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| <b>REPORT TO:</b>     | <b>BOARD OF DIRECTORS</b>   |
| <b>DATE:</b>          | <b>8 SEPTEMBER 2017</b>   |
| <b>SUBJECT:</b>       | <b>FINANCE AND PERFORMANCE COMMITTEE (FPC) CHAIR REPORT</b>   |
| <b>BOARD SPONSOR:</b> | <b>FINANCE AND PERFORMANCE COMMITTEE</b>  |
| <b>PAPER AUTHOR:</b>  | <b>CHAIR OF THE FINANCE AND PERFORMANCE COMMITTEE</b>   |
| <b>PURPOSE:</b>       | <b>DECISION</b>   |
| <b>APPENDICES:</b>    | <b>APPENDIX 1: USE OF RESOURCES<br/>ASSESSMENT FRAMEWORK<br/>APPENDIX 2: NHS IMPROVEMENT (NHSI) SINGLE<br/>OVERSIGHT FRAMEWORK CONSULTATION</b> |

### **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 (FRP), delivery of any financial undertakings to NHS Improvement (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.

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

### **5 SEPTEMBER 2017 MEETING**

The committee reviewed the following matters

- **Clinical Support Services Division (CSSD) Presentation**
  - The FPC noted the size and complexity of the division through its budget, headcount and services. In 2016/17 its total budget was £103m split across radiology, pathology, therapies, outpatients, pharmacy and infection control. The division comprised of 1,468 Whole Time Equivalent (WTE) staff.
  - CSSD is meeting its income targets; with favourable positions in radiology but adverse in physiotherapy.
  - The division delivered favourable positions in both permanent staff pay budget and non-pay budget. Some vacant posts are being held pending review of services.

- Compared to FY16/17, it delivered a net improvement in run-rate of £63.5k year-to-date.
- On Cost Improvement Programmes (CIPs), it was £37K short of delivering its M4 target. Additional contingency schemes are being worked up to plug any shortfalls. It is worth mentioning though that CSSD has over-performed on its CIPs up to M3 by £361K. It is forecast to deliver a total net amount of £3.3m in FY18.
- Risks are around income and operational capacity, especially radiology reporting capacity. A watchful eye also needs to be kept on agency spend. Several initiatives are being implemented to mitigate these risks.
- On the whole, CSSD is performing well and therefore has the capability to deliver even better results through positive challenge. An increase in bottom-line contribution from current 18% to 19% is not out of reach in the coming months if the right levers are pulled.
- **M4 Finance**
  - The main highlights from the report are:
    - M4 deficit improved from £1.4m since the original Board of Directors report to £1.2m, due to a positive movement of £0.2m from Spencer wing.
    - Non-recurrent portion of CIPs has improved from 25% to 20%. Reported CIPs in month was £2.3m against a plan of £2.3m.
    - Agency spend (including Staffflow and locums) for July was £2.1m, an increase of £0.2m on the previous month's figure.
    - Activity: outpatients was 10% below plan, elective inpatient care 5.1% below plan, non-elective admissions 13% below plan and A&E attendances 2.6% below plan.
    - Cash balance at the month end was £9.7m against a plan of £8.6m.
    - Capital expenditure for the month was less than 1% under the NHS Improvement (NHSI) plan, which is within the 10% NHSI tolerance levels.
- **M4 Performance and Activity**
  - The main highlights from the report are:
    - Emergency Department (ED) performance against the 4-hour target for June was 70.7% against the NHSI trajectory of 83%. There are several issues contributing to this and a key element is recruitment of staff.
    - There will be a focussed session at the Board Development Day on 8 September to discuss the issues around ED.
    - In July A&E activity was at expected levels and sites continue to see an uplift in the proportion of majors attending, as seen over the previous year. There was one 12-hour trolley waits report in month.
    - Orthopaedics remains a major risk in terms of ability to meet business plan. Specific issues are around productivity. Work is on-going to bring its performance in line with the Getting It Right First Time (GIRFT) benchmark.
    - Primary Care referrals were 4% below plan in July.
    - The Trust was 5% below the New Outpatient plan in July. This eradicated the YTD over-performance. The Trust underperformed the follow up plan by 9% but remains at planned levels for the quarter.

