

5 July 2017

Enclosure E1

Report to Trust Board (in Public)

Title	Finance & Performance Committee Report	
Sponsoring Director	Phil Mayhew – F & P Committee Chairman/Non-Executive Director	
Author	Jill Robinson – Chief Finance Officer Thekla Goodman - F & P Committee Secretary	
Action Required	<p>The Board is requested to:</p> <ul style="list-style-type: none"> - <i>Note the underachievement of the STF so far this year and the impact on the financial position.</i> - <i>Note the concerns around delivery of the CIP target.</i> - <i>Approve the Business cases in support of delivering the RTT target.</i> - <i>Note the on-going work being undertaken to improve operational performance and flow through the Trust.</i> - <i>Note the improved processes to facilitate better recruitment and retention.</i> - <i>Note the achievements so far against the Procurement Savings target and the approval of the Procurement Transformational Plan.</i> - <i>Confirm it is assured proper processes and internal controls are in place to sign off the final combined costs collection return.</i> 	
Previously considered by	N/A	
Priorities (√)		
<i>Investing in staff</i>		
<i>Delivering better performance and flow</i>		✓
<i>Improving safety</i>		
<i>Stabilising our finances</i>		✓
Related Board Assurance Framework Entries	<p>3290 If plans to improve cash position do not work the Trust will be unable to pay creditors impacting on supplies to support service.</p> <p>3291 Deficit is worse than planned and threatens the Trust's long term financial sustainability.</p> <p>3343 If discretionary revenue and capital investment is absent then the IT and Informatics strategy cannot develop.</p>	
Legal Implications or Regulatory requirements	<p>It is expected that the F&P Committee will give assurance to the Trust Board that plans are in place to achieve the Trust's financial forecasts.</p> <p>The Trust has a statutory duty to breakeven over a 3 year period.</p>	

Title of report	Finance & Performance Committee Report – Month 2
Name of director	Phil Mayhew

5 July 2017

Enclosure E1

Glossary

- *Capital Departmental Expenditure Limit (CDEL).*
- *Sustainability and Transformation Fund (STF)*
- *Cost Improvement Programme (CIP)*
- *Referral to treatment (RTT).*

Key Messages

The Finance & Performance Committee met on 26 May (Month 1) and 28 June (Month 2), the key discussions and decisions are below.

1 Financial Position

- 1.1 As at Month 2, the Trust is reporting a pre Sustainability and Transformation Fund (STF) deficit of £9.1m which is £515k (£250k in month 1 and £262k in month 2) adrift of plan mainly attributable to a shortfall in Cost Improvement Programme (CIP) delivery. In addition, the underperformance in both financial and operational targets has meant the Trust has not earned £1.3m of the STF funding so far this year increasing the adverse variance to plan to £1.8m. The Trust has identified a number of risks (which include conforming to CQC requirements and the need to recover operational performance rapidly) which without mitigation pose a significant risk to the Trust and its ability to deliver its control total . Focus on implementing mitigating actions to address and recover the shortfall and insure against any further deterioration has begun and a detailed forecast will be completed by the end of quarter 1 to determine the Trust’s realistic ability to deliver the pre STF control total of £42.7m. In parallel to this, the Divisions have been tasked to close the gaps on their CIP targets by end of July with support from the PMO.
- 1.2 **CIP** – concern was expressed that full savings plans against the £20.9m target had yet to be identified, to date £13.5m has been identified and as at month 2 the Trust is £900k adrift of the phased CIP plan. The Divisions have been tasked to develop their full CIP plans by the end of July looking at potential opportunities within the model hospital etc with support from the PMO. The Divisions will need to ensure that new schemes have been tested for robustness through the quality impact assessment (QIA) process.
- 1.3 **RTT trajectory delivery** – at its meeting in May the Committee considered business cases to support the delivery of the RTT trajectory and improve cancer performance. Following some further review, at its meeting in June, the Committee noted that a working group will closely monitor the delivery of the criteria within the business cases, track the impact on the cap and collar CCG contract and if needed, activate an exit strategy in the event that the benefits are not realised as expected. On this basis, the Board is asked to approve the business case as summarised below.

Title of report	Finance & Performance Committee Report – Month 2
Name of director	Phil Mayhew

5 July 2017

Enclosure E1

Specialty	17/18 Cost £000's
Oral & Maxillofacial	114
General Surgery	436
Ophthalmology	212 if insourced140 if all additional sessions
Endoscopy	1,370 to 1,933 depending on mix of delivery modes
Neurology	290
Respiratory	289
Gynaecology	354
Trauma & Orthopaedics	304

The Chief Finance Officer asked for it to be noted that the Business Cases remain unfunded.

