

# Minutes of the Finance and Performance Committee 24 January 2018

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Agenda Item No: 12.6

Minutes of the Finance and Performance Committee

**Date** Wednesday 24<sup>th</sup> January 2018  
**Venue** Conference Room, Hollybush House, The Royal Wolverhampton NHS Trust (RWT)  
**Time** 8.30am

**Present:**

<u>Name</u>	<u>Role</u>
Mary Martin	Non-Executive Director (Chair)
Jeremy Vanes	Chairman (part)
Sue Rawlings	Non-Executive Director
Junior Hemans	Non-Executive Director
Kevin Stringer	Chief Finance Officer
Mike Sharon	Director of Strategic Planning & Performance
Alan Duffell	Director of Workforce
Gwen Nuttall	Chief Operating Officer (part)

**In Attendance:**

<u>Name</u>	<u>Role</u>
Helen Troalen	Deputy Chief Finance Officer
Claire Richards	PA to Director of Strategic Planning & Performance (Note Taker)

001/2018	<b><u>Apologies for Absence</u></b> Apologies were received from Simon Evans.	
002/2018	<b><u>Minutes of Meeting Held on 20<sup>th</sup> December 2017</u></b> The minutes were agreed to be a true record.	
003/2018	<b><u>Action Points From Previous Meeting</u></b>	
003.1	<u>BAF SR4</u> - K Stringer confirmed that the risk rating has been updated. <b>Action closed.</b>	
003.2	<u>BAF SR10</u> – K Stringer confirmed that the BAF had been updated. <b>Action closed.</b>	
003.3	<u>Financial Reporting Timescales</u> – Will be reviewed for financial reporting in the new financial year. <b>Action closed.</b>	
003.4	<u>Trust Finance Report</u> – H Troalen confirmed that the narrative had been added back into the report to clarify the issue of data queries. <b>Action closed.</b>	
003.5	<u>Trust Finance Report</u> – H Troalen confirmed that the department continues to escalate and chase debt. <b>Action closed.</b>	
003.6	<u>Cancer Action Plan</u> – The Cancer Action Plan has been added as an agenda item, see item 007.6. <b>Action closed.</b>	
003.7	<u>Ambulatory Care and Frailty Business Case</u> – The business case has been added as an agenda item, see item 007.7. <b>Action closed.</b>	

