



Ashford and St. Peter's Hospitals
NHS Foundation Trust

TRUST BOARD
28th March 2019

AGENDA ITEM	16.3	
TITLE OF PAPER	Modern Healthcare Committee Minutes	
Confidential	NO	
Suitable for public access	YES	
PLEASE DETAIL BELOW THE OTHER SUB-COMMITTEE(S), MEETINGS THIS PAPER HAS BEEN SUBMITTED		
These minutes were reviewed and approved at the Modern Healthcare Committee meetings held on 21 st February 2019 and 21 st March 2019.		
<u>STRATEGIC OBJECTIVE(S):</u>		
Quality Of Care	<input type="checkbox"/>	
People	<input type="checkbox"/>	
Modern Healthcare	<input checked="" type="checkbox"/>	
Digital	<input type="checkbox"/>	
Collaborate	<input type="checkbox"/>	
EXECUTIVE SUMMARY		
	<p>The minutes of the Modern Healthcare Committee meetings held on 24th January 2019 and 21st February 2019 are attached. The key points for noting are: -</p> <ul style="list-style-type: none">• reviewed operational performance and noted that continued pressures on delivering the A&E target and required RTT trajectories. The Committee also discussed the cancer targets where there are challenges in delivery;• reviewed the Trust's workforce report noting the ongoing workforce challenges faced by the Trust and noted that a number of initiatives that were going to be undertaken in an attempt to reverse the current position and improve the recruitment of nurses in particular;• the month 10 financial position was being shown as being slightly behind the pre-PSF NHSI control total target, however the forecast	

	<p>had been held at plan. The Committee noted progress with the land sales and their impact on delivery of the overall financial position;</p> <ul style="list-style-type: none"> discussed and approved the Committee's risk appetite statement, key risks and underpinning KPI's; and reviewed and discussed papers on progress with business planning for 2019/20.
RECOMMENDATION:	<i>Receive and note the paper</i>
SPECIFIC ISSUES CHECKLIST:	
Quality and safety	
Patient impact	
Employee	
Other stakeholder	The impact on stakeholders through the Trust achieving its required financial targets, hence enabling the appropriate investment into services and infrastructure.
Equality & diversity	
Finance	
Legal	
Link to Board Assurance Framework Principle Risk	Financial risks.
AUTHOR	<p>Paul Doyle, Deputy Director of Finance</p> <p>Please approach for any further information required.</p>
PRESENTED BY	Meyrick Vevers, Non-Executive Director and Committee Chair
DATE	21 st March 2019
BOARD ACTION	Receive



TRUST BOARD
28th March 2019

MODERN HEALTHCARE COMMITTEE
MEETING MINUTES
24th JANUARY 2019

PRESENT:	Meyrick Vevers Neil Hayward Marcine Waterman Simon Marshall Tom Smerdon James Thomas	Non-Executive Director Non-Executive Director Non-Executive Director Director of Finance and Information Director of Operations – Unplanned Care Director of Operations – Planned Care
IN ATTENDANCE	Suzanne Rankin Louise McKenzie Andy Field Paul Doyle Sal Maughan	Chief Executive Director of Workforce Transformation Chairman Deputy Director of Finance Associate Director of Corporate Affairs and Governance
SECRETARY:	Nicky Ghahrai	Associate Director of Financial Management
APOLOGIES:	David Fluck	Medical Director

1. Introductions and Apologies for Absence

Meyrick Vevers welcomed everyone to the meeting and stated that the meeting as quorate.

2. Minutes of the Meeting held on 22nd November 2018

The minutes of the meeting held on the 22nd November 2018 were agreed, subject to a change requested by Marcine Waterman. This related to minute 10.4 which would be amended to state 'benchmarking based on out-dated data.

PD

3. Matters Arising – Actions List

3.1 Actions List

All action points were either completed or on the agenda. Marcine Waterman requested a change to the update against item 7 on the actions list. It was agreed that it would be amended to read 'working group of the Committee' to make it clearer that the meeting to discuss the risk appetite, KPI's etc was on behalf of the Committee.

PD

3.2 Risk Appetite Statement, Risks and KPI's

It was noted that the updated paper would be reviewed at the Strategic Change Committee the following week, along with the other Committee's papers, to enable

the whole Trust Board to have a discussion.

Neil Hayward stated that he was now much clearer on the risks and thanked the working group for the further development of the paper. However he wished to clarify whether a moderate risk appetite was appropriate, to support new ways of working in the Operational Performance section, 3.2, severity risk shown as 4. The Director of Finance and Information said that there needed to be an over-arching view at the Strategic Change Committee and this should be agreed there.