- 1.4 A tight grip on agency spending continues; the Agency Task Force (Executive Director membership) reviews all non clinical agency posts on a weekly basis and it is worth noting that the number of medical agency positions converting to bank continues to increase.
- 1.5 Performance review meetings continue to assess Divisional performance against financial targets and national operational standards to ensure focus on delivery or to ascertain actions to re-dress balance.
- 1.6 Interim revenue support from the Department of Health in the form of loans, for 2017/18 will be £31.3m; the cash position remains tight and is monitored on a month by month basis, additional revenue support may be required dependent on the amount of STF secured by the Trust throughout the year.
- 1.7 The Capital programme is monitored weekly by the work stream leads, the agreed schemes within the programme indicate an overspend of £748k in the event no loan funding is secured, but the programme is reviewed and prioritised on an ongoing basis to ensure the CDEL is met at year end. The Trust has submitted all STP capital bids including for the ASR project by the deadline required, it has not yet been confirmed when a response can be expected.

2 Operational Performance

- 2.1 The Committee members were pleased to note that performance within certain areas such as cancer 2 week wait, emergency access standard (EAS) at the Alexandra Hospital, ambulance hand over times and RTT (incomplete) had begun to improve, a fuller report on the Trust Board agenda refers.

The Trust is currently undergoing an intensive red to green week at WRH to improve flow through the hospital and support the achievement of the Emergency Access Standard and other flow related metrics.

Title of report	Finance & Performance Committee Report – Month 2
Name of director	Phil Mayhew

5 July 2017

Enclosure E1

- 2.2 Edge Health have been commissioned to support the Trust's demand and capacity planning focussing primarily on theatre and surgical bed capacity. This exercise will help the Trust understand its true surgical workforce, theatre and capacity constraints and opportunities, this output is expected during July.
- 2.3 It was noted that Stroke performance has been affected due to vacancies and inability to recruit and other issues to be resolved around flow and ensuring dedicated bed availability.

3 Other Committee Business

3.1 Workforce Report

- 3.1.1 Further progress is being made in medical recruitment, with several recruitment panels already successful in appointing clinical posts and others arranged throughout July and August. The Trust has tried, tested and is becoming more successful with new initiatives such as Skype interviewing, re-invigorated recruitment campaigns, open days, the development of a recruitment microsite and using social media to promote the Trust.

As already mentioned, the Committee were pleased to note the increase in the conversion from agency to bank.

The Chief Nursing Officer reported that a workforce strategy day had been successful in generating ideas for better efficiency in rota management and how the different areas could work in a more joined up way.

- 3.1.2 **Doctors in training** - the Deputy HR Director gave assurance that a robust plan is in place to ensure outstanding payments are made and will confirm in July that this has been actioned.

3.2 Procurement Update

- 3.2.1 The Committee noted that plans are in place to deliver £2m savings for 2017/18 and at month 2, £590k savings have been delivered. The Bravo benchmarking and spend analytics tool will be used for scheme identification. The interim Clinical Procurement Nurse will be appointed on a permanent basis following the significant difference the postholder has made towards the delivery of the procurement strategy objectives and this post has been charged with £500k savings on clinical products.

Lost opportunities are being re-visited with a view to standardising, as other Trusts have successfully implemented nationally. The Trust believes there are several opportunities but will in particular look at Trauma & Orthopaedics.

- 3.2.2 The Committee considered and approved the Procurement Transformation Plan which explained the department's development plan over the next 2 years particularly performance against the Lord Carter targets.

Title of report	Finance & Performance Committee Report – Month 2
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5 July 2017

Enclosure E1

4 Combined Cost Collection Assurance 2106/17

At its meeting in May the Committee received detail in respect of the national requirement for each Trust to submit an analysis of costs allocated to points of delivery and specialties and HRGs based on costs and activity for the financial year to enable benchmarking and future national tariffs.

Being satisfied that:

- Appropriate information, data and systems (underpinning the return) are reliable and accurate;
- The costing team is appropriately resourced;
- There are proper internal controls over the collection and reporting of the information

The Committee approved the processes in place and authorised the Chief Finance Officer and Education Lead to sign off the final combined costs collection return. The Board is asked to confirm it is assured following this approval and recommendation from the F & P Committee.

5 **Recommendations**

The Board is requested to:

- Note the underachievement of the STF so far this year and the impact on the financial position
- Note the concerns around delivery of the CIP target
- Approve the Business cases in support of delivering the RTT target
- Note the on-going work being undertaken to improve operational performance and flow through the Trust
- Note the improved processes to facilitate better recruitment and retention
- Note the achievements so far against the Procurement Savings target and the approval of the Procurement Transformational Plan
- Confirm it is assured proper processes and internal controls are in place to sign off the final combined costs collection return

Phil Mayhew

Finance & Performance Committee Chairman/
Non-Executive Director

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