

TRUST BOARD
30th October 2014

TITLE	Finance Committee Minutes
EXECUTIVE SUMMARY	<p>The minutes of the Finance Committee meeting held on 18th September 2014 are attached for receiving.</p> <p>The key points are: -</p> <ul style="list-style-type: none"> ▪ Operational Performance – reviewed an overview of the Trust’s operational performance, obtaining an understanding of issues relating to the A&E and RTT targets; ▪ Financial Position at 31st August 2014 – the Committee reviewed the month 5 position and discussed the issues behind the results along with the forecast; ▪ Contracting Update – reviewed papers on the position with contracts and QIPP; and ▪ ECIST Action Plan – reviewed the progress against this plan.
BOARD ASSURANCE (Risk) / IMPLICATIONS	The Board is assured by the scrutiny provided by the Finance Committee on matters of financial risk.
LINK TO SO	SO4: Top Productivity
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:	Receive the minutes of the Finance Committee meeting held on 18 th September 2014.
Submitted by:	Nadeem Aziz, Non-Executive Director and Committee Chair
Date:	23 rd October 2014
Decision:	For Receiving

Minutes of the Finance Committee meeting held on 18th September 2014

PRESENT:	Mr. Nadeem Aziz	Non-Executive Director (Chair)
	Mr. Terry Price	Non-Executive Director
	Mr. Simon Marshall	Director of Finance and Information
	Ms. Valerie Bartlett	Deputy Chief Executive
IN ATTENDANCE	Ms Suzanne Rankin	Chief Executive
	Mr. Paul Doyle	Deputy Director of Finance
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	Mr. Clive Goodwin	Non-Executive Director

Actions

1. Introductions and Apologies

The apologies were as noted above. Nadeem Aziz recorded his thanks for the work that Jim Gollan did and the progress that was made during his time as Chairman of the Committee. The Committee welcomed Nadeem Aziz back.

2. Minutes of the Meeting held on 25th July 2014

The minutes of the meeting held on 25th July 2014 were agreed.

3. Matters Arising

3.1 Actions List

Point 3.1 The Deputy Chief Executive gave a verbal update, stating that the latest version of the North West Surrey CCG (NWS CCG) winter plan was to be discussed at the closed October Trust Board or Strategy Committee. There are a number of things that the CCG is working on (e.g. Better Care Fund and rehabilitation beds) and the Board needs to discuss whether the cumulative efforts of the CCG and the Trust's actions will be enough to deal with on-going pressures.

Point 3.5 Business Case Review – The Director of Finance and Information advised that this item will slip to at least November. Nadeem Aziz asked the Director of Finance and Information to take stock of this point and come back with a fixed date and way forward.

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Point 3.6 The Chief Executive explained that the Better Care Fund is the switch of health care funding from the CCG to the County Council which was originally going to happen in one financial year. It was originally assumed there was a transfer plan and clear structure as to where the money was going, but it transpired that there wasn't and the CCG is trying to align with the Social Services on how and where the funding will be going and how it will be used.

The Director of Finance and Information advised that the impact on ASPH is therefore not clear, but the assumption is that, in the first year, there won't be much impact, as Social Services is likely to buy the services from the Trust (instead of CCG paying for it) as there is no clear indication of where patients

would go if not to the hospital. It was suggested that this is discussed at the next master class session. As a result this action point would be removed from the Finance Committee action list.

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

3.2 Operational Effectiveness/Efficiency Metrics

This report was tabled and discussed after operational performance report (agenda item 4.1).

The Efficiency Metrics report is a bridge between finances and operations and attempts to illustrate the efficiency gains in relation to increased activity. The Director of Finance and Information raised the following points:

- length of stay is under pressure which drives cost;
- the day case rate is under pressure as there are an increased proportion of complex inpatients whilst clearing RTT backlogs;
- the Trust is doing well on surgeries occurring on the scheduled day;
- the readmissions rate is under pressure. The Chief Executive asked that the 7 day readmission rate be included as it's more reflective of the quality of care;
- increased tariff per spell reflects increased complexity and activity;
- cancellations – this is being checked to ensure the target and actuals are comparing the same thing;
- new to follow up ratios may increase in the next quarter due to increased surgeries in summer;
- first attendances are holding up well; and
- the average tariff should recover when follow ups on extra RTT work are finished.

