

Minutes of the Finance and Performance Committee 30 July 2018

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Agenda Item No: 12.4

Minutes of the Finance and Performance Committee

Date Wednesday 20th June 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
Susan Harrison	Research Delivery Manager
Claire Richards	PA to Director of Strategic Planning & Performance (Note Taker)

064/2018	<u>Apologies for Absence</u> Apologies were received from S Evans.	
065/2018	<u>Minutes of Meeting Held on 23rd May 2018</u> The minutes were agreed to be a true record.	
066/2018	<u>Action Points From Previous Meeting</u>	
066.01	<u>Finance Report</u> – H Troalen confirmed that the Finance Report includes the underlying position. Action closed.	
066.02	<u>CQUIN</u> – M Sharon informed the Committee that there has been no further agreement or communication from the centre regarding CQUIN targets. M Sharon to continue to chase for an update.	MS
066.03	<u>Supplementary Finance Report (Non Contract Activity)</u> – H Troalen agreed to circulate a copy of the Non-Contract Activity adverse variance following the meeting.	HT
066.04	<u>Activity Report</u> – H Troalen agreed to bring a separate Activity Report to the Finance & Performance Meeting in July to examine the financial numbers and activity further.	HT
066.05	<u>Cash Flow</u> – H Troalen will ensure that a cash flow presentation is delivered to the Committee in July.	HT

<p>069/2018</p>	<p><u>Service Line Reporting</u></p> <p>H Troalen presented the above report, informing the Committee that the programme covers the position at the end of the last financial year, Costing Transformation Programme and an approach to reference costs.</p> <p>J Vanes asked where Division 3 would sit within the report. H Troalen stated that the report would be re-cut in future reports to cover Divisions 1, 2 and 3. J Vanes asked if the bubble charts could be re-instated.</p> <p>Costing Transformation Programme (CTP) PLICS – The Trust is taking part in the second and final voluntary CTP Early Implementer submission in August. The submission in summer 2019 will be mandatory.</p> <p>M Martin asked if the last page of the report could be split into directorates so that you could identify which division they belonged too. H Troalen to ensure that the information is displayed in future reports.</p> <p>H Troalen identified the next steps:</p> <ul style="list-style-type: none"> • The Trust will continue to produce PLICS/SLR reports on a monthly basis. • Preparation for the 2017/18 CTP and Reference Costs submissions will continue, by reference to the recently issued guidance and by using feedback from the Divisions on the monthly PLICS/SLR reports. • The department will continue to examine information systems in the context of the new CTP guidance and to work with NHSI where the information collected differs from that outlined in their guidance published in February. • The department will look to update the current Qlikview documents and replace them with the unified HARBR ('Healthcare Analytix Role Based Reporting') Qlikview document. <p>The Committee noted and approved the report and approved next steps.</p>	<p>HT</p> <p>HT</p>
<p>070/2018</p> <p>70.01</p> <p>70.01.01</p> <p>70.01.02</p> <p>70.01.03</p>	<p><u>Governance</u></p> <p>BAF Update – M Martin stated that there had been no changes to risks this month. However, it was noted that the 3 red RAG rated risks were being closely monitored and were linked to regular reports received by the Committee.</p> <p>BAF SR1 – A Duffell stated that he had removed all action pertaining to last financial year and felt that it was unlikely that the risk rating would change as the actions were in place to prevent further deterioration. J Vanes informed the Committee that concerns had been expressed at a recent Health Scrutiny Panel Meeting regarding the lack of qualified Doctors and Nurses within the NHS.</p> <p>BAF SR6b – M Sharon confirmed that there were no changes to the BAF and that he would provide an STP update at 072.3 as per the agenda.</p> <p>BAF SR8 – G Nuttall informed the Committee that there had been some discussions during the Ops/Finance Meeting in June regarding theatre efficiencies being delivered as CIP savings or additional activity. M Sharon confirmed that the efficiencies would be delivered as income. G Nuttall stated that she would amend the risk rating to reflect this.</p>	<p>GN</p>
<p>071/2018</p>	<p><u>Financial Performance for Period 2</u></p>	