004/2018	<p><b><u>Declaration of Interest</u></b> None declared.</p>																			
<p>005/2018</p> <p>005.1</p> <p>005.2</p> <p>005.3</p>	<p><b><u>Governance</u></b></p> <p><u>BAF Update</u> – The BAF report was discussed. M Martin stated that risk SR4 had been escalated. Highlights are as follows:</p> <p><u>SR4</u> – M Martin requested an update. K Stringer stated that the latest advice from the regional team of NHSI is to keep pursuing payment. K Stringer confirmed that the Trust continue to pursue payment from the Department of Health and that the Trust will escalate this again prior to year-end and will also involve the regional NHSI team. H Troalen informed the Committee that the Trust has been quite clear that this issue is out of our control when forecasting year end and that if the payment is not resolved it will impact on this year’s achievement and next year’s control total.</p> <p>M Martin asked if the Trust was maximising opportunities with the utilising of Cannock Hospital. M Sharon stated that work was taking place to develop options to relocate work from West Park to Cannock. K Stringer and M Sharon informed the Committee that they would provide an Estates Strategy update during a Board Development session. M Martin asked K Stringer to update the BAF to reflect the positive actions being undertaken.</p> <p><u>SR6</u> – M Sharon stated that he would add an additional control to this risk to indicate that he provides a monthly verbal update on progress. The update has been completed. <b>Action closed.</b></p> <p>M Sharon provided the Committee with an update on engagement with Staffordshire. David Loughton has now met with the newly appointed Accountable Officer of Staffordshire CCGs (6 CCGs are now being managed by one management team), the Director of Contracting and the Programme Director for Staffordshire STP and reinforced the importance of our presence and Cannock Hospital within Staffordshire.</p> <p>The Black Country STP remained quite fluid with an increasing focus on operational delivery. The Pathology Business Case will be submitted to Trust Board for discussion this week. M Sharon informed the Committee that the Trust had submitted bids for £3.25m for Stroke and £9.0m for Pathology June/July 2017 and that the Trust had not been successful initially but had been informed that our bids have now gone through to the next stage.</p> <p>A discussion took place regarding the impact of the Liquidation of Carillion. K Stringer stated that there had been no direct impact but that the impact on their partnership company Kier was being monitored. M Martin stated that the Trust needs assurance that financial due diligence is a consideration when developing contracts.</p> <p><u>SR10 and S11</u> – A discussion took place regarding risk SR 4, 10 and 11 and it was felt that the three risks could be merged into one from 1<sup>st</sup> April 2018 onwards. K Stringer to action April 2018.</p>	<p>KS/MS KS</p> <p>KS</p>																		
<p>006/2018</p> <p>006.1</p> <p>006.1.1</p>	<p><b><u>Financial Performance for Period 9</u></b></p> <p><u>Trust Financial Report</u> K Stringer provided an overview of the Finance Report.</p> <p>Income and Expenditure (I&amp;E) position as at month 9 (against the internal and NHSI plan) is as follows:</p> <table border="1" data-bbox="263 1982 1342 2083"> <thead> <tr> <th></th> <th>Target (£'000)</th> <th>Unachieved STF</th> <th>Restated Target</th> <th>Performance</th> <th>Variance (£000)</th> </tr> </thead> <tbody> <tr> <td>Performance Against NHSI Month 9</td> <td>5,345</td> <td>891</td> <td>4,454</td> <td>4,459</td> <td>5</td> </tr> <tr> <td>I&amp;E Target Performance Month 9</td> <td>11,552</td> <td>891</td> <td>10,661</td> <td>4,459</td> <td>(6,201)</td> </tr> </tbody> </table>		Target (£'000)	Unachieved STF	Restated Target	Performance	Variance (£000)	Performance Against NHSI Month 9	5,345	891	4,454	4,459	5	I&E Target Performance Month 9	11,552	891	10,661	4,459	(6,201)	<p>2</p>
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006.1.2	<p>The main issues are:</p> <ol style="list-style-type: none"> <li>1) Income is behind plan by £1.5m. Patient income remains behind plan by £2m.</li> <li>2) Expenditure is £4.7m over plan. This is predominately due to overspends on pay (£3.2m), drugs (£0.4m) and a CIP shortfall (£2.5m). These adverse variances are offset by a non-pay underspend (£0.9m) and unutilised reserves (£0.5m).</li> <li>3) The Trust has also not delivered the full STF payment for Quarter 3 due to not achieving the A&amp;E target. The Trust intends to appeal against the phased target but has not at this stage built that income in. This does reduce the NHSI target by £0.9m as per the table above and so in performance monitoring terms the overall variance to plan is £5k. However, it should be noted that the Trust has lost £891k of cash that would have been received had the full STF been delivered.</li> </ol>	
006.1.3	<p>There are a number of financial risks that the Trust is actively managing:</p> <ul style="list-style-type: none"> <li>• MSFT transitional income (£6m).</li> <li>• Challenging CIP target (estimated £9m shortfall against plan).</li> <li>• STF income risk (£4.4m).</li> <li>• 16/17 year end invoice in dispute with host commissioner (£4.8m). The Trust has been told that an arbitration date for this dispute was being set.</li> </ul>	
006.1.4	<p>CIP: In month 9 there has been an over recovery of £0.3m against the in-month CIP plan but the year to date position is CIP achievement of £14.2m against a £16.7m plan. The Q4 plan is to deliver a further £10.2m but only a further £1.8m has been identified taking the full year CIP forecast to £18.5m. Recurrent CIP delivery continues to be a challenge and the reliance on non-recurrent CIP in 2017/18 will have an adverse impact on budget setting for 2018/19. A discussion took place regarding the funding from vacant posts being used towards non-recurrent CIP. K Stringer confirmed that this was the case but stated that it was difficult to remove budgets for vacant posts when Directorates were trying to recruit to them but struggling to find suitable candidates. In a recent exercise the past majority of Budget Managers had declared the pay budget was needed. G Nuttall informed the Committee that there are plans to review and challenge this both operationally and corporately.</p>	
006.1.5	<p>Forecast: The Trust had commenced a dialogue with NHSI in December about the forecast outturn. The control total for the year is a £1.7m surplus (excluding SFT), however, the Trust set out the challenges, the actions that have been taken and it has agreed with NHSI that given the pressures and risks that it will deliver a £4.3m deficit (excluding STF funding). There are risks within the forecast position which have been discussed in detail with the Finance &amp; Performance Committee, detailing in particular the risks out of the Trust's control and those that it can influence. The monthly report to the Board will now include an update on the forecast outturn position.</p>	
006.1.6	<p>Cash: The Trust had a cash balance of £17.4m as at 31<sup>st</sup> December 2017, which is £11.7m below the plan. However, despite being below plan, weekly cash monitoring is in place and it is not anticipated that distress financing will be required this financial year. K Stringer stated that Grant Thornton will begin a cash audit next week to review the Trust's processes to ensure good control and ensure it was operating with best practice techniques.</p>	
006.1.7	<p>Charity: Charitable Fund balances are circa £2.6m for quarter end December 2017.</p> <p>The report was noted.</p>	
006.2	<p><u>Supplementary Finance Report</u> The supplementary report was read in conjunction with the Finance Report.</p>	

