, noting that a VI performance report is coming to the private Trust Board in January.**
- b) The Committee discussed **an analysis of the pay bill between 2015/6 and 2016/17.** The pay bill has increased by some £15m of which incremental drift and pay awards account for £4m, pension contributions account for £4.9m, agreed service development/business cases for £4.4m and VI for some £2.9m. The CIP programme reduced the pay bill by £1.7m. The Committee asked for the planned budget for 2017/18 to be added to the analysis.
- c) The Committee discussed the **agency spend position**, noting that total agency spend had increased by £1.9m, a small percentage of which was accounted for by VI. The Committee noted that the cap was based on last year's spend less 30% and that RWT performs poorly on this measure but better on a measure of agency spend as a percentage of turnover.
- d) The Committee discussed **the latest forecast outturn position** submitted to NHSI. The Trust produced a forecast showing a £11.5M overspend for year end on 17th January 2017. Following discussions with NHSI the Trust were asked to re-examine the Trust position. The Trust then formally reported an improved position of £9.7M overspend for year end on 20th January 2017. This represents a variance of £16.7m against the Trust's control total. The improved position is based is accounted for by some improvement in income, further CIPs, and a number of technical accounting adjustments of which one has been brought to the Audit Committee of the Board. The Committee discussed the variance from forecast, possible further actions that the Trust could be taking and sought to understand the likely consequence of this variance.
- e) The Committee discussed the **review of the MSFT transaction** and concluded that the next step should be to produce an Income and Expenditure analysis for the Cannock site.
- f) The Committee discussed the Board assurance Framework and agreed that the STP risk should remain unchanged.
- g) The Committee discussed the assessment of performance of the Committee and the action plan and agreed the following:
1. Objectives – The Committee will set two key financial performance objectives. To be added for discussion at February's Finance & Performance Committee Meeting.
 2. Realistic timescales for actions – M Martin stated that she would liaise with Committee members regarding action points when clarification was required.
 3. End of meeting outcome and reflections – not required as long as actions were accurately recorded throughout the minutes.
 4. Frequency of formal appraisal – the Committee should be formally appraised bi-annually.
 5. Chairs Report – Chairs Report to be sent to all Finance & Performance Committee members.
- h) The Committee discussed the **Financial Report for Month 9:**
- The Trust's Month 9 financial performance **is a deficit of (£1.78m), adverse to plan by (£0.94m).** The cumulative position was now a **deficit of (£7.43m)** against a planned deficit of (£0.9m), a variance of (£6.52m).
 - The Trust has **not achieved its NHSI plan, being (£4.7m)** adverse to plan (after adjusting for the performance element of the STF).
 - The cash balance as at 31st December 2016 is £14.2m.
 - The Trust has revised its forecast to a deficit of c£9.7m at Q3 which includes an STF payment of £4.7m. As a consequence the Trust will miss its control total and not achieve further STF payments. This revised forecast will be included in the NHSI Q3 return alongside an Assurance Statement from the

Trust. The Financial Recovery Board will continue to identify and monitor actions to improve the year end position. Monthly cash forecasting and management is under review as part of this work

- NHSI had written to the Trust seeking assurance that we will spend all CRL this financial year. K Stringer confirmed that the Trust had responded stating that it would spend all CRL this financial year.
- Trusts have been asked on 24 January to submit IT modernisation bids for up to £1M by 26 January to be spent by 31st March. RWT would submit a bid for this work.

i) The Committee discussed the **Financial Recovery Board (FRB) report:**

- The Trust is forecasting to deliver £10.088M of its £28.496M target, which equates to 35.4% of the 2016/17 target. This is an increase from Month 8 to Month 9 of £0.989M. Further, the Trust has delivered £6.122M YTD against a YTD plan of £11.509M.
- The Trust's recurrent YTD delivery is £2.625M against forecast outturn of £6.103M. This figure has increased by £0.780M since M8. The Trust's non-recurrent YTD delivery is £3.524 against forecast outturn of £3.986M.
- The Unidentified value has decreased from Month 8 to Month 9 reporting due to the identification of additional schemes. A total of 7 PIDs were reviewed on 18 January 2017, all of which were approved by FRB.
- 4 specialties had been identified for deep dives; Care of the Elderly, Gastroenterology, Orthopaedics and Obstetrics and Gynaecology. M Sharon stated that he would circulate a copy to the Committee for their information.
- A discussion took place regarding the split of community and acute CIP savings. The general consensus of the Committee was that focus should remain on acute savings.