<p>071.1</p>	<p><u>Financial Recovery Board (FRB) Report</u> M Sharon presented the above report.</p> <p>The 2018/19 CIP Target is £25m. This is broken down into a £15m recurrent CIP Target and £10m non-recurrent CIP Target.</p> <p>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.</p> <p>As of month 2, the Trust has delivered £0.80m (94.5%) YTD against a YTD plan of £0.84m.</p> <p>To date FRB has approved 17 PIDs with a value of £3.63m. The Division One, Division Three, Value for Money and Workforce Programmes presented 6 new PIDs for FRB approval on 13th June 2018 with a combined value of £0.49m. FRB approved all 6 PIDs.</p> <p>There are a further 7 schemes with a value of £3.60m with estimated finances to be agreed by Finance. The Programmes are currently scoping a further 27 ideas.</p> <p>M Martin asked if the current forecast outturn of £4.2m excluded theatre efficiencies. M Sharon confirmed that the figure excluded theatre efficiencies. M Sharon informed the Committee that the Service Re-design team are currently focussing on both big and small projects and that there are also efficiency schemes that do not require central support, which are being managed by Divisions/Directorates themselves. M Sharon went on to say that there may potentially be bigger savings when working through the West Park Project and implementation of the ambulatory care and frailty model but that the savings would need to be reinvested elsewhere within those services.</p> <p>G Nuttall informed the Committee that NHSE are focussing on how Trusts can reduce stranded and super-stranded patients (21 days), to reduce costs and increase capacity ready for winter. S Rawlings asked if any wards/departments gave cause for concern. G Nuttall stated that the main areas of concern were surrounding Care of the Elderly and Orthopaedics.</p> <p>M Martin asked if the Trust's spend on information technology was enough to support transformational change. M Sharon stated that the Trust had invested in an e-prescribing system and an electronic system to support the 0-19 service in order to provide more efficient services.</p> <p>A discussion took place regarding the use of electronic booking and messaging systems. K Stringer stated that the Trust has the technology to do this and are advancing as much as possible. However, the Trust does not currently have the platform to be able to provide this service and to do so would require a complete modernisation review. K Stringer suggested that N Bruce deliver a presentation to NEDs at a board development session in August. K Stringer to liaise with K Wilshere.</p> <p>G Nuttall stated that an Outpatient productivity benchmarking improvement programme was being set up, funded centrally and that Deloitte won the contract.</p> <p>M Sharon informed the Committee that structured dialogues were taking place with the CCG to discuss joining up CIP and QIPP.</p> <p>The report was noted.</p>	<p>KS</p>
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071.2	<p><u>Trust Financial Report</u> K Stringer provided an overview of the Finance Report.</p>																				
071.2.2	<p>Financial Plan: The reported year to date Income and Expenditure (I&E) position is as follows:</p> <table border="1" data-bbox="263 365 1305 495"> <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>(4,863)</td> <td>(4,762)</td> <td>101</td> </tr> <tr> <td>Achieved PSF</td> <td>1142</td> <td>799</td> <td>(343)</td> </tr> <tr> <td>Control Total Surplus/(Deficit)</td> <td>(3,721)</td> <td>(3,963)</td> <td>(242)</td> </tr> </tbody> </table> <p>The Trust is behind the year to date financial plan at month 2 by £242k, which is made up of £343k unachieved PSF and £101k ahead of plan on all other budgets.</p> <p>Income has an adverse variance to plan of £618k, due to lower than planned patient activity income for May. However, it should be 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.</p> <p>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. It is also assumed at this stage that quarter one PSF financial target will be achieved but that A&E PSF income will not.</p> <p>Financial Risks: This financial year is expected to be one of the most challenging years that the Trust has experienced.</p> <p>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 but 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 the first two months of the year. <p>The Finance and Performance Committee will consider all of the financial risks that are to be reported to Trust Board and a range of financial impact of each risk will be calculated.</p>		Year to Date			Plan £'000	Actual £'000	Variance £'000	Surplus/(Deficit)	(4,863)	(4,762)	101	Achieved PSF	1142	799	(343)	Control Total Surplus/(Deficit)	(3,721)	(3,963)	(242)	
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071.2.3	<p>CIP & Vacancy Factor: In month 2 there has been an under recovery of £0.49m against the in-month CIP plan of £0.93m. Year to date shows an achievement of £0.80m against a plan of £1.77m. Of the CIP delivered to date, there is a £0.54m recurrent full year effect. The non-delivery of recurrent and cash releasing CIP continues to be an issue. The vacancy factor for month 2 is £0.9m (18/19 Factor only). There was an under recovery of £0.3m.</p>																				
071.2.4	<p>Cash: At the 31st May 2018 the Trust had a cash balance of £10.6m which is £1.9m above the plan.</p> <p>A discussion took place regarding pay against plan. H Troalen informed the Committee that 50% of the variance is due to the vacancy factor that has been removed.</p> <p>A further discussion took place regarding the pay deal. A Duffell informed the Committee that the deal had been agreed but that the mechanism for paying the increase had not yet been identified. M Martin asked if this was identified on the risk register. H Troalen stated that it was an identified pressure within the cash plan. K Stringer stated that he would add this to the risk register.</p>	KS																			