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Nadeem Aziz suggested that these targets become part of the business planning process so that the targets are formal and used as an on-going measuring tool.

The Chief Executive asked that an explanation be included on the document as to how the targets are arrived at and what benchmark is being used. It was suggested that the Divisions should build plans using a tool like this.

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4. Finances and Performance as at 31st August 2014

4.1 Operational Performance Report

The Deputy Chief Executive summarised the report stating that the CCG QIPP plans and other demand management schemes are not having an impact on activity, which continues to increase.

The Trust has seen a big rise in delays in complex discharges at the end of August and beginning of September, and are at the highest level in 18 months. The issues contributing to these delays are around lack of staff in community settings (recruitment is a general issue in the wider health economy) and lack of adequate facilities in the community to cope with the complexity of patients. There is also a lack of capacity in nursing homes for socially funded patients (private care homes prioritise private paying patients).

The CCG has been asked to undertake a review of system capacity and what needs to be changed in the wider system to address these issues, as patients don't belong in hospital. This review won't impact before the end of financial year.

Terry Price asked how sustainable the efforts are to clear backlogs. The Chief Executive replied that the Trust will deliver the Monitor A&E target but not the local system targets, so pressure will continue.

Nadeem Aziz asked whether the Committee can have a dashboard of the current projects addressing capacity issues with a snapshot of progress and impact it will have on performance improvement.

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The Deputy Chief Executive reported that there are issues in the Cancer team which are now being addressed to rebuild the team and improve systems and processes. Quarter 2 may still reflect issues but these should be resolved from quarter 3 onwards.

4.2 Workforce Report (Month 4) - for information

This report was for information only as it is considered in detail at the Workforce and Organisational Development Committee. The three bullet points on the front page provide the focus - agency use, turnover and recruitment are all issues which are driving costs into the system.

Nadeem Aziz asked why appraisals rates are also red rated and whether there is a correlation to retention. The Chief Executive replied that the Trust is addressing this as it wants to make appraisals meaningful rather than just a box ticking.

It was agreed that this will be kept on the agenda once a quarter, but for information only, and not for detailed discussion.

4.3 Finance Report

The Director of Finance and Information explained that there was a planned deficit in August, and that the result came in on line with plan, but that the Trust now needs to claw back the £1.2m overspend over the next seven months. The forecast is extremely tight, and could be easily move into a deficit if it can't recover the CIP delivery.

In terms of the cash figure, the Trust is not currently getting paid for over-performance from commissioners - this should start coming in from November. The original plan was set too high and will be revised when the forecast is resubmitted to Monitor. The Trust is not in an active cash management position, except for obtaining over-performance from Commissioners.

The NHS North West Surrey (NWS) CCG is trying to apply fines and penalties to reduce payments, which will be monitored as we go through the next few months. CIP's were only slightly improved in the month because the replacement schemes are not fully worked up yet.

Nadeem Aziz questioned what confidence there was in recovering the gap on the overall CIP target. The Director of Finance and Information replied that it was very close to the wire, and the balance will have to be made up in quarter 3 as it probably will not happen in quarter 4. The Trust is constantly rebalancing and reworking the schemes to achieve the target.

4.4 Forecast - Risks and Opportunities

The Director of Finance and Information summarised the current situation by stating that the Trust has taken decisions to spend more money to address issues and is also not delivering on CIP's, both of which are producing the current financial pressures.

The Deputy Chief Executive stated that she was surprised by how many penalties and fines are being levied by NWS CCG compared to other CCGs, and questioned whether the Trust's tactics are right when dealing with the CCG regarding money and fining, as the way they penalise the Trust is out of sync with the rest of the system. This also appeared to be marginalising the Trust's inpatient Divisions and artificially placing pressure on them.

The Director of Finance and Information replied that NWS CCG appeared to have a unique style of underfunding the system and then having to pay huge over-performance, whilst also trying to levy all penalties and fines to avoid paying, when demand management isn't being delivered.

The Chief Executive asked whether it was possible to gain an understanding of how the NWS CCG fining and penalty system benchmarks to other CCGs and how we give a fair reflection internally within the Divisions. It was suggested that this discussion should be held outside of this forum.

