

Minutes of the Finance and Performance Committee 1 October 2018



Agenda Item No: 12.7

Minutes of the Finance and Performance Committee

Date Wednesday 5th September 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)
Sue Rawlings	Non-Executive Director
Kevin Stringer	Chief Finance Officer
Mike Sharon	Director of Strategic Planning & Performance (part attendance)
Alan Duffell	Director of Workforce
Gwen Nuttall	Chief Operating Officer (part attendance)

In Attendance:

<u>Name</u>	<u>Role</u>
Helen Troalen	Deputy Chief Financial Officer
Simon Evans	Deputy Director of Strategic Planning & Performance
Keith Wilshere	Company Secretary (Note Taker)

088/2018	<u>Apologies for Absence</u> Apologies were received from Claire Richards. Keith Wilshere was in attendance to take minutes.	
089/2018	<u>Minutes of Meeting Held on 25th July 2018</u> The minutes were agreed to be a true record.	
090/2018	<u>Action Points From Previous Meeting</u>	
090.01	Refers 79.10 and 79.11 Service Line Reporting – Ms Troalen said that there would be a verbal update and the next report would be amended as agreed. It was agreed that these actions be closed.	
090.02	Refers 82.01.01 – Mr Stringer reported that the BAF had not yet been updated to reflect the impact of the pay award. It was agreed that this would be available for the October Meeting.	KS
090.03	Refers 79.12 – Mr Wilshere reported that Ms Nuttall had updated BAF Risk SR8 as per the action. It was agreed that this action be closed.	
090.04	Refers 83.02.04 – Mr Sharon confirmed that the variance identified in the plan versus against the target was what had been reported. He confirmed this error was being removed from future reports and the Red/Amber/Green rating would be corrected. Ms Martin and Ms Troalen reviewed the way in which income is presented.	
090.05	Refers 83.03.02 – Mr Stringer confirmed he had recently provided further information regarding the Rheumatology contribution. Ms Martin asked about the impact of drug expenditure. Mr Stringer said it related to ‘pass-through’ drugs cost and how this income is represented to show the contribution made. Mr Stringer and Ms Troalen agreed to look into how this could be	KS/HT

	presented in future. He confirmed Rheumatology does make a contribution and he confirmed that the cost of all pass-through drugs is recouped.	
090.06	Refers 83.04 – Mr Stringer confirmed that he had pursued the return of the signed risk share agreement w.e.f 01.04.18.	KS
090.07	Refers 83.08 – Mr Stringer confirmed some payment had been made by Walsall. He added that he had received support from NHSI in trying to improve this situation. Mr Stringer explained some of the Walsall context having taken a loan and the impact on debtors of this. He said that the future position with regard to Pathology related to regular income ready for payroll payments. Ms Troalen explained the regular proportionate invoicing with adjustments being made the following month. Mr Duffell confirmed there would be more staff to transfer in October 2018 with circa 600 staff and an impact of circa £2m additional payroll per month. Mr Stringer said the payment arrangements should mitigate the potential impact on cash. He confirmed the escalation process including additional charges in the case of delay. He said that otherwise it would result in the requirement for a working capital facility being re-introduced. Ms Rawlings asked about the flow of income. Mr Stringer confirmed that the service is cost based and that the component Trusts remain responsible for attracting the income. Ms Rawlings noted this resulted in exposure to both income and cash flow for payroll. Mr Duffell explained that the London service base was different and based on inter-Trust Service Level Agreements that has proved far more difficult than a single service with the TUPE of staff as per RWT. There followed discussion regarding the awareness of others in developing similar Pathology services and the other models of service delivery that might be used. Mr Stringer confirmed that the Cytology service model was a smaller single service with income to the Trust. Mr Stringer and Ms Troalen confirmed the close scrutiny of the income received and an update would be reported at the next meeting.	KS/HT
090.08	Refers 83.08 – Local Authority debt. Mr Evans said he would pick this up and report at the next meeting.	SE
090.09	Refers 84.01.04 – Mr Evans explained that the bill for Cancer fines were quarterly in arrears. He said that since the report there is a changed situation and a reduction or removal of fines. He said that under a defined set of circumstances that the Trust meets then fines should not be levied. He said that a response is awaited following a debate and decision between NHS England and NHSI. He confirmed that the report would reflect this and he would feed back the decision received at the October meeting.	SE
090.10	Refers 084.01.07 – Mr Duffell said the work was underway and asked the meeting to monitor the data to the end of the year.	
090.11	Refers 086.01 – Mr Wilshere confirmed that the NHSI Annual Plan Letter was dealt with as part of confidential Trust Board in July 2018. Mr Evans confirmed the areas being monitored as CIP and Cancer Care performance. Ms Troalen confirmed that a meeting has now been arranged to establish the extent of this deep dive requirement for CIP (17/9/18) and Mr Evans confirmed the fortnightly monitoring in place for Cancer performance. It was agreed that this item was completed.	
091/2018	<u>Governance</u> <u>BAF</u> Mr Wilshere introduced this item and informed he had taken the BAF over from Mr Khunkhuna and was in the process of reformatting; updates were being undertaken including the new risk regarding Mortality and would soon be completed. Ms Martin asked whether SR1 should be	

