

TRUST BOARD
25th June 2015

TITLE	Minutes of the Finance and Performance Committee meeting held on 21st May 2015
EXECUTIVE SUMMARY	<p>The minutes of the Finance and Performance Committee meeting held on 21st May 2015 are attached for noting.</p> <p>The key points are: -</p> <ul style="list-style-type: none"> ▪ Financial Position at 30th April 2015 – the Committee reviewed the month 1 financial position; ▪ Operational Performance – received an update on month 1 performance and discussed the new style of report that the Committee had requested; ▪ Service Line Reporting 2014/15 – discussed the final SLR report for 2014/15 noting the comparisons with 2013/14; and ▪ Committee Structure – reviewed progress with implementing the changes agreed following the workshop held in March.
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 21 st May 2015.
Submitted by:	Nadeem Aziz, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	18 th June 2015
Decision:	For Noting

TRUST BOARD
Date: 25th June 2015**Title: Minutes of the Finance Committee meeting held on 21st May 2015**

PRESENT:	Nadeem Aziz Clive Goodwin Simon Marshall	Non-Executive Director Non-Executive Director Director of Finance and Information
IN ATTENDANCE	Paul Doyle Suzanne Rankin Philip Purdy Tom Smerdon	Deputy Director of Finance Chief Executive Head of Performance Programme Director – Urgent Care Transformation
SECRETARY:	Des Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	Peter Taylor Lorraine Knight	Non-Executive Director (Chair) Interim Chief Operating Officer

Actions**1. Apologies for Absence**

The apologies were as noted above.

2. Minutes of the Meeting held on 23rd April 2015

The minutes of the meeting held on 23rd April 2015 were agreed.

3. Matters ArisingActions List

3.4 The Chief Executive provided an updated on reviewing lean processes within the hospital and system wide interaction, which is being driven through the CCG. The non-executive directors can be involved in this process if desired.

A walk around A&E can be arranged for the Non-Execs as a follow up to the December walk around. (Tom Smerdon to arrange)

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

4. Finances and Performance as at 30th April 20154.1 Finance – Month 1 Update

The Trust was £0.4m in deficit in month one, which was broadly in line with plan, and £0.2m better than month one last year.

Pay is still high, and the run rate went up month on month as activity remains high.

Nadeem Aziz asked whether this trend in increased activity would continue. The Director of Finance and Information replied that there is no indication, currently, that it won't.

Nationally, Commissioners are being required to redraft plans to increase activity and review ambitious QIPP's; however, no additional money is being injected into the system at this time. It may mean the Trust plans will need to be restated, as there is now a disconnect between what Monitor is expecting and what the Commissioners and the Trusts have presented.

Nadeem Aziz queried the CIP forecast, as it is £2m behind plan already. The Director of Finance and Information stated that this hasn't changed from the early view that was provided to the Board, and there are still several schemes which need to be firmed up, and there is a lot of work to be done to land it. Nadeem Aziz expressed concern that the lower forecast would become the target, however, the Deputy Director of Finance confirmed that meetings had been held with the Divisions this week, and it was made clear to them that the original plan remains the delivery target, and that it is expected that forecasts will be improved.

Clive Goodwin queried the agency expenditure as it was the primary driver of the overspend in April, and asked whether the link with the Workforce Committee can be fed into this Committee to keep the focus on this expenditure. The Director of Finance and Information explained that that part of the issue is around difficulty in recruiting medical staff, but also the fact that the nursing fill rates have increased from 92% to 98%, with 95% being the average.

4.2 Operational Effectiveness/Efficiency Metrics

The Director of Finance and Information mentioned that nothing was significantly out of line in terms of run rate in month 1, however, it was noted that this also implies that no step change improvement had been delivered in month 1.

It was noted that the fines have been reported at the actual level, rather than the contractual level, as it is important to understand the fines in context of activity and performance.

4.3 Operational Performance Report

The published report and the performance against A&E, RTT and Cancer targets was discussed and noted.

5. Operational Performance Reporting Going Forward

In respect of the reporting changes that the Committee had requested on performance, the Head of Performance tabled a report which is being proposed as a replacement to the existing monthly report.

Nadeem Aziz stated that he is still trying to understand the key drivers of the inputs into the hospital and (i) what actions are being taken to manage these, (ii) what targets are in place to manage and monitor progress and (iii) outflow from the hospital and the effectiveness of this, and the expectations downstream of where these are going. Linked into these should be the impact on the Trust finances.

