

TRUST BOARD
29th June 2017

AGENDA ITEM NUMBER	6.3	
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 meeting held on 22 nd June 2017.		
STRATEGIC OBJECTIVE(S):		
Best outcomes	√	
Excellent experience	√	
Skilled & motivated teams	√	
Top productivity	√	
EXECUTIVE SUMMARY	<p>The minutes of the Financial Management Committee meeting held on 18th May 2017 are attached for noting. The key points are: -</p> <ul style="list-style-type: none"> • reviewed operational performance, in particular the A&E performance and how it impacted on workforce and finances; • reviewed the Workforce Report noting the amount of work that had been put in following the changes in IR35 regulations; • reviewed month 1 finances which were noted as being on plan; • noted a paper on the reference cost collection exercise, which also included the education collection. The Trust has also agreed to be an early implementer of the new "Costing Transformation Programme". The Committee acknowledged the amount of work that is now going into these collections; and • reviewed the current finance risks. 	
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 NAME/ROLE	Paul Doyle, Deputy Director of Finance Please approach for any further information required.
PRESENTED BY DIRECTOR NAME/ROLE	Meyrick Vevers, Non-Executive Director and Committee Chair
DATE	22 nd June 2017
TRUST BOARD ACTION	Receive

TRUST BOARD
29th June 2017

FINANCIAL MANAGEMENT COMMITTEE MEETING
MINUTES
18TH MAY 2017

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

Actions

1. Introductions and Apologies for Absence

Meyrick Vevers welcomed everyone to the meeting, noted that there were no apologies and stated that the meeting was quorate.

2. Minutes of the Meeting held on 20th April 2017

Minutes of the meeting held on the 20th April 2017 were agreed subject to two amendments.

PD

3. Matters Arising – Actions List

Item 2: Meyrick Vevers volunteered to be the NED representative on the West Site Project Board.

Item 3: The Committee noted that the Dermatology contract had been won by the Trust, and a discussion was held around progress on the implementation.

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 report and explained that there were several service changes at the beginning of April, such as a change to patient transport provider, changes in Community Services provider and taking on the Bradley Unit and the Virgin MSK service. However, despite all of these changes the April A&E performance was above the agreed trajectory at 91.2% - this was 1.6% up on March's performance of 89.6%, so performance continues to improve.

Neil Hayward congratulated the team on the improvement, and asked why this hadn't resulted in a shift in the Trust's place on the league table. This indicated that whilst the improvement was encouraging, it had moved in step with the rest of the system. He observed that the short term response appears to be good, but asked whether the long term plans and changes to flow were in place which will result in a sustained improvement to move the Trust up the league table.

The Chief Executive explained the elements involved in modelling the flow and improvements. These included other partners which impacts flow in the hospital, and the fact that the A&E department is too small for the number of patients seen. It is also understaffed due to challenges in recruiting, and is also impacted by the efficiency within the hospital, which hasn't caught up with the Trust's ambitions, and which in turn inhibits flow.

The Director of The Director of Finance and Information explained that a compounding factor this financial year was the temporary staffing issue and inability to get medical staff due to national caps and new IR35 rules. The stability of workforce and the need to get a sustainable reliable cover has to be addressed, and this wasn't such a significant issue in A&E last year.

The Director of Operations – Planned Care agreed to provide assurance to the next meeting about the actions that were being taken to make long term underpinning change that is going to continue to increase performance.

JT

The Director of Operations – Planned Care said the RTT finished at 92.3% which was a good result considering how tight it was over winter, and since writing the report several more specialties have become compliant.

The Trust is expected to report compliance for 6 of the 7 Cancer standards for April. The failing standard was the 31 day subsequent surgery where 1 breach was recorded in Dermatology due to capacity issue.

The Director of Operations – Planned Care explained that the new electronic referral process, which is a massive change that's currently being managed, is expected to help manage demand.

The paper was noted by the Committee.

5. Workforce Report

The Director of Workforce Transformation stated that the IR35 changes caused a lot of challenges early in April, but has had a significant positive impact on agency spend in the month.

The team has also implemented a new agency booking process, a new collaborative bank has been set up and doctors are now being paid on the weekly payroll. The Director of Workforce Transformation stated that a huge amount of work had gone into making these changes, and thanked the workforce team for this.