- In July the Trust under achieved the Daycase plan by 4% and the Elective plan by -11%.
- July performance against the 18 weeks Referral to Treatment (RTT) standard decreased to 83.61%.
- Waiting list size has reached its highest point to date. Sustainable long-term plans to resolve capacity constraints and delivery RTT 2017/18 trajectory are planned to start and come in to effect from quarter two/three.
- The number of patients waiting over 52 weeks for first treatment remained static at 30, and is 2 above the trajectory submitted to NHSI.
- Performance against the cancer 62 day GP RTT standard was 69.19% against the improvement trajectory of 80.90%.
- The Trust met the 6-week referral to diagnostic standard for July with a compliance of 99.2%.
- On the whole, unrelenting effort coupled with innovative clinical approaches would need to be brought to bear to drive sustainable improvement of access targets especially ED and RTT.
- **Service Line Reporting (SLR)**
  - Deep-dive analysis is on-going into the top 6 services that are currently not making a contribution. These are Neurology, Gastro/Endoscopy, Trauma & Orthopaedic, Vascular, ENT, and Obstetrics & Community Paediatrics. FPC will receive a high-level summary report on this work in October. The report will highlight underlying issues and propose corrective actions.
- **Contract Negotiations with Clinical Commissioning Groups (CCGs)**
  - Discussions with CCGs and system partners around income challenges and financial implications of service redesign are being progressed.
- **Financial Special Measures (FSM) and Financial Recovery Plan (FRP)**
  - The four big schemes that are to be delivered in Q2 are patient flow II programme £2m, theatre capacity £1.2m, SLR improvements £1.5m, and pre-assessment productivity of £1m.
  - The key issues that require focused attention are around income delivery. Forward outlook and rigorous production planning would be critical to success.
  - There are efforts to come up with additional opportunities for CIPs for 2017/18.
  - On FY19 CIP identification, none of the schemes are currently green. There is therefore a risk that the Trust may not meet NHSI target of achieving 50% green by end of September. FPC received assurance that effort will be made to get as close as possible to the target by end of September.
  - There are on-going efforts to convert non-recurrent CIP opportunities to recurrent.
  - The Trust has appointed a Head of Transformation who starts in November. This will be a good addition to the team to take forward the transformation programme as part of FRP.
- **Workforce**
  - Significant progress has been made to how workforce establishment

data is analysed, forecasted and displayed. In response to NHSI request, a Qlikview dashboarding system has now been set-up that displays planned and actual whole-time equivalent (WTE) staff for the year. Whilst this new system may require iterative improvement, it is a good step towards more robust workforce planning.

- **Use of Resources Assessment (UoR) Framework**
  - FPC discussed the UoR framework newly issued by NHSI. The Trust will need to conduct self-assessment and ensure it is able to answer questions aligned to all Key Lines of Enquiry (KLOE).
  - FPC recommended that self-assessment be undertaken once the Trust knows NHSI's timetable for assessing Trusts.
  - The report presented to FPC is attached for the Board to note.
- **NHS Improvement Single Oversight Framework Consultation**
  - NHSI have made some changes to the Single Oversight Framework. These changes, which were discussed at FPC, are highlighted in the appended report.
  - The report is attached for Board to discuss and agree consultation response.
- **Uncommitted Single Currency Interim Revenue Support Facility Agreement (ISUCL)**
  - FPC discussed and supported the new ISUCL in addition to the individual Board approval that is required.
  - Each tranche of loan is separately approved by the Department of Health (DH).
  - FPC and the Board of Directors will have sight of specific amounts being drawn down on a monthly basis through the finance report.

**RECOMMENDATIONS AND ACTION REQUIRED:**

- i) Discuss the report.
- ii) Discuss and note the UoR Framework.
- iii) Discuss and agree the NHSI Single Oversight Framework Consultation response.