

NLG(18)308

DATE OF MEETING	28 August 2018
REPORT FOR	Trust Board of Directors – Public
REPORT FROM	Linda Jackson, NED / Chair of Finance & Performance Committee
CONTACT OFFICER	Marcus Hassall, Director of Finance
SUBJECT	Finance & Performance Committee Highlight Report and Board Challenge – August 2018
BACKGROUND DOCUMENT (IF ANY)	-
PURPOSE OF THE REPORT:	For Information
EXECUTIVE SUMMARY (PLEASE INCLUDE: A SUMMARY OF THE REPORT, KEY POINTS & / OR ANY RISKS WHICH NEED TO BE BROUGHT TO THE ATTENTION OF THE TRUST BOARD AND ANY MITIGATING ACTIONS, WHERE APPROPRIATE)	This report provides those issues that the Finance & Performance Committee has agreed as requiring escalation by exception to the Trust Board at its meeting held on 23 August 2018.
TRUST BOARD ACTION REQUIRED	The Board is asked to note the report and consider the need for any further actions to address issues highlighted in the report..

Highlight Report to the Trust Board

Report for Trust Board Meeting on:	28 August 2018
Report From:	Finance and Performance Committee held on 23 August 2018
<p>Integrated Performance Report</p> <p>The Committee were disappointed that the additional detail around patient waiting list (presented at the July Trust Board) had not been incorporated into the report as agreed along with several other changes that were committed to help with scrutiny in this area. The Committee were reassured this was in the course of being actioned, but were also reassured that the report has progressed significantly, and also shows a high degree of correlation with developing information from contracting and activity monitoring.</p> <p>Staffing</p> <p>It became apparent throughout the meeting that there are still significant issues around annual leave planning over the summer period which is causing operational difficulties, especially when added to the bank holiday period and the high sickness rates that are still being experienced in some areas. This was an issue earlier in the year and the Committee were disappointed that the Trust finds itself in a similar position again. The setting up of a "Resource Centre" is now being progressed, based upon the recommendation of the NHSI report, and it is hoped this will exert the control and discipline required. The Committee recommends real focus in this area so the Trust does not experience the same situation over the Christmas period, and given the critical importance of clinical staff deployments to operational performance, patient safety, and financial control.</p> <p>Performance framework</p> <p>The Committee reviewed the new performance framework arrangements that are being put into place, and were fully supportive of the approach. The Committee felt the framework should enable the Trust to deliver against its financial, qualitative and statutory performance targets, and filled a significant long standing gap in both control processes and communication. Issues still remain as to the application of similar arrangements outside Operations (in Estates and Facilities, and in Corporate Directorates), and the Committee would be keen to see these developed in coming weeks.</p> <p>Finance and Performance Committee Self-Assessment</p> <p>The Committee has undertaken the annual self-assessment, terms of reference and work plan and will submit the documentation to the September Trust Board along with the findings and actions from the review.</p> <p>Finance Month 04</p> <ul style="list-style-type: none"> • Month 04 Headlines: The deficit position remains troubling, but with signs of improvement. Further progress needs to be demonstrated to open up any possibility of exiting Financial Special Measures. • Activity – The improved (if still imperfect) activity monitoring data suggests that July saw further recovery of activity delivery – with positive impact on both performance (stabilised waiting lists) and income. • Run Rate – The I&E run rate was improved in July, but further improvement on expenditure reduction in key areas will be required to hit future projections, and planned care output improvements will need to be sustained and built upon. • Cash – The Committee noted the difficulties in terms of cash flow, and the actions needed through September to secure additional working capital from October. • Contracting – The Committee noted the improved contracting position, but also the likelihood that this will cause further turbulence through the remainder of the year, as Commissioners feel the pressures against their own allocations. 	

Sustainability

- **Month 04 headlines** – Though the forecast position on delivery against the core £15.0m savings target was improved, with a shortfall cut to just £2.4m, this still is short of target, and potentially subject to delivery risk. A potential position £4m or more short of target is still a realistic outturn without focused action. The Committee is keen to see robust corrective action plans drawn up for the key areas of concern (see below).
- **Medical Staffing** – Additional focus is needed on the Holt contract, with improved management required to get the best rates. Recruitment and retention remain key variables – the improvement in Deanery fill rates and the removal of Tier 2 visa constraints will help, but progress must be sustained by a more structured establishment redesign programme. The Committee would be keen to see establishment review and redesign processes developing further, supported by improved central “Resource Centre” support, given the historic weakness of medical staffing rota management arrangements.
- **Nurse staffing** – With current spending trends moving in the wrong Direction, the committee is keen to see clearer plans for optimising the impact of the new recruit cohort from September, to improve retention rates, and to optimise the impact of the “New Deal for Nursing” project. If this spend area is not improved, the Trust cannot make the required progress in financial performance.
- **Corporate** – Though the Committee noted the progress delivered to date through vacancy control, the extent to which this increases the risk to savings sustainability was also noted. The Committee wishes to see stronger plans for medium term savings from Corporate and Management costs over coming months, given the Trust’s benchmarking position – though of course recognising the importance of stability in Operations, and the need to invest in critical support areas.
- **Non Pay and Procurement** – The Committee noted the importance of engagement from Finance managers and Operational Management teams in this area, and are optimistic Shaun Stacey will ensure progress on the Orthopaedic consumables savings project. It was acknowledged that this is a critical area for progress on cost control, as evidenced by the progress made by Pharmacy on drug expenditure.
- **Mitigation Schemes** – Obi Hasan highlighted progress to date on mitigation schemes. The Committee wish to highlight that mitigation and pipeline development are crucial factors in savings delivery.

Generally, the Committee felt that improvements were being made in management reporting and that these were driving improvements in performance – even though significant risks remained to delivery of key objectives.

The Trust Board is asked to note the key points raised by the Committee, and consider any further action needed.

Linda Jackson

Non-Executive Director and Chair of Finance & Performance Committee