	<p>with the Workforce Committee. Mr Duffell confirmed this. Mr Wilshere also confirmed that following a further conversation with R Dunshea further revisions would be made. Ms Martin confirmed the risks for the Committee to consider were now SR 8 and SR 9.</p> <p>Ms Martin shared her concern that these risks had been rated at 20 (Red) for some time and she asked from the Executive Directors what assurance could be given to the Non-Executive Directors that we are doing all we can to tackle these risks and lower the scores.</p> <p>Ms Nuttall explained the work of the FRB and potential revisions that Mr Sharon would be discussing later in the meeting.</p> <p>Mr Stringer said that the two risks were related regarding the CIP and underlying deficit position. He said that achieving the CIP impacts significantly on the breakeven position.</p> <p>There followed a discussion as to whether this represented one or two risks. Ms Martin confirmed it should be dealt with as two risks as there were different elements applying to each.</p> <p>Mr Duffell referred to a correction to SR11. Mr Wilshere confirmed this would be changed.</p>	
<p>092/2018</p>	<p><u>Financial Planning</u> <u>Service Line</u></p> <p>Ms Troalen gave a verbal update regarding Reference Costs declaration. The feedback was that the submission was more straightforward given the additional time that was made available.</p> <p>Ms Troalen referred to feedback received from last year's submission that had helped the accuracy of A & E, Critical Care and Pathology. She said that as of the submission point the Trust Reference Cost was 96.3, an increase on last years of 95.5. She referred to outliers that will be investigated with reviews of costing methodology. She confirmed that all the CFMs have been asked to look at reference costs as part of their objectives. In this way she hoped there would be a greater focus on the potential for future cost improvement schemes.</p> <p>Ms Martin asked how this fitted with the model hospital and Carter. Ms Troalen stated reference costs feed the model hospital. H Troalen stated this should feed into the dashboard model, with GIRFT and other key data.</p> <p>Ms Rawlings asked what impact reference costs being removed might have. Ms Troalen said it would be the same data focussed on patient data.</p>	
<p>093/2018</p>	<p><u>Financial Performance for Period 4</u></p>	
	<p><u>Trust Financial Report and Summary Report</u></p> <p>Mr Stringer introduced the page 4 summary and highlighted the £3.7m deficit slightly ahead of the non PSF plan. He confirmed the in month £0.8m worth of balance sheet had been released into the income side. He referred to the financial performance taking into account the risk share agreement with Staffordshire CCG and the potential for a risk share under negotiation with Wolverhampton CCG.</p> <p>Mr Stringer said that in his view, Key Risk 1 (cost of capacity) had now been addressed with variations in impact of additional activity with off sets between specialities and that the risk will be closed.</p> <p>Ms Martin asked about Risk 4 and the implication of the pay award of £1.7m. Mr Stringer said</p>	

that there remained some elements to be understood which related to how vacancies are treated in terms of any uplift at the bottom of the scale if and when the vacancy is filled as the current funding is based on establishment in post at that point of time.

Ms Troalen said the actual impact figure is likely to be less than £1.7m. Ms Martin asked how vacancies would be budgeted for up to the start of the next financial year. Mr Stringer said what happens in the next financial year is yet to be worked through in the wider system. There followed a discussion of differential funding types and approaches. Mr Stringer said it still creates an in year pressure. Ms Martin said the contract would be re-negotiated. Mr Sharon confirmed the current approach and initial work undertaken whilst planning for either or all scenarios/eventualities. Mr Stringer suggested it be added to the risk description – this was agreed – given the recent recruitment successes.

