

# Minutes of the Finance and Performance Committee 21 March 2018

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Agenda Item No: 12.6

Minutes of the Finance and Performance Committee

**Date** Wednesday 21<sup>st</sup> March 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)
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 (part)
Gwen Nuttall	Chief Operating Officer (part)

**In Attendance:**

<u>Name</u>	<u>Role</u>
Helen Troalen	Deputy Chief Finance Officer
Pauline Boyle	A/Chief Operating Officer NIHR Clinical Research Network West Midlands
Jo Cotterell	Acting Head of Clinical Coding & Data Quality
Will Nabih	Head of Estates - Development
Claire Richards	PA to Director of Strategic Planning & Performance (Note Taker)

<b>024/2018</b>	<b><u>Apologies for Absence</u></b> Apologies were received from Simon Evans.	
<b>025/2018</b>	<b><u>Minutes of Meeting Held on 21<sup>st</sup> February 2018</u></b> The minutes were agreed to be a true record.	
<b>026/2018</b>	<b><u>Action Points From Previous Meeting</u></b>	
<b>026.01</b>	<u>BAF SR4 Estates Strategy Board Development Session</u> – K Stringer and M Sharon informed the Committee that K Wilshere would be arranging a convenient date for an Estates/West Park Board Development session. <b>Action closed.</b>	
<b>026.02</b>	<u>BAF SR4, 10 and 11</u> – K Stringer to re-assess and merge the risks from May onwards.	<b>KS</b>
<b>026.03</b>	<u>Ambulatory Care &amp; Frailty Business Case</u> – M Sharon stated that the business case had been updated and sent to Wolverhampton CCG. Verbal feedback indicates that the Director of Quality felt that the business case was too focussed on pathways within the hospital and that it needed to focus on broader pathways. The business case has not been declined and the Trust is currently awaiting a formal response. <b>Action closed.</b>	
<b>026.04</b>	<u>Annual Operating Plan</u> – M Martin confirmed that she provided feedback comments to J Vanes. <b>Action closed.</b>	
<b>026.05</b>	<u>Service Line Reporting</u> – H Troalen informed the Committee that she had received a business case for the request for the software upgrade and that she would progress. The cost for the	

	upgrade is less than £10k. <b>Action closed.</b>	
<b>027/2018</b>	<b><u>Declaration of Interest</u></b> None declared.	
<b>28/2018</b>	<p><b><u>NIHR CRN: West Midlands Report</u></b> P Boyle presented the report, informing the Committee that it contained a copy of the Annual Delivery Plan and Annual Finance Plan.</p> <p>The final submission for Quarter 3 2017/18 was submitted on 25<sup>th</sup> January 2018. The CRN reported an under spend of approximately £70k against the full annual allocation of £27.4m this represents 0.26% of the total allocation and is within the guidelines. The £70k has now been allocated and will be fully utilised by the year end. There was, however, uncommitted expenditure related to vacant posts in the Quarter 3 return of £138k, £49k related to the host this will be monitored on a monthly basis and redistributed.</p> <p>P Boyle gave an overview of other local innovations and initiatives such as exploring opportunities to conduct research in non-NHS settings e.g. schools, hospices, prisons.</p> <p>Declarations have been signed by partner organisations and monitoring visits continue to take place.</p> <p>2018/19 plans were drawn up during November and December giving indicative funding and this has now been confirmed.</p> <p>A new Clinical Research Lead has been recruited.</p> <p>S Rawlings asked if General Data Protection Regulation (GDPR) would impact on the department. A discussion took place regarding this and K Stringer suggested that P Boyle liaise with Information Governance and the GDPR Group at the Trust.</p> <p>S Rawlings asked if there was anything on the action plan that would give cause for concern. P Boyle stated that she felt it would be unlikely that the network would be able to recruit to the number of participants required for those studies (HLO7).</p> <p>The Finance &amp; Performance Committee noted the report and approved the plans to be forwarded to Trust Board for final approval. The Committee thanked P Boyle for attending the meeting and congratulated the team on their hard work.</p>	<b>PB</b>
<b>29/2018</b>	<b><u>Governance</u></b>	
<b>29.01</b>	<b><u>BAF Update</u></b> – The BAF report and management of the BAF was discussed. M Martin noted that 2 of the risks had decreased. Highlights are as follows:	
29.01.01	<b><u>SR4</u></b> – K Stringer stated that he had based the risk scoring for SR4 and 10 on the current financial year and that the risks will be re-assessed from April onwards. K Stringer informed the Committee that the Trust has received an email stating that the £6m MSFT funding has been agreed in principle with the Department of Health and that the Trust is now awaiting payment. The risk rating has been reduced on the basis of the additional assurance provided.	
29.01.02	<b><u>SR10</u></b> – K Stringer stated that there is sufficient cash for the end of the financial year and that a loan will not be required. This risk will be re-assessed from April onwards.	
	K Stringer agreed to re-assess the risks in May, see item 26.02 above.	

