

ASSURANCE/ESCALATION Report of the Finance and Performance Committee

PREPARED BY	Chairman of the Finance and Performance Committee	
DATE PREPARED	20 th June 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 two the Trust has achieved £0.801m of CIP which is an under recovery of £0.045m against the CIP plan of £0.846m. Of the CIP delivered, there is a £2.291m 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 SR9 on the BAF (that the underlying deficit in the medium term is not eliminated).</p>	<p>The Trust has received payment for 2017/18</p>	<p>An invoice for 2018/19 has been raised and the Trust continues to pursue payment.</p>	Initial in year score amber.
Board Assurance Framework	<p>Loss of Emergency Admissions Income.</p> <p>In support of SR9 on the BAF</p>	<p>The Trust has agreed a risk/gain share agreement with Staffordshire CCGs including MRET and is in discussions with Wolverhampton CCG to adopt this model.</p>	<p>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.</p> <p>The Trust has now submitted a case for the Frailty/ambulatory care unit to be funded.</p>	Initial risk is rated amber and remains amber.

Board Assurance Framework	Provider Sustainability Fund (PSF). In support of SR9 on the BAF.	The Trust achieved its financial plan for month 2	The financial position and increased CIP phasing for the year remains extremely challenging. The Trust did not achieve its ED phasing at M2 and therefore did not earn the PSF payment for that element (30%).	Initial risk is rated high red and remains high red.
Board Assurance Framework	Capital Programme. In support of SR11 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. All required information is being collated.	The Trust has constrained capital available due to the reduced depreciation resulting from the Alternative Site Valuation methodology on valuing its assets.	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.
Risk Register	*NEW RISK* The cost of the Agenda for Change pay award is greater than the funding available	Central funding has been identified to fund the Agenda for Change pay award.	No agreed methodology for assessing costs and funds allocation is known so there is a risk that the funds flow is insufficient/timely to fund the payment.	Initial risk is rated as 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 - Detailed activity/income/capacity plan for 2018/19 - Review of Primary Care Directorate	CFO/HoED CFO/COO CFO/COO/DCOO	July 2018 July 2018 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
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2. Summary, conclusion and recommendations from meeting held on 20th June 2018:

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

- There had been **no significant changes** in month as in May there had been a restructuring of the BAF and wholesale update of the risks.
- Further work had been done on **BAF risk SR1 on workforce recruitment and retention** in that all action for the previous year had been removed where appropriate but the level of risk remained unchanged
- It was also noted that **theatre efficiency savings were likely to be contributing to achieving the commissioned activity levels rather counted towards CIP** and this would be reflected in the update to SR8 on CIP.

b) The Committee discussed the NIHR Performance and Annual Delivery reports and **agreed to ensure that dates for future reports are planned to allow scrutiny** and review before formal submission. The Committee noted:

- 70,000 participants were recruited, the most ever in a single year, beating the target by 10,000 recruits.
- West Midlands were the top recruiting region for commercial clinical trials.
- Local Clinical Research Specialty Leads appointed for all 30 CRN specialties.
- One of the best performing LCRNs for Join Dementia Research.
- Delivered the highest number of training events.
- Expanded and delivered the already extensive communications plan.
- Increased the number of studies delivered in hospices.
- Delivered a comprehensive staff wellbeing programme designed to promote staff retention.
- Developed a Chief Investigator programme resulting in an increase in the number of Chief Investigators
- Reported a zero finance balance to the co-ordinating centre.

The Committee approved the reports.

c) The Committee received a report on Service Line Reporting for 2017/18 noting:

- **Division 3 would be included** in future reports.
- The Trust is taking part in the **voluntary early implementer costing submission**.
- Further enhancements to the report to give Divisional breakdowns would be made.
- Preparation for the 2017/18 reference cost submission was underway.
- Documents provided through ClickView to clinicians and management were to be enhanced.

d) 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 2, the Trust is forecasting to deliver £4.2m which is a shortfall of £20.7m** against the CIP Target. The Trust's recurrent YTD delivery is £0.08m with forecast outturn of £2.29m and the Trust's non-recurrent YTD delivery is £0.72m with forecast outturn of £1.92m.
- 17 PIDs have been approved with a further 7 being progressed and a further 27 ideas being scoped.
- The forecast and year to date figures exclude the theatres efficiency project as this would be counted towards achieving income against Commissioner contracts.
- 2 big schemes were being progressed with West park and the Ambulatory/frailty.
- **NHSI were likely to put pressure on the Trust to monitor/reduce stranded and super-stranded patients** to reduce costs and increase capacity for winter.

