

REPORT TO:	BOARD OF DIRECTORS
DATE:	10 FEBRUARY 2017
SUBJECT:	FINANCE AND PERFORMANCE COMMITTEE CHAIR REPORT
BOARD SPONSOR:	FINANCE AND PERFORMANCE COMMITTEE
PAPER AUTHOR:	CHAIR OF THE FINANCE AND PERFORMANCE COMMITTEE
PURPOSE:	DISCUSSION AND APPROVAL
APPENDICES	NONE

BACKGROUND AND EXECUTIVE SUMMARY:

The purpose of the Committee is to maintain a detailed overview of the Trust's assets and resources in relation to the achievement of financial targets and business objectives and the financial stability of the Trust. This will include:-

- Overseeing the development and maintenance of the Trust's Financial Recovery Plan, delivery of any financial undertakings to NHSI in place, and medium and long term financial strategy.
- Reviewing and monitoring financial plans and their link to operational performance overseeing financial risk evaluation, measurement and management.
- Scrutiny and approval of business cases and oversight of the capital programme
- Maintaining oversight of the finance function, key financial policies and other financial issues that may arise.

Closure of Strategic Risk Register (SRR) risks.

The Committee also has a role in monitoring the performance and activity of the Trust.

7 FEBRUARY 2017 MEETING

The committee reviewed the following matters:

- **NHSi Review**
 - Mark Hackett has been working with the Trust to look at themes for cost improvement. Bi-weekly sessions are being run with Divisions to identify Cost Improvement Programme (CIPs). Themes identified are:-
 - Medical Staffing (including changing rosters to reduce Agency needs and reducing waiting list session costs). In addition the Trust is looking at difficult to recruit posts and considering strategies to recruit. Another review is consideration is the creation of training posts for overseas Junior Doctors post.
 - Improving patient flow which would result in ward closures

- Procurement. This includes standardising to single trauma and orthopaedic (T&O) prosthesis. Our T&O consultants are showing a high weighted activity unit (WAU) productivity when reviewed in the Carter metrics.
 - Review of back office which is part of local area Sustainability and Transformation Plan (STP) workgroups.
- On Target to identify £20M of 17/18 CIPs by end of Feb.
- Each Division has been given a “bite 1, 2 and 3” target to break up the target for delivering CIPs.
- It was pointed out Mark Hackett is having to understand the context of working across 3 small sites compared to a large single site hospital.
- The timelines and scale of CIPs needed are very challenging in 17/18 and 18/19 compared to those achieved in the past.
- The Board asked how the Trust was likely to deliver the 16/17 year end but guarantees could not be provided on delivery due to risk of cancellations of elective operations and commissioning challenges. A £23m deficit forecast has been provided to NHS Improvement (NHSI) but risks have also been flagged.
- It was flagged that the longer term implications must be considered before some of the most difficult decisions are enacted.
- Agency reduction plans were discussed including the setting up of an Agency Taskforce. This will provide support by challenging Divisions and enabling corporate support in Agency reductions. This will be managed via Executive Performance Review challenge.
- **Action:-** Head of Program Support Office (PSO) to produce a plan of milestones to track and monitor delivery of CIPs based on Mark Hackett work.
- **Action:-** It was agreed that the full Board should give due consideration to Mark Hackett’s report with a view to ensuring all key actions are delivered.
- **Programme Support Office (PSO)**
 - The Head of PSO presented the new structure to support Trust wide transformation and CIPs. However to ensure success the correct skills and capabilities will need to be recruited
 - This structure and its resource allocation will need to be costed.
- **UC<C Presentation**
 - Emergency Department (ED) performance improved to 84% in the first week of February when extra social care, community beds and care packages were put into the system. Minors are consistently over 90% but majors are a challenge due to flow. Activity is up but admissions are flat as people are seen in areas such as ambulatory care.
 - Biggest risks are medical vacancies and overcrowding.
 - Urgent Care and Long Term Conditions (UC<C) finance forecast will be £2.5M better than plan but agency staff is overspent and there is impact on Surgical income due to outlying medical patients.
 - An agency ‘planner’ has been developed to help forecast agency usage. This helps consider the operational and financial impact and challenge the need for agency. We have 17 Consultant posts which need to be filled (for vacancy or long term sickness). There is a SMART project Agency plan to manage vacancies and Agency.
 - CIPs - £2.2M for bite1 has been identified for 17/18 against a target of £6.5M.
 - An outsourced provider is delivering Endoscopy within Trust facilities

to help Referral to Treatment (RTT) targets and UC<C is looking at Extended Nurse Practitioner and Advanced Nurse practitioner training to help cover doctor shortages. There are challenges filling shifts even with the use of agency at Queen Elizabeth the Queen Mother Hospital (QEQM) due to its geographic isolation.

