

TRUST BOARD
29th March 2018

AGENDA ITEM NUMBER	18.3	
TITLE OF PAPER	Financial Management Committee Minutes	
Confidential		
Suitable for public access	√	
PLEASE DETAIL BELOW THE OTHER SUB-COMMITTEE(S), MEETINGS THIS PAPER HAS BEEN VIEWED		
These minutes were reviewed and approved at the Financial Management Committee meetings held on 22 nd February 2018 and 22 nd March 2018.		
STRATEGIC OBJECTIVE(S):		
Best outcomes	√	
Excellent experience	√	
Skilled & motivated teams	√	
Top productivity	√	
EXECUTIVE SUMMARY	<p>The minutes of the Financial Management Committee meetings held on 18th January 2018 and 22nd February 2018 are attached for noting. The key points are: -</p> <ul style="list-style-type: none"> • reviewed operational performance, in particular the A&E action plan to meet the agreed targets. The Committee noted the progress being made with the various work streams; • reviewed the workforce report, in particular nursing and the retention and incentive schemes underway for this staff group; • reviewed Trust finances which were slightly behind plan at month 10 but this was currently forecast to be back on plan by the year end. Risks to delivery of this position were noted; • reviewed a first draft of the budget for 2018/19 as well as the new Control Total set by NHSI – the Committee recommended setting a budget that met the Control Total; • approved an update to the Treasury Management Policy; and • noted the national Reference Cost publication for 2016/17 which reported the Trust at an index of 91 (the same as 2015/16) against a baseline of 100. 	
RECOMMENDATION	Receive and note the paper	
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 relevant Board Assurance Framework Principle Risk	Financial risks 4.
AUTHOR	Paul Doyle, Deputy Director of Finance Please approach for any further information required.
PRESENTED BY	Meyrick Vevers, Non-Executive Director and Committee Chair
DATE	22 nd March 2018
TRUST BOARD ACTION	Receive

TRUST BOARD
29th March 2018

FINANCIAL MANAGEMENT COMMITTEE MEETING
MINUTES
18TH JANUARY 2018

PRESENT:	Meyrick Vevers Keith Malcouronne Simon Marshall Tom Smerdon James Thomas	Non-Executive Director (Chair) Non-Executive Director Director of Finance and Information Director of Operations – Unplanned Care Director of Operations – Planned Care
IN ATTENDANCE	Paul Doyle Suzanne Rankin Colleen Sherlock	Deputy Director of Finance Chief Executive Head of Workforce Planning and Intelligence
SECRETARY:	Des Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	Neil Hayward	Non-Executive Director

Actions

1. Introductions and Apologies for Absence

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

2. Minutes of the Meeting held on 23rd November 2017

Minutes of the meeting held on the 23rd November 2017 were agreed.

3. Matters Arising – Actions List

It was noted that all the action points were either completed, on the agenda or not yet due.

4. Operational Performance Report

The Director of Operations – Planned Care introduced the new style report explaining that it contained the same data as before, but presented slightly differently and also included some new metrics.

The RTT target was missed in December due to a multitude of factors including winter pressures and related downtime, consultant absence/sickness and reduced sessional rates.

Waiting lists and backlogs are continuing to increase. “Hospital cancellations on the day” is one of the new metrics included - this spiked in December with 8

patients. “Rescheduled within 28 days” is another new metric but the data is not yet available for this so it’s not populated in the report at present.

“Advice and Guidance” is a new metric linked to a national initiative to reduce demand on hospitals. An example of initiatives to achieve this is the new iMSK service.

The Director of Finance and Information explained that within the MSK service, the assumption was that payments to third party providers (other NHS and private bodies) would reduce and system work would be brought in house; however this is not happening at the rate expected. Work at other providers is not reducing and and the Trust has to pay for this work at full tariff, whereas its income is set under a block contract.

The Director of Operations – Unplanned Care stated that the December A&E performance was 91.2% which was a 3.0% increase on November (which was 88.1%) and the improvement does not include the Woking Walk-in Centre. With Woking WIC included, the performance was 91.7% and this was better than the NHSI target trajectory of 90.8%

Operational performance was relatively good over December, with discharges holding up, and whilst it was busy during the Christmas break, it was a good month performance wise.