- The Trust was making progress on a number of fronts with digitisation but that given its far reaching nature a future **Board Development opportunity would be identified for further discussion/awareness.**
 - The Trust was setting up an **outpatient productivity programme** as part of a national project which was facilitated by Deloitte.
- e) The Committee scrutinised the **Finance Report and Supplementary Finance Report for Month 2 and highlighted the following issues:**
- The Trust is **behind the financial plan at month 2 by £0.24m.** This is due to underachievement against the PSF by £0.34m as the Trust is not achieving its A&E trajectory.
 - **Income has an adverse variance to plan of £618k,** due to lower than planned patient activity income for May. However, it was noted that the in-month patient income of £39.8m is £1.4m higher than May 2017 and is also the highest in-month income that the Trust has achieved since January.
 - **Expenditure is adverse to plan by £446k** which is predominately due to pay expenditure exceeding the budget. The **financial performance does not take into account the risk share agreement** that has been approved with Staffordshire CCGs or the potential for a risk share that is under negotiation with Wolverhampton CCG.
 - **Financial Risks:** This financial year is expected to be one of the most challenging years that the Trust has experienced and the key risks were:
 - 1) A high activity and income plan, of which, most can be delivered within the existing cost base but some will need investment in capacity.
 - 2) A low contingency reserve compared to previous years.
 - 3) A £25m CIP target and a £9.8m vacancy factor, both of which have only been partially delivered in the first two months of the year.
 - **Cash:** At the 31st May 2018 the Trust had a cash balance of £10.6m which is £1.9m above the plan.
 - The **Trust is not yet aware of the methodology for calculating and funding the national Agenda for Change pay award.** Given this was likely to be a material cost and the potential for underfunding it was agreed that this would be added to the risk register.
 - The Trust had **changed its Finished Consultant Episode methodology in Medicine** which should not have an impact on income but it was agreed that a report would be presented after 6 months activity.
- f) The Committee received **the Temporary Staffing Expenditure Dashboard** report and noted:
- That the May agency costs had reduced and that overall volumes continue to reduce. A key focus would be Trauma and Orthopaedics going forwards.
- g) The Committee received an update on the **Performance Element of the IQP Report (National & Contractual Standards)** with the following issues:
- Cancelled **operations targets were met.**
 - **RTT performance saw further improvement during May.** 18 weeks incomplete target improved slightly to 90.61% against a target of 92%. The pressure points continue in Cardiac diagnostic testing and additional sessions are utilised to keep up with demand.
 - Urgent Care – **Urgent care performance improved in May 2018.** Performance improved from 84.09% in April to 94.16% in May against a target of 95%. However the Committee noted that performance had deteriorated

slightly in June.

- Ambulance Handover – The fine for Ambulances during May was £2,000, based on 10 patients between 30-60 minutes and no patients >60 minutes. **There was 1 patient who breached the 12 hour decision to admit target** during May 2018 due to mental health capacity within the NHS.
- Cancer Waiting Times – **Cancer waiting time figures will deteriorate whilst the backlog patients are being addressed.** Positive and constructive meetings have taken place with the NHSI and NHSE and 40 people had been treated from the backlog list. **The Cancer Intensive Support Team visited 2 weeks ago and the Trust has received a draft report to check for factual accuracy.** It was noted that all booked appointments will be paperless by October 2018 and therefore the Trust needed to ensure that there will be available slots. Performance figures were as follows:

2 Week Wait: Achieved 80.58% (Target 93%). 68.9% - due to internal issues (capacity) and 31.1% were patient choice.

2WW Breast Symptomatic: Achieved 48% (Target 93%). 81.8% were due to capacity issues and 18.1% were patient choice.

31 Day to Treatment: 19 patient breaches in month.

31 Day Sub Surgery: 6 patient breaches in month.

62 Day to Treatment: 49 patient breaches in month.

62 Day Screening: 3 patient breaches in month.

Patients over 104 days - There are currently 24 patients at 104+ days on the cancer waiting list (compared with 18 reported in April), all of these patients have had a harm review and no harm has been identified.

- Sickness – Sickness absence continues with a downward trend.
 - Mandatory Training – Concerns regarding the amount of mandatory training that was overdue were expressed. It was acknowledged that the training target was set locally by the Trust and that it may need to be revised to a more realistic target.
- h) The Committee noted the **Performance on Fines** report where it was highlighted that there was a £10k fine for MRSA.
- i) 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. Three bids for a Black Country Cancer Centre, centralisation of outpatients and transfer of services from West Park had been identified. The outpatient bid was likely to be deferred until the October round. Bids would be prioritised by a sub group of the FDs for the CEOs to consider.
- j) A paper was received detailing the reference costing process for 2017/18 information which was approved.
- k) The Committee **noted the following reports:**
- Financial monitoring return and Commentary for Month 2.
 - Annual Work Plan.
 - Finance Minutes.
 - Capital Report.