29.01.03	<p><u>SR6b</u> – M Sharon informed the Committee that he had not changed the risk rating as there may be an opportunity for increased risk at a later date. A discussion took place regarding this and M Martin agreed that the risk rating was correct at this time.</p> <p>M Martin felt that some of the financial risks should be re-worded to focus on the underlying deficit.</p>																			
29.01.04	<p><u>SR11</u> – M Martin felt that this risk should be closely monitored following the results of the estates backlog maintenance survey.</p>																			
<b>30/2018</b>	<b><u>Financial Performance for Period 11</u></b>																			
030.1	<p><u>Trust Financial Report</u> K Stringer provided an overview of the Finance Report.</p>																			
030.1.1	<p>Income and Expenditure (I&amp;E) position as at month 11 (against the internal and NHSI plan) was as follows:</p> <table border="1" data-bbox="261 797 1342 902"> <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 11</td> <td>8,824</td> <td>3,199</td> <td>5,625</td> <td>2,297</td> <td>(3,328)</td> </tr> <tr> <td>I&amp;E Target Performance Month 11</td> <td>15,546</td> <td>3,199</td> <td>12,347</td> <td>2,297</td> <td>(10,050)</td> </tr> </tbody> </table> <p>Financial performance in month 11 was poor in comparison to month 10 with an in-month deficit of £2.6m and a year to date surplus of £2.3m which is £3.3m behind the NHSI plan. However, the in-month position is in line with the forecast and was an expected deterioration as February was a short month, which included half term.</p> <p>Patient income was c. £1m adverse to both the plan and forecast which to a degree was offset by a lower than forecast spend on drugs and non-pay. Nevertheless, this is concerning especially as this appears to be driven by winter pressures, which have continued into March.</p>		Target (£'000)	Unachieved STF	Restated Target	Performance	Variance (£000)	Performance Against NHSI Month 11	8,824	3,199	5,625	2,297	(3,328)	I&E Target Performance Month 11	15,546	3,199	12,347	2,297	(10,050)	
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I&E Target Performance Month 11	15,546	3,199	12,347	2,297	(10,050)															
030.1.2	<p>There are a number of financial risks that the Trust is actively managing:</p> <ol style="list-style-type: none"> <li>1) MSFT transitional income (£6m) has been agreed by the Department of Health.</li> <li>2) The 16/17 year end invoice remains in dispute with our host commissioner (£4.8m) awaiting arbitration.</li> <li>3) An estimated £6.5m shortfall against the CIP plan which is reflected in the forecast outturn position and is the main driver behind the £6m shortfall against control total.</li> <li>4) STF income risk (£4.4m). This is also factored into the forecast. The main problem with this is the loss of cash that the Trust would otherwise have access to and the subsequent impact on the Trust's financial ratings.</li> <li>5) Agreement with the host commissioner for the re-investment of Marginal rate Emergency Threshold (MRET)/readmissions/fines and stranded costs. Business cases have been submitted to claim back these funds. K Stringer provided the committee with a brief explanation of MRET.</li> </ol>																			
030.1.3	<p>CIP: In month 11 there has been an under achievement of £1.1m against the in-month CIP plan but the year to date position is CIP achievement of £18.7m against a £23.5m plan. The remaining plan (month 12) is to deliver a further £3.4m but only a further £1.7m has been identified, taking the full year CIP forecast to £20.4m. The non-delivery of recurrent and cash releasing CIP continues to be an issue and the risk of this moves into the new financial year.</p>																			
030.1.4	<p>Forecast: The Trust is continuing to forecast a £4.3m deficit before STF funding which is an adverse variance to plan of £6m. After the application of STF the outturn position is forecast as a £1.3m surplus.</p>																			

