

## NLG(16)482

DATE OF MEETING	29 November 2016
REPORT FOR	Trust Board of Directors – Public
REPORT FROM	Neil Gammon, Non-Executive Director & Chairman of the Resources Committee and Karen Dunderdale, Deputy Chief Executive
CONTACT OFFICER	Karen Dunderdale, Deputy Chief Executive
SUBJECT	Resources Committee Highlight Report, 23 November 2016
BACKGROUND DOCUMENT (IF ANY)	None
REPORT PREVIOUSLY CONSIDERED BY & DATE(S)	N/A
EXECUTIVE COMMENT (INCLUDING KEY ISSUES OF NOTE OR, WHERE RELEVANT, CONCERN AND / OR NED CHALLENGE THAT THE BOARD NEED TO BE MADE AWARE OF)	To provide Board Assurance, this report draws the Board's attention to the several important issues that the Resources Committee considered on 23 November 2016
HAVE THE STAFF SIDE BEEN CONSULTED ON THE PROPOSALS?	N/A
HAVE THE RELEVANT SERVICE USERS/CARERS BEEN CONSULTED ON THE PROPOSALS?	N/A
ARE THERE ANY FINANCIAL CONSEQUENCES ARISING FROM THE RECOMMENDATIONS?	None
IF YES, HAVE THESE BEEN AGREED WITH THE RELEVANT BUDGET HOLDER AND DIRECTOR OF FINANCE, AND HAVE ANY FUNDING ISSUES BEEN RESOLVED?	N/A
ARE THERE ANY LEGAL IMPLICATIONS ARISING FROM THIS PAPER THAT THE BOARD NEED TO BE MADE AWARE OF?	NO
WHERE RELEVANT, HAS PROPER CONSIDERATION BEEN GIVEN TO THE NHS CONSTITUTION IN ANY DECISIONS OR ACTIONS PROPOSED?	YES
WHERE RELEVANT, HAS PROPER CONSIDERATION BEEN GIVEN TO SUSTAINABILITY IMPLICATIONS (QUALITY & FINANCIAL) & CLIMATE CHANGE?	YES
THE PROPOSAL OR ARRANGEMENTS OUTLINED IN THIS PAPER SUPPORT THE ACHIEVEMENT OF THE TRUST OBJECTIVE(S) AND COMPLIANCE WITH THE REGULATORY STANDARDS LISTED	Ensures compliance with good governance and the requirements of the Trust's Constitution
ACTION REQUIRED BY THE BOARD	The Board is asked to note the report and consider any additional action required

## RESOURCES COMMITTEE NOVEMBER 2016

### HIGHLIGHT REPORT TO TRUST BOARD

<b>Report for Trust Board meeting on:</b>	29 November 2016
<b>Report From:</b>	Resources Committee
<b>Highlight Report:</b>	
<p><b><u>Month 07 Trust Financial Position</u></b></p> <p>The committee received the Month 07 position. The deficit for the period to 31<sup>st</sup> October is £11.89m, adrift of plan by an increased margin of £2.49m. The current underlying deficit forecast without further recovery action is £22.99m, this is significantly adrift of the Trust control total deficit limit of £12.27m.</p> <p>The full year forecast deficit after recovery action is £12.01m - within the control total limit. However, to deliver this position, a significant part of the recovery plan remains insufficiently developed. The Trust continues to rely upon emergency working capital facility extensions month by month, pending agreement of a formalised capital and liquidity support package for 2016/17. This situation requires resolution - currently a major focus of work for the Trust with NHS Improvement.</p> <p>The income and expenditure deficit for the year has fallen further adrift of plan, at £11.89m. This results from a combination of further marginal deterioration in the underlying position, slippage in required recovery actions, and resulting reductions on accrued Sustainability and Transformation income. A net shortfall on income is compounded by increased medical staffing and non-clinical pay costs. We also have pressures from provision of additional activity in critical areas, most significantly diagnostics.</p> <p><b><u>S&amp;T Income:</u></b></p> <p>The Trust is dependent upon S&amp;T income of £11.5m through the year.</p> <p><b><u>Performance:</u></b></p> <p><b>A&amp;E:</b> The Trust now does not anticipate being able to maintain performance through Q2, Q3 and Q4, but intends to appeal on the grounds of commissioner failure to control demand and decommissioning of key diversionary services.</p> <p><b>RTT:</b> The Trust now does not anticipate being able to deliver against trajectories, but will appeal based upon underlying demand growth and exceptional disruption to capacity.</p> <p><b>Cancer 62 Day Limit:</b> Though margins are tight, we expect compliance through Q2 to Q4.</p> <p><b><u>Finance:</u></b></p> <p>We are now forecasting non-compliance with the control total from Q3 onwards.</p> <p>This puts at risk £6.47m of the total of £11.5m of S&amp;T income – <i>prior</i> to further recovery action, including any successful appeals.</p> <p><b><u>Capital programme</u></b></p> <p>Capital programme review has not red rate any of our schemes. Amber rated core schemes are £0.8m of £9.8m total subject to NHSI review through Q4 remaining £9m base programme goes from NHSI to DH for approval on 25<sup>th</sup> November 2016.</p> <p><b><u>Mid-Year Finance review</u></b></p> <p>The committee accepted the recommendations of the Director of Finance to accept the proposed NHSI control totals for 17/18 &amp; 18/19, make full use of the planning and tariff frameworks to secure appropriate income for the Trust, and fully engage with the service review and savings assessment elements of the Carter Programme.</p> <p><b><u>16/17 Sustainability Planning: Month 07 Update</u></b></p> <p>Wendy Booth, Director of Performance Assurance, provided an update on the Sustainability Programme at Month 7 and confirmed that the programme had delivered £7.2m against a YTD plan of £6.5m, predicting forecast delivery of £11.9m against a plan of £13.85m, so a negative variance of £1.9m.</p>	

