Trust Board Meeting in Public: Wednesday 9 November 2016
TB2016.104

<table>
<thead>
<tr>
<th>Title</th>
<th>Finance &amp; Performance Committee Chairman’s Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>For discussion</td>
</tr>
<tr>
<td>History</td>
<td>The Finance and Performance Committee provides a regular report to the Board.</td>
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<tr>
<td>Board Lead(s)</td>
<td>Mr Peter Ward, Committee Chairman</td>
</tr>
<tr>
<td>Key purpose</td>
<td>Strategy</td>
</tr>
</tbody>
</table>
1. Introduction
The Finance and Performance Committee met on 12 October 2016. The main issues raised and discussed at the meeting are set out below.

2. Significant issues of interest to the Board
The following issues of interest have been highlighted for the Trust Board:

a) The Integrated Performance Report for Month 5 was received, noting:

- Increased activity was reported in the Emergency Department [ED] with 10% more emergency admissions having taken place in August 2016 than in August 2015;
- Performance against the 4 hour ED standard was 86.6% against the national standard of 95%;
- Two of the eight national cancer waiting time standards were not met in July: 62 day waits from urgent GP referral and 31 day waits for first treatment. It was reported that action was being taken to improve waits from urgent GP referral but the national standard had not been met in Q2;
- Performance against the RTT Incomplete Pathways had deteriorated since June, the standard of 92% of people on Incomplete pathways to planned care waiting no more than 18 weeks was not achieved;
- The percentage of OUH beds occupied by people experiencing delayed transfers of care [DTOCs] rose from 6.5% in June to 8.9% in July. This was reported to be partly due to the bed realignment project impacting on the denominator of calculation.

b) The Committee received specific reports from the Surgery and Oncology division and the Neurosciences, Orthopaedics, Trauma and Specialist Surgery division, which updated the Committee on current performance against the divisional Cost Improvement Programme [CIP], and on plans currently being implemented within each respective division to improve operational and financial performance.

c) The Committee received a report on the Trust’s financial performance to 31 August 2016. Points of note included:

- An EBITDA\(^1\) of £34.83m against the plan of £36.88m, an adverse variance of £2.05m;
- £8.89m retained surplus, £0.84m adverse variance to plan. Within the Trust this was reported as £7.93m adverse variance against the recurrent EBITDA;
- £9.6m of the £13.5m non-recurrent items within the Trust control total had been delivered to date, which included £1m for VAT recovery and £5.09m release of historical creditors;
- The Trust was projected to spend £15.17m on agency staff, £2.94m below the ceiling set by NHSI. Month 5 performance trends showed that whilst the Trust remained within the cap of £18m (below £1.5m per month on agency), there was an upward trend;

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\(^1\) Earnings before interest, tax, depreciation and amortization
Q2 non-pay average expenditure was £32.56m compared with £31.28m, an increase of £1.28m;
Cash was at £54.54m at 31 August 2016, £30.84m below the plan.

d) The monthly report to NHSI was received, highlighting the following points:

- An update was provided on the new Single Oversight Framework [SOF] introduced on 1 October 2016, replacing Monitor’s Risk Assessment Framework and the NHS Trust Development Authority’s Accountability Framework;
- NHSI had replaced the EBITDA metric with use of provider’s income and expenditure margin as a measure of financial efficiency;
- NHSI was reported to be assessing providers’ performance against five themes. The rating system was categorised into four segments: 1 being best and 4 worst. The Trust had been assessed as being in segment 2, owing to operational performance.

e) The Committee received a report on 2017-2019 NHS Operational Planning and Contracting Guidance. The key points affecting the OUH were reported as follows:

- The Trust would be held to delivery of its control total, upon which would depend the release of Sustainability and Transformation Funding [STF]; the focus being on efficiency;
- Key planning dates included 24 November 2016 for submission of draft Operational Plans for 2017/18 and 2018/19, with finalised plans due for submission on 23 December 2016;
- £1.8b of STF monies would be allocated to Trusts between 2017-2019;
- STF payments were reported as being phased, with the achievement of financial control weighted at 70% and delivery of core standards at 30%;
- NHSI and NHS England were due to publish STP metrics in November;
- In 2017/18, 0.5% of local CCG CQUIN (c£2m) will be payable upon the Trust meeting its financial control total in 2016/17.

f) The Committee received an update on the Buckinghamshire, Oxfordshire and Berkshire West [BOB] Sustainability and Transformation Plan [STP], as led by the Oxfordshire Clinical Commissioning Group [OCCG]. It was reported that significant progress still needed to be made in respect of the BOB STP to ensure that it was robust and deliverable. Of the range of schemes proposed, the Trust had not been able to agree them all, and could not endorse presentation of the BOB STP as being in financial balance.

g) It was noted that OCCG would also be leading public consultation on the Oxfordshire Transformation Programme.

h) The Committee received an update on capital funding allocation for 2016/17, noting the impact of slippage in some capital schemes in-year, including delay in expenditure on the Swindon Radiotherapy Scheme, and in planned expenditure relating to the JR Endoscopy Washers Replacement Scheme.
This delayed expenditure had been reallocated to assist in paying for the approved JR Cooling Towers and Chillers Replacement Scheme.

The Committee heard that a Capital Prioritisation Group had been set up, with the aim of meeting with divisions to identify high capital prioritisation areas.

i) The Committee received an update on reference cost submissions and Costing Transformation Programme [CTP]. The final draft 2015/16 Reference Costs Index [RCI] had been published, which showed OUH had an index of 100, which was at the national benchmark average in 2015/16.

Areas noted and endorsed as key areas for development to support the CTP and improve data collection included: IPAMs software, Consultant Job Plans and use of “Allocate” software for junior doctors’ rotas.

3. Key Risks Discussed

The following risks were discussed:

- Concerns were raised relating to performance standards, in particular breaches in 4 hour ED standard, and the potential impact on payment of Sustainability and Transformation funding.
- The Committee considered in detail the risks associated with the current financial position, both in relation to the challenges faced in delivering Cost Improvement Programmes and agency spend.
- The Committee considered risks associated with capital spend and the need to allow for risk adjustments within the capital funding allocation.

4. Key Action Agreed

The Committee agreed actions as follows:

- A report would be provided to the Trust Board explaining all the steps taken to effect transformative change in the ED and MRC Division; including the development of the ambulatory care pathway and “Hospital at Home” initiative;
- Further details would be provided to explain why