Mr Sharon asked whether the Trust position was better than neighbours. Mr Duffell stated that RWT was picking up some small numbers of staff from other Trusts. There followed a brief discussion clarifying the difference between Bank/Locum (in-house) and Agency/Locum (external) costs. It was agreed that the wording would be changed from Locum to Medical Bank.

Mr Stringer highlighted that the number of substantive staff has increased but the Agency and Bank pay spend had also increased as well as the total pay spend. He said that work was underway to try and better understand this situation between finance and operations.

Ms Nuttall said that some of the agency use is understood, such as in Stroke as a result of the Stroke move from Walsall, but that the Junior Medical position was less well understood and would be a significant piece of work through the Medical Workforce Group that Dr Odum is chairing.

Ms Martin queried whether it was just habit with areas used to using agency staff. Ms Nuttall highlighted a number of factors such as in A & E exceeded the cap due to rotation and sickness. Ms Rawlings asked whether the situation would be improving or not. Ms Nuttall said that the issues were being identified by area such as in Primary Care relating to the phasing of staff recruited but not yet in post plus known gaps such as maternity leave.

Ms Martin referred to previous assurances regarding there being sufficient medical cover in Division 3 to prevent such situations. Ms Nuttall said the gaps in Division 3 related more to Nurse agency staff and a new practice with gaps where the Division was out to recruit to.

Ms Martin said the Business Case showed an imminent retirement with assurance of available coverage and so was unsure how this had come about. Mr Stringer confirmed this.

Mr Stringer gave the summary of income and work to understand reductions in day case income. Ms Nuttall referred to a recent letter from Ian Dalton regarding day cases, waiting lists of 52 weeks or longer, reductions in 'incomplete' i.e. waiting list reductions that had been confirmed in relation to the agreed reduction (not the 92% RTT) and activity that was allegedly 12% down. Ms Nuttall said that the activity has been re-based with forecasts in line with the agreed reductions referred to. Mr Evans said that agreement is being sought on the principle declarations made.

Ms Martin asked whether the reduced activity was accurate. Ms Troalen referred to the chart on page 14 and the narrative with it. She said that in hindsight the activity plan was probably not as accurate as aimed for as it reflected higher levels of lesser cost/complexity activity. Ms Nuttall said this reflected achieving the income aspect and therefore addressing the patients' needs. She added that this had also been shared with CCGs for them to respond to a similar

	<p>query from NHS England. Ms Nuttall said the Trust had maintained its levels of activity.</p> <p>Ms Martin asked about page 5 of the supplementary report and the risks of litigation and referred to £6m MSFT transition funding and asked whether there was a timescale. Ms Troalen confirmed she was pursuing the person responsible and agreed to escalate to Mr stringer if there is no or an unsatisfactory response.</p> <p>Ms Rawlings asked how soon it might be resolved. Ms Troalen confirmed the invoice had been raised and sent. There followed a brief discussion of the wider funding context. Ms Martin asked about the fixed cost money relating to the Frailty prevent admission funding situation. Mr Stringer said that was being sorted out as part of the progression of Frailty services. Ms Troalen said it was aligned contractually in timescale and Mr Stringer confirmed it was separate from the main contract elements at present. Ms Troalen confirmed the signed risk sharing agreement with Staffordshire was yet to be returned and was being chased.</p> <p>Ms Troalen confirmed the approach and presentation of information of the income in brackets, use of brackets and colours as per the ledger outputs. She said she would consider whether the presentation could be changed.</p> <p>The reports were noted.</p>	
<p>094/2018</p>	<p><u>Financial Recovery Board (FRB) Report</u></p>	
	<p>M Sharon presented the report and highlighted the delivery to date of £319k/£2m with the variance against forecast. He clarified the variance was against the CIP plan, not the Trust plan. He referred to page 5 and page 4 to illustrate the situation regarding current schemes.</p> <p>Mr Sharon said that there were further Divisional reviews underway confirmed by Ms Nuttall to be expected at the meeting in October 2018. Ms Troalen confirmed the detail required careful checking and confirmation for accuracy.</p> <p>Mr Stringer and Ms Nuttall confirmed the timescale required and that he was assured that the work was underway. Ms Troalen said the LTFM would need revising alongside and in the same timescale.</p> <p>Mr Sharon spoke about the ascribing of financial benefits methodology to aspects of the Clinical Excellence programme by the meeting in October. He also referred to the position regarding the Deputy Head and beefing up the existing CIP programme. He said that one solution was to extend Deloitte and Alex's time and Deloitte have been asked what other areas and schemes would they consider. He also said that the service re-design team may morph to be a 'CIP chasing' and clinical excellence support function. He said there was discussion as to where the Director line for those would fit. He said a Head of CIP would be more readily recruitable to than the Clinical Excellence/Quality Improvement programme aspects of the previously described role and that this was why a split was being considered.</p> <p>Mr Sharon said he hoped to conclude both aspects by the end of October 2018. Ms Martin asked about the NHSI deep dive meeting now arranged. Ms Troalen clarified who was involved in the initial meeting and therefore the level of the meeting. Mr Evans clarified elements regarding capacity and demand. Ms Martin said it appeared to be a continuation of the existing work. Mr Sharon said some aspects regarded how GIRFT, QIP and CE are in future expressed in terms of financial benefit that could then be attached to CIP declarations.</p> <p>Mr Sharon said there were aspects of reducing procurement costs, increasing activity and</p>	