She stressed that, until there is more certainty, the above figures did not include all of the previously agreed recovery actions for existing workstreams.

These include the additional savings from the:

- medical staffing locum / agency provider change
- Managing Absence Policy
- IT hardware capital to revenue transfer
- Donated Income Development
- Central Maintenance Controls capital to revenue transfer

Wendy Booth further confirmed that, in respect of Workstream 11 (the additional pipeline projects which it was agreed at the CEO challenge session in September 2016 would be brought forward in to 2016/17), these are still being worked up and / or savings delivery is still being calculated. These projects include:

- the strengthened establishment control process
- re-focussed medical staffing rota controls

It was reported that progress with the above Workstream 11 projects would be the focus of discussion at the Stocktake meeting to be held on Friday, 25 November 2016. Given the risks to delivery of both the 2016/17 and 2017/18 targets for the medical staffing workstream, Linda Jackson, Acting Chair, asked for an update / further assurance at the next meeting of the Resources Committee on the re-focussed medical staffing controls and for an assessment, based on those assurances, as to whether the 2017/18 target was therefore realistic

The committee also received the first draft outline Sustainability Plan for 2017/18 and the supporting programme governance structure & arrangements. Wendy Booth confirmed that the plan incorporates the Carter recommendations – both the enablers and those which will generate savings. She also confirmed that the plan is subject to further discussion and agreement with individual Executive Leads and through Stocktake.

Marcus Hassall, Director of Finance confirmed that the final plan for 2017/18 would need to be agreed by January 2017. The committee asked for an update at the December 2016 meeting.

### **RTT Recovery**

The Interim COO, Steve Vaughan presented an update to the Resources Committee about the current position in relation to the performance and proposed RTT Recovery Programme. The paper outlined the reported performance position, the recent work carried out by the NHS Intensive Support Team (IST) to support the development of an action plan. This plan will ensure long term improvement and sustainability for RTT, detailed actions that will have early impact with the aim to improve the current position and an indicative timeline based upon current levels of knowledge. NHSI Intensive Support Team has recommended that data quality should be a precursor to developing a formal recovery plan. Measures have been put in place to treat the longest waiting patients more quickly

### **Cyber Security Incident & Recovery**

The Trust was the victim of a Cyber Attack which began on the evening of 30<sup>th</sup> October 2016. The Cyber Attack featured a variant of a Malware package which was placed inside the Trust's network by a remote intruder. The attack was halted shortly after commencement; however data elements on a number of Trust servers were encrypted. Further to the unavailability of some systems, the Trust elevated to MAJAX status for 3 days to maintain patient safety and ensure business continuity. At the point of a serious risk being identified, mitigating actions were put in place. As the technical recovery phase of the event nears completion, there are key next steps that have been identified from the events of the period.

The committee wished to thank all staff who were involved in the Majax effort to keep patients safe and restore systems in a short period of time.

### **HSE update**

DAC Beachcroft have received correspondence from the HSE's legal advisors offering a without prejudice meeting to avoid any further litigation. The Trust have accepted the offer of a face to face

meeting that will able the Trust to put our evidence across to satisfy HSE that the IN can be withdrawn

**Action Required by the Trust Board:**

The Trust Board is asked to note the report and consider any additional actions required.

***Linda Jackson, Non-Executive Director & Vice Chair of the Resources Committee***

***23 November 2016***