	<p>M Martin asked for clarification regarding FCE's (Finished Consultant Episodes) with regarding to the change in multiple FCE's in medical specialties. H Troalen stated that the amount was dependent on how income is coded following clear rules. M Martin suggested that this be re-examined in 6 months' time. K Stringer stated that this would be picked up within Finance processes. H Troalen to present a report for the December 2018 Finance & Performance Meeting.</p> <p>The report was noted.</p>	HT
071.3	<p><u>Supplementary Finance Report</u> The supplementary report was read in conjunction with the Finance Report.</p> <p>The report was noted.</p>	
071.4	<p><u>Temporary Staffing Expenditure Dashboard</u> A Duffell presented the above report.</p> <p>G Nuttall stated that May agency costs had reduced and that the overall volumes continue to reduce. G Nuttall felt that there were no significant themes but that more work was required to reduce agency costs within the Trauma & Orthopaedics department.</p>	
072/2018	<u>Performance</u>	
072.1	<p><u>Performance Element of the IQP Report (National & Contractual Standards)</u> G Nuttall provided an update on the report.</p>	
072.1.1	<p><u>Patient Experience Cancelled Operations</u> – The performance targets were met.</p>	
072.1.2	<p><u>RTT</u> – RTT performance saw further improvement during May. 18 weeks incomplete target improved slightly, 90.61% against a target of 92%. Each directorate continues to be monitored against their individual trajectories for both activity numbers and backlog reduction for each month. This is regularly reviewed to ensure attainment of the recovery trajectory. Diagnostic waiting times saw a very slight improvement during May, remaining in tolerance. The pressure points continue in Cardiac diagnostic testing and additional sessions are utilised to keep up with demand.</p>	
072.1.3	<p><u>Urgent Care</u> – Urgent care target improved in May 2018. Performance improved from 84.09% in April to 94.16% in May against a target of 95%. However, G Nuttall reported that performance had deteriorated slightly in June.</p>	
072.1.4	<p><u>Ambulance Handover</u> – The fine for Ambulances during May was £2,000, based on 10 patients between 30-60 minutes @ £200 per patient and no patients >60 minutes @ £1,000 per patient. There was 1 patient who breached the 12 hour decision to admit target during May 2018 due to problems accessing external mental health beds. G Nuttall expressed concerns regarding mental health capacity within the NHS. The patient who breached the 12 hour decision to admit had to be transferred out of area to London.</p>	
072.1.5	<p><u>Cancer Waiting Times</u> – G Nuttall informed the Committee that the 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.</p>	

<p>072.1.5</p> <p>072.1.6</p>	<p>G Nuttall informed the Committee that the Cancer Intensive Support Team visited 2 weeks ago and the Trust has received a draft report to check for factual accuracy. The updated and revised Cancer Action Plan will be discussed at next month's meeting, as per the work plan. G Nuttall expressed concerns that patients are currently being booked at day 13 or 14 and felt that they should be being booked at day 7 to allow flexibility within the system.</p> <p>G Nuttall drew attention to the e-referrals on page 11 of the report. All booked appointments will be paperless by October 2018. The electronic system will mean that a GP or patient will need to book the appointment electronically or via phone. There will be a need to ensure that slots are available, if slots are not available patients or GPs will have to try until one becomes available. G Nuttall stated that the figures provided on page 13 of the report are slightly inflated because every failed attempt to book a slot is recorded. M Martin asked if the system would inform a GP or patient when a slot was available if they had been unable to book previously. G Nuttall stated that the current system did not have that facility.</p> <p>J Vanes asked if the report could include regular updates on the number of patients being treated and also if peer data could be visible from a comparator organisation. G Nuttall informed the Committee that the information was provided quarterly so it could be provided at that time. G Nuttall agreed to share a copy of the IST report once it has been received.</p> <p>Performance figures are as follows:</p> <ul style="list-style-type: none"> • 2 Week Wait: the breaches in month were as follows; 68.9% were due to internal issues (capacity) and 31.1% were patient choice. • 2WW Breast Symptomatic: the breaches in month were as follows; 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. <p>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.</p> <p><u>Sickness</u> – A Duffell informed the Committee that sickness absence continues with a downward trend.</p> <p><u>Mandatory Training</u> – M Martin expressed concerns regarding the amount of mandatory training that was overdue. A Duffell stated that the training target was set locally by the Trust and that it may need to be revised to a more realistic target.</p> <p>M Martin suggested that staff be made aware of new mandatory training requirements before they're added to the report to enable staff sufficient time to complete the training and meet the target.</p>	<p>GN</p>
<p>072.2</p>	<p><u>Performance against Contractual Standards (Fines)</u> G Nuttall drew attention to the £10k MRSA fine.</p> <p>The Committee noted the report.</p>	
<p>072.3</p>	<p><u>STP Update</u> M Sharon provided an update.</p> <p>The Trust is currently compiling STP capital bids to be submitted to NHSI. Three possible bids have been identified; Black Country/Wolverhampton Cancer Centre, Centralisation of</p>	