	<p>relating both in the most appropriate way to cost improvement. Ms Martin reflected on the CIP, operating deficit and the 'badging' of CIP despite them being all parts of the same conundrum and risks. Ms Martin and Ms Rawlings referred to the length of time the risks had existed without change. Mr Sharon said that the Trust was aspiring to best practice and experience from elsewhere and this was drawn on through Deloitte and other organisations. Mr Sharon agreed to circulate his information from Taunton between the meetings. Mr Sharon reflected on differing approaches to quantifying and declaring CIP figures between NHS organisations. Ms Troalen said RWT applied the CIP criteria with a greater degree of rigour than some other organisations. Mr Sharon said there was clear evidence of ongoing reviews of services and staffing efficiency and effectiveness such as best use of rostering systems, further work on medical job planning building on progress to date whilst not wanting to discourage the additional unpaid work being undertaken and other procurement improvement work, the analysis of the pay bill and expenditure amongst others.</p> <p>Ms Rawlings asked about the definitions and whether they help or hinder. Ms Troalen said to do otherwise would create the danger of misrepresenting the reality of the financial situation whereas currently it is clearer if challenging. Ms Martin asked for feedback on the 'deep dive' meeting and any advice or exemplars. Mr Evans said that most of the schemes are common and the variation is in the degree of application to date that varies. Ms Troalen concurred. There followed a discussion of the use of technology to improve transactions and potential future transformational changes in, for example, Outpatients.</p> <p>The report was noted.</p>	MS
095/2018	<u>Temporary Staffing Expenditure Dashboard</u>	
	<p>Mr Duffell presented the report. Ms Nuttall said that of the key areas of recruitment issues some would cease, some were expected to reduce, some would remain the same and in terms of the Stroke service, it may be from arrears. Ms Troalen said some was budgeted for. Mr Duffell said the trend in Division 3 was downwards. Ms Martin referred to the differences in figures between the financial figures and position in the report. Ms Troalen said there was a revised report with the figures included for Division 3 and she confirmed there was agency spend in Division 3. Ms Troalen said she would circulate the revised report. Ms Martin referred to the differentiation between medical agency (just Doctors) and other Agency (Nurses et al) in primary care and Radiographers (the main other agency spend), some Radiotherapy and small use in other areas. Mr Duffell confirmed that there was a national shortage of radiographers. Mr Duffell summarised the need for the work finance were undertaking to understand the apparently contradictory figures e.g. reduced use (down 20%) with increase expenditure (up 15%). Ms Nuttall said some would be the impact of the pay award for Bank staff. Mr Stringer asked for comparative cost per shift figures. Ms Martin asked whether overtime was paid. Mr Duffell and Ms Nuttall said it is mainly bank payments rather than overtime. Mr Stringer said it is very small and usually in administrative areas. Ms Troalen pointed out the inclusion in the graph and figures in the report. Ms Martin said it was the bank figures she had struggled to understand. Mr Duffell said it also included the medical bank figures. Ms Troalen said that a report with greater focus on explaining and providing the narrative might be preferable to any additional data. Ms Nuttall said that the Operation Finance Group looks at such issues as the bank one. It was agreed that future narrative would be sought regarding understanding the comparative figures in the bank activity and costs.</p> <p>The report was noted.</p>	HT
096/2018	<u>Performance</u>	