The Head of Workforce Planning and Intelligence explained the continued trend of reducing medical agency usage, which was due to a combination of national changes to IR35, the NHS rate caps, and the internal work being led by the Medical Director to review and challenge use of agency doctors.

The nursing agency spend has not seen the same reduction, and in 2016/17

nursing agency spend was higher than medical agency for the first time, driven by volume of WTE rather than price.

Neil Hayward observed that internal controls and national controls on rates is having an impact, which is encouraging, and whether it's a sustainable trend remains to be seen, and asked how this had been recognised in the forecast. The Director of Finance and Information stated that some areas were running at vacancies which were not being covered by agency, which contributed to the reduced spend, and it was forecast that these vacancies would be filled, so this was taken into account when forecasting.

The Director of Workforce Transformation explained that the Trust has held the line and stuck to the capped rates, and the message seems to be getting across, with staff moving across to payroll.

Meyrick Vevers asked how much of the reduction was due to planned actions and how much was unplanned due to unintended consequences of national changes. The Director of Workforce Transformation responded that the first weekend in April was the hardest in terms on unintended/unplanned consequences, but after that point, the response was managed and individual issues were tackled and resolved as far as possible.

Neil Hayward enquired about the ongoing plan around agency and whether that will be discussed at the Workforce and Organisational Development Committee and suggested that it would be helpful to understand the expected financial impact of these plans.

The workforce team was asked about the approach to ongoing action plans for the streamlining of the workforce across Surrey and the impact on finances, including the expected benefits. The Director of Workforce Transformation explained that this will be a long term process. The team would however continue to include in the monthly Workforce Report updates on local collaboration and the benefits accruing from these.

Neil Hayward questioned a comment in the report about the target for nursing for 2017/18 not yet being agreed, and asked whether that meant recruitment had been held up. The Head of Workforce Planning and Intelligence clarified that all recruitment continued as normal for existing establishments. The comment in the report referred to the six monthly process of reviewing nursing acuity and capacity demand, which was currently in progress and a paper would be going to the May Trust Board on the outcome of the latest review.

The Chief Executive provided further detail around this nursing acuity review exercise, which is a formalised process conducted bi-annually and which has to go to Board. This doesn't happen within other staff groups.

The Committee noted the enormous amount of work the team has undertaken to manage the national and local changes, and thanked the team for this, and the progress that has been made.

The paper was noted by the Committee.

6. Finances as at 30th April 2017

6.1 Operational Effectiveness/Efficiency Metrics

The Director of Finance and Information explained that month 1 was a challenge

from reporting purposes, as the team was still finalising the year end annual accounts, and also trying to collate all the changes to national tariffs that impact income (a process which has not yet been finalised), and therefore income has largely been posted to budgets for the Divisional reporting purposes.

April was also a very short month in terms of working days (18 days) which has presented a challenge in terms of actual income. This made it an unusual month for some of the metrics, but it is expected to normalise next month,

The Director of Finance and Information presented the report and explained that some of the figures may change next month due to the factors above. Pay spend has gone up due to the new services taken on, but activity was low, which has triggered an adverse movement on the pay per bed day rate.

The paper was noted by the Committee.

6.2 Contracts Update

The Director of Finance and Information provided a verbal update about progress on contracts stating that discussions on final 2016/17 settlements were ongoing, but that's reasonably secure.

In terms of 2017/18, some discussions to agree final targets within the contract are ongoing, but Heads of Terms were all agreed.

6.3 Finance Report

The Director of Finance and Information explained that activity was low in the month, which helped towards the Joint Delivery Programme, and costs were also lower than plan

In terms of the Divisions, income had been posted to budget. Costs were generally below budget, so no concerns as yet, but in the corporate divisions, there are a few issues in Estates such as car park income being below plan, linked to fewer working days, and some additional cleaning for the new services.

Cash is healthy, with £11m in the bank, but there are still some commissioner settlements to finalise for 2016/17.

Neil Hayward questioned the WHPS CIP's and the Assistant Director of Financial Management explained it was a prudent view for the forecast as the full income detail had not been available. The position is expected to be recovered from next month as more reliable information becomes available. The Director of Finance and Information explained that the WHPS Division is facing further pressure on income linked to reduced birth rates.