Nadeem Aziz asked what the confidence was on delivering the £2.2m additional savings identified. The Director of Finance and Information stated that it is likely that not all of this would be delivered, and that alternative plans are being sought.

Nadeem Aziz asked what the level of confidence was with the delivering the forecast. The Director of Finance and Information replied that the assumption was that the forecast would be achieved, and that the Trust was simultaneously striving to improve operational performance. The reason the forecast hasn't been changed is that the Executives want to maintain financial discipline and see what the half year results produce before making any decision on this.

4.5 Monitor Reforecast Submission

Monitor has asked the Trust to resubmit the end of year forecast to include the RSCH merger costs. This is in line with the forecast in the other reports.

The Committee, on behalf of the Trust Board, approved this report for submission to Monitor.

5. Contracting Update

5.1 Contract Report

The Director of Finance and Information explained that there was nothing unexpected at the moment and flagged that, whilst maternity looks like it was under performing, births have started to increase.

There has been a 6% growth in outpatients activity, which is unprecedented, but probably reflective of the 18 weeks clearance and therefore, this growth will probably soften.

5.2 QIPP Program Update

The Director of Finance and Information informed the Committee that this programme is not delivering, as per the earlier discussion. This paper was noted

by the Committee.

6. Service Line Reporting Update Quarter 1

The Director of Finance and Information summarised the report by stating that there was good news on Urology, as the income position has improved and that this should continue to improve once the service moves to its new location.

The Vascular service line requires more scrutiny to understand why it continues to lose money off the back of increased activity. Terry Price asked whether the outcome of this investigation could be reported back when clarified. Nadeem Aziz also requested that the comments in the report be more definitive rather than "could be due to..." It was agreed that these issues would be addressed in the next report.

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7. Elective Care Intensive Support Team & RTT Joint Service Investigation Action Plan

The overall view from this report is that the Trust was open and transparent during the review, and a lot of progress has been made, and assurance given, around processes, but that these need to be embedded and followed through to have full impact. The Committee asked the Deputy Chief Executive to bring progress or follow up reports on the outstanding actions in three months' time.

VB

8. Priorities for the Committee 2014/15

Nadeem Aziz stated that his only comment was on point 5 as it wasn't clear. The Deputy Director of Finance explained that Operational Performance is a widening responsibility for the Committee, and asked whether the Committee was happy with the level/depth currently covered in terms of operational performance or whether more information was required. The Committee agreed that it was happy with the current level, but will monitor this and review periodically.

The Deputy Chief Executive asked whether this Committee should have commercial oversight over the MSK service tender as it is of high risk and value. The Committee agreed that this project should have a dedicated steering group led by a Non-Executive Director which feeds into the Strategy Committee, and which presents a briefing paper on the finances to the Finance Committee.

9. Identification of Financial Risks

9.1 Items for Risk Register

None

9.2 Key Points to take to the Trust Board

The key points to take to the Trust Board were:

- Finance Report and forecast
- Advise that the Committee has signed off the Monitor submission on the updated forecast for 2014/15 (after merger costs) on behalf of the Board.

10. Items for Information or Approval

10.1 Schedule of Business

The Schedule of Business was agreed by the Committee. The Director of Finance and Information pointed out that the EDM business case will go to the Board this month, due to the submission deadline for the Department of Health. It will have to come back to the Finance Committee in October or November for due process.

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10.2 Business Case Approvals

The one business case was noted.

10.3 Tender Waivers >£50k

None.

10.4 Monitor Paper - Reimbursement of Urgent and Emergency Care

The Director of Finance and Information explained that this is a proposed change in the tariff system where payment is based on a block element and a quality of service element. The underlying principle is not unreasonable, but its success hinges on implementation because if it's not done properly it could have disastrous consequences. There is also a question around who would judge the quality element. This and other questions have to be sorted out before it goes ahead.

This paper was noted by the Committee.

11. Any Other Business

The Committee was informed that Committee meetings would now be held on Thursdays.

12. Date and Time of Next Meeting

Thursday 23rd October 2014 at 8.30am in Room 2, Chertsey House, St Peter's Hospital.