

Minutes of the Finance and Performance Committee 24 April 2018

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Agenda Item No: 12.6

Minutes of the Finance and Performance Committee

Date Wednesday 24th April 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)
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

In Attendance:

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

040/2018	<u>Apologies for Absence</u> Apologies were received from Jeremy Vanes and Sue Rawlings.	
041/2018	<u>Minutes of Meeting Held on 21st March 2018</u> The minutes were agreed to be a true record.	
042/2018	<u>Action Points From Previous Meeting</u>	
042.01	<u>BAF SR4, 10 and 11</u> – K Stringer to re-assess and merge the risks from May onwards. To be updated in May.	KS
042.02	<u>NIHR CRN: West Midlands Report</u> – K Stringer had previously suggested that P Boyle liaise with Information Governance and the GDPR Group at the Trust. Update: C Richards emailed P Boyle on 25 th April requesting an update.	PB
042.03	<u>Financial Recovery Board (FRB) Report</u> – M Sharon reported that the Trust had analysed the recurring value of vacancies, an element of which had previously been taken as non-recurrent CIP. As a result it had been agreed to introduce a vacancy factor of £11.15m, for 2018/19 of which, £9.8m will be aligned to the Trust budget shortfall and £1.35m will be presented as a recurrent CIP. The budgetary level at which this vacancy factor is to be held is still being discussed. Action closed.	
042.04	<u>Contracting Round Update</u> – S Rawlings had previously queried how much the notice of termination for eye retrieval services would impact on the Trust. M Sharon reported that this service was terminated due to lack of volume of retrievals at RWT. In the last year 14 organs were retrieved. The Directorate perceive no adverse impact and there is no financial impact to the Trust. Action closed.	