The Chief Executive suggested that the report which had been tabled went some way to address the above, and that it could be linked to financial outputs. There is also an Urgent Care plan that could be presented to the Committee that can address this requirement for the urgent care pathway, again, finances would need to be linked in. The Programme Director explained the concept of an Urgent Care Centre, how it would work and the issues that would need to be overcome in

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respect of workload and trainees.

The Director of Finance and Information described the financial challenges with this Urgent Care model. Firstly, there will be a reduction in tariff because urgent care attracts a lower tariff than A&E. As the Trust is on a block contract, this will not be an issue in the first year. Secondly, the cost of running each service is similar, but staffing issues could be costly, as there will be a doubling up of resources initially. This could be offset by a reduction in tests & admissions as the urgent care centre tends to do less testing and can't admit patients.

Nadeem Aziz queried how the improvement in overall performance would be measured using this action plan, as it needs to be linked to the actual performance. The Programme Director stated that this could be done. Nadeem Aziz recognised that this was obviously an iterative process, and that this is a first cut, so more work was required to strengthen the report.

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The "A&E Distribution of Breaches" graph on the report was explained, and Clive Goodwin asked whether time of day could be added to the report.

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Nadeem Aziz asked whether the workforce implications could be included into this report to support the conversation, which would then link into the finances as well.

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It was suggested that any further comments would be fed back after the meeting.

The Head of Performance pointed out that this report only covered A&E, and that other areas, such as 18 weeks, could also be covered, but he would require an indication of what should be reported for these.

The NEDs asked whether it was possible to provide them with some training on the targets and particular details of the various pathways, to enable a better understanding of the reports.

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6. Finance Outturn 2014/15

6.1 Service Line Reporting

It was assumed that the paper had been read, and therefore the Director of Finance and Information suggested the discussion be around what is being done to address the known issues.

- a) Medicine Division – work is ongoing around processes, Length of Stay and discharge – i.e. improvement in flow. There is also a plan around Endoscopy, the timing of which depends on the Estates solution;
- b) TASC Division – three pressure points: (i) Vascular (the Chief Executive explained some of the initiatives that are being considered) (ii) ITU – addressed through re-pricing and (iii) General Surgery – the result is a reflection of pathways, and the Trust is looking at supported discharge and other initiatives around good practice to reduce costs. It was noted that Urology has started to improve;
- c) DTTT – (i) T&O: activity has been high in the last year, but this has been delivered in an expensive way (outsourcing and weekend working), which needs to be addressed to make the service more profitable and (ii) Physiotherapy loses money as not enough is charged;
- d) WHPS – (i) will review the specialties as the Obstetrics & Midwife Episodes should be merged and (ii) losses on NICU will be reviewed, and it appears there may be an income shortfall; and
- e) The figures in Unallocated were explained.

6.2 Revaluation Update 2014/15

The paper was noted, and the Director of Finance and Information explained the underlying impact on the EBITDA and other measures, and the care required to balance up the various elements. The real impact is that any new capital developments will have to be reviewed in light of the Trust's recurrent income and expenditure position.

7. Finance Committee Structure and Priorities – Workshop Notes

The Deputy Director of Finance explained progress on the action points from the workshop and asked how frequently detailed data should be requested from the Workforce Committee. A sub group needs to be set up to align the Finance and Workforce elements, but Nadeem Aziz said he needed to discuss with Sue Ellis before any further action is taken.

NA

The Deputy Director of Finance tabled a new style report which is proposed to address requests raised in the workshop. Nadeem Aziz asked that an overarching summary be attached, as well as a bridge with an explanation of how the overall position has shifted from plan.

The volume/mix issue will still need to be addressed, and the cash element needs to be further developed.

8. Identification of Financial Risks

8.1 Items for Risk Register

Noted.

8.2 Key Points to take to the Trust Board

Update on how the performance piece will be covered going forward.

9. Items for Information or Approval

9.1 Schedule of Business

The Schedule of Business was noted.

9.2 Business Case Approvals

There were none approved in April 2015.

9.3 Tender Waivers >£50k

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

9.4 Treasury Management Policy Review

This paper was noted and the minor changes approved.

9.5 Council of Governors Expenses Policy

This paper was approved.

10. Any Other Business

There were no items.

11. Date and Time of Next Meeting

Thursday 18th June 2015 at 8.30am in Room 3, Chertsey House, St. Peter's Hospital