Black status was declared on 2nd January 2018, however, this was cleared within 24 hours, and the Trust remained in “Business Continuity” for about a week afterwards. Escalation into Ashford occurred early in January, although this has now been closed.

Meyrick Vevers asked for an update on “Flu” patients. The Director of Operations – Unplanned Care explained that there are eight flu patients currently isolated in the hospital, but these numbers are growing, and this is being monitored.

Crude mortality was discussed, with rates so far this winter looking lower than usual. A lot of work is being done to establish what an acceptable level would be across the whole NHS, so that targeted initiatives can be taken to reduce mortality rather than badging spikes as seasonal variation.

Capacity issues are affecting the two week cancer rule and 62 day performance target. Compliance against the 62 day target seems to be challenged in January, mainly due to Histopathology capacity within BPS.

Endoscopy is currently undertaking a review which aims to introduce processes to ensure patients are sufficiently informed to avoid delays in treatment.

The Committee noted the paper.

5. Workforce Report

The Head of Workforce Planning and Intelligence provided an update on December performance, flagging three points:

- 1) an update on the winter loyalty scheme, which was introduced to

encourage nurses and midwives to take up more shifts over the winter period. There has been a 62% increase in the bank shifts worked, and a 44% reduction in agency worked compared to last year, which represents a move away from agency. Overall, the same number of temporary staff was provided as last year;

- 2) the tables on the report were explained, stating that the WTE forecast is unchanged and that the WTE numbers don't visually tie up to the £ numbers as they are on different scale; and
- 3) the nursing retention rate seems to have improved in December and this is perhaps linked to the initiatives introduced through the recruitment and retention programme.

Whilst the report shows an improving position, the discussions with the wards indicate ongoing pressures, and this is a concern for delivering the plans for next year. Vacancy factors remain high, and supply is limited, and this has to be addressed in the Trust strategy to prevent risk of harm. Suzanne Rankin noted that reviews of 2018/19 business plans would look at ensuring the continuity of safe staffing of wards.

There are national initiatives in place, but these are of a small scale, and will only deliver in the future, whereas the need and risks are immediate, so the Trust has to be more radical, agile and less risk averse in making decisions that are right for the patients.

The staffing issues exist within the community as well, and despite more money being made available to the community with the intention of relieving pressure on the acute sector, the community has not been able to recruit the people or secure capacity to take on additional patients. Therefore the issue is across the sector.

The paper was noted by the Committee.

6. Finances as at 31st December 2017

6.1 Operational Effectiveness/Efficiency Metrics

The Director of Finance and Information introduced the report, stating that December is usually a more challenging month with school and bank holidays, but most of the metrics are as expected in the month.

The paper was noted by the Committee.

6.2 Detailed Review of CIP Programme

The Director of Finance and Information pointed out that whilst overall the programme is being delivered, there are a few challenges within the underlying detail. For example, Estates income is not as expected, and energy CIP's not delivered due to increased gas prices linked to exchange rates. Pathology is under recovered due to a slow start with the Berkshire merger into BPS, although this is expected to be recovered by the end of the financial year. The under delivery in these areas has been more than offset by over achievement in Medicine (tariff gains and workforce savings) and iMSK (procurement).

The main issue is the delivery of the Joint Delivery Programme, which continues

to be under delivered, and therefore the related cost responses are not being realised. This continues to be a concern going into 2018/19.

The paper was noted by the Committee.

6.3 Finance Report

The Director of Finance and Information summarised the report stating that the month 9 performance was ahead of plan and the YTD position was in line with plan. The underlying position in the month was breakeven, but this was boosted by additional funding from the STP.

The YTD surplus is £9.6m. This includes £5.0m of STF from central government and £2.0m of local STP funding year to date.

The Chief Executive explained the funding linked to “devolution” where the system was given £15m transformation funds to deliver this process through the STP. It is this money which the Trust has been bidding against to fund initiatives within the hospital which aim to relieve pressure on the system. There are conditions attached to the STP £15m, where if the system doesn't achieve balance, the devolution could be revoked, and therefore the STP is carefully assessing bids to ensure it equitably supports initiatives which will keep the system in balance.

There is a risk going into next financial year that this funding could be non-recurrent, and that the underlying position continues to erode.

The paper was noted by the Committee.