043/2018	<p><u>Declaration of Interest</u> None declared.</p>																			
<p>044/2018</p> <p>44.01</p> <p>44.01.01</p> <p>44.01.02</p>	<p><u>Governance</u></p> <p><u>BAF Update</u> – A discussion took place regarding the BAF report. Highlights are as follows:</p> <p><u>BAF SR4, 10 and 11</u> – K Stringer will re-assess and merge the risks from May onwards. See item 042.01.</p> <p><u>BAF SR6B</u> – M Martin noted that the risk score had reduced from amber 9 to yellow 6 and requested an update.</p> <p>M Sharon informed the Committee that the Black Country STP were still regrouping and that Helen Hibbs, Accountable Officer, Wolverhampton CCG, had been identified as the new Accountable Officer Lead for Black Country STP. National advertisements are in place for an independent Chair and Programme Director. The Department of Health have engaged PriceWaterhouseCoopers and Optum to carry out some organisational development work with STPs to help progression towards Integrated Care Systems. M Sharon stated that all of the changes indicate that there are fewer immediate risks to RWT, arising from the Black Country STP, in the immediate future, which has resulted in a lower risk score. Staffordshire STP remains the same and there are no new updates.</p> <p>M Martin asked if this risk would need to include the MSFT funding. K Stringer stated that this would become part of the underlying financial position of the Trust.</p>																			
<p>045/2018</p> <p>045.1</p> <p>045.1.1</p> <p>045.1.2</p>	<p><u>Financial Performance for Period 12</u></p> <p><u>Trust Financial Report</u> K Stringer provided an overview of the Finance Report.</p> <p>Income and Expenditure (I&E) position as at month 12 (against the internal and NHSI plan) was as follows:</p> <table border="1" data-bbox="263 1305 1342 1406"> <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 12</td> <td>11,641</td> <td>4,353</td> <td>7,288</td> <td>1,321</td> <td>(5,967)</td> </tr> <tr> <td>I&E Target Performance Month 12</td> <td>11,640</td> <td>4,353</td> <td>7,287</td> <td>1,321</td> <td>£5,966)</td> </tr> </tbody> </table> <p>K Stringer stated that the outturn position at the financial year, when writing the report, identified a surplus of £1.3m. However, since writing the report the Trust has received additional STF funding totalling £3m that is cash backed, which has been produced from a pot of nationally unearned STF funds. All Trusts who signed up to the 2017/18 control total have received a percentage of the funding. The outturn position for the Trust is now £4.327m surplus. The final outturn position is subject to audit.</p> <p>On the last report to the Board it was reported that Trust was still carrying a number of financial risks. The final position on the risks is as follows:-</p> <ul style="list-style-type: none"> The MSFT transitional income (£6m) has been agreed by the DHSC at the lower value of £5.8m. The invoice has been paid but the Trust will continue to pursue the reason for the shortfall and hopefully secure the outstanding £0.2m. The 16/17 year end invoice remains in dispute with host commissioner (£4.8m) awaiting arbitration. M Martin expressed concerns that the length of time the Trust and Wolverhampton CCG had been waiting to resolve this dispute via arbitration. K Stringer reported that Wolverhampton CCG had reported an £11m surplus, but that this surplus was being centrally held to offset overspends in other CCGs. K Stringer felt that it was important to have a final clarification meeting with Wolverhampton CCG following the 		Target (£'000)	Unachieved STF	Restated Target	Performance	Variance (£000)	Performance Against NHSI Month 12	11,641	4,353	7,288	1,321	(5,967)	I&E Target Performance Month 12	11,640	4,353	7,287	1,321	£5,966)	
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045.1.3	<p>2017/18 negotiations.</p> <ul style="list-style-type: none"> At month 11 there was a forecast £6.5m shortfall against the CIP plan. In the final month underspends of £4.5m were taken against this shortfall. This has not improved the outturn position as the underspends were already in the forecast. Agreement with the host commissioner for the re-investment of MRET/readmissions/fines and stranded costs has been reached and the stranded costs of £1.1m have been funded, along with a further £0.9m reinvestment of fines and readmissions. <p>M Martin asked if there were any further risks to the year-end figure. H Troalen stated that the final position was subject to audit but that she felt there was nothing of concern and that the Trust should hit all of the statutory targets.</p> <p>M Martin asked if the Trust would need to re-value the estate in terms of depreciation. K Stringer stated that this would not be required and that the value of the estate had increased by 9% using national indexing figures. M Martin asked how often the Trust re-valued the estate. H Troalen informed the Committee that it is reviewed yearly and that the 9% increase had been challenged but that it had been calculated using a modern equivalent asset value and is correct. The increase to the estate will have an impact on 2018/19 budgeting.</p> <p>CIP: In month 12 there has been an over recovery of £2.8m against the in-month CIP plan but the final position for CIP achievement is £24.9m CIP delivered against a £26.9m plan. Of the CIP delivered, there is a £7.8m recurrent full year effect. 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. K Stringer informed the meeting that the Trust delivered £300k less than the agency cap and that this had had a positive impact on non-recurring CIP.</p> <p>M Martin asked K Stringer and H Troalen to prepare a schedule, removing one off savings, for further discussion at next month's meeting.</p> <p>K Stringer agreed to produce an addendum to the Financial Report for use at the Trust Board Meeting to brief the Board on the updated position. [Post meeting note: The Trust Board Finance Report was updated and re-submitted. Action closed]</p> <p>The report was noted.</p>	KS/HT
045.2	<p><u>Supplementary Finance Report</u> The supplementary report was read in conjunction with the Finance Report.</p>	
045.2.1	<p><u>Income by Division and Trust Wide (Page 4)</u> – M Martin drew attention to the Divisional figures and stated that they were very close to achieving plan.</p>	
045.2.2	<p>Discussion took place regarding the adverse variance of £433k for CQUIN. H Troalen stated that CQUIN was discussed monthly at the Contracting & Commissioning Meeting and would now also be discussed at the monthly Ops/Finance Meeting as the Trust felt that performance may reduce next financial year. M Martin expressed concerns regarding this and stated that if the forecast was less than 90% achievement it should be added to the Trust Risk Register. M Sharon to discuss this at the next Contracting & Commissioning Meeting.</p>	MS
045.2.3	<p>A discussion also took place regarding the Maternity Pathway and Non Contract Activity adverse variance of £514k year to date. H Troalen stated that she would look into this figure and report back on her findings.</p>	HT
045.2.4	<p>M Martin asked if the 2018/19 contract could be flexible to take into account activity discrepancies from 2017/18. H Troalen confirmed that it was a 2 year contract and that the</p>	

