

Minutes of the Finance and Performance Committee

Date Wednesday 23rd May 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 Attendance)
Junior Hemans	Non-Executive Director
Sue Rawlings	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 Attendance)

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)

052/2018	<u>Apologies for Absence</u> No apologies were received.	
053/2018	<u>Minutes of Meeting Held on 24th April 2018</u> The minutes were agreed to be a true record.	
054/2018	<u>Action Points From Previous Meeting</u>	
054.01	<u>BAF SR4, 10 and 11</u> – K Stringer confirmed that he had merged SR4, 10 and 11 into one. To be discussed further at point 56.01 BAF. Action closed.	
054.02	<u>NIHR CRN: West Midlands Report</u> – P Boyle provided an update stating that the NIHR Governance lead is meeting with the GDPR lead at the Trust to discuss any potential compliance issues and develop an action plan. Action closed.	
054.03	<u>Finance Report</u> – H Troalen to prepare a schedule, removing one off savings to be presented at the Finance & Performance Committee Meeting in June.	HT
054.04	<u>CQUIN</u> – M Sharon stated that he had received a more detailed breakdown for CQUIN but that the targets are yet to be agreed, which meant that it was difficult to determine what the degree of risk would be to the Trust. M Sharon to review this once the targets have been agreed.	MS
054.05	<u>Supplementary Finance Report (Non Contract Activity)</u> – H Troalen had previously agreed to check the Non-Contract Activity adverse variance. H Troalen informed the Committee that she would circulate an update to this action following today's meeting.	HT

054.06	<u>Activity Report</u> – H Troalen was asked to bring a separate Activity Report to the Finance & Performance Meeting in July to examine the financial numbers and activity further. To be presented in July.	HT
054.07	<u>Contracting Round Update</u> – M Sharon informed the Committee that he had checked the figures from the Contracting Report against the month 12 income report by Directorate and stated that the figures were correct as they were reporting on different time periods. Action closed.	
054.08	<u>Cash Flow</u> – H Troalen to arrange a presentation to the Committee in the July Meeting. To be presented in July.	HT
055/2018	<u>Declaration of Interest</u> None declared.	
056/2018	<u>Governance</u>	
56.01	<u>BAF Update</u> – A discussion took place regarding the BAF report. M Martin asked Executive Directors to provide some assurance that the BAF document was live and being used to drive actions. A discussion took place and the Executive Directors confirmed that this was the case and that day to day actions were linked to strategic risks of BAF. Further highlights are as follows:	
56.01.01	<u>BAF SR1</u> – A Duffell stated that he would review his comments to start afresh for the new financial year.	
56.01.02	<u>BAF SR8</u> – S Rawlings expressed concerns regarding the lack of CIP savings realised during month 1 and stated that as this occurred each year, profiling should be adjusted to reflect this. M Sharon stated that profiling has been adjusted to reflect a smaller saving in month 1 but that the Trust was in a more difficult position at the start of this financial year in comparison to last financial year. The high total of CIP savings in 2017/18 was a great achievement. However, a number of recurring vacancies that have previously shown as non-recurrent CIP toward the end of the financial year were now part of a Trust wide vacancy control factor. The savings identified total £11.2m, with a further £3.2m of historic vacancy factor which existed in budgets. This amount has been set as a savings target in budgets to offset budgetary pressures of £9m and £2m of the amount has been identified as CIP. Further discussion took place regarding national growth percentages which resulted in providers being asked to provide a higher level of activity. G Nuttall stated that discussions are taking place with Directorates regarding this and there would also be a need to factor in winter planning. G Nuttall informed the Committee that she would be in a position to provide further information at next month's Finance & Performance Committee Meeting.	GN
56.01.03	<u>BAF SR9</u> – K Stringer confirmed that SR4, 10 and 9 have now been merged into SR9, providing one underlying deficit strategic risk for the Trust.	