<p>030.1.5</p> <p>030.1.6</p>	<p>Cash: The Trust had a cash balance of £12.5m as at 28<sup>th</sup> February 2018 which is £19.2m below the plan. However, weekly cash monitoring is in place and, despite being below plan, it is not anticipated that distress financing will be required this financial year.</p> <p>S Rawlings drew attention to Debtor Days on page 17 of the report and requested an update. H Troalen stated that if read in conjunction with the supplementary report it shows that the list of NHS debt is growing. The team are proactively working on reducing the amount of debt. M Martin stated that the outstanding £10.8m debt would also distort the figures and that once the £6m has been credited it would show a vast improvement.</p> <p>A discussion took place regarding elective performance. G Nuttall informed the Committee that elective performance would be low in March due to the same challenges experienced in February.</p> <p>M Martin asked for an update on any additional national funding. K Stringer stated that the Trust had benefited by £430k of additional national funding for cyber/wi-fi investment that has been released. NHS digital have recently completed a Cyber Audit and verbal feedback had been positive but that there are still areas of vulnerability that can be manipulated with the right skill set if working inside of the Trust firewalls. An action plan will be put into place and fed back via the Audit Committee in order to make the Trust cyber security more robust.</p> <p>A further discussion took place regarding the increase of Finance Fraud. K Stringer informed the Committee that Information Governance focus on this but that he would highlight the Committee's concerns at the Executive Directors Meeting.</p> <p>The report was noted.</p>	
<p>031.2</p>	<p><u>Supplementary Finance Report</u></p> <p>The supplementary report was read in conjunction with the Finance Report.</p> <p>The report was noted.</p>	
<p>032.3</p> <p>032.3.1</p> <p>032.3.2</p> <p>032.3.3</p> <p>032.3.4</p>	<p><u>Financial Recovery Board (FRB) Report</u></p> <p>M Sharon presented the above report.</p> <p>The Trust has delivered £18.688m CIP YTD against a YTD plan of £21.137m and is forecasting to deliver £20.399M by year-end against a target of £26.900m. The Financial Recovery Board (FRB) met on 14th March 2018 to identify potential mitigations to increase the 2017/18 CIP plan and close the current shortfall of £6.501m. The Trust has agreed the 2018/19 CIP Target which ranges as £25m.</p> <p>M Sharon informed the Committee that NHSI have approved an extension to Alex Claybrook's contract until October 2018. The advertisement for a Deputy Director of Service Re-design is currently open, with interviews planned to take place on 17<sup>th</sup> April 2018.</p> <p>A discussion took place regarding recurrent and non-recurrent CIP. M Sharon informed the Committee that NHSI were challenging the Trust on the definition of recurrent and non-recurrent CIP. It was clear, however, that redefining the definition would not generate additional CIP savings. However, the Trust has been asked to look into this. M Sharon to provide additional information at the next meeting.</p> <p>M Martin asked for an update on CIP plans for 2018/19. M Sharon informed the Committee that a summary of the 2018/19 plan has been submitted to Trust Board and agreed that savings would be more difficult to achieve next financial year.</p>	<p>MS</p>