	<p>S Rawlings drew attention to the under achievement of car parking income on page 9 of the report. A discussion took place regarding current car parking issues. Action was being taken by the Estates Department to ensure all staff were being appropriately charged.</p> <p>M Martin drew attention to income and expenditure of MGS on page 8 of the report. K Stringer confirmed that Grant Thornton are due to produce a report at the end of January 2018.</p> <p>H Troalen provided an update on the forecast outturn and stated that a full re-forecasting exercise will take place on month 10 so that people can be held to account for delivery during months 11 and 12.</p> <p>The report was noted.</p>	
006.3	<p><u>Financial Recovery Board (FRB) Report</u> M Sharon presented the above report.</p> <p>At month 9 the Trust is forecasting to deliver £18.460m for all schemes with PIDs. Of which, the Trust's recurrent YTD delivery is £4.501m with forecast outturn of £7.091m and the Trust's non-recurrent YTD delivery is £9.696m with forecast outturn of £11.368m.</p> <p>Further, the Trust is developing 3 recovery plan schemes (Clinical Excellence Programme £1.110m, CSSD Decontamination £0.500m and Corporate Functions £0.100m). These schemes have not developed PIDs to date, however, if included this would increase the year end FOT to £20.1m. M Sharon informed that Committee that the first Clinical Excellence Steering Group Meeting had taken place.</p> <p>As of month 9, the Trust has delivered £14.197m (88%) YTD against a YTD plan of £16.031m.</p> <p>M Sharon stated that the Deloitte work on Safehands was due to commence. Discussions took place at the last FRB about a use of resources review which will take place as part of the new CQC process. Further discussion is taking place at the Executive Directors Meeting today.</p> <p>M Sharon informed the Committee that the Trust were planning to request an extension for the Deloitte contract (role filled by Alex Claybrook) to run until October with a view to it ending at the same time as the outpatients contract. M Sharon stated that the NHSI may want the Trust to re-advertise the post prior to agreeing funding an extension. M Sharon stated that it was proving difficult to recruit to the post and that the current arrangements were generating a positive impact on CIP savings for the Trust.</p> <p>The Committee were pleased to note that the CIP Recovery Plan on page 6 of the report was indicating a £19m CIP saving, which was an improvement on last year. M Martin stated that the overall financial position of the Trust was a significant achievement in the current environment and asked that staff be encouraged by the progress made so far this year. J Vanes informed the Committee that it felt as though staff awareness had improved at local level.</p> <p>The report was noted.</p>	
006.4	<p><u>Temporary Staffing Expenditure Dashboard</u> G Nuttall informed the Committee that in addition to tranche 1 funding the Trust had received an additional £800 - £900k pressure funding. A discussion took place and concerns were expressed that the use of the additional funding may affect the Trust agency cap. G Nuttall stated that the Trust is currently £200k under agency cap and that whilst there is a plan to spend some of the funding not all of it will be committed and will help the financial position.</p>	

