

**TRUST BOARD**  
**27<sup>th</sup> October 2016**

<b>AGENDA ITEM NUMBER</b>	<b>6.3</b>	
<b>TITLE OF PAPER</b>	<b>Financial Management Committee Minutes</b>	
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 20 <sup>th</sup> October 2016.		
<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 22<sup>nd</sup> September 2016 are attached for noting. The key points are: -</p> <ul style="list-style-type: none"> <li>discussed a revamp of the data that is presented to the Committee via the Workforce Report, with Neil Hayward agreeing to work with the Workforce team on this;</li> <li>month 5 finances were behind plan and focus is required on the risks involved around the control total and how these would be managed. A separate risks and opportunities paper was considered by the Committee;</li> <li>review of the Endoscopy Business Case prior to Trust Board approval;</li> <li>review of service line reporting data for quarter 1 and the direction of travel for key services; and</li> <li>reviewed the business planning framework for the two financial years 2017/18 and 2018/19.</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>	Nadeem Aziz, Non-Executive Director and Committee Chair
<b>DATE</b>	20 <sup>th</sup> October 2016
<b>TRUST BOARD ACTION</b>	Receive

**TRUST BOARD**  
**27<sup>th</sup> October 2016**

**FINANCIAL MANAGEMENT COMMITTEE MEETING**  
**MINUTES**  
**22<sup>nd</sup> September 2016**

<b>PRESENT:</b>	Nadeem Aziz Peter Taylor Neil Hayward Simon Marshall	Non-Executive Director (Chair) Non-Executive Director Non-Executive Director Director of Finance and Information
<b>IN ATTENDANCE</b>	Louise McKenzie Colleen Sherlock Paul Doyle Tom Smerdon  Andrew Grimes Samantha Lamb	Director of Workforce Transformation Head of Workforce Planning and Intelligence Deputy Director of Finance Associate Director of Medicine & Emergency Services Head of Capital Development Overseas Visitor and Private Patients Manager (Observing)
<b>SECRETARY:</b>	Des Irving-Brown	Assistant Director, Financial Management
<b>APOLOGIES:</b>	Meyrick Vevers Lorraine Knight Suzanne Rankin	Non-Executive Director Interim Chief Operating Officer Chief Executive

**Actions**

**1. Introductions and Apologies for Absence**

Nadeem Aziz welcomed everyone to the meeting and stated that the meeting was quorate.

**2. Minutes of the Meeting held on 18<sup>th</sup> August 2016**

Minutes of the meeting held on the 18<sup>th</sup> August 2016 were agreed.

**3. Matters Arising – Actions List**

Nadeem Aziz queried why the request for detailed contingency plans that were minuted last month was not on the action list. The Director of Finance and Information provided an update stating that in order to generate this list, meetings had been held with the Divisions around recovery plans and also with the Trust Executives to review the list of additional spend with a view to reduce the draw on reserves. Bed closures are possible (mainly escalation areas), as it's difficult to recruit to the current capacity which is impacting on staffing, and more focus needs to be given to Agency spend. There may be a bit more to come out of non-pay, but most of what had been planned has been done. Nadeem Aziz thanked the Director of Finance and Information for the verbal update, but asked that a paper on risks and including details on all possible mitigation be provided to give

the Committee visibility on how the Trust Executives are considering dealing with the downstream risks.

Item 3: The Director of Finance and Information suggested the only way to smooth the metrics would be to remove the effect of working days on the metrics to normalise the month on month variability, and a method to do this could be considered. This action will be removed from the action log, as it will be dealt with in the normal agenda item each month.

Item 4: Neil Hayward will work with the workforce team to help them refine the Workforce Report and this may take 3 or 4 months. This agenda item can be removed. Nadeem Aziz commented that what the Committee required was linking the effect of workforce issues on the I&E forecast.

It was noted that all other action points were either not yet due or were to be discussed as agenda items.

#### **4. Operational Performance Report**

##### 4.1 ASPH NHSI Performance

The Associate Director of Operations for AMES introduced the report and provided a detailed update on August performance stating that A&E performance was below the 95% standard, but the STF trajectory had been met, with August performance at 92.4%.

All other metrics were compliant, expect breast screening which was at 77.8% due to late referrals from the Jarvis screening service; this issue is being addressed to avoid delays in future.

Neil Hayward asked whether the targets are likely to be adjusted if the system continues to fail to meet them. It was agreed that it was possible that targets may be relaxed by the centre, because they are unsustainable, however, there is no indication of this happening at the moment.

Neil Hayward also queried whether the “Philosophy of Care” proposal referred to in the paper would be launched at the end of September, as the wording in the paper was ambiguous. The Associate Director of Operations for AMES responded that at the time the paper was written, there were still points to be agreed with clinicians, so at that stage it wasn’t clear whether the proposal would be ready. This issue had now been resolved and the plan was to progress with a September launch.