<p>045.2.5</p> <p>045.2.6</p> <p>045.2.7</p>	<p>initial activity plan had taken financials of the second year and activity when building on forecast outturn for 2017/18 and that this may be in different places but would be an equal or similar value. Further discussion took place on whether the activity was available for the Trust to deliver. M Martin asked H Troalen to bring a separate Activity Report to the Finance & Performance Meeting in July to examine this financial numbers and activity further.</p> <p><u>Control Total</u> – K Stringer informed the Committee that the Trust had received a letter from NHSI stating that the control total has been reduced for 2018/19 by c£5m, setting the Trust a surplus of £11.2m and an underlying deficit of £0.2m against plan when deducing the PSF.</p> <p><u>Primary Care Dashboard</u> – M Martin drew attention to the Primary Care deficit of on page 8 of the report and asked what the contribution would be towards Division 3 this financial year. K Stringer confirmed that the Division had been asked to provide a break even position. M Martin asked when the investment in primary care would result in an overall contribution to the organisation. K Stringer and G Nuttall confirmed that discussions were taking place at Director level and that there should be a clearer picture following quarter 1 of the financial year.</p> <p><u>Estates and Facilities</u> – M Martin drew attention to page 9 of the report and asked how much of the deficit in the budget was due to the cost of the incinerator. K Stringer confirmed that the cost was approximately £40k per month. G Nuttall informed the Committee that a business case had been submitted for an incinerator but that there had been a follow up action to explore whether it would be cost effective to build a larger incinerator that may generate further income. A decision has now been made to fund a medium sized build that had some additional capacity. K Stringer informed the Committee that the incinerator should be on site by the end of December 2018.</p> <p>The report was noted.</p>	<p>HT</p>
<p>045.3</p> <p>045.3.1</p> <p>045.3.2</p> <p>045.3.3</p> <p>045.3.4</p>	<p><u>Financial Recovery Board (FRB) Report</u> M Sharon presented the above report and informed the Committee that there had been a lot of positive work throughout 2017/18. M Sharon stated that the Vacancy factor would have a positive impact on CIP savings and that this had been incorporated into the 2018/19 plan.</p> <p><u>2017/18</u> – The Trust has delivered £24.858m of its £26.900m Cost Improvement Plan (CIP) in 2017/18. This equates to 92.4% of the overall target. Of the £24.858m, the Trust delivered £6.150m recurrently and £18.709m non-recurrently.</p> <p><u>2018/19</u> – The Trust has agreed the 2018/19 CIP Target which ranges from £20m-£25m.</p> <ul style="list-style-type: none"> • Recurrent target - £10m • Non-Recurrent target - £10m • Budgeted reductions in Bank, Agency and WLI - £5m included as additional stretch. <p>The Trust has identified £7.294m to date (increase of £2.471m since 28th March 2018) and all of the schemes identified with values are recurrent.</p> <p><u>FRB</u> – The FRB has approved 6 PIDs with a combined value of £1.487m.</p> <ul style="list-style-type: none"> • Finances have been agreed for 7 schemes and these are being developed into future PIDs – combined value is £3.832m. • Four PIDs were submitted to FRB for approval on 18th April from Division One, Value for Money and Workforce Programmes with a combined value of £1.975m. FRB approved three PIDs but rejected the ICT Efficiency PID and asked for it to be re-submitted for May FRB. <p><u>Deputy Director Service Re-Design (DDSR) Interviews</u> – M Sharon informed the Committee that interviews took place on 17th April and that a successful candidate had been appointed and</p>	