096.01	<p><u>Performance Element of the IQP Report (National & Contractual Standards)</u></p> <p>Ms Nuttall provided an update on the report and referred to page 16 now replaced with the version tabled including the figures. She referred to improvements in Urgent Care but with slightly higher delays in ambulance handovers. She said there was a 12 hour breach awaiting a mental health placement with another more recently. Ms Martin asked about the escalation to the local mental health Trust and CCG. Ms Nuttall said it was subject to a clear process and it was being raised in all available forums and that the escalation process is followed and that it was a similar picture across the country. Ms Martin noted the increase in ambulance conveyances and attendances. Ms Nuttall referred to divers from Russell's Hall. Ms Nuttall gave a further briefing on the mapping work to date of potential future ambulance divers. She said a support package has been offered at cost plus overheads where appropriate. Ms Nuttall also referred to the emerging position in Shrewsbury and Telford with the current consultation being undertaken regarding possible overnight closure at Telford and the potential impact at RWT. She said that this was being factored into the winter planning, staffing and space utilisation.</p> <p>The report was noted.</p>	
096.02	<p><u>Cancer Recovery Update</u></p> <p>Ms Nuttall then referred to the ongoing challenge in Cancer Care and the re-submission of the trajectory for the 62 day treatment remaining at 60% for some time to next March with the earliest recovery to 85% next June at the earliest. She said the feedback from the national support team is on track for pathway reviews, demand and capacity work and with slight slippage on systems and process due to their team absences. She expected the reports to the clinical teams soon and there was no new insight to date. Ms Nuttall said the known capacity shortfalls were being demonstrated e.g. CT scan machine capacity availability with additional business cases being formulated alongside the capacity required to optimise throughput whilst acknowledging an absolute referral in excess of the ability to address alongside existing outsourcing where clinically appropriate. She said 2/3rds of the 62 day breaches are in Urology and so business cases are being considered for additional robotic operating capacity. Ms Nuttall said the feedback on engagement from our staff was excellent and positive and that the harm reporting process had been improved with the CCG and the lead clinician, and further capacity and demand situations are being recognised and quantified including the continued increase in referrals over and considerably above predicted referral demand. Mr Evans related the magnitude of the increase in local referrals with work to see whether there is any inappropriate use of electronic referral system use and access. Ms Nuttall recognised the potential reputational risks should the situation continue in the context of similar issues across other services and tertiary services whose capacity is also challenged and possible impact on RWT services. She reflected on the wider cancer services context in the area resulting in an additional 40 case from Sandwell with recruitment for a further Obstetrics and Gynaecology surgeon about to be commenced. Ms Martin asked whether it was a result of increased referral rates. Ms Nuttall said it was but the staffing capacity to deal with the additional workload to diagnose and treat was not in place and/or available. Mr Sharon said there had been historic under investment and training in this field.</p> <p>The report was noted.</p>	
096.03	<p><u>Performance against Contractual Standards (Fines)</u></p> <p>Mr Evans introduced the report and the five mandated fine areas with additional local quality requirements added – see bottom part of report. He said the fines are applied quarterly in arrears.</p> <p>The Committee noted the report.</p>	

096.04	<p><u>STP Update</u></p> <p>Mr Sharon said that specialist commissioning recently announced the tendering of all specialised services at all Trusts as a result of trying to avoid legal challenge to be concluded before the end of September 2018. Mr Sharon said he had provided feedback to them on this approach and timescale being ill-advised. He said the deadline has been extended and the Trust intends to provide a complaint bid within the extended timescale despite the inconvenience involved.</p> <p>The report was noted.</p>	
097/2018	<p><u>Reports to Note for Period 4</u></p> <p><u>Financial Monitoring NHSi Return</u></p> <p>The return was noted.</p>	
097.01	<p><u>Financial Monitoring NHSi Template</u></p> <p>The template was noted.</p>	
097.02	<p><u>Annual Work Plan</u></p> <p>The work plan was noted.</p>	
097.03	<p><u>Finance Minutes</u></p> <p>The minutes were noted.</p>	
097.04	<p><u>Capital Report</u></p> <p>The report was noted.</p>	
098/2018	<p><u>Any Other Business</u></p> <p>There was no other Business. Ms Rawlings gave her apologies for the next meeting. Mr Sharon gave his apologies.</p>	
099/2018	<p><u>Date and Time of Next Meeting</u></p> <p>The next Finance & Performance meeting will take place on Wednesday 19th September 2018 at 8:30am, Conference Room, Hollybush House. Reports will be required by 12 midday on Friday 14th September 2018.</p>	