

TRUST BOARD
30th July 2015

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| TITLE | Minutes of the Finance and Performance Committee meeting held on 18th June 2015 |
| EXECUTIVE SUMMARY | <p>The minutes of the Finance and Performance Committee meeting held on 18th June 2015 are attached for noting.</p> <p>The key points are: -</p> <ul style="list-style-type: none"> ▪ Financial Position at 31st May 2015 – the Committee reviewed the month 2 financial position; ▪ Operational Performance – received an update on month 2 performance and discussed the new style of report that the Committee had requested; ▪ Workforce – received the workforce report and discussed what information would aid the Committee in discharging its duties; and ▪ Monitor – noted papers issued by Monitor on financial best practice and the consultation on changes to the Risk Assessment Framework. |
| BOARD ASSURANCE (Risk) / IMPLICATIONS | The Board is assured by the scrutiny provided by the Finance and Performance Committee on matters of financial risk. |
| ALIGN TO TRUST RISK REGISTER | Aligns with monitoring various risks on the Trust Risk Register in respect of (i) performance targets, (ii) CIP's, (iii) temporary/agency staff expenditure and (iv) budget management. |
| STAKEHOLDER / PATIENT IMPACT AND VIEWS | The impact on stakeholders through the Trust achieving its required financial targets, hence enabling the appropriate investment into services and infrastructure. |
| EQUALITY AND DIVERSITY ISSUES | None that we are aware of. |
| LEGAL ISSUES | None that we are aware of. |
| The Trust Board is asked to: | Note the minutes of the Finance and Performance Committee meeting held on 18 th June 2015. |
| Submitted by: | Nadeem Aziz, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance |
| Date: | 23 rd July 2015 |
| Decision: | For Noting |

TRUST BOARD
Date: 30th July 2015**Title: Minutes of the Finance Committee meeting held on 18th June 2015**

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| PRESENT: | Nadeem Aziz Clive Goodwin Peter Taylor Simon Marshall Lorraine Knight | Non-Executive Director (Chair) Non-Executive Director Non-Executive Director Director of Finance and Information Interim Chief Operating Officer |
| IN ATTENDANCE | Paul Doyle Suzanne Rankin Louise McKenzie | Deputy Director of Finance Chief Executive Director of Workforce Transformation (item 5) |
| SECRETARY: | Linda Nyika | Divisional Accountant |
| APOLOGIES: | None | |

Actions**1. Apologies for Absence**

None given.

2. Minutes of the Meeting held on 21st May 2015

Minutes of the meeting held on the 21st May 2015 were agreed.

3. Matters ArisingActions List

Action Point 2 - the Director of Finance and Information had met with the Neurophysiology team and fed back on the need for a multi-Trust partnership approach for the service, as it is non-viable for one Trust to undertake the service on its own. It was suggested that a Chief Executive network needs to discuss at the best approach for the service.

Peter Taylor identified the need for assurance that there is control over future business cases and strategies prior to implementation. The Chief Executive gave an update on a broader strategy tool that is currently being developed by the Director of Strategic Development against which future business cases will be tested. The tool will be operational by the next round of business planning and will help to address the concerns raised by Peter Taylor and can be shared with the Committee when available.

SM

Action Point 3 - Nadeem Aziz had carried out a visit to walk-around the A&E and encouraged other Committee members to do the same. Peter Taylor and Clive Goodwin will arrange to do the walk around in the near future.

Action Point 6 - overall, the Committee were pleased with the new Operational Performance report. It was recognised that it is work-in-progress, where the Interim Chief Operating Officer is open to feedback and comments for further improvement.

Action Point 7 - Nadeem Aziz met with Sue Ells to co-ordinate the workforce report into the Committee's requirements. They are also exploring the role of performance in the context of governance. It was recognised that this is work-in-progress, where there is room for improvement.

All other action points were either completed, not yet due or agenda items.

4. Operational Performance Report

The report and the performance against A&E, RTT and cancer targets were noted. Overall, the Trust's performance showed an ongoing improvement across the majority of the areas in May.

The Interim Chief Operating Officer gave an update on the Trust's operational performance, identifying that the improvement plans have been shared with Monitor and that detailed monitoring for A&E breach reduction is being carried out on a weekly basis, in order to ensure that the actions being implemented are appropriate and effective.

Nadeem Aziz asked about the outcomes of the improvement activities that were underway, stating that he was unclear as to what the expectations or targets are for each intervention, against which monitoring can occur. However, Clive Goodwin was of the opinion that the outcomes were available within the report, but that there was a need to identify exactly which of the many improvement interventions was having the greatest impact.