Andy Field said that in terms of patient risk, there should be a low risk appetite but more financial risk may be appropriate. Overall, the quality of patient care and safety should be very low risk. The Associate Director of Corporate Affairs and Governance commented that matrix views were to be undertaken, with innovation and strategy being reviewed across the organisation at the Strategic Change Committee.

Marcine Waterman said she believed this was work in progress as some corrections needed to be made, and also that she did not wish to wait another three months to have the KPIs. The Director of Finance and Information said that if it was agreed at the Strategic Change Committee then these would be completed. Marcine Waterman also asked if the KPI's mirrored the Model Hospital, to which the Chief Executive responded that there were two levels of monitoring, with high levels of strategic objectives for each committee required, and others below these. It was challenging to find KPIs representing the detail, which helped to monitor objectives, but a cumulative view was attempted. The Director of Finance and Information added that some indicators have a broad spread from the Model Hospital. Neil Hayward said he recognised the complexity but internally it may be necessary to track measures other than those which needed to be reported on externally.

Meyrick Vevers said that risk appetites reflected were primarily the Modern Healthcare Committee and financial view, rather than a Trust view. Andy Field recognised that there would be a variation in views between Committees, as each would have a different risk appetite, with more dynamic ones at a strategic risk level. These would reduce through the decision making process.

Meyrick Vevers said that it should be noted that approval of the paper was given but further a iteration was also required. It also needed to reflect the routine adjustment of risk appetite, including triggers. The financial position next year is very different and also needs to be reflected here. The Chief Executive also noted that should plans be challenged externally, this would trigger a review.

4. Operational Performance Report

The Director of Operations – Unplanned Care said attendances had gone up, at the same time as the Greenbrooks service started. There have been some changes to the way the 111 service sends people into the hospital, and although December still had higher numbers, these were lower than November.

The PSF was not achieved in Quarter 3, and the target of 95% in Quarter 4 would be very challenging. The Christmas and New Year period did not go into black status, although there had been additional escalation areas and non-framework agencies had to be used. There were reduced outliers in surgical beds in January and a reduction of approximately 10 ambulance admissions per day. In addition flow has continued within the hospital, with length of stay reducing, although this remains challenging. Beds are being re-opened on Chaucer Ward in Ashford Hospital, as a community level discharge to assess setting.

A new chart on page 4 of the report shows admitted or non-admitted performance, for less acute patients (i.e. Greenbrooks or only A&E). Performance dipped earlier in the year and this has been under review. The A&E team are making some changes to improve the ED experience for patients who end up coming to the hospital, after attending the Urgent Treatment Centre, including streamlining the process by not starting the patient process from scratch again upon going to ED.

Ambulance handover delays have gone up in December, particularly those over an hour, and there is now a focus from SEC Ambulance for this reason – a steering group is to be established. ECIST are supporting the Trust and visited in December. Useful feedback was received and changes will be made to enable progress to be made in this quarter.

Andy Field asked how other local organisations compared, to which the Chief Executive responded that the measures used are different, so not easily comparable. The Director of Operations – Unplanned Care said that according to NHSI data, the Trust shows slightly lower than Frimley and the Royal Surrey, but had less type 1 patients. Handover times were worse in East Surrey, while Opel status 4 (the highest) has not yet been triggered here, but has been in Epsom and at Royal Surrey on one occasion.

Neil Hayward asked what the internal A&E performance standard should be as this would be a better reflective metric for the Executive team given the challenges of achieving the national target of 95%. The Director of Operations – Unplanned Care said that the 95% target would be very difficult to achieve unless changes are made. The Director of Finance and Information said he believed that the crucial element was movement of patients around the department. The Director of Operations – Unplanned Care said that beds has created a flow issue and needs to be addressed, plus improvements could be made to the layout in A&E.

The Director of Workforce Transformation said that it has not been possible to fill middle grade gaps in the department, and nursing recruitment is up and down. She believed that workforce redesign would be appropriate, possibly with the use of ENPs, ANPs and Pharmacists. The Chief Executive said that she was aware of the difficulties of recruiting, but believed it would help to retain staff if they feel valued and autonomous.

In summary, Meyrick Vevers noted the Executive team's awareness of multi-faceted challenges, the need to consider a refreshed interim plan and changes to the workforce. Neil Hayward supported the best possible performance. The Director of Operations – Unplanned Care agreed to take this away to review what an internal standard and trajectory for A&E performance would be.