<p>057/2018</p> <p>057.1</p> <p>057.1.1</p> <p>057.1.2</p> <p>057.1.3</p> <p>057.1.4</p>	<p>Financial Performance for Period 1</p> <p><u>Trust Financial Report</u> K Stringer provided an overview of the Finance Report.</p> <p>Financial Plan: The reported year to date Income and Expenditure (I&E) position is as follows:</p> <table border="1" data-bbox="263 398 1305 533"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Year to Date</th> </tr> <tr> <th>Plan £'000</th> <th>Actual £'000</th> <th>Variance £'000</th> </tr> </thead> <tbody> <tr> <td>Surplus/(Deficit)</td> <td>(4,740)</td> <td>(3,570)</td> <td>1,170</td> </tr> <tr> <td>Achieved PSF</td> <td>571</td> <td>571</td> <td>0</td> </tr> <tr> <td>Control Total Surplus/(Deficit)</td> <td>(4,169)</td> <td>(2,999)</td> <td>1,170</td> </tr> </tbody> </table> <p>The Trust is ahead of the financial plan at month one by £1.2m.</p> <p>Income has a positive variance to plan of £1.7m due to a relatively good income performance for April which has been affected by the holiday period. Expenditure is adverse to plan by £0.5m which is predominately due to pay expenditure exceeding the budget.</p> <p>Financial Risks: This financial year is expected to be one of the most challenging years that the Trust has experienced. The key risks, which the Trust will consider further and report against more fully next month, are:</p> <ol style="list-style-type: none"> 1) A high activity and income plan, of which, most can be delivered within the existing cost base and some will need investment in capacity. 2) A low contingency compared to previous years. 3) A £25m CIP target and a £9.8m vacancy factor, both of which have only been partially delivered in month one. <p>CIP & Vacancy Factor: 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. The non-delivery of recurrent and cash releasing CIP continues to be an issue. The vacancy factor for month one of £1.3m has also under recovered and only £0.8m was realised.</p> <p>Cash: At the 30th March 2018 the Trust had a cash balance of £12.3m which is £0.2m below the plan.</p> <p>The report was noted.</p>		Year to Date			Plan £'000	Actual £'000	Variance £'000	Surplus/(Deficit)	(4,740)	(3,570)	1,170	Achieved PSF	571	571	0	Control Total Surplus/(Deficit)	(4,169)	(2,999)	1,170	
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<p>057.2</p>	<p><u>Supplementary Finance Report</u> The supplementary report was read in conjunction with the Finance Report.</p> <p>The report was noted.</p>																				
<p>057.3</p>	<p><u>Financial Recovery Board (FRB) Report</u> M Sharon presented the above report and reiterated that the opportunities for CIP as a result of not filling vacant posts and generating additional income are much more limited this financial year.</p> <p>M Sharon stated that the Clinical Excellence Programme had examined further specialities against GIRFT data and informed the Committee that any savings identified were minimal at present. However, the Trust is able to evidence where we have investigated proposed savings. Work continues to progress to identify savings where possible.</p> <p>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</p>																				

	<p>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.</p> <p>As of month 1, the Trust has delivered £0.361m YTD against a YTD plan of FRB approved schemes that total £0.372m.</p> <p>FRB has previously approved 9 PIDs with a value of £3.124m. At the Financial Recovery Board (FRB) Meeting on Wednesday 16th May 2018, FRB approved a further 8 PIDs from the Division Three, Value for Money and Workforce Programmes which have a combined value £0.512m. Therefore to date FRB has approved a total number of 17 PIDs which have a combined value of £3.636m.</p> <p>K Stringer stated that RWT has been identified as one of 51 Trusts that may have an opportunity to generate income of £460k from additional billing recovery of overseas patients income. K Stringer stated that he would look into this further.</p> <p>The report was noted.</p>	KS
<p>057.4 057.4.1</p> <p>057.4.2</p>	<p><u>Temporary Staffing Expenditure Dashboard</u></p> <p>A Duffell outlined the highlights of the above report. A Duffell stated 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.</p> <p>G Nuttall informed the Committee that the significant increase in agency costs for Primary Care Services should reduce next month.</p> <p>A discussion took place regarding a shortage of skills in specific areas and the need to attract people to fill the roles. A Duffell stated that he would be discussing this further with Kate Shaw and Mary Martin.</p> <p>A further discussion took place regarding the impact of TUPE staff and the resulting vacancies which would probably affect agency costs. K Stringer stated that there is a need to raise the impact of agency costs when transferring services as part of the Stroke and Black Country Pathology Partnership.</p>	<p>AD</p> <p>KS</p>
057.5	<p><u>Risk Share Arrangement with CCGs</u></p> <p>K Stringer introduced the above report. H Troalen outlined the contents of the paper, proposed treatment for each component and risks identified.</p> <p>In December 2016, the CCGs and Trust signed a two-year contract to cover the period 1st April 2017 – 31st March 2019, in line with national requirements. In February 2018, NHS England and NHS Improvement jointly published national planning guidance to support a refresh of plans and contracts for 2018/19. During the negotiations to support this refresh the CCG and Trust indicated a willingness to explore the potential for a different form of contract that would better support the scale and nature of transformation necessary to deliver a clinically and financially sustainable model of health care over the medium term.</p> <p>Having met the national deadline for contract refresh of 23rd March 2018, a small 'task and finish' group of colleagues from the two organisations has been reviewing options to develop an 'Aligned Incentives Contract' (AIC). This draws on the experience of other health systems in England (the Bolton Model) but is supported by local adaptations to ensure optimal alignment to the local health economy. The Trust and the CCGs have agreed an alternative AIC contract to run in 2018/19 as follows:</p>	