	The report was noted.	
006.5	<u>Quarterly Cash Flow Report</u>	
006.5.1	<p><u>Cash Position as at Q3 2016/17</u> - The Trust's cash position as at 31st December 2017 is £17.5m; £11.7m below the NHSI Plan of £29.1m. Therefore despite entering 2017/18 with a higher level of cash than forecast in the NHSI plan the Trust is currently below plan. This is due to:</p> <ul style="list-style-type: none"> <li>• higher than planned capital payments in year (£7.4m)</li> <li>• receivables above plan (£10.5m)</li> <li>• offset by payables being £1.9m higher than plan</li> </ul>	
006.5.2	<p><u>Internal Cashflow Forecast 2017/18</u> – The Finance Department are continuing to focus resources into cash flow forecasting. Cashflow forecasts are revised on a weekly basis updating for actuals and iterating the forecast for known changes and movements in run rates.</p> <p>At the end of Q2 the forecast a year-end cash balance was £8.2m. At the end of Q3 this has deteriorated to a forecast year-end cash balance of £3m.</p> <p>The current revised forecast, along with the risks and opportunities, does demonstrate that with close cash management the Trust is not expecting to require a cash loan in this financial year. However there are periods within the month where the cash balances drop and payments need to be managed carefully until receipt of the monthly contract income is confirmed.</p> <p>The weekly internal reporting process that is in place flags this and before each payment run careful consideration is taken to ensure the Trust is not overdrawn. However, F&amp;P should note that in Q4 there may be times when suppliers are paid more than one week in arrears to their agreed terms. However, this is not the only option to managing cash flow issues and the Trust could also request that the Q3 STF is paid in advance or ask the CCG to pay over performance on account.</p> <p>The committee noted that corrective action may need to be taken on cash in quarter 4, which might include running out payment terms, requesting an STF advance or requesting cash from CCGs. A cash update was also added to the work plan for month 10 as requested. See item 009.3.</p>	
<b>007/2018</b>	<b><u>Performance</u></b>	
007.1	<p><u>Performance Element of the IQP Report (National &amp; Contractual Standards)</u></p> <p>G Nuttall provided an update on the report, ED performance being the main challenge this month. Bed capacity has been an issue and discussions had taken place regarding the opening of an additional ward. However, this would not assist as the Trust would be unable to staff the additional area, the decision was made not to open an additional ward.</p>	
007.1.1	<p><u>Patient Experience</u> – A total of 42 operations were cancelled during December, compared with 28 for the same period last year. The Cancelled Ops as a % of Elective Admissions target was not met. G Nuttall reported that some routine operations have also been cancelled in January due to operational pressures and that this will impact on next month's figures although the cancelled on the day figures are expected to be at target in January.</p>	
007.1.2	<p><u>Waiting Times RTT</u> – RTT Incomplete saw a decline during December, this is largely due to reduced activity over the bank holiday period and patients choosing to prolong their waits until the new year. The Trust continues to focus on reducing the backlog where possible and is working closely with Directorates. G Nuttall stated that she is hoping it will improve this quarter.</p>	