TS

The Director of Operations – Planned Care reported that elective procedures had not been cancelled on the day, and that staff had been under less pressure. The core tenets of the Winter plan were to utilise additional capacity at Runnymede and move bariatric patients to Guildford or elsewhere. Some theatre time is being used for paediatric patients, but long waiters are not being addressed and the 18 week wait position has deteriorated – the waiting list has grown despite activity levels being the same as in July and August, and more day cases are being undertaken.

The December RTT performance was 0.1% below trajectory, however this had been flagged to NHSI some months ago. The Cancer 31 and 62 days treatment targets have slipped as patients have been deferred. A new standard of 104 days has been introduced and the tracking corrected.

Andy Field asked if the referrals being done via letter was impacting on the targets.

The Director of Operations – Planned Care said that the transfer of booking Outpatient appointments to the CCG's has not been effective as they are not telephoning Cancer patients, their appointments are sent by post, and the DNA rate has therefore increased. There are waiting times of up to one hour at the referral centre, and as a result staff at the Trust have been telephoning patients. There was a meeting scheduled for the following week to discuss these issues, which had been agreed as part of a digital solutions framework. Meyrick Vevers asked if the utilisation of Ashford had increased, and the Director of Operations – Planned Care confirmed that this was the case, as part of the Winter plan.

The Committee noted the paper.

5. Workforce Report

The Director of Workforce Transformation presented the Workforce Report for December. She noted that there were some seasonal trends, in terms of the usage of bank and agency staff. There had been more starters than in December 2017 with 30 staff joining the organisation in the month, as against only 5 last year; however there had also been more leavers, with 39 in December 2018 as against 17 in December the previous year. In January the same amount of starters and leavers is projected, but in February the projection is for more starters than leavers. Analysis is ongoing as to the reasons why employees are leaving.

Further clarification was given as to the confidence level of 71% in the target set in September to recruit 400 Band 5 nurses by September 2019. In the tracker table 71% is in green or blue reflecting actual numbers started or in the pipeline, with 29% relating to planned campaigns. There is an element of dropout already built into the figures. In December some delays to start dates have been experienced.

The Deputy Chief Nurse for Workforce starts in February, and will be focussing on areas where there is less confidence, including a trip to Kerala; working with local estate agents to find family accommodation, and some recruitment work in Zimbabwe. There are also two UK recruitment events at the end of January for new graduates and an event in February integrated with North West Surrey.

In December, additional incentive payments had been offered, including a late incentive for non-bank holidays when a significant increase in uptake occurred. This year rotas had been agreed early but shifts had been added to this at a later stage. Easter is set to be planned in a more organised way.

Marcine Waterman asked if all of the reasons for 39 employees leaving in the month were known. The Director of Workforce Transformation said that they were across all professional groups; she did have individual reports for nurses (of which there were 21) and midwives, and although less detail was available for other staff groups, exit interviews should have taken place. She also said that relocation was an issue due to a shortage of affordable housing locally, and some were moving out of the South East; in addition some were moving to private healthcare roles due to improved pay. In some cases, the employee expectations as to flexible working had not been met and not being able to work set shifts had led to difficulties in finding childcare.

Marcine Waterman asked for assurance that there would be more detail available in the report to the People Committee, and particularly in the tracker, for the December and January forecasts, an update on what was the actual position. The Director of Workforce Transformation confirmed that the report for this Committee would be amended to track the previous forecast.

LM

Meyrick Vevers enquired about the 18 nurses from outside the UK due to start in March. The Director of Workforce Transformation confirmed that these were through Orchid, an organisation leading an intensive programme to get the candidates through IELTS, and they would then be able to start quickly after passing this and an interview.

Marcine Waterman asked if it was possible to get an SPC type chart on agency spend. The Director of Workforce Transformation confirmed that this could be done.

LM

Andy Field expressed some concern about Zimbabwe having a severe shortage of healthcare workers, although Neil Hayward said that those coming to take up roles in the UK would enable income and support for their families to be provided. He added that he would like to understand if there is anything that can be done to decelerate leavers, e.g. longer notice periods, or longer probation periods. The Director of Workforce Transformation responded that notice periods were not defined within Agenda for Change, for example here for Band 5 the notice period was 8 weeks for nurses and 4 weeks for Admin and Clerical staff; however there was a need to be mindful of other local organisations terms and conditions. It could be a possibility to rotate staff with some other partners locally or at a regional level to assist with this.

The paper was noted by the Committee.

6. Finances as at 31st December 2018

6.1 Operational Effectiveness/Efficiency Metrics

The Director of Finance and Information introduced the paper by noting there had been lower outpatient activity in December due to the Christmas period. Anticipated spend on temporary staff had been higher than expected, as it had been difficult to find bank staff to fill shifts.