The Committee requested that if there was any degree of concern about missing any of the targets, this should be flagged sooner rather than later to avoid any surprises if the targets were eventually missed in September or October.

Nadeem Aziz asked about the spike in cancellations of operations, and the Associate Director of Operations for AMES explained that issues in flow and capacity in the hospital during the month had caused this. The Director of Finance and Information explained that there is a significant cost involved in these cancellations, with staff being paid to man theatres which aren’t used, as well as a loss in income if the patient waits longer than 28 days, so this situation is untenable.

#### 4.2 Operational Performance Report

This paper was noted.

### **5. Workforce Report**

The Head of Workforce Planning and Intelligence provided an update on the graphs and stated that nurse agency was down in August. More recruitment had occurred in the Philippines and it is expected that this will further reduce the pressure on nurse agency as these staff start to arrive in the coming months.

Neil Hayward explained a suggested format for the Workforce Report, starting with the overall headcount target and showing the gaps to fulfilling that target or pressures due to over-recruitment, with comments around what's going well and not going well. Then to break this down into staff groups, with information on pressures and actions being taken to address the issues. This would take around three months to develop and would be taken as an action point as per section 3 above.

NH/CS/LM

The Director of Workforce Transformation stated that a paper was being written for the Trust Executives around proposals on addressing pay issues to help the Trust overcome some of the barriers to recruitment.

This paper was noted.

### **6. Finances as at 31<sup>st</sup> August 2016**

#### 6.1 Contracts – Update

The Director of Finance and Information stated that the CQUIN's had still not been agreed, and the Trust is now gearing up to plan for next year, so it was expected that the 2016/17 targets would be signed off in September. Nadeem Aziz asked what the hold-up was. The Director of Finance and Information explained that the plans proposed by the CCG were unrealistic and do not allow for flexibility required for recruitment issues which may make the targets undeliverable.

The bigger issue at the moment is around the risk share and apparent lack of flexibility the CCG wants to apply to this element. The problem is around delivering the QIPP's, some of which are working (for example moving more patients through the UCC instead of A&E) but others are not achievable, and there is a large risk to the Trust around implementing these, where the risk should be spread around the system.

Nadeem Aziz asked how the risk could be mitigated. The Director of Finance and Information suggested signing the schedules would be the first step, and the CCG was aligned with ensuring the system achieves the quarter 2 STF targets.

#### 6.2 Operational Effectiveness/Efficiency Metrics

The Director of Finance and Information talked through the metrics, highlighting the continued adverse movement in the agency % and Nadeem Aziz asked what mitigation had been included in the forecast. The Director of Finance and Information explained that at the moment there is no sign of this abating, and the Head of Workforce Planning and Intelligence explained that an increasing proportion of medical staff are refusing shifts within the capped rates.

Work is being done with neighbouring Trusts to try and stabilise the local rates to

ensure a level playing field. Other initiatives are being looked at with medical staff involving considering other forms of cover, and agreeing safe staffing levels.

Nadeem Aziz stated that he wasn't hearing any plans that would create a step change in the situation rather than just trying to stem the tide. The Head of Workforce Planning and Intelligence agreed, but said there was no quick fix or instant answer. Recruitment was the focus, with posts being recruited from Europe, but this was a slow process, and the Committee acknowledged this.

The paper was noted by the Committee.

### 6.3 Finance Report

The CIP forecast was discussed. The biggest issue with delivery of savings was pay and the continued pressure in this area was causing CIP's to be underachieved. The Deputy Director of Finance explained that recovery meetings had been held with Divisions, and further savings schemes are being identified.

A decrease in clinical efficiency was an issue in August which had an impact on overall performance, and the in-month deterioration was worrying, with a material risk that the quarter 2 STF target will be missed.

Nadeem Aziz asked what the consequences of not achieving the next three quarters of STF were. The Director of Finance and Information explained that NHSI stated that the repercussions would be a turnaround Director sent in to manage the Trust, however, as the Trust was actually making a profit, this would be difficult for them to justify. The Trust does, however, have to demonstrate that it is using resources as efficiently as possible.

This paper was noted by the Committee.

### 6.4 Forecast - Risks and Opportunities

The Director of Finance and Information explained the report and that the figures in the report referred to the end of year forecast.

Nadeem Aziz pointed out that most of the issues indicated that the downside scenario was likely. The Director of Finance and Information agreed, but stated that there were still opportunities to retrieve this, and if Q2 was missed, it is possible that Q3 could be achieved and Q2 could be recovered, and that gives a bit more time to achieve the current forecast.

Peter Taylor stated that the paper did not provide robust options to mitigate the risks. The Director of Finance and Information stated that Trust Executives had been tasked with generating a plan to stem the tide of spend, but progress on this had been slow and would be followed up.