<p>007.1.3</p> <p>007.1.4</p> <p>007.1.5</p>	<p>Diagnosics saw an improvement during December bringing the Trust back within target. This target will continue to be monitored closely through the weekly performance meeting.</p> <p><u>Urgent Care</u> – G Nuttall informed the Committee that urgent care performance has been deteriorating since November/December 2017. M Sharon informed the Committee that on the Sunday 21<sup>st</sup> January 2018 Vocare ceased providing an urgent care service between 2 – 8am due to staffing issues. Wolverhampton CCG were informed of the breach in service. J Vanes asked if this was the first time there was a breach in service. G Nuttall stated that this was the first overnight breach. G Nuttall informed the Committee that she would give a full update on Urgent Care performance at Trust Board due to current national interest.</p> <p>G Nuttall stated that flu cases had caused an impact in terms of the acuity of patients being admitted and that the Flu Plan had been put into place. There have been further spikes in the number of flu cases in the Trust this week, with 4 – 5 cases being diagnosed daily. This is having an impact on the length of stay.</p> <p><u>Ambulance Conveyances</u> – The fine for Ambulances during December was £45,400k. This is based on 122 patients between 30-60 minutes @ £200 per patient and 21 patients &gt;60 minutes @ £1,000 per patient. G Nuttall informed the Committee that ambulance handover had deteriorated. One patient breached the 12 hour decision to admit target during December 2017, that patient was a child waiting for a PICU bed and none were available. A Multi Discharge Agency Event (MADE) took place yesterday to try to speed up discharges with the assistance of other agencies.</p> <p><u>Cancer</u> – There were 7 breaches in month (capacity issues) for the 31 Day Sub Surgery target. A total of 26 patients in month for the 62 Day Traditional target and 4 patient breaches in month for the 62 Day Screening target. There are currently 15 patients at 104+ days on the cancer waiting list, all of the patients have had a harm review and no harm has been identified. G Nuttall informed the Committee that the Trust did not achieve the 2 week breast symptomatic target and stated that there had been sudden spike amounting to a 40% increase in referrals and that it was still unclear why this had happened.</p> <p>The Committee noted the report.</p>	
<p>007.2</p>	<p><u>Performance against Contractual Standards (Fines)</u></p> <p>M Sharon provided an update on fines. G Nuttall stated that she thought the Trust should appeal against the 12 hour trolley wait fine as the patient was not awaiting a bed at the Trust. M Sharon stated that he would feedback to S Evans. Information relayed to S Evans. <b>Action closed.</b></p> <p>The Committee noted the report.</p>	
<p>007.3</p>	<p><u>STP Update</u></p> <p>M Sharon provided an update on STP progress see 005.3.</p>	
<p>007.4</p> <p>007.4.1</p> <p>007.4.2</p>	<p><u>Contracting Round Update</u></p> <p><u>2016-17 Contracts</u> – The Trust has received notification from NHS Improvement that they will enter into arbitration with NHS England on the invoice issued to Wolverhampton CCG in relation to admissions avoidance schemes in 2016-17. The Trust is not expecting to submit further information and awaits the outcome of the arbitration.</p> <p><u>2017/19 Contracts</u> – National Variations for Year 2 of the NHS Standard contract for both CCG and NHS England have been received and are under review.</p>	

007.4.3	<p><u>Wolverhampton CCG and Associates Contract</u> – Contract management is on-going with a focus on renegotiation of year two of the contract. The Trust has flagged difficulty in compliance given numerous POLCV policies which vary according to commissioner and have queries in place with Shropshire and Staffordshire CCGs. In the interim Wolverhampton CCG, as coordinating commissioner, have agreed to facilitate a meeting across all associates to review the policies and the Trust seeks assurance that commissioners will minimise variation to ensure improved compliance at clinical level. The Trust is exploring alternative administrative processes to further reduce the administrative burden POLCV places on the Trust.</p>	
007.4.4	<p><u>City of Wolverhampton Council (CoWC)</u> – Public Health services are out to consultation as the Council face unprecedented financial constraints. A number of our services are affected including the City Healthy Lifestyle service, provided by the Council. Trust services affected include breastfeeding, maternity addictions, special dental health and Infection prevention in nursing homes which will all be decommissioned – others face challenging budget cuts. Services involved are responding to the consultation including the impact on both those services and others throughout the Trust. The Head of Contracting and Business Intelligence is coordinating a Trust response.</p>	
007.4.5	<p><u>CQUIN</u> – Final reconciliation has now been completed for CQUIN 2016 – 17 with the Trust achieving 92% CQUIN monies (£8,061,934). The Trust has agreed 19 CQUIN schemes for 2017-19, which total £8,488,356.</p> <p>The Committee noted that if the Trust accepted the financial value agreed last year as the second year of the two year contract it would be likely to result in a deficit position to the Trust. The planning guidance and use of the additional funding for the NHS was still awaited.</p>	
007.5	<p><u>Tender Update</u> M Sharon provided an update on Tenders and stated that the APMS contract for Walsall has been delayed and that the deadline has not been extended, which allows 10 days to develop a bid valued at £18m.</p>	
007.5.1	<p><u>Current Tenders In Progress</u> – Occupational Health Services, APSMS Services for GP Practices in Walsall and Community Cytology.</p>	
007.5.2	<p><u>Future Tenders</u> – Future tenders consist of the following</p> <ul style="list-style-type: none"> <li>• Falls Prevention Service</li> <li>• Community Equipment Service (ILS)</li> <li>• Community Dental Service</li> <li>• Stereotactic Ablative Body Radiotherapy (SABR)</li> </ul> <p>The report was noted.</p>	
007.6	<p><u>Cancer Action Plan</u> G Nuttall informed the Committee that the Cancer Acton Plan had changed and is now written by clinicians. Cancer action plan progress will be discussed at the Finance &amp; Performance Committee Meeting quarterly as denoted on the annual work plan. The Trust has commissioned a member someone to delve into the pathways.</p> <p>G Nuttall stated that NHSI and NHSE are pushing the Trust to sign up to achieving 85% by the end of March 2018 and have given the Trust a further £70k to assist with achieving the target. G Nuttall informed the Committee that she has not agreed that the Trust can make the target by the end of March but will continue to do everything possible to meet the target.</p>	