Peter Taylor questioned whether the Trust had adequate capacity to run numerous improvement projects simultaneously. The Interim Chief Operating Officer reassured him that capacity was available.

The Chief Executive mentioned that NWS CCG have commissioned Alamac Consultancy (a firm with a track record for delivering transit-time performance) to undertake a system-wide review of care provision across NW Surrey, with a view to improving system healthcare performance and change management across the patch. Alamac are expected to provide diagnostic data which will assist the Trust in understanding issues so that the appropriate corrective actions can be put in place. The collected data will be accessible to all parties (inclusive of NWS CCG, Community Services and the Trust), providing increased visibility of care provision across NW Surrey. Lean experts are also being commissioned by the Trust to help with implementation of the subsequent actions. Peter Taylor asked to meet with the Lean experts once appointed.

SR/PT

The Chief Executive also gave an update on the Urgent Care Centre (UCC) proposal which it is hoped will open in October 2015 and which is expected to take on a significant proportion of the A&E workload. She also highlighted that a cultural change was necessary with the introduction of the UCC, especially amongst the staff who were anxious about the change. Clive Goodwin suggested that risk and control discussions, assessing the quality, safety and risk impact, need to be undertaken prior to implementation. The Chief Executive indicated that a business case was being drawn-up, which would address the identified issues.

Appreciation was expressed by the Committee for all the big improvements in overall performance that were realised in-month, which were led by the Interim Chief Operating Officer and the Operational team. The Committee were also pleased with the new format of the Operational Performance Report which does not require

further changes going forward.

5. Workforce Reporting

The Director of Workforce Transformation attended for this agenda item and the Workforce Report was noted.

The Director of Workforce Transformation identified that the Workforce & Organisational Development Committee is to be re-scheduled to meet during the same week as the Board, so as to ensure that the data that is being looked at is more recent and relevant.

Nadeem Aziz identified that only the key-points or high level summary is what needed to be brought to the Finance Committee. Nadeem Aziz also asked all the NEDs to reflect on the Workforce Report and feedback to the Director of Workforce Transformation on anything else they would like to see in the report that the Finance Committee received.

NED's

The Director of Workforce Transformation gave an update on the key issues as highlighted in the Workforce Report. One of the 2015/16 targets is to recruit 250 nurses from within the UK and abroad. Recruitment and retention plans are desperately required, where turnover of qualified nurses was highlighted as a problem area. Some of the reasons for staff leaving include foreign nurses returning to their home countries, dissatisfaction with pay rates causing staff to prefer working in London where greater 'High Cost Area' supplements are received and working for agencies where higher pay-rates can be achieved.

The Director of Workforce Transformation also gave an update on the introduction of the Brooksons model and Asclepius system to help the Trust meet the Monitor restrictions on agency usage, as well as to help deliver financial savings and risk control e.g. preventing fraud and the payment of breaks for agency staff. Two of the Monitor restrictions were specifically identified i.e.

- 1) Trusts will no longer be able to use non-framework agency staffing. The Trust is currently compliant for nurses, although not fully compliant for medical staff. The introduction of the Asclepius system will help to achieve compliance.
- 2) Monitor is placing a cap on the amount of agency used by NHS Trusts. This will affect both agency volume and rates. The Trust is currently reviewing whether a cap can be set for the agency rates paid across the Surrey hospitals.

Clive Goodwin asked whether this was a form of artificial collusion to set a market price for the area, to which the Interim Chief Operating Officer answered that this was not the case. It was more the creation of a larger buying group across the Surrey patch, where better agency rates could then be negotiated.

Monitor has issued a temporary staffing tool which includes a self-assessment element. The Director of Workforce Transformation thought the Trust could improve on rostering and control over the authorisation of nursing agency. With the safer staffing levels (as per the Francis Review), the Director of Workforce Transformation also felt that the Trust fill-rate was quite high, where the 90-97% nursing fill-rate was being achieved using expensive agency staffing.

Peter Taylor asked whether the Trust should be budgeting for agency that is required to meet the 'business as usual' requirements. The Director of Workforce

Transformation responded that the 'business as usual' staffing requirement is included within the establishment, which is based on the nursing tools.

Peter Taylor summarised by identifying that there were decisions which needed to be made as to whether the Trust wants to run the hospitals for finance or patient care. If safety is the overriding priority, the Trust needs to fill establishments to 1as near 100% as it can, which means accepting the use a lot of agency where necessary. Based on the regular need to use agency, the Trust needs to budget for it, based on a credible assumption, whilst ensuring that unauthorised activities (such as the payment of breaks for agency staff) are brought to an end. There was also the issue of Monitor understanding the difficulties faced in meeting the proposed imposed agency restrictions.

