

**TRUST BOARD**  
**25<sup>th</sup> May 2017**

<b>AGENDA ITEM NUMBER</b>	6.4	
<b>TITLE OF PAPER</b>	Financial Management Committee Minutes	
Confidential		
Suitable for public access	√	
<b>PLEASE DETAIL BELOW THE OTHER SUB-COMMITTEE(S), MEETINGS THIS PAPER HAS BEEN VIEWED</b>		
These minutes were reviewed and approved at the Financial Management Committee meeting held on 18 <sup>th</sup> May 2017.		
<b>STRATEGIC OBJECTIVE(S):</b>		
Best outcomes	√	
Excellent experience	√	
Skilled & motivated teams	√	
Top productivity	√	
<b>EXECUTIVE SUMMARY</b>	<p>The minutes of the Financial Management Committee meeting held on 20<sup>th</sup> April 2017 are attached for noting. The key points are: -</p> <ul style="list-style-type: none"> <li>• The draft year-end finance outturn was discussed, in particular progress with reaching agreements with commissioners;</li> <li>• reviewed operational performance, in particular the A&amp;E performance and how it impacted on workforce and finances;</li> <li>• discussed the Medical Workforce Outline Strategy and its impact on pay expenditure; and</li> <li>• reviewed a update paper on progress with the implementation of approved Business Cases.</li> </ul>	
<b>RECOMMENDATION</b>	Receive and note the paper	
<b>SPECIFIC ISSUES CHECKLIST:</b>		
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.	

<b>AUTHOR NAME/ROLE</b>	Paul Doyle, Deputy Director of Finance Please approach for any further information required.
<b>PRESENTED BY DIRECTOR NAME/ROLE</b>	Meyrick Vevers, Non-Executive Director and Acting Committee Chair
<b>DATE</b>	18 <sup>th</sup> May 2017
<b>TRUST BOARD ACTION</b>	Receive

**TRUST BOARD**  
**25<sup>th</sup> May 2017**

**FINANCIAL MANAGEMENT COMMITTEE MEETING**  
**MINUTES**  
**20<sup>TH</sup> APRIL 2017**

<b>PRESENT:</b>	Meyrick Vevers Neil Hayward Simon Marshall Tom Smerdon James Thomas	Non-Executive Director (Chair) Non-Executive Director Director of Finance and Information Director of Operations – Unplanned Care Director of Operations – Planned Care
<b>IN ATTENDANCE</b>	Aileen McLeish Suzanne Rankin David Fluck Louise McKenzie Paul Doyle Daniel Dodd Colleen Sherlock	Chairman Chief Executive Medical Director (agenda item 5) Director of Workforce Transformation Deputy Director of Finance Darzi Fellow Head of Workforce Planning and Intelligence
<b>SECRETARY:</b>	Des Irving-Brown	Assistant Director, Financial Management
<b>APOLOGIES:</b>	None	

**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 23<sup>rd</sup> March 2017**

Minutes of the meeting held on the 23<sup>rd</sup> March 2017 were agreed.

**3. Matters Arising – Actions List**

Item 3: The Director of Finance and Information will follow this up with Andrew Grimes.

SM

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 – Unplanned Care introduced the report stating that the March A&E performance was below the agreed trajectory at 89.6%, but this was 2.1% up on February's performance which was 87.5%, so performance continues to improve.

The April trajectory is 90% and the Trust is slightly short of that currently, but is expecting to meet it. A&E has been affected by workforce issues linked to IR35 changes early in April (the new tax year) and during the last week in March and

first week in April there were on average 4 or 5 vacancies in the middle grade rota, resulting in breaches. The situation is slowly returning to normal. The issue is also affecting elective work, with wait times increasing.

Aileen McLeish stated that the IR35 changes were an opportunity for services to review staffing and come up with other solutions to reduce the reliance on agency.

The Director of Workforce Transformation stated that many of the staff involved in the A&E issue are career locums, and would not want a permanent role anyway, and these posts should be recruited to substantively, as this provides a better quality of service.

