

Chairman of the Finance and Performance Committee Summary Report of meeting on 23 May 2018

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Agenda Item No: 12.3

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

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| PREPARED BY | Chairman of the Finance and Performance Committee | |
| DATE PREPARED | 23 rd May 2018 | |
| 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 (For Use of Resources) | X |
| | 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/In dicator | Specific Item/issue Reviewed | Summary of Assurance (internal or External) | | Outcome and any on-going risk |
|----------------------------|--|---|---|---|
| | | Positive | Negative | |
| Board Assurance Framework | <p>Cost Improvement Programme (CIP) achievement.</p> <p>In support of SR9 on the BAF (that there is a failure to deliver the recurrent CIP).</p> | <p>The Trust has identified an element of vacancies that can be identified as recurrent CIP</p> <p>Continuing work to develop PID pipeline</p> <p>The Clinical Excellence programme is well supported</p> | <p>In month one the Trust has achieved £0.36m of CIP which is an under recovery of £0.48m against the in-month CIP plan of £0.85m. Of the CIP delivered, there is a £0.22m recurrent full year effect.</p> <p>Given the gap in recurrent CIP delivered compared to target the committee maintained the risk as red.</p> | Initial risk is rated red and remains red. |
| Board Assurance Framework | <p>Mid Staffordshire FT transaction.</p> <p>In support of SR4 on the BAF (that there is an adverse impact on the Trust due to the £6m deficit support not being paid).</p> | <p>The Trust has received payment for 2017/18</p> | <p>The risk has been mitigated with the payment to the Trust in 2017/18.</p> <p>This will be re-assessed for 2018/19.</p> | Initial in year score red - revised to Amber M11 – Green M12. |

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|---------------------------|--|--|--|---|
| Board Assurance Framework | Loss of Emergency Admissions Income. In support of SR9 on the BAF | The Trust has agreed a risk/gain share agreement with Staffordshire CCGs including MRET and is in discussions with Wolverhampton CCG but rolling this agreement out further | The Trust lost a significant amount of income through its revised pathways of care that appropriately ensured the Trust did not admit some patients. The estimated loss of this revised pathway was £4.8M in 2016/17. The Trust has now submitted a case for the Frailty/ambulatory care unit to be funded. | Initial risk is rated amber and remains amber. |
| Board Assurance Framework | Sustainability and Transformation (STF) Payment. In support of SR9 on the BAF | The Trust met its financial plan and ED trajectories in month 1 | The financial position for the year remains extremely challenging | Initial risk is rated high red and is now low red. |
| Board Assurance Framework | Capital Programme. In support of SR9 on the BAF | The Trust has now received confirmation that Stroke and Pathology are funded in the next wave of STP capital but the Trust has a process to comply with, to access the funds. | The Trust has constrained capital available due to the reduced depreciation resulting from the Alternative Site Valuation methodology on valuing its assets. Further pressure would be placed on the capital programme if the central Wolverhampton space bid is accepted | Initial risk is rated high amber and altered to medium amber. |
| Risk Register | Material outstanding Invoice with Wolverhampton CCG for £4.8m | The Trust maintains its position that it is providing the right care for patients but losing material monies as a result and expects the fixed cost/transitional costs should be recognised. The Trust is chasing a date for the resolution of the arbitration case | This was raised again with NHS Improvement on 24 th October 2017/ 14 November/15 December 2017/8 th March 2018. The Trust has kept the debtor in the 2017/18 accounts. The Regional Director of Finance (NHSI) confirmed again in March 2018 that the case would be heard as a formal arbitration case after the accounts process. | Initial risk is rated amber and remains amber. |

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

See updated progress report

Additional Items:

| Specific item/Issue | Lead | Due Date | Status * |
|--|--------------|-----------|----------|
| The Committee will examine in more detail: | | | |
| - 5 year backlog programme based on new External Consultant Review | CFO/HoED | July 2018 | |
| - Detailed activity/income/capacity plan for 2018/19 | CFO/COO | July 2018 | |
| - Review of Primary Care Directorate | CFO/COO/DCOO | July 2018 | |

Status *

| | | | |
|--------------------------|--|----------------------------------|------------------|
| Action not yet initiated | Action In Progress but not on target or target has expired | Action in progress and on target | Action Completed |
|--------------------------|--|----------------------------------|------------------|