6.2 Detailed review of CIP Programme

A detailed CIP review had been undertaken – however for the current year, the focus was on the land sale rather than CIP's in order to cover the projected £1.0m overspend. Andy Field asked if the projected CIP relating to CNST was recoverable, and the Director of Finance and Information confirmed for 2018/19 it wasn't but that it was on track to achieve in 2019/20.

The Committee noted the report.

6.3 Finance Report

The Director of Finance and Information reported that although the Q3 A&E target had not been achieved, the Trust had a sound financial position to get through the challenging final quarter of the year.

Andy Field asked if achievement of the Q4 target for A&E was included in the forecast outturn. The Director of Finance and Information confirmed that this was the case, to which Andy Field said that he believed this was too optimistic. The Director of Finance and Information said that this would be reviewed and amended next month.

The Deputy Director of Finance commented that there had been slippage against the national capital programme, and organisations had been asked to review their forecasts, which was taking place. The Director of Finance and Information said

that while the capital programme has historically underspent, the cash will not be available next year if it is not spent, particularly the digital allocation of £1.6m – however Order Comms and EPR allocations are expected to have spent their allocations by year end.

Neil Hayward asked if NHSI were asking for confirmation of allocations or spend. The Director of Finance and Information responded that as NHS organisations cannot generate cash, we have to have an agreed plan. The Deputy Director of Finance confirmed that this is set internally, and resourced internally. There had been slippage on the multi-storey car park due to the timing of the land sale, as this was an enabling work that was dependent on the land sale.

The Committee noted the report.

6.4 Forecast – Risks and Opportunities

The Director of Finance and Information confirmed that the West Site land sale was now at the legal stage as the sale had now been agreed. There would be a wait of six weeks for the outcome of a judicial review, but no challenge was expected, and the sale was expected to be completed in the last couple of weeks of March. The other two land sales were also expected to complete before then.

The Director of Finance and Information also reported that a year-end agreement had been reached with the commissioners within the STP footprint, in which due consideration had been given to the financial position of the whole system. Trust Board approval was requested – the net effect would be £7.0m over-performance for NWS CCG. Overall, there would be an adverse impact of £1.8m for the Trust.

He also confirmed that the amounts agreed for land sales had been more than originally anticipated and therefore a PSF bonus related to this was expected to add further income. The net book value of the disposals is still to be confirmed with the auditors, which is expected in February. Although a significant surplus was expected in 2018/19, the underlying position excluding PSF and non-recurrent items would be a deficit of c£1m.

Neil Hayward asked why the agreement with the CCG's had taken place so early. The Director of Finance and Information stressed that due to the Trust's underlying financial position, he believed that the organisation needed to be supportive of the overall system position, and that next year would be more difficult, although detailed plans were still being worked up. The Chief Executive confirmed that there was an expectation that the Trust would support the overall system and the additional income was not required this year due to the land sale. The Chief Executive reminded the Committee of the support received in 2017/18.

7. Strategic Finance

7.1 Business Planning

The Director of Finance and Information took the Committee through the highlights of the national guidance that had been issued.

Internally the CIP plan currently stood at £7m and there would be a further push to improve this over the next 6 weeks or so. The recognised start point was close to breakeven; changes to the emergency tariffs and the halving of CQUIN would have a positive impact and CNST increases would be recognised in the control total reduction. The Director of Finance and Information believed that in view of these, a surplus of £8.3m, which was the Control Total, would be a fair target, and would

keep the North West Surrey partnership in balance.

Meyrick Vevers commented that underlying performance appeared to have deteriorated, to which the Director of Finance and Information said that for a number of years, the underlying financial position had been around breakeven, although workforce challenges have increased. Marcine Waterman asked if there would be any financial sanctions, to which the Director of Finance and Information replied that these would be waived by agreeing to the Control Total.

The paper was noted.

7.2 Control Total

The Director of Finance and Information would recommend that the Trust Board accept the 2019/20 Control Total for the reasons discussed within the previous section. The potential additional employer superannuation contributions being debated are not affordable and the government would need to find additional funding should these be agreed. The financial impact of the pay award is also still to be quantified.

The Control Total and recommendation to accept was noted.

8. Business Cases and Contract Approvals

8.1 Draft ePR Business Case

The Director of Finance and Information clarified that the purpose of ePR is to modernise healthcare; however while in the Business Case there appeared to be financial savings, the crux of the matter was not about this but about changes in process and people, otherwise there was likely to be a cost of £3m per year.

The Director of Finance and Information also confirmed that significant upfront investment and increased revenue costs would be required; the Business Case would go to full Trust Board with the final version presented in March.