	<p>Outpatients and transfer of services from West Park Hospital and subsequent closure of site. Bids will be submitted for the Cancer Centre and transfer of services from West Park Hospital. Further work will continue in regards the outpatient bid, which may be submitted during the next bidding round in September/October this year. Bids will be presented to Black Country Financial Directors who will be using a prioritisation tool. The bids will then be approved by the Partnership Board before 11th July.</p> <p>M Sharon informed the Committee that the Black Country STP are starting to develop a Clinical Strategy and that development sessions are taking place. Each organisation has been asked to contribute £24k.</p> <p>Staffordshire STP have approached RWT, asking us to provide information regarding activity data for Cannock.</p> <p>J Vanes asked if Jonathon Fellows had been appointed. M Sharon stated that there had not been any progress regarding this but informed the Committee that the Black Country Programme Director post has been advertised.</p> <p>M Sharon also stated that the Black Country STP are producing an Estates Strategy and have asked Trusts to submit their Capital Programmes.</p>	
<p>073/2018</p> <p>073.1</p>	<p><u>Financial Planning</u></p> <p><u>Reference Costing</u> H Troalen provided an update on the following report.</p> <p>The Costing Team will submit reference costs at the end of August. The submission will need to be consistent with those elements also contained within the CTP submission just over a week earlier on 21st August.</p> <p>The Committee approved the costing process that supports the Reference Costs submission.</p>	
<p>074/2018</p> <p>074.1</p>	<p><u>Reports to Note for Period 2</u></p> <p><u>Financial Monitoring NHSi Return</u> The return was noted.</p>	
<p>074.2</p>	<p><u>Financial Monitoring NHSi Template</u> The template was noted.</p>	
<p>074.3</p>	<p><u>Annual Work Plan</u> H Troalen asked that the Long Term Financial Model be changed to be presented in September. The Committee agreed to the proposal. Action update: C Richards has updated the plan to reflect this change.</p>	
<p>074.4</p>	<p><u>Finance Minutes</u> M Martin noted that the Trust continues to make slow payments. H Troalen stated that the department periodically look into the possibility of changing the payment date to an accelerated one, but that this would cost approx. £3 – £5m cash and did not seem practical at this time. H Troalen assured the Committee that the Trust is paying invoices within a reasonable timeframe.</p> <p>The minutes were noted.</p>	

074.5	<p><u>Capital Report</u></p> <p>K Stringer informed the Committee that the Trust had been unsuccessful with the Carillion building bid and that the building has been sold to a commercial developer.</p> <p>M Martin asked if the Maintenance Backlog report would be submitted next month as per the work plan. K Stringer stated that this was the case.</p> <p>G Nuttall informed the Committee that the Trust had received centrally allocated funding for replacement of cladding around the Trust. The funding will need to be spent this financial year.</p> <p>The report was noted.</p>	
<p>075/2018 075.1</p>	<p><u>Any Other Business</u></p> <p>There was no further business to discuss. The meeting ended at 11.00am.</p>	
076/2018	<p><u>Date and Time of Next Meeting</u></p> <p>The next Finance & Performance meeting will take place on Wednesday 25th July 2018 at 8:30am, Conference Room, Hollybush House. Reports will be required by 12 midday on Friday 20th June 2018. Apologies have been received from Simon Evans.</p>	