	<p>was awaiting checks. M Sharon confirmed that the two Deloittes contracts, for DDSR cover and assistance with the Outpatients Project, would end October 2018.</p> <p>The report was noted.</p>	
045.4	<p><u>Temporary Staffing Expenditure Dashboard</u></p> <p>A Duffell outlined the highlights of the report and stated that spend had reduced significantly but felt that there was a need to ensure that the spend is not moving from temporary staff to bank and increasing the pay bill. Discussions are taking place regarding additional complications next financial year as new staff may generate additional income and activity.</p> <p>J Hemans asked for an update regarding the reasons for the high agency usage in vertical integration. A Duffell stated that the high agency usage was due to a particular practice and that this would improve in the near future.</p>	
046/2018	<p><u>Performance</u></p>	
046.1	<p><u>Performance Element of the IQP Report (National & Contractual Standards)</u></p> <p>G Nuttall provided an update on the report, stating that performance during the last quarter had been extremely difficult. G Nuttall highlighted that despite the performance difficulties the Trust is in the top 50 nationally. M Martin asked if the extreme weather conditions had impacted on performance. G Nuttall confirmed that this was a contributing factor.</p> <p>M Martin also asked for an update on staff flu vaccinations across the Trust. A Duffell confirmed that 60% of staff had received vaccinations and that despite increased efforts the number of staff vaccinated had reduced compared to the previous year.</p>	
046.1.1	<p><u>Patient Experience</u> – The cancelled operations as a percentage of elective admissions target had improved slightly on last month but was not achieved. A total of 51 operations were cancelled during March, compared with 29 for the same period last year. G Nuttall informed the Committee that 10 of the cancellations for Orthopaedics were due to an issue with theatre roof files and that repairs have since taken place.</p>	
046.1.2	<p><u>Urgent Care</u> – The total time spent in the Emergency Department (4 hours) target was not achieved. G Nuttall stated that following some third party analysis the Trust volume of attendances was found to be 15th nationally.</p>	
046.1.3	<p><u>Cancer Waiting Times</u> – A discussion took place regarding the significant increase in breast referrals, a 30% increase since November 2017. G Nuttall informed the Committee that the team were working on a business case to identify resources required to meet demand and were hoping to be back within standard May 2018.</p> <p>Further discussions took place regarding the 62 day wait target. G Nuttall informed the Committee that the Trust was under a lot of pressure to meet this standard. A meeting will be taking place with NHSI and NHSE to discuss action taken. Various performance measures are taking place including telephone calls, returns, meetings and external auditors. G Nuttall informed the Committee that she had also invited an Intensive Support Team to provide some assistance, with a view to commencing in May. The Trust is forecasting 80% compliance by September.</p>	
046.1.4	<p>G Nuttall informed the Committee that NHSI are requesting further information regarding expecting outcomes and impact. G Nuttall and S Evans are currently developing a range system to assist with this.</p>	

046.1.5	G Nuttall stated that the Stroke transfer commenced in April and is going well at present.	
046.1.6	<p>Work has begun to improve the overall Outpatient data within the Trust in order to make data analysis automated, accurate and instant. It is hoped that this will remove the significant amount of rework carried out by various departments within the Trust in order to maintain current levels of data accuracy.</p> <p>The Committee noted the report.</p>	
046.2	<p><u>Performance against Contractual Standards (Fines)</u> S Evans provided an update on fines, including figures that had been submitted after the production of the report:</p> <ul style="list-style-type: none"> • ERS received a fine of £5k in March. • Serious incident reporting within 60 days was £3,500 in February. <p>The Committee noted the report.</p>	
046.3	<p><u>STP Update</u> The update was discussed at 44.01.02.</p> <p>K Stringer informed the Committee that the Trust may have to add an addendum to the Pathology Business Case, as the requirement to access capital is dependent on the existence of a STP Estates Strategy. Black Country STP are currently working on an interim Strategy with a view to providing a more comprehensive version next year.</p>	
046.4	<p><u>Contracting Round Update</u> M Sharon outlined the content of the report and stated that he would check the grand total figure of £455m and report back on his findings.</p>	MS
046.4.1	<p><u>2017/19 Contracts Refresh Year 2 2018/19</u> – All Statutory contracts have been agreed. Contract management is on-going with no significant issues to report. RWT will pursue risk/gain share agreements with commissioners and will seek to ensure a single agreement covering all commissioners.</p>	
046.4.2	<p><u>Update on 2017/18 Year</u> – During the 2017/18 financial year, RWT received the following formal Contract Notifications from Statutory Commissioners based upon the contracts, as follows:</p> <ul style="list-style-type: none"> • Default Notice (now closed) – City of Wolverhampton Council re Sexual Health Services – provision of a central location. • Performance Notice (open) – NHS England (West Midlands) re Oral Surgery RTT Performance <p>RWT are in the process of final Q4 submissions for CQUIN and await final confirmation on the CQUIN payments earned for the 2017/18 year. Current forecast results in achievement of 82% of all CQUIN income over the year. This will be reported following notification from all Commissioners.</p>	
046.4.13	<p><u>Service Level Agreements (SLAs)</u> – M Sharon informed the Committee that the Contracting Team currently maintain the Trust Contract Register and provide support for 225 Provider to Provider SLAs for clinical services. All existing multi-year contracts are being reviewed to include the implications of GDPR rules and costs are being amended to reflect national pay deals. All single year/new contracts will be re-negotiated over the coming months.</p>	