8.2 Supply of Endoscopes

The Director of Finance and Information stated that within Endoscopy the plan was to consolidate leases under one supplier with projected expenditure similar to current levels. There would be less scopes with this option, but new ways of working to provide more effective care through a better mix of equipment. Expansion of the service will be in a different business case.

Approval is requested from the Trust Board but more work is required to determine whether purchasing the equipment is a better option than leasing. Marcine Waterman asked for clarification in the final Board version of the paper on the high score given to the successful company in the After Sales Support section.

PD

9. Financial Risks

9.1 Key Points to Take to Trust Board

The Committee noted the following for discussion at Trust Board:

- Year to date results and forecast; and
- To approve the 2019/20 Control Total.

10. Items for Information or Approval

10.1 Schedule of Business

The Schedule of Business was noted.

10.2 Tender Waivers > £50k

It was noted that there was one tender waiver over £50,000 during November and December 2018.

10.3 Business Case Review

The Committee noted the paper.

11. Any Other Business

No other matters were raised.

12. Date and Time of Next Meeting

Thursday 21st February 2019 at 8.00am in Room 2, Chertsey House, St Peters Hospital.

MODERN HEALTHCARE COMMITTEE

MEETING MINUTES 21ST FEBRUARY 2019

PRESENT:	Meyrick Vevers Neil Hayward Marcine Waterman Simon Marshall	Non-Executive Director Non-Executive Director Non-Executive Director Director of Finance and Information
IN ATTENDANCE	Suzanne Rankin Andy Field Paul Doyle Sal Maughan Colleen Sherlock	Chief Executive Chairman Deputy Director of Finance Associate Director of Corporate Affairs and Governance Assistant Director of HR, Corporate Services
SECRETARY:	Nicky Ghahrai	Associate Director of Financial Management
APOLOGIES:	David Fluck Tom Smerdon James Thomas	Medical Director Director of Operations – Unplanned Care Director of Operations – Planned Care

1. Introductions and Apologies for Absence

Meyrick Vevers welcomed everyone to the meeting and stated that the meeting was quorate. Neil Hayward asked if sections 6, 7, and 8 could be prioritised in the agenda, as he had to leave the meeting by 10.00am. The Committee agreed that these papers would be dealt with first.

2. Minutes of the meeting held on 24th January 2019

The minutes of the meeting held on the 24th January 2019 were reviewed. Meyrick Vevers questioned part of the minute 8.1 relating to ePR. The Committee agreed that this part of the minutes would be amended.

PD

3. Matters Arising – Actions List

3.1 Actions List

All but one action point had been completed, with the Committee noting the update regarding the one outstanding action.

4. Operational Performance Report

In the absence of the Directors of Operations, the Director of Finance and Information presented the paper. He noted that admissions were up and elective performance had gone down with an increased length of stay up to 7 days due to both flu and outliers. There were also backlogs for > 7 days, and > 21 days, and ambulance handover times had worsened in the month. Additional nurses had been on duty within A&E to help manage this.

Marcine Waterman sought clarification on what was classified as A&E type 1. The Chief Executive said that this was true SPH A&E performance and excluded Woking and Ashford walk-in centres which are included in the Trust's overall performance (which is an NHSI requirement).

Within the additional items paper on page 9, NHSI SITREP performance was reported and the Trust's majors performance appeared to be much lower than other comparable organisations locally. The Chief Executive said that this could be related to performance measurement, but it was concerning as these are the sickest patients. The Directors of Operations are investigating as part of the improvement plan.

With regard to escalation beds, Frimley had a large number of escalation beds open which improved their position, but Ashford and St Peters Hospitals are unable to do this. The commissioner's view needs to be triangulated across all statistics. The Chief Executive said that her focus is on reducing ambulance delays, despite the costs of delivering this. The biggest issue was the ability to staff additional beds as the core base bed stock is full.

It was also notable that in terms of workforce numbers, Surrey Heartlands had nursing numbers below the national average, and North West Surrey was even worse. In this area, community care was also among the bottom five in the country. The Chief Executive said she believed there needed to be a big shift in the long term plan.

With regard to Greenbrooks, the Director of Finance and Information said that he felt this change was working, although flow is difficult – however the position would be worse without their service in place.

Meyrick Vevers commented that because of the pressures, previous coping mechanisms were not sufficient. It needs to be recognised that the situation will not go away and solutions will need to be worked through with other partners, at a new level and looking at longer term solutions.