6.4 Forecast Update

There was no paper for this agenda item. The Director of Finance and Information reported that the forecast has been held to plan for the full year, however, there are ongoing risks around that, both in relation to the underlying position, which could be undermined by winter pressures being more acute than expected, and also further STP support not being received.

Whilst achieving Q3 has put the Trust in a strong position, the Board needs to be really clear about the underlying position.

The message to the Board will include some observatory conclusions on the Q4 forecast, the variability within the forecast, the risks around the operational delivery side of things (A&E target of 95% in March for example), all of which could put the Q4 STF at risk, and the need to reduce expenditure in the next ten weeks to protect the position.

The Committee acknowledged the challenges in the forecast, and observed that all the correct questions are being asked both internally and externally. It was agreed that the Trust should continue with long term plans as they are, and that any challenges in the short term that could impact the forecast outturn won't affect long term planning. The Trust is making decisions for the good of the wider system which could have implications on the internal finance in the short term.

7. 2018/19 Budget and Business Planning Update

The Director of Finance and Information explained that the centre has not yet issued planning guidance, nor advised the pay award for next year or how this will be funded. Tariffs have not yet been confirmed, and therefore the response required is yet unknown. It is hoped that this can be presented to the February meeting.

8. Identification of Financial Risks

8.1 Items for Risk Register

No new risks were identified by the Committee.

8.2 Key Points to take to Trust Board

The following points were to be taken to the Trust Board:

- Committee is to make some observatory conclusions on the full year forecast; the variability within the forecast; the risks around the operational delivery (A&E target of 95% in March for example), all of which could put the STF at risk, as well as the need to reduce expenditure in the next ten weeks to protect the position.

SM

9. Items for Information or Approval

9.1 Schedule of Business

This paper was noted.

9.2 Business Case Approvals

There was one Business Case approved by the Commercial Group in December 2017 as follows:

- Paediatric Consultants for PAU. The Division of Women's Health and Paediatrics sought approval to recruit 2.6 WTE Consultant Paediatricians and increase PA's of current substantive Paediatricians from 6 to 10 to support the General Paediatric acute care pathway. These changes would be internally funded within the Division. The Business Case was approved on three conditions which have been addressed by the Division.

A paper was presented to the Committee that summarised all the cases approved this year to date, and the progress in recruitment so far.

The paper was noted by the Committee.

9.3 Tender Waivers >£50k

There were no single tender waivers over £50k in December 2017.

9.4 Treasury Management Policy Review

The Deputy Director of Finance stated that the paper could be taken as read and

the changes that had been made were mainly presentational. Meyrick Vevers noted that it was not particularly relevant to have a treasury policy when the Trust is not borrowing money. The Deputy Director of Finance agreed, but explained that it is an NHSI requirement to have one.

The updated policy was approved by the Committee.

9.5 Reference Costs 2016/17

The Committee discussed the 2016/17 output and what it represented. The Trust has achieved the same score as last year and remains efficient nationally, but a lot of work has to be done to understand the variability within the services that sit beneath this. The paper was noted by the Committee.

10. Any Other Business

No other business was raised.

11. Date and Time of Next Meeting

Thursday 22nd February 2018 at 08.30am in Room 3, Chertsey House,
St. Peter's Hospital.

FINANCIAL MANAGEMENT COMMITTEE MEETING
MINUTES
22nd FEBRUARY 2018

PRESENT:	Meyrick Vevers Neil Hayward Simon Marshall Tom Smerdon James Thomas	Non-Executive Director (Chair) Non-Executive Director Director of Finance and Information Director of Operations – Unplanned Care Director of Operations – Planned Care
IN ATTENDANCE	Paul Doyle Suzanne Rankin Colleen Sherlock	Deputy Director of Finance Chief Executive Head of Workforce Planning and Intelligence
SECRETARY:	Des Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	None	

Actions

1. Introductions and Apologies for Absence

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

2. Minutes of the Meeting held on 18th January 2018

Minutes of the meeting held on the 18th January 2018 were agreed.

3. Matters Arising – Actions List

It was noted that all the action points were either completed, on the agenda or not yet due.

4. Operational Performance Report

The Director of Operations – Unplanned Care stated that the January A&E performance was 85.1% which was a reduction on December (which was 88.5%) excluding the Woking Walk-in Centre. With Woking WIC included, the performance was 88.6% (last month was 91.1%).