j) The Committee **discussed the performance element of IQP report:**

- **Cancelled Operations** – All targets were **met during December**
- RTT Incomplete performance saw a decline in December largely due to reduced and cancelled sessions over the holiday period. G Nuttall expressed disappointment that the diagnostics target was not met. Action plans continue to be updated on a monthly basis for all specialties that are failing the individual targets.
- **Urgent Care** - The Trust failed to achieve the 95% of total time spent in the Emergency Department (4 hours) target in December, reporting 84.91% in December and a quarterly total of 85.98%. The fine for Ambulances during December was £38k. There were no patients who breached the 12 hour target during December. G Nuttall stated that performance deteriorated during the first two weeks of January.
- **Cancer Waiting Times** – The Trust failed to achieve the 31 day sub treatment surgery target (94%), 62 day wait for first treatment target (85%) and 62 day wait screening target (90%) in December. G Nuttall stated that there was a national problem for tertiary centres achieving the KPI due to capacity issues.
- **Theatre Utilisation** – The reduction in utilisation during December is largely due to the administration process, whereby theatre sessions were not cancelled on the system thus counting as inactive sessions rather than cancelled. Reasons for deterioration in ENT utilisation are being investigated. Site visits to explore alternative theatre information systems are underway. Progressed through Operating Theatres efficiency Group.
- **Emergency Admissions** – S Rawlings stated that there had been an increase in emergency admissions in the last few months and asked if the trend was likely to continue. G Nuttall confirmed that this was a

possibility due to the season and also highlighted that the percentage of emergency admissions would increase if the numbers attending the Emergency Department reduced.

- **'Flu vaccinations** – A total of 72% of flu vaccinations have been completed to date, however, the Trust is still validating this data. If the Trust fails to meet the 75% target but achieves the partial target we will receive 50% of the payment available.

k) The Committee discussed the **Contracting Report:**

- **2016/17** – An agreement was reached with Staffordshire Commissioners for MRET. A year-end reconciliation has been agreed with Wolverhampton CCG. The Trust was successful in renegotiating NICU volumes with NHSE resulting in c£480,000 additional income
- **Commissioning Intentions** – At the 15th December the **gap had been negotiated down to circa £10m** with CCGs and was mainly due to QIPP issues from commissioners.
- **2017/18** – All contracts have been signed with some further financial and non-financial issues to be resolved by 31 March. Planned contract income is some £24m higher than 16/17. This incorporates an element of growth not allocated to specialties which will need to be reflected in the Trust's activity and financial monitoring systems next year.

l) The Committee discussed the **STP Update:**

- Work on Pathology and back office collaboration is continuing and an initial view of opportunities to collaborate on back office services is expected by April.
- Staffordshire STP have not yet appointed a new Chair and the Trust continues to take part in the planned care workstream.

m) The Committee discussed the **Tender update:**

- The Trust is bidding for the Wolverhampton 0-19 Health Child Programme contract
- The Transforming Cancer Care and End of Life Care tenders are included on the private board agenda
- The Trust is working to ensure a smooth transition to the new provider of the MSK service

n) The Committee noted the **following reports:**

- Financial Monitoring NHS I return (Month 9)
- Annual Work Plan
- Finance Minutes
- Capital Programme Update

o) **Operational Plan update:** The Committee noted that the plan will be rated as High Risk by NHSI because the Trust had not been able to accept its control total. A draft copy of the public facing Operational Plan will be presented to Trust Board in February and the Final version in March

p) **Any Other Business**

No further business was discussed.

Chairman of Finance and Performance Committee

26th January 2017