007.7	<p><u>Ambulatory Care and Frailty Business Case</u> The Business case describes a system change in the non-elective medical pathway that includes the option to refer to ambulatory and frailty services. The benefits include improved flow through ED and where possible patients are spared admission to a hospital bed. Investigations and a review will take place in a dedicated unit over a shorter period of time and for the most part as a day case. This case has previously been brought to F&amp;P in December 2017, where it was agreed that development of the service should continue given the significant patient pressures and impact on their potential outcomes and experience. Further financial modelling for sharing with the CCG was requested. A financial profile for year 1 of this development has now been worked up ready for start of negotiation with CCG.</p> <p>The system would create a positive impact on patients but it would negatively impact the Trust by £11k in the first year, assuming the CCG invested and the activity modelling is correct. A discussion took place regarding the impact on the Trust and on the CCG if the business case was not progressed. S Rawlings and M Martin asked that M Sharon update the 'do nothing' option in business case to more accurately describe the counterfactual and to include the additional information.</p> <p>The Committee approved the funding model, subject to the changes to be made. The Business Case will now be presented to private Trust Board for further approval.</p>	MS
008/2018	<p><u>Financial Planning</u></p>	
008.1	<p><u>Procurement Strategy Update</u> The Committee noted progress.</p>	
009/2018	<p><u>Reports to Note for Period 9</u></p>	
009.1	<p><u>Financial Monitoring NHSi Return</u> The return was noted.</p>	
009.2	<p><u>Financial Monitoring NHSi Return Commentary Template</u> The commentary template was noted.</p>	
009.3	<p><u>Annual Work Plan</u> The work plan was discussed and the following amendments were made:</p> <ul style="list-style-type: none"> <li>• Cash Flow Update – to be added February 2018.</li> <li>• Cancer Action Plan – to be added quarterly from January 2018.</li> <li>• Budget Training Report – to be deferred from February to March 2018.</li> </ul> <p><b>Action closed.</b></p>	
009.4	<p><u>Finance Minutes</u> The minutes were noted.</p>	
009.5	<p><u>Capital Programme Update</u> K Stringer informed the Committee that the Trust has been asked to provide a detailed month by month spend during the last quarter as there is still 50% of the CRL to be spent. M Martin asked if the planned spend was on target and if there was flexibility to achieve this. K Stringer confirmed that this was the case.</p> <p>S Rawlings asked if the work highlighted on page 3 of the report had been completed before the contractor went into liquidation. K Stringer confirmed that the work had been completed.</p>	

	<p>M Martin asked if the CCTV update had been completed as planned due to the underspend noted on page 3 of the report. K Stringer stated that it had been completed as far as he was aware but that he would investigate this and report back if it had not.</p> <p>The report was noted.</p>	<b>KS</b>
<b>010/2018</b>	<p><b><u>Any Other Business</u></b>                  The meeting ended at 11am.</p>	
<b>011/2018</b>	<p><b><u>Date and Time of Next Meeting</u></b>                  The next Finance &amp; Performance meeting will take place on Wednesday 21<sup>st</sup> February 2018 at 8:30am, Conference Room, Hollybush House. Reports will be required by 12 midday on Friday 16<sup>th</sup> February 2018.</p>	