	<p><u>Component 1 – Planned Activity</u> Staffordshire CCG's have agreed an indicative plan of £39.6m for planned care subject to:</p> <ul style="list-style-type: none"> ▪ 98% floor which serves to guarantee income of £38.8m to the Trust ▪ CCG will pick up all over-performance above plan at an 'Elective Marginal Rate' of 70% <p><u>Component 2 – Cost Reduction</u> Block Contract – RWT takes all risk/reward for costs above/below plan in year one. H Troalen stated that this will be formally reviewed after 6 months. M Martin queried whether this included or excluded Cancer drugs. G Nuttall stated that some cancer treatment drugs would be included. G Nuttall also asked if caveats had been included into the agreement if there was a drug shortage and alternative drugs were required. H Troalen confirmed that this was the case.</p> <p><u>Component 3 – Non-Elective Income</u> Block contract including MRET and readmission returns.</p> <p><u>Component 4 – Fixed Income</u> Standard block contracts and CQUIN at 90%.</p> <p><u>Component 5 – PbR</u> Standard PbR mechanism. H Troalen stated that the non-electives were partly tied to the Maternity Pathway and that A&E had been agreed as a cost per case.</p> <p>The Committee discussed the balance of risk and gain in this agreement.</p> <p>The Non-Executive Directors felt that this contract should be used as an example of good practice. H Troalen stated that discussions are taking place with Wolverhampton CCG with a view to creating a similar contract.</p> <p>M Martin felt that it would be useful to examine the performance of the first quarter of this contract. H Troalen to provide an update in July's meeting.</p> <p>The Finance & Performance Committee approved the AIC between Staffordshire CCGs and the Trust for 2018/19 and recommended that Trust Board agree the contract.</p>	HT
<p>058/2018</p>	<p><u>Performance</u></p> <p>058.1 <u>Performance Element of the IQP Report (National & Contractual Standards)</u> G Nuttall provided an update on the report.</p> <p>058.1.1 <u>Patient Experience</u> – Performance has improved. A total of 13 operations were cancelled during April, compared with 24 for the same period last year.</p> <p>058.1.2 <u>RTT</u> – RTT performance improved during April but the 18 weeks incomplete target was not achieved. Monthly prediction reports will continue to be circulated highlighting priority patients and expected activity numbers for the month. Patient pathway validation is on-going and weekly reports are circulated to Directorates highlighting long waiting patients. G Nuttall and S Evans stated that a lot of work had been completed to bring Diagnostics up to date and on trajectory.</p> <p>058.1.3 <u>Urgent Care</u> – Performance improved this month, achieving a combined total of 90.81% against a target of 95%. S Rawlings asked for an update on Vocare performance. G Nuttall stated that she had not had sight of the revised CQC action plan but informed the Committee that Vocare have a new management team in place that has provided an improved service.</p>	