Meyrick Vevers asked whether this could have been anticipated and warnings issued. The Chief Executive responded that it was anticipated, but not to the extent to which it occurred.

The Director of Operations – Planned Care provided an update on RTT and cancer targets, with compliance on six out of seven standards in March, the “31 day to 2<sup>nd</sup> treatment” target having been just missed.

Aileen McLeish asked about the progress of Dermatology in light of the tender that was lodged to run the service for NWS CCG. The Direction of Operations – Planned Care stated that firm plans are still being worked up with the Dermatology service and the Director of Finance and Information along with the Chief Executive and Direction of Operations – Planned Care are to meet to discuss accelerating plans to ensure the appropriate space and resources are available immediately should the bid be won, and an exit strategy if it is not.

SM/SR/JT

Meyrick Vevers asked, given the new financial year and the uncertainties being raised today, whether there are any other issues which haven't yet been discussed that should be flagged. The Director of Operations – Planned Care stated that ongoing resource issues will need to be addressed to ensure the RTT targets are maintained, as they are currently border line. The Chief Executive responded that the focus has to be that the focus has to be on matching demand and capacity, and this will be mainly around reducing demand as the resources are not out there reducing demand as the resources are not out there.

There were several new services that came on board in April (Bradley Unit, Virgin Therapies) and these changes were not without challenges, but the transitions have been successful.

The paper was noted by the Committee.

## **5. Workforce Report**

The Director of Workforce Transformation stated that the two issues of concern are the level of unexpected nursing retirements in the year, and also the number of nurses that have still not arrived from the Philippians, and these have adversely impacted the vacancy factor.

The new app in place to book medical locums, Locum's Nest, is working well and there has been a good uptake of this platform and therefore a shift from agency to bank working. The Head of Workforce Planning and Intelligence stated that weekly pay runs for medical staff is also being developed, as this is what agencies offer. Locum's Nest is facilitating this as it provides an electronic data feed, rather than paper timesheets, so it's less prohibitive for Payroll Services, although the arrangement will result in more entries on the purchase and receivables ledgers, as there will be a recharge mechanism between Trusts to recover pay costs for

shifts worked by staff employed elsewhere.

Neil Hayward asked about the STP and how workforce issues could be resolved through that mechanism. The Chief Executive responded that progress through the STP is slow, but it does present a massive opportunity. Most of the other members are proceeding with their own local plans and there is currently little uniformed approach, which means efficiencies for ASPH won't be achieved in the short term. Having said that, the STP Workforce workstream does appear to be moving forward, and represents tangible opportunities which can be realised in the short term.

The Medical Director introduced the Medical Workforce Outline Strategy paper and explained the progress on various strands, highlighting the inroads being made to reduce additional payment spend (linked to additional wait list initiatives which have been stopped since February) and also agency spend.

Focus has also been on deployment of the workforce to ensure it is being utilised as effectively as possible. A robust rostering system is being looked into, as this will help with planning and provide transparency to the deanery around workload and training. Another strand of the strategy is around recruitment and how to improve this.

Neil Hayward stated that the strategy was logical and clear, but it doesn't allude to the underlying operational challenges and inherent culture which inhibits delivery and suggested that approval of investment Business Cases should be dependent on the clinical teams adopting the strategy and if they aren't adhering to the strategy they shouldn't be rewarded with Business Cases being approved.

Neil Hayward suggested the OD design piece may be harder to get traction on than the deployment of resources, and therefore asked whether the focus should be on the latter as the gains are more immediately achievable. The Medical Director agreed and confirmed that this was the focus at the moment.

Meyrick Vevers asked whether the shift patterns were the same for doctors and nurses and whether these were the same as other hospitals. The Head of Workforce Planning and Intelligence explained that the nursing patterns were different to doctors, but the shifts for both were broadly similar to other hospitals.

The Medical Director described the doctor shift patterns, the disparity it creates at various times of the day, especially at night, or when training happens. There is also disparity between services. These are the issues the workforce design piece and the re-deployment piece aim to address.

The papers were noted by the Committee.