032.3.5	<p>M Sharon outlined some of the large projects that the Trust has focussed on such as Theatre Efficiency, Outpatient Project, Length of Stay, reducing Bank/Agency expenditure etc. A discussion took place regarding West Park and M Sharon informed the Committee that he did not feel this would generate a significant saving.</p>	
032.3.6	<p>J Hemans asked if Model Hospital would generate any savings. M Sharon stated that the Trust has signed up to the Model Hospital but was unsure whether it would generate any significant savings.</p>	
032.3.7	<p>J Hemans asked if Safehands efficiencies could be reflected in the Model Hospital. M Sharon informed the Committee that NHSI were asked if they would contribute towards Deloitte's completing a Safehands review but that they were unable to provide a meaningful financial contribution. A decision was made to negotiate with Teletracking as a more cost effective alternative. K Stringer informed the Committee that Teletracking have delivered a presentation on their findings. The findings now need to be examined in detail with relevant Divisions.</p>	
032.3.8	<p>M Sharon informed the Committee that CIP is behind where we were last year and that the Trust continues to go explore any opportunities to find savings whether large or small.</p> <p>The report was noted.</p>	
032.4	<p><u>Temporary Staffing Expenditure Dashboard</u> The report was noted.</p>	
<p><b>033/2018 Performance</b></p>		
033.1	<p><u>Performance Element of the IQP Report (National &amp; Contractual Standards)</u> G Nuttall provided an update on the report. The report reflects the pressure the organisation experienced in February, to some extent worse than January.</p>	
033.1.1	<p><u>Patient Experience</u> – 56 operations were cancelled during February, compared with 20 for the same period last year. Performance deteriorated and the target was not met. M Martin asked how decisions were made to cancel operations when there was a shortage of beds. G Nuttall stated that this decision is made by a management team with clinical input and the decision is made due to clinical priority. M Martin felt reassured that the decision to cancel operations was being made appropriately.</p>	
033.1.2	<p><u>Waiting Times RTT</u> – RTT Incomplete performance saw further improvement during February, however, the target was not met. Diagnostics saw a slight deterioration during February but remains within standard. G Nuttall informed the Committee that RTT Incomplete would show incremental improvements from now until September.</p>	
033.1.3	<p><u>Urgent Care</u> – Total time spent in Emergency Department (4 hours) performance has improved but the target was not met, 86.27% combined figures against 95% target. G Nuttall provided an update on 2 x 12 hour breaches that took place yesterday.</p>	
033.1.4	<p><u>Ambulance Conveyances</u> – The fine for Ambulances during February was £48,400. This is based on 102 patients between 30-60 minutes @ £200 per patient and 28 patients &gt;60 minutes @ £1,000 per patient. S Rawlings queried why the ambulance statistics in January were high but that the number of conveyances were not. G Nuttall informed the Committee that this was a reflection of the acuity, causing length of stay to increase. There has also been a large increase in the number of Flu A cases than this time last year, which has caused difficulty with discharges.</p>	

033.1.5	<p><u>Cancer</u> – The cancer performance figures are as follows:</p> <p><b>31 Day Sub Surgery</b> - 5 patient breaches in month - all capacity issues.  <b>62 Day Traditional</b> - 39 patient breaches in month.  <b>62 Day Upgrade</b> - 14 patient breaches in month.  <b>Patients over 104 days</b> - 21 patients at 104+ days on the cancer waiting list, all of these patients have had a harm review and no harm has been identified.</p> <p>The Committee noted the report.</p>	
033.1.6	<p><u>Workforce</u> – A Duffell informed the Committee that sickness absence has increased this month and that he has requested a detailed analysis at the next Workforce and Organisational Development (WOD) Committee.</p>	
033.1.7	<p><u>Mandatory Training</u> – M Martin stated that it was pleasing to see that the mandatory generic training was compliant but noted that the mandatory specific training required further work.</p>	
033.2	<p><u>Performance against Contractual Standards (Fines)</u>  M Sharon provided an update on fines and noted that there had been a slight improvement this month but added that the 2 x 12 hour breaches were not included in the report.</p> <p>The Committee noted the report.</p>	
033.3	<p><u>STP Update</u>  M Sharon informed the Committee that a STP Workshop took place this week but that there had been very little progress to report. M Sharon went on to say that STP is now required to produce an Estates Strategy for the Black Country and that this is being overseen by Finance Directors.</p>	
033.4	<p><u>Contracting Round Update</u>  M Sharon outlined the content of the report.</p> <p>S Rawlings asked how much the notice of termination for eye retrieval services would impact on the Trust. M Sharon informed the Committee that he felt the impact would be minimal but that he would check and feedback to the Committee.</p>	<b>MS</b>
<b>034/2018</b>	<p><b><u>Financial Planning</u></b></p>	
034.1	<p><u>Annual Income and Expenditure Plan</u>  H Troalen provided an update.</p> <p>The Trust was asked to submit a draft operating plan on 8th March 2018 with an unambiguous acceptance or rejection of the £16.205m surplus control total. The Trust has a financial plan for 2018/19 that delivers a £2.292m surplus and £13.913m of STF. This plan is dependent on the delivery of £25m of CIP and an additional £9.8m of efficiency to be identified.</p> <p>On that basis the Trust accepted the NHSI control total and the income and expenditure budget for approval aligns with the operating plan.</p> <p>The Committee approved the budget.</p>	