2. Summary, conclusion and recommendations from meeting held on 23rd May 2018:

a) The Committee **discussed the BAF:**

- Executive Directors provided assurance that the BAF document was live and being used to drive actions
- SR4, 10 and 11 have now been merged into SR9, providing one underlying deficit strategic risk for the Trust.
- The Committee received an update and discussed the ambulatory care and frailty business case and the CIP profiling

b) The Committee scrutinised the **Finance Report and Supplementary Finance Report for Month 1 and highlighted the following issues:**

- The Trust is ahead of the financial plan at month one by £1.2m.
- Income has a positive variance to plan of £1.7m due to a strong income performance for April which is traditionally affected by the holiday period. Expenditure is adverse to plan by £0.5m which is predominately due to pay expenditure exceeding the budget.
- At the 30th April 2018 the Trust had a cash balance of £12.3m which is £0.2m below the plan.

c) The Committee received **the Financial Recovery Board** report and noted:

- The 2018/19 CIP Target is £25.000m. This is broken down into a £15m recurrent CIP Target and £10m non-recurrent CIP Target. At month 1, the Trust is forecasting to deliver £3.338m which is a shortfall of £21.662m against the CIP Target. The Trust's recurrent YTD delivery is £0.016m with forecast outturn of £1.580m and the Trust's non-recurrent YTD delivery is £0.345m with forecast outturn of £1.758m.
- The vacancy factor for month one of £1.3m has also under recovered and only £0.8m was realised.
- The Clinical Excellence Programme has examined further specialities against GIRFT data, however, savings identified were minimal at present.
- The Committee noted that RWT has been identified as one of 51 Trusts that may have an opportunity to generate income of £460k from billing overseas patients. K Stringer stated that he would look into this further.

d) The Committee received **the Temporary Staffing Expenditure Dashboard** report and noted:

- that bank and agency use had increased slightly and that he had asked HR to complete a deep dive into the reasons for the increase, which will be discussed at the next Financial Recovery Board Meeting.
- Alan Duffell noted that the Committee discussed particular areas of recruitment difficulty and the risks of rising agency costs if services are transferred to RWT such as pathology. The HR Director agreed to look further at best practice in retention of remote workers

e) The Committee received **the Risk Share Arrangement with CCGs** report.

- The nature of the agreement and the key risks and benefits were outlined and discussed in detail and the Committee asked for a report on the operation of the agreement at the end of the first quarter.

- The Committee concluded that the Trust Board should be recommended to accept the agreement and supported the extension of the agreement to Wolverhampton if possible.
 - Finance & Performance Committee agreed to review the outcome of the new contracting arrangements after six months.
- f) The Committee received an update on the **Performance Element of the IQP Report (National & Contractual Standards)** with the following issues:
- Cancelled operations A&E performance and RTT performance had all improved.
 - Vertical integration performance was included and discussed.
 - Cancer – the Committee received a detailed update on cancer performance and recovery plan and received a demonstration of the new cancer performance dashboard. This allows interrogation of individual elements of the pathway by specialty. The Committee noted that treatment delays were more significant in some specialties and discussed the reasons for this. The impact of awareness campaigns was also discussed and the Committee were reassured to know that the Trust is aware of national campaigns and plans for these campaigns. The Trust has identified that 105 patients per month need to be treated to achieve trajectories assuming that referral rates remain static.
 - G Nuttall reported that the Trust Board report has been adapted to include the average waiting terms in terms of tumour site
 - The Committee thanked the team for the work that has been put into the recovery plan and performance reporting.

- g) The Committee noted the **Performance on Fines** report.

The Committee received an STP update from Mike Sharon stating that the Trust had been asked to submit capital bids for the next round of STP. The financial proformas will be required by mid-June. The Trust will submit bids for the following:

- £5m to relocate services at West Park.
- £5m to re-develop old Emergency Department to create a centralised, more efficient outpatients area.
- £35m to create a Black Country Cancer Centre as we take on more Oncology work from Sandwell and elsewhere.
- £12m to create 2 health and care hubs in Wolverhampton.

- h) The Committee **noted the following reports:**

- Financial monitoring return and Commentary for Month 1.
- Annual Work Plan

Chairman of Finance and Performance Committee
23rd May 2018