Andy Field said that for Cancer Care performance, the treatment within 31 days target was usually achieved, but since December this had reduced, as had the percentage of patients treated within 62 days. The Director of Finance and Information said that his understanding was that the numbers were very small. Marcine Waterman asked if there would be more emphasis on achieving these targets next year, to which The Director of Finance and Information responded that there would be emphasis on planning and diagnostics – Urology was one consultant short currently, with another retiring, which had created an issue. More detail and a recovery plan was required. The Chief Executive said that Royal Surrey's performance also contributed to this target.

JT

The Committee noted the paper.

5. Workforce Report

The Assistant Director of HR presented the Workforce Report for January. She noted that there was higher nurse agency spend which aligned to the higher bed usage. There had been more starters than leavers and the position had significantly improved from last year, with 13 staff joining the organisation last year in January, compared to 35 this year and a reduction in leavers.

The Assistant Director of HR updated the Committee on the upcoming changes in the service made by Brooksons. The current model used by the company allows VAT to be reclaimed, based on intermediaries legislation under which the company provides clinical services to patients. There are other models which operate with the doctor on the hospital's payroll and this brings risk to the organisation, e.g. maternity leave, superannuation contributions. HMRC have now taken the view that

the Brookson model is not compliant with the provision of clinical services and from 11th February 2019 will be required to charge VAT. The Trust and Brookson's are looking to implement a new model, whereby doctors will be on a no-obligation contract with the Trust, and either the Trust or Brookson's may pay them. A decision will need to be taken as to whether the Trust continues to utilise Brookson or another company. A new model is expected to be offered in 4-5 weeks.

The Director of Finance and Information said that an interim solution was to be agreed this week, but he believed the use of Surrey Heartlands bank would be a better solution than using agency. In April a new system will be introduced and this is likely to be with Brooksons. The Assistant Director of HR said that Brooksons will continue to issue contracts, but employees are entitled to be part of the NHS pension scheme, although if they are employed elsewhere they cannot join it.

Meyrick Vevers asked for more information about off-framework agencies. The Assistant Director of HR said that many people register with multiple agencies, and the system may poach a worker for another organisation. The Thornbury agency model is different in that they only accept shifts which are very difficult to fill, and offer zero hours contracts so that their employee has to accept shifts offered (a retainer is paid). They also charge a cancellation fee. Use of Thornbury has been limited, but has been helpful on occasion. In terms of joining the NHS framework, there is a re-tender every 3-5 years, but even if companies improve in the interim period they might be unable to join the framework. Neil Hayward commented that there needs to be procurement involvement, and the Assistant Director of HR confirmed that NHS Commercial Solutions were involved.

The Assistant Director of HR confirmed that the recruitment plans had been updated. Neil Hayward said that this was the best forward plan the Committee had received, and thanked the team for moving this forward, which was seconded by Meyrick Vevers and Marcine Waterman.

Marcine Waterman asked about the timescales for on-boarding overseas nurses as they seemed to be quite slow. The Assistant Director of HR confirmed that for Jamaican nurses this was between 6 - 12 months. For the Jamaican nurses, once they have a job offer they have to register and do a test with the NMC and provide supporting documentation. They must be given approval to apply for registration before an application for a visa may be made. Marcine Waterman asked if assistance was given with accommodation and the Assistant Director of HR confirmed that they were given on-site accommodation and had the first month's rent paid by the Trust.

Marcine Waterman also asked if SPC charts could be made available for bank and agency staff.

CS

The paper was noted by the Committee.

6. Finances as at 31st January 2019

6.1 Operational Effectiveness/Efficiency Metrics

The Director of Finance and Information introduced the paper saying there had been challenges relating to activity levels and additional beds open. Due to escalation beds, it had been necessary to utilise higher tiers of agency staff and off-framework agencies, and this had added pressure to the forecast since Christmas. Meyrick Vevers asked if an end to the escalation was forecast. The Chief Executive responded that some escalation beds had been closed this week; it must not be accepted that this is part of the ongoing run rate and some control over bed

management and staffing must be re-established, especially for next winter, as it impacted on length of stay and teams, and was not an efficient way of working.

The Assistant Director of HR confirmed that the on-framework rate was £32 per hour for a registered nurse, while off-framework rates was £46 per hour, but some shifts at bank holidays cost much more. Meyrick Vevers asked if it were the agency or the worker who benefitted from these rates; the Assistant Director of HR confirmed it was both.

6.2 Finance Report

As most of the highlights of the report had already been discussed the Director of Finance and Information asked if there were any questions.

Marcine Waterman asked for an update on non-pay and CIPs. The Director of Finance and Information said that CIP's would be under-achieved this year with some non-recurrent. Outsourcing, energy and drugs (due to QiPP) had underachieved which impacted both CIP delivery and non-pay expenditure.