## **6. Finances as at 31<sup>st</sup> March 2017**

### 6.1 Operational Effectiveness/Efficiency Metrics

The paper was not available at the time of the meeting due to the year-end position not being finalised in time for the Committee papers deadline. This will be resumed from next month.

### 6.2 Finance Report

The Deputy Director of Finance provided a verbal update on the draft year-end

position. The various year end movements were described, such as the reduction in oncology recharges, income in-line with forecast, but the mix has changed, with more high cost drugs & devices income, resulting in increased drugs and supplies costs. Pay costs were higher than expected due to year end provisions for some workforce issues.

In terms of the control total target, which was £12.9m, a figure of £7.3m was advised as a draft figure to NHSI. The reason this is lower than the £8.0m in the forecast is that NWS CCG is offering less than forecast for over-performance, and meetings continue to resolve this. Some additional pay provisions and non-pay costs also came through in the month.

The deadlock with the CCG was discussed, with the mandate from NHSI to get all the cash, but the CCG stating that their regulator won't let them move to a deficit position, so mediation is still the most likely outcome. Neil Hayward suggested that if the numbers are accurate, then that is what should be billed for and recognised in the accounts. Then it goes to mediation and a third party advises whether it should be paid or not. The only reason it should be settled for political expedience is that there is some benefit in doing so, but this should be well documented.

The Chief Executive responded that some form of provision would be required as the risk share is written into the contract. The run rate has been hugely reduced over the past few months through no weekend work and other initiatives, and no recognition has been given for this. The Trust feels that whilst the gap is only £0.3m currently, it has already achieved the risk share through reduced activity, whilst the CCG won't recognise this. Neil Hayward agreed that there was no option but to go to mediation, as the principles need to be established.

The Director of Finance and Information explained that the CQUIN's target was provisionally only 65% achieved, and this caused £1.5m of lost income, over and above the risk share.

The Committee was asked to endorse the figure of £7.3m against the control total which was advised to NHSI and which will still give a Use of Resources rating of 2. The Committee agreed to the principle and will take the proposal to the Board next week.

## **7. 2017/18 Contracts Update**

No paper or update was provided for this meeting.

## **8. Business Case Review Update**

The Director of Finance and Information provided background on the paper, stating that it's a summary of the business cases processed during the year and the progress of these, as well as an update on the progress of older cases.

There are various reasons why some of the staffing cases are amber for example difficulty in recruiting, or changes in the service expectations which weren't in the original business case, and therefore the case needs to be reviewed and re-aligned.

Neil Hayward asked whether the focus on the business cases is quality or finance as the introduction mentions two key themes which implies either/ or, because the focus should be on both in all cases.

It was suggested that if staff haven't been recruited within six months, cases

should be revisited and reviewed as to whether the solution is still viable. Meyrick Vevers suggested that this report be brought back twice a year.

PD

Neil Hayward suggested that if a case is pulled, it is added to the Business Case agenda item and advised to the Committee for information.

The paper was noted by the Committee.

## **9. Identification of Financial Risks**

### 9.1 Items for Risk Register

No new risks noted.

### 9.2 Key Points to take to Trust Board

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

- 2016/17 contract payment potential mediation to be discussed at the private Board meeting, including the risks involved and the assumptions in the year-end financial position.

## **10. Items for Information or Approval**

### 10.1 Schedule of Business

This paper was noted.

### 10.2 Business Case Approvals

Two cases were approved by the Commercial Group in March:

- Post CCT Clinical fellow in the Upper GI (Bariatric) service. – this was approved in February but following service issues a decision has been made to request the appointment a Locum Consultant instead; and
- Appointment of a Part Time Locum Orthodontic Consultant to fill a vacancy within the firm following three recent resignations.

The paper was noted by the Committee.

### 10.3 Tender Waivers >£50k

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

## **11. Any Other Business**

No other business was raised.

## **12. Date and Time of Next Meeting**

Thursday 18<sup>th</sup> May 2017 at 8.30am in Room 2, Chertsey House, St. Peter's Hospital.