046.5	<u>Tender Update</u>	
046.5.1	<u>Outcome of Tender Submissions</u> – The Trust were successful in the bid for the 2 year contract for Community Cytology Outreach Service. The service commencement date is 1st April 2018. Value: £125,000 per year.	
046.5.2	<p><u>Current Tenders</u> – Discussions took place regarding current tenders:</p> <p>Occupational Health Services University of Wolverhampton – The Trust submitted a tender for Lots 1 and 3. Value: approximately £200,000-£300,000 per year.</p> <ul style="list-style-type: none"> • Lot 1: Occupational Health Services (Staff) – this is a 3 year contract commencing on 1st August 2018 with the option of extending for an additional 24 months. Further clarification presentations are due to take place on 30th April. • Lot 3: Occupational Health Services (Students) – this is a 3 year contract commencing on 1st August 2018 with the option of extending for an additional 24 months. Unfortunately the bid was unsuccessful on this occasion. RWT’s bid scored 89% and the winning bid scored 93%. <p>APMS Services for GP Practices in Walsall – The Trust has submitted bids for all 4 Lots. Value: £18,000,000 over 5 years for all 4 Lots.</p>	
046.6	<u>Cancer Action Plan</u> G Nuttall outlined the contents of the Cancer Action Plan, see item 046/2018 for further information.	
047/2018	<u>Financial Planning</u>	
047.1	<u>Procurement Strategy</u> The report was noted and the Committee thanked the Procurement team for their hard work throughout the year.	
048/2018	<u>Yearly F&P Committee Objectives</u>	
048.1	<u>Cash Flow</u> – A discussion took place regarding cash flow and the Committee agreed that supporting improvement in cash flow management would be added as a Committee objective this financial year. H Troalen to arrange a presentation to the Committee in the July Meeting.	HT
048.2	<u>Cancer Recovery Summary Sheet</u> – A discussion took place regarding the new Cancer Recovery Summary sheet and it was felt that this should be added as a monthly Committee objective for this financial year.	
049/2018	<u>Reports to Note for Period 12</u>	
049.1	<u>Financial Monitoring NHSi Return</u> The return was noted.	
049.2	<u>Annual Work Plan</u> The work plan was noted. Update: C Richards has amended the report to reflect the new yearly objectives.	
049.3	<u>Capital Programme Update</u> The report was noted.	

<p>050/2018</p> <p>050.01</p>	<p><u>Any Other Business</u></p> <p><u>Radiotherapy Modernisation Fund</u> – K Stringer informed the Committee that the Trust has received an award from NHSE of £1,698,791 to replace a linear accelerator this financial year.</p> <p>The meeting ended at 10.54.</p>	
<p>051/2018</p>	<p><u>Date and Time of Next Meeting</u></p> <p>The next Finance & Performance meeting will take place on Wednesday 23rd May 2018 at 8:30am, Conference Room, Hollybush House. Reports will be required by 12 midday on Friday 18th May 2018.</p>	