Cancer targets (62 day) were met in January, however, February looks challenged but under target for TWR referrals, which may be linked to paper referrals. These paper referrals need to be replaced by electronic referrals, and patient choice is also a factor. Also, the diagnostics challenge on the Histopathology service is causing delays and ways to reduce this demand are being investigated.

The achievement of the March A&E target was discussed in depth, along with the plans to achieve it, with everything possible being done to meet the target. The Spring to Green initiative was also discussed in detail.

The Director of Operations – Planned Care explained that the elective wait time

had dropped to 90.4% against the 92% target. This has put pressure on the backlogs which have gone up by significantly since April 2017. Elective orthopaedic work was suppressed in Ashford due to bed pressures, and this reduction was extended for a week due to staffing pressures. Not all of the issues with the wait times are linked to surgical specialties, with Dermatology and General Medicine (sleep studies) also challenged at the moment.

The Chief Executive provided assurance in terms of clearing backlogs, explaining that the choice of which patients to be treated will be based on clinical need, not based on financial levers.

The Director of Operations – Planned Care pointed out the new trend line graphs in the report, and explained the data flagged in some of the charts, such as diagnostic wait times which have deteriorated and cancellations on the day which have improved.

The Committee noted the paper.

5. Workforce Report

The Head of Workforce Planning and Intelligence introduced the January report, providing an update on the winter loyalty scheme which has been running since November. Data indicates that the WTE on bank increased by 10 WTE compared to September, which equates to 3 additional hours per person across the wards and 9 additional hours per person in Theatres. This scheme has increased costs, but as it is increasing the uptake of bank, plans to extend it for 100 days are being reviewed.

The Trust took part in a case study by Deloitte's which reviewed the Locum's Nest App, and this report has just been released. Hampshire Hospitals Trust has expressed interest in joining the collaborative bank. The App has been expanded to include GP's booking shifts into A&E, and GP's are looking to use the App for their practices as well. The ability to extend this App to nurses is also being investigated.

Meyrick Vevers asked about the rates paid for bank work, and the Head of Workforce Planning and Intelligence replied that the rates were Agenda for Change rates, and comparative to what substantive staff would earn. The rates are currently being reviewed across the Trust.

Neil Hayward pointed out that more staff joined than left in January, which was good, and that there was a comment in the report about staff in the recruitment pipeline, but there was no indication of how these will play into the forecast in terms of timelines. This should be picked up at the next Workforce and Organisational Development Committee.

CS

The paper was noted by the Committee.

6. Finances as at 31st January 2018

6.1 Operational Effectiveness/Efficiency Metrics

The Director of Finance and Information introduced the report, stating that the

increase in LOS in January is due to a distorted case mix in the month, with less elective and more non-elective long stayers.

The day case rate is very high due to the switch from elective activity to day case mentioned in item 4. Day case rates have held up well considering the increased pressures, however this switch in surgical case mix had a negative impact on theatre utilisation.

The Chief Executive commented on staffing levels and stated that in some instances, not being able to service the work that needs to be done would impact on the metrics.

The Committee acknowledged that there were significant challenges in the system, but stated that the management team was good and that the Committee was confident the team would deal with the challenges effectively.

The paper was noted by the Committee.

6.2 Capital Report

The Director of Finance and Information stated that the capital programme was behind plan, and detailed some of the reasons for this. There have been several changes in the IT programme during the year to respond to issues that have arisen, which has meant some plans have had to be deferred.

Neil Hayward observed that a significant proportion of spend had to occur in the next six weeks to hit the forecast. The Director of Finance and Information responded that most of the equipment has now been deployed, and the works in the management corridor were well underway, so work is expected to be accounted for by the end of the financial year.

An area that has had real operational impact is the delay in Order Comms, which is unfortunate, but this will be picked up in the new financial year.

The paper was noted by the Committee.

6.3 Finance Report

The Deputy Director of Finance explained that the Trust was £0.2m behind plan year to date at the end of January, which, given the operational challenges in the month, was a good result.

Income held up, pay was as expected but non-pay expenditure was higher due to outsourcing.

The Director of Finance and Information provided a summary of the contracting discussions that have been held ahead of the year end, with settlements already negotiated with the local CCGs. Specialist Commissioning has not yet been agreed, but as it is underperforming against plan, this is less of an issue.