Marcine Waterman said that she had found the recent meeting with Governors helpful, but the finance paper was unclear on risk values and how they were likely to move. The Deputy Director of Finance said that, apart from land sales which were the major risk, the other risks were increased costs, some of which had been built into the forecast, and possible disputes with other non-STP Commissioners would mainly relate to NHS England. No significant additional savings e.g. changes to middle grade doctors rotas, are expected in-year.

Meyrick Vevers asked what the impact on the finance score for the year would be and what would be the impact if a lower score occurred. The Deputy Director of Finance confirmed that this had not changed in the last few months and that there would be no financial impact, but it would be more reputational and possible intervention from NHSI.

Andy Field asked if the agency position is the same for all local organisations. The Chief Executive said that her understanding is that it was similar across the South East. The Assistant Director of HR said that she had attended a meeting with neighbouring Trusts who were in the same position and were keen to progress a joint solution, although the Royal Surrey agency cap was higher than for this Trust.

The Committee noted the report.

6.3 Forecast update

The Director of Finance and Information reported that the Q4 A&E target was not now included in the forecast outturn as it would not be met. In addition income had also reduced and cost pressures previously discussed, included.

The Director of Finance and Information said that the change to the Control Total achievement includes PSF except A&E, plus the NHSI incentive payment of £16.0m. There may also be a bonus payment of 100% PSF on any profits over and above the plan. Meyrick Vevers asked what the underlying adverse variance was, to which the Director of Finance and Information replied that it would be in the region of £1m. He also confirmed that pay and non-pay overspends were already in the position. The Chief Executive confirmed that the projected surplus of £34.3m is still achievable as long as all three land sales completed.

Andy Field asked if all the land sales happen, can anything be done to mitigate the

position next year from an accounting perspective to which the Director of Finance and Information responded that he did not believe so. The Chief Executive said that discussions were ongoing as to the 2019/20 Control Totals within the system and there may be change. If any change was proposed, it would be brought back to this Committee, but the regulators have said that it is necessary to demonstrate working as a system in order to achieve benefits, due to the widely differing positions of the organisations involved. Andy Field said that it must be recognised that there is not an underlying break even position going forward; the Chief Executive said that her next discussion would be a week on Monday.

Andy Field also asked whether it should be considered what the bottom line receipt is for the Trust from the West Site bidder. Meyrick Vevers said that it would also be necessary to consider the position if they walk away; he believed that the deal must be completed this financial year. The Director of Finance and Information said that he did not believe there should be a deal at any cost, in the interest of the taxpayer, but all bids had been higher than the valuation. Andy Field said that the question was around the margin of the bid – he felt that anything above the valuation was reasonable, but felt a backstop should also be considered.

The Director of Finance and Information said that he felt the drop initially proposed was unjustified but the response had been around timing. If the second placed bidder's price was close to this, he would go back to them. The Chief Executive confirmed that the matter would be brought back to the Committee if more than £1m away from the current bid being considered.

Meyrick Vevers asked if a simple table showing in larger increments, financial impact as the price changes, together with land value, could be made available. The Director of Finance and Information said that income, profits and bonus payments should also be shown. Meyrick Vevers commented that he thought this would enable the Committee to make a considered decision if the bids changed again. .

SM

The Committee noted the update.

7. Business Cases and Contract Approvals

7.1 – 7.4 Land Sales Update

Marcine Waterman asked if there was a paper for this item, and the Director of Finance and Information confirmed that this was a verbal update, but there were papers detailing each land sale at items 7.2, 7.3 and 7.4. He said that much effort had been expended on trying to land the three land sale deals, and that the disposal of the Ashford Hospital land was expected shortly. Confirmation was awaited on how affordable housing would be supported and an element for healthcare, but for Optivo, all substantial issues had been resolved, and the contract was due to be signed in late March when the Section 106 legal agreement had been completed.

The payment for the West Site sale was originally to have been spread over two years, but a slightly reduced overall proposal had now been put forward with payments spread over a longer period. Discussions are ongoing, but either guarantees will be required on the land or the preferred route is to have security over the land whilst there are outstanding monies. Meyrick Vevers asked if a charge over the land would be acceptable, and the Director of Finance and Information responded that this was under consideration, and the other bids could be revisited if necessary.

Neil Hayward asked what would be the impact of the changes to cash inflows on the spending plans, to which the Director of Finance and Information responded that this would be minimal for the Trust due to the NHSI bonus payment and the other land sales; however it would be more difficult for Surrey and Borders.

Marcine Waterman asked if the NHSI incentive would be affected, and the Director of Finance and Information confirmed this would not be the case. Meyrick Vevers asked if it would still be in the interest of the Trust to take a lower offer if this sale did not happen, to which the Director of Finance and Information responded that he did not expect to have to do so, but timing was key. The Trust is currently overspending, so does require a surplus in order to support additional activity.