	<p>However, the number of patients being diverted to the Emergency Department has not reduced and remains at 8 – 10%.</p>	
058.1.4	<p><u>Ambulance Handover</u> – The fine for Ambulances during April was £35,400.00. This is based on 122 patients between 30-60 minutes @ £200 per patient and 11 patients >60 minutes @ £1,000 per patient. There were no patients who breached the 12 hour decision to admit target during April 2018.</p>	
058.1.5	<p><u>Waiting Times Detailed Dive</u> – With the exception of 31 Day Sub Treatment – Surgery target performance had deteriorated during April. G Nuttall informed the Committee that the Trust is working with Wolverhampton CCG to try to understand the large increase in the number of referrals for 2 week wait. The number of referrals have increased nationally, however the referrals in the Wolverhampton area are much higher.</p> <p>S Evans provided a visual presentation of the Cancer 62 day timeline and the newly developed Cancer Performance Dashboard stating that a copy would be available via the Information Portal once it goes live. This dashboard allows detailed interrogation and reporting of subsets of the pathway process at a specialty level.</p> <p>The Committee noted that a high percentage of patients on the 104+ days list were due to Urology issues. S Evans stated that NHSI and NHSE are looking into producing a standardised pathway for Urology to try to address this issue. S Evans also stated that some patients are also choosing to wait longer for robotic surgery. G Nuttall informed the Committee that Worcester Acute Hospital NHS Trust were using fund raising initiatives to fund a robot. M Sharon queried whether it would be possible for the Trust to work jointly with Worcester.</p> <p>G Nuttall informed the Committee that the Trust Board report has been adapted to include the average waiting terms in terms of tumour site and to include an overview of Vertical Integration.</p> <p>S Evans stated that there was a need to increase the number of treatments each month to 105 to make progress against the number of current referrals. A discussion took place regarding the impact of cancer awareness campaigns. S Evans informed the Committee that whenever campaigns are known they're added to the timeline so that the Trust can anticipate the impact on services.</p> <p>M Martin asked if there was a process in place whereby patients could electronically book into appointments. S Evans stated that in theory this should be possible now and from the beginning of October 2018 referrals to the Trust will become electronic as part of national requirement. Communication to patients via email was hindered by information governance concerns.</p> <p>Performance figures are as follows: 2 Week Wait: 79.4% breaches were due to capacity issues and 20.6% were patient choice. Breast Symptomatic: all breaches in month were due to capacity issues. 31 Day to Treatment: 18 patient breaches in month, all capacity issues. 31 Day Sub Surgery: 4 patient breaches in month; 3 due to capacity. 62 Day to Treatment: 34 patient breaches in month. 62 Day Screening: 7 patient breaches in month; 6 were due to capacity issues. Patients over 104 days: There are currently 18 patients at 104+ days on the cancer waiting list (compared with 21 reported in March), all of these patients have had a harm review and no harm has been identified.</p> <p>The Committee praised the detailed presentation and noted the report.</p>	GN

058.2	<u>Performance against Contractual Standards (Fines)</u> The Committee noted the report.	
058.3	<u>STP Update</u> M Sharon stated 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 submitted a placeholder bids for the following: <ul style="list-style-type: none"> • £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. It was not certain that sufficient detail could be provided for all of these schemes to fit the bidding round timetable.	
059/2018	<u>Financial Planning</u>	
059.1	<u>Service Line Reporting (SLR)</u> The SLR Report was not discussed. This item will be discussed as the first agenda item at next month's Finance & Performance Committee Meeting. Action update: C Richards has amended the work plan to ensure that the report is added to the agenda. Action closed.	
060/2018	<u>Yearly F&P Committee Objectives</u>	
060.1	<u>Cancer Update</u> – S Evans delivered a presentation which was discussed at item 058.1.5. The cancer update will be reviewed quarterly. Action update: C Richards has amended the work plan to ensure that the update is requested quarterly. Action closed.	
061/2018	<u>Reports to Note for Period 1</u>	
061.1	<u>Financial Monitoring NHSi Return</u> The return was noted.	
061.2	<u>Financial Monitoring NHSi Template</u> The template was noted.	
061.3	<u>Annual Work Plan</u> The work plan was noted and updated to reflect the changes proposed in 059.1 and 060.1.	
062/2018	<u>Any Other Business</u>	
062.1	There was no further business to discuss. The meeting ended at 11.00.	
063/2018	<u>Date and Time of Next Meeting</u> The next Finance & Performance meeting will take place on Wednesday 20 th June 2018 at 8:30am, Conference Room, Hollybush House. Reports will be required by 12 midday on Friday 15 th June 2018.	