6. Finances as at 31st May 2015

The reports were noted by the Committee.

6.1 Operational Effectiveness/Efficiency Metrics

The Director of Finance and Information highlighted that the day case rate, elective and non-elective pre-op bed day rates as well as 30-day and 7-day re-admission rates, were flagged as steadily declining, where recovery or corrective actions were required to drive performance back to the expected levels.

Clive Goodwin suggested that a useful exercise to undertake would be to model how or what the impact on the financial efficiency data would be if the Trust used less agency and recruited substantively to a specified percentage.

PD/ SM

6.2 Finance Report

The Deputy Director of Finance reported that the Trust had an in-month deficit of £0.4m against a planned break-even position, increasing the YTD deficit to £0.8m which was £0.3m behind budget.

Although pay remains high (£13.9m), it has significantly reduced (by £0.3m) when compared to the previous month. This was partially due to the closure of some rehabilitation beds at Ashford Hospital. The key drivers of the pay overspend were not wholly additional activity, but sickness, maternity leave and unfunded posts which require further investigation. Agency staffing accounted for 9% of the Trust's total pay bill.

CIP's are currently £0.1m behind plan, with the year-end position forecast to be £1.2m behind plan which is an improvement on last months reported forecast.

At Month 2, The Trust has a Monitor Continuity of Service Risk Rating (CoSRR) of 2, which is in line with the plan. The forecast year-end position is a CoSRR of 3.

Clive Goodwin asked for price-volume analyses to be included as part of the Finance Report and for divisional information to be provided to the Finance Committee on a periodic basis.

PD/DIB

The Director of Finance and Information expressed concern that the £2m reserve that was provided for 2015/16 will be depleted very quickly, addressing issues such as safer staffing levels, winter pressures etc., as well as other challenges faced by the Trust around the delivery of CIP's. It is therefore crucial for the Trust to deliver a strong financial performance in June and July which will help to reduce the overall projected year-end deficit.

Appreciation was expressed by the Committee to the Deputy Director of Finance for the improved new format of the Finance Report which the Committee felt was much clearer, identifying the key areas which require the Committee's focus.

7. Monitor Regulatory Matters

7.1 Monitor Q4 2014/15 Feedback Letter

This letter was noted.

At present, performance is on trajectory; however, the finances are not. Monitor is following progress in the Trust whilst the Trust implements its improvement projects. The Trust therefore needs to continue with the full implementation of the improvement interventions which will enable financial delivery.

7.2 Monitor Monthly Reporting 2015/16

This paper was noted.

7.3 Monitor: Helping NHS foundation trusts adopt best financial practice

This paper was noted.

7.4 Monitor Consultation: Risk Assessment Framework

This paper was noted.

Monitor is consulting on the introduction of a new Risk Assessment Framework (the Sustainability and Financial Performance Risk Rating) which requires feedback by the end of July. In addition to the two metrics included in the current CoSRR (i.e. Capital Services Capacity and Liquidity), three further metrics are to be introduced which are indicators of a Trust's financial efficiency i.e. the Income and Expenditure (I&E) Margin, Variance in I&E Margin as a percentage of Income and Variance in Capital Expenditure.

Sensitivity analysis is to be undertaken to determine the impact of slowing down, or speeding up certain Trust plans on the Trust's risk rating. PD/ SM

8. Terms of Reference Review

The Terms of Reference review was deferred to the July meeting pending the outcome of ongoing discussions on Trust Board sub-committees.

9. Identification of Financial Risks

9.1 Items for Risk Register

Noted.

9.2 Key Points to take to the Trust Board

Current operational and financial performance and to provide assurance to the Board that the Trust is taking the correct approach with regards to the mood and tone of the Monitor letter and to proposed agency restrictions.

10. Items for Information or Approval

10.1 Schedule of Business

The Schedule of Business was noted.

10.2 Business Case Approvals

- 1) Point of care testing business case
- 2) Rheumatology Consultant business case

The Business Cases approvals by TEC were noted.

10.3 Tender Waivers >£50k - None

There were no tender waivers over £50k in May 2015.

10.4 Monitor 2014/15 Quarter 4 FT Sector Report

This paper was noted.

11. Any Other Business

None.

12. Date and Time of Next Meeting

Thursday 23rd July 2015 at 8.30am in Room 3, Chertsey House, St. Peter's Hospital