Neil Hayward asked how this positive operational and financial performance can be leveraged into the wider healthcare system and ACO's. For example, how does it accelerate the process of change, and how the Trust is involved in leading

this. The Chief Executive responded that the system has acknowledged the Trust's strong position, both in funding received, and also in the support the Trust is able to provide to the STP in terms of staff and resources.

The paper was noted by the Committee.

6.4 Forecast Update

There was no paper for this agenda item. The Director of Finance and Information explained the underlying financial position and the impact on hitting the Control Total. Meyrick Vevers pointed out that whilst the Control Total is being achieved non-recurrently, the Committee is cognisant of this fact, and understands very well the challenges, and the Trust has done well to hit the target given the risks inherent in the plan.

7. 2018/19 Budget and Business Planning Update

7.1 Planning Guidance

A brief breakdown of the planning guidance was provided, with a degree of realism flowing through as a theme. The re-setting of the A&E targets to 2018/19 targets was a surprise (in terms of the trajectory goes back down from the March 2018 target). Clarity has been provided on how additional funding will flow through.

Neil Hayward suggested that this guidance be shared with the Board.

SM

7.2 Revised Control Total Letter

The letter presented some good news, in terms of £3m additional STF, but the whole STP system has to hit the target in order to achieve this.

7.3 Commissioning Update

Discussions were ongoing with commissioners on new year contracts.

7.4 Draft Revenue and Capital Budget

The Deputy Director of Finance talked through the bridge table in the paper, explaining the underlying run rate position, and pointing out that the Trust will gain through growth and a small tariff increase. The CNST premium is going up by 35% (£2.5m) of which 17.5% will be funded through tariff. STF will increase up by £3m. CIP's will need to be c£1 1 m, and there is still a lot of work to be done to formulate these into realistic and deliverable CIP plans.

QIPP's are currently planned at £8m again next year, based on the CCG year 2 plan of £7m and an assumed £1 m of QIPP's from other commissioners. There is a 35% cost response against the QIPP programme, but this is at risk, as it is unlikely the costs will come out, and that will put further pressure on CIP's.

The aim is to keep the Trust in operational balance (breakeven) and there is degree of confidence around this if careful decisions are made around staffing and demand management. The gap to the Control Total will be made up by a non-

recurrent profit on asset disposals, and that will allow the Trust to achieve the STF.

Meyrick Vevers queried the risk inherent in the asset disposal, especially around how much of the timing and funding was within the control of the Trust. The Director of Finance and Information replied that it was a risk and the Trust would know more about timings once the planning application decision had been made by the council in March.

The capital plan and enabling works were highlighted, with the plan total £9.3m (£6.4m funded from depreciation and £2.9m from finance leases and cash). This would increase once costs were added in for redevelopment works and an updated plan would come back to the March meeting.

The Committee noted and approved the draft plan.

8. Identification of Financial Risks

8.1 Items for Risk Register

No new risks were identified by the Committee.

8.2 Key Points to take to Trust Board

The following points were to be taken to the Trust Board:

- Committee will present the planning guidance

9. Items for Information or Approval

9.1 Schedule of Business

This paper was noted.

Discussions were held regarding the start times of some meetings during the rest of the calendar year and new meeting invites would be sent out for these.

PD

9.2 Business Case Approvals

There were two Business Cases approved by the Commercial Group on 7th February 2018 as follows:

- Replacement for Consultant Cellular Pathologist
- Radiology – 2 new consultant posts to replace adhoc reporting payments.

A paper was presented to the Committee that summarised all the cases approved this year to date, and the progress in recruitment so far.

The paper was noted by the Committee.

9.3 Tender Waivers >£50k

There were no single tender waivers over £50k in January 2018.

9.4 Costing Transformation Programme Assurance Report

The Director of Finance and Information pointed out the recommendations, and that the Trust is an early implementer, ahead of the game, and whilst the recommendations around Clinician engagement and sign-off of assumptions was noted, he does not believe it adds enough value to commit valuable time and resources to non-clinical activities.

The Committee noted the report, and is pleased that the principles adopted to deliver this have been well received, and supports the approach taken by the Trust in terms of the governance arrangements highlighted in the report.

10. Any Other Business

No other business was raised.

11. Date and Time of Next Meeting

Thursday 22nd March 2018 at 08.30am in Room 1, Chertsey House, St. Peter's Hospital.