The paper was noted by the Committee.

7. Overseas Visitors Income

The Director of Finance and Information explained the two elements of overseas visitors. The first being reciprocal agreements with Europe and a few other countries such as Australia for example, and these flow fairly well, as the Trust doesn't bill the individual, but the governments of these countries (via the host CCG).

The second part is patients from non-reciprocal countries, some of which have

insurance and some of which are private. These are difficult and time consuming to recover, and there is a national agreement that the CCG will take a 50% share of any bad debts incurred

The Director of Finance and Information explained the process the Trust undergoes if a patient is flagged up as an overseas visitor. The team is trained to ask certain questions to establish eligibility for free care and to explain the options available to the patient.

Neil Hayward stated that the order of magnitude of the risk of these type of patients arriving on the Trust was small, and there has been some tightening of procedures to reduce risk. In addition some of the risk is shared with the CCG, therefore there was no further need to bring this topic again, only to flag any risks if they arise, and this can be done via the Audit Committee.

There is no further action required and the paper was noted by the Committee.

8. Service Line Reporting Month 12 2016/17

The Director of Finance and Information provided background on the paper, stating that the financial position reflects the underlying surplus but there are a few stubborn specialties that continue to be a challenge.

Meyrick Vevers asked whether it was still planned to have a Board discussion, or Masterclass, on the strategy for sub-scale services, and the Chief Executive confirmed the target date for this is the end of summer.

The Committee discussed the apportionments of costs, and ongoing challenges to collect accurate data, and thanked the team for the huge amount of work that went into generating this information.

The paper was noted by the Committee.

9. Reference Cost Collection 2016/17

The Director of Finance and Information explained the reference costs process, and the tightening up on costings. This paper was a governance piece to ensure the Committee, on behalf of the Board, is advised on what the Trust is doing to adhere to costing standards and to provide assurance on the internal processes.

There are ongoing issues around the ability to cost the education services within the NHS, and the process to capture these costs is still being worked up within the Trust.

The Trust has also agreed to be an early implementer of the new "Costing Transformation Programme (CTP)" initiated by NHSI. This programme uses patient level costing and SLR style apportionments and is set to replace the reference cost submission within the next three years. This means the Trust will be making two costing submissions this year, one for "CTP" in July, and the second for the traditional Reference Costs for 2016/17 due to be submitted in September 2017.

The paper was noted by the Committee.

10. Identification of Financial Risks

10.1 Finance Risks

The Director of Finance and Information explained that this was a first draft of known risks, stating that an additional maternity income risk still needs to be included.

Meyrick Vevers asked whether the fact that these risks had been documented changes the way things are managed, and the Director of Finance and Information said no, it's business as usual, but it is necessary to flag up the risks for visibility across the Trust.

The Chief Executive asked whether a finance risk should be included around a failure to deliver the workforce plan, for example the impact that not being able to recruit sufficient staff would have on agency spend or the impact the failure to deliver services due to staff shortages would have on income. It was agreed that this would be included.

The paper was noted by the Committee.

10.2 Items for Risk Register

It was agreed that the red rated risks as detailed in the report in 10.1 above, along with the two new ones around maternity income and workforce plan non-delivery, would be included in the Trust wide risk register.

PD/SM

10.3 Key Points to take to Trust Board

The following point was to be taken to the Trust Board:

- None specifically, just a brief update on the month one financial position, which was in line with plan.

11. Items for Information or Approval

11.1 Schedule of Business

This paper was noted.

11.2 Business Case Approvals

No business cases were submitted to the Commercial Group for approval in April:

11.3 Tender Waivers >£50k

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

11.4 Finance Report Month 12 2016/17

Meyrick Vevers observed that this report was included to close down the loop on the year-end reports as they weren't fully available last month, and that the only item that was flagged was the non-recurrent loss on CQUIN income, which was a disappointing result.

12. Any Other Business

No other business was raised.

13. Date and Time of Next Meeting

Thursday 22nd June 2017 at 8.30am in Room 2, Chertsey House, St. Peter's Hospital.