- **Performance**

- RTT is at risk due to emergency pressures and medical outliers occupying surgical elective beds.
- Cancer targets are showing signs of improvement through the consistent validation of patient tracking lists (PTLs). Ophthalmology consultants have been recruited which will stop outsourcing in this area next year. T&O is outsourced to Spencer Wing so the Trust gets the related financial benefit.
- There were discussions around revisiting the appointment of a Deputy Chief Operating Officer to be enabled increased management capacity in order to deliver access targets.
- The key issue is in regard to patient flow. A programme to facilitate this kicked off in June with external support. Roll out across the Trust is currently underway.
- Some of the early benefits seen from implementing this programme include 33% discharges before 11am and lower levels of patients staying greater than 7 days.
- There is now a dashboard to ensure all actions are being monitored and followed up if not completed.
- Although engagement has been good concerns still exist to fully engage all clinical staff. An internal discharge working group has been established to address this.
- There is a problem with delivering 90% of Estimated Date of Discharge (EDDs) within 24 hours on Patient Administration System (PAS).
- There is a need to ensure there is a review of patients staying over 7 days.
- Delayed transfers of Care (DTOCs) – patient deemed medically and physically fit to go home. We should consider measuring lost bed days due to DOTCs.
- Choice training for staff and information for patients is helping direct patients out of the hospital.
- Readmissions rates have been reducing consistently since January 2016.
- As part of the patient flow programme a new visual dashboard has been created to enable flow. This has been rolled out across William Harvey Hospital (WHH) and QEQM were reviewed but is yet to be rolled out at Canterbury.

- **Finance at Month 9**

- NHSI have visited and been through a thorough review of our last 3 years finance. This process is part of the Special Measures assessment.
- Clinical Commissioning Group (CCG) arbitration is now £3.8M (not including data challenges which are not in arbitration).
- Month 9 Income and Expenditure (I&E) deficit is £2.5M (£1.2M worse than Month 7) in month and £16.5M YTD.
- Month 9 saw lower income due to Christmas period.
- Yearend forecast stands at £23M deficit but significant risk still exists.

- Cash will be required in March and the Trust has made representation to the Department of Health on this.
- **Capital Report**
 - NHSI has requested the Trust hold back £2M of capital spend in 16/17. This has impacted on the Magnetic Resonance Imaging (MRI) replacement scheme. This has been done on the condition the trust can spend an additional £2M in 17/18.
 - The Patient Environment Investment Committee has seen a delay in spending its capital but The Trust still expects to deliver to the revised £12.3M Capital target by year end.
- **FPC review of the Board Assurance Framework (BAF)**
 - The BAF was reviewed and specifically in regard to SRR 5 and 11 (which relate to yearend target achievement and cash review and management) with a view of ensuring robust plans were in place to manage these risks.
 - The Closure of three strategic risks was discussed and agreed. These were SRR6 (all actions completed), SRR1 (transfer of any outstanding risk to SRR10 which related to STP delivery, and SRR3 (risk associated with loss of vascular service has been significantly mitigated).
 - **Action:-** Board to agree closure of SRR6, SRR1 and SRR3.

Commercial Income

- **Sale and Lease Back**
 - The quality of the staff accommodation was raised as this is currently poor. There is a recognised requirement to have good accommodation to encourage the recruitment of staff.
 - There is an opportunity to raise cash by selling rights to the accommodation but this may impact current revenue income streams.
 - It was agreed to review the possible financial headroom prior to the start of the next financial year and proceed with further work on the case if sufficient funds could be identified.
 - It was requested that the primary purpose of the sale and lease back scheme needs to be clarified i.e. to release of cash, to generate revenue income or to improve the accommodation for recruitment purposes.

RECOMMENDATIONS AND ACTION REQUIRED:

Discuss and note the report, and approve the closure of the three strategic risks in the BAF.