Meyrick Vevers said that he would find it helpful to understand the financial impact of the various bids received; the Director of Finance and Information said that if agreement had not been reached next week, discussions with the next highest bidder would be started. Meyrick Vevers then asked what would happen if the purchaser did not agree to a charge on the land. The Director of Finance and Information said he believed this would not be legally acceptable and would put them in an untenable position. The cash profile can be managed, but a lack of security could not.

The Committee papers have been prepared on the basis that there was sufficient delegated authority to agree a slight variation. Meyrick Vevers said he believed that the change in payment profiling was not a significant issue for this organisation, but that it would have a big impact on the purchaser.

Neil Hayward asked what was required from the Board, to which the Director of Finance and Information responded that approval was required for the Ashford and Optivo sales, but for West Site, an update was required to be noted, as appropriate safeguards were essential, such as a change on the land or a performance bond.

The papers were noted.

8. Strategic Finance – Financial Planning 2019/20

8.1 Commissioner Contracts update

The Director of Finance and Information reported that contract and system wide work is ongoing. There is currently a £5m difference with North West Surrey CCG. In the area, some organisations are on full Payment by Results, while others are on block contracts. The Director of Finance and Information confirmed that he would be having a one-to-one with the Director of Finance at the CCG as the plan was not yet sufficiently refined.

PSF relates to the agreement of a control total and the delivery of it, which is likely to put a gap between Commissioners and Trusts. It may be that individual contracts are not signed but agreed at system level, which could lead to the sharing of PSF. The regulator is keen, but organisations then look riskier, so this may not be agreed at a higher level.

8.2 Business Planning

The Director of Finance and Information presented the budget paper showing how the Trust could meet its Control Total for 2019/20.

The Chief Executive said that there needed to be a detailed, deliverable plan to agree to the commissioners contract, rather than the £5m current gap.

Meyrick Vevers asked if PSF was reducing next year, to which the Deputy Director of Finance responded that this was correct, it will reduce to £5m and that 2019/20 is a transition year.

The Chief Executive said that she had a three hour conference call booked in next Monday with the group to discuss this further. The Director of Finance and Information asked if there was anything else to be done before the end of March, and the Chief Executive replied that she believed the organisation must aim for a breakeven position. Meyrick Vevers said that he understood this was very fluid at the moment.

The paper was noted by the Committee.

9. Financial Risks

9.1 Key Points to Take to Trust Board

The Committee noted the following for discussion at Trust Board:

- Year to date results and forecast; and
- To approve the land sales for Ashford and Optivo, and note the update on the West site sale, and that appropriate safeguards were essential.

10. Items for Information or Approval

10.1 Schedule of Business

The Schedule of Business was noted. Marcine Waterman said that Risk & KPIs were not on the agenda, and had not yet received these so wished to ensure these were on the agenda from April. The Deputy Director of Finance said that this was a standing item.

The Director of Finance and Information added that in February there had been too much on the agenda due to the Land sales papers, but this would be in place from the March meeting (as there was no meeting in April). Marcine Waterman said that she had seen the draft set of risks, but a discussion was needed as to their mitigation and how the KPIs are being managed. It was agreed that these risks would be brought to the March meeting.

PD

10.2 Tender Waivers > £50k

It was noted that there were no tender waivers over £50,000 during January 2019.

10.3 2017/18 Corporate Services Benchmarking Report

The paper was presented by the Director of Finance and Information, who said that he was happy with finance costs, and the costs of Shared Business Services had been negotiated down subsequently. For Procurement, the split across two sites created a double movement of stock, which the new build will address (due to the labour required) and procurement CIP delivery team is over-invested.

Governance and risk is significantly higher than benchmark. There is a large structure for clinical risk management and quality, but there had been a deliberate investment here. A restructure will take out posts, but Associate Directors of Nursing will increase, so this is unlikely to improve (although it should have a positive impact on nursing staff).

Any changes in payroll would be longer term, possibly 2 years or more ahead, when outsourcing would be looked at – however a good service was received from the in-house team who also support the staff bank.

IT had been underinvested in, and costs were likely to go up significantly with the implementation of EpR and other projects, possibly working with partners. Both Estates and HR benchmarked adequately.

Meyrick Vevers said the Trust was considered exemplary in many respects.

The Committee noted the paper.

11. Any Other Business

No other matters were raised.

12. Date and Time of Next Meeting

Thursday 21st March 2019 at 8.00am in Room 2, Chertsey House, St Peters Hospital.