035/2018	<p><b><u>Training &amp; Development</u></b></p> <p>035.1 <u>Budget Manager Training Report</u> Three face to face Budget Manager training sessions have taken place since October 2017. A total of 22 staff have been trained. The overall percentage of budget managers trained across the Trust is 84%, this is an improvement of 6 since October.</p> <p>The Committee noted the report.</p>	
036/2018	<p><b><u>Yearly F&amp;P Committee Objectives</u></b></p> <p>036.1 <u>Coding/Data Capture Report</u> J Cotterell provided an overview of the improvement plan to the Committee.</p> <p><u>Reduction of Episodes within Patient Spells</u> – K Stringer asked if there would be a definite diagnosis for medical patients from the first episode once the new policy comes into effect. J Cotterell stated that the majority would but that there is a cohort of patients that do not have a definite diagnosis.</p> <p>G Nuttall informed the Committee that there have been lessons learnt in terms of a need for regular refresher training. S Rawlings asked if the training was mandatory. J Cotterell stated that it was not mandatory but that she was looking to embed the data quality element of the training within the current PAS training. J Cotterell informed the committee that 75% of staff within required areas had now received the training and that an additional 25% would receive training next week, with a view to benchmarking from 1<sup>st</sup> April onwards. J Cotterell drew attention to the graph on page 2 of the report which clearly evidences that the Trust displays minimal use of signs and symptom codes, which demonstrates good practice in comparison to neighbouring Trusts.</p> <p><u>Improving Clinical Documentation and Coding Accuracy</u> – J Cotterell informed the Committee that there is a comprehensive comorbidity checklist which explains the rationale for collection of this particular clinical data. Unfortunately the document is not consistently completed. The failure to record all relevant comorbidities has a direct impact on HRG's and consistent use of this form would ensure that all long term conditions are recorded. A new admission clerking booklet will be implemented within Acute Medical Unit (AMU) to incorporate the comorbidity pro-forma to further improve the capture and subsequent coding of existing patient medical conditions.</p> <p><u>Data Capture</u> – M Sharon asked if J Cotterell was reasonably confident the Trust would be able to code AEC Frailty activity accurately and within a reasonable timeframe. J Cotterell stated that this information would not be easily available at this time but that the department continually liaise with consultants in an aim to ensure relevant information is provided.</p> <p>M Martin thanked J Cotterell for the encouraging report.</p>	
037/2018	<p><b><u>Reports to Note for Period 11</u></b></p> <p>037.1 <u>Financial Monitoring NHSi Return</u> The return was noted.</p> <p>037.2 <u>Financial Monitoring NHSi Return Commentary Template</u> The commentary template was noted.</p>	

037.3	<p><u>Annual Work Plan</u> The work plan was noted.</p>	
037.4	<p><u>Finance Minutes</u> The minutes were noted.</p>	
037.5	<p><u>Capital Programme Update</u> The report was noted.</p>	
037.6	<p><u>5 Year Back Log Maintenance Programme</u> W Nabih provided an overview of the report stating that the initial findings of the survey identifies a total backlog for the trust of £30.5m and that high and significant risk backlog in the survey amounts to £9m. W Nabih went on to say that this is approximately double the amount currently identified in the ERIC returns. However, it is expected that these figures could be reduced after space and asset categorisation is completed.</p> <p>M Martin asked who would complete the next part of the work. W Nabih stated that the Estates department would work with the same firm who completed the survey and that a final report would be available in June. M Martin asked for a copy of the report to be submitted to Finance &amp; Performance Committee in July. C Richards updated the work plan to log the requirement. <b>Action completed.</b></p>	
038/2018	<p><u>Any Other Business</u> There was no further business to discuss.</p> <p>The meeting ended at 11.00am.</p>	
039/2018	<p><u>Date and Time of Next Meeting</u> The next Finance &amp; Performance meeting will take place on Wednesday 25<sup>th</sup> April 2018 at 8:30am, Conference Room, Hollybush House. Reports will be required by 12 midday on Friday 20<sup>th</sup> April 2018.</p>	