The Committee acknowledged the work and effort involved in generating this report. The paper was noted by the Committee.

## **7. Endoscopy Business Case**

The Head of Capital Development explained the project, which would be a three storey build, creating the endoscopy capacity required to meet current demand, and also moving Neurophysiology to allow for further demolition of the Ramp to provide additional space.

The paper shows the process that had been followed, as well as the risks of not proceeding. The Director of Workforce Transformation asked whether the future strategy included Endoscopy as a core service. The Director of Finance and Information confirmed that it was, but conversations needed to be held with the STP committee on how the expected demand would continue to be met in the future, as it isn't up to the Trust to continue to grow to meet demand which it can't afford to do.

The Director of Finance and Information stated that this business case resolved other issues such as releasing space on The Ramp. The final thing to highlight is that the cost of the scheme has risen by £0.5m since the last time it was presented to the Committee, in part due to industry price increases as well as some scope creep.

It is expected that having the unit in one place rather than split as it currently is, will improve efficiency as well as improving recruitment and having a more consolidated service over fewer days.

The STP challenge of where to locate this service in the future was debated, and it was confirmed that there would always be a use for this space, regardless of STP decisions.

The paper was approved by the Committee and it will be recommended to the Board next week for approval.

## **8. Service Line Reporting – Quarter 1**

The Director of Finance and Information summarised the paper and explained the trajectory arrows on the bubble charts.

The A&E bubble was unlikely to move favourably, given the level of current investment to meet trajectories. Geriatric medicine is only likely to move if the issue with beds can be resolved. Dermatology has been flagged as an issue by the CCG, and it is being reviewed.

The Sexual Health Service will be lost as it was not bid for in the latest tender process as the Trust did not believe that the new prices required were achievable. This will lead to a loss of contribution to the Trust.

In terms of TASC, Vascular is the service that is flagged as an issue which can't be improved and a strategic decision needs to be approved to resolve this.

Staffing is a challenge to many of the services experiencing losses.

Neil Hayward asked what would happen if tenders keep coming out with untenable pricing. The Director of Finance and Information explained that ongoing discussions are being held with the commissioners, but the commissioners will continue to go after outpatients as it represents high profit margins to Trusts.

Neil Hayward asked about clinical engagement. The Director of Finance and Information stated that clinical engagement was good, and ongoing discussions are held to improve understanding of this information and how service profitability could be improved.

The paper was noted by the Committee.

## 9. Business Planning

### 9.1 Sustainability & Transformation – 5 Year Financial Plans Update

The paper was noted by the Committee.

### 9.2 ASPH Business Planning 2017/18 and 2018/19

The Director of Finance and Information advised the Committee that guidance from the centre was due by the end of the month, but expected headlines were around holding the current position, with the STF continuing across the next 2 years.

Nadeem Aziz asked whether there would be an efficiency target. The Deputy Director of Finance explained that there would be an efficiency target within the tariffs of 2%, but on top of this, investments would have to be covered as well, which will push this target upwards of 4%. Ultimately, activity has to be reduced, as it can't be staffed, which drives agency, and there are other knock on effects linked to capacity and other challenges.

The paper was noted by the Committee.

## 10. Identification of Financial Risks

### 10.1 Items for Risk Register

The paper was noted by the Committee.

### 10.2 Key Points to take to Trust Board

The key points to take to the Trust Board Meeting in September were 2016:

- Risk and Opportunities paper
- Endoscopy business case

## 11. Items for Information or Approval

### 11.1 Schedule of Business

Paper was noted.

### 11.2 Business Case Approvals

Two business cases were considered by the Commercial Group in August 2016 (as below) both of which were approved:

- Replacement Consultant Radiologist; and
- Replacement Consultant in Obstetrics & Gynaecology with a specialist interest in Foetal Medicine.

The paper was noted by the Committee.

### 11.3 Tender Waivers >£50k



There were no tender waivers over £50k in August 2016.

11.4 NHSI – Single Oversight Framework

The Deputy Director of Finance explained that the only point to note is that the “use of resources score “ on the NHSI return will not be published, so the Trust will not be able to gauge how it ranks compared to others, and the public won't see it. It will be used by NHSI to initiate dialogues with the Trust.

The paper was noted by the Committee.

11.5 NHSI – Quarter 1 Report

The paper was noted by the Committee.

**12. Any Other Business**

It was suggested that Paper 12 be presented at the October meeting, this was agreed by the Committee.

PD

Nadeem Aziz thanked Peter Taylor on his support and contribution to the Committee as this was his last meeting.

**13. Date and Time of Next Meeting**

Thursday 20<sup>th</sup> October 2016 at 8.30am in Room 2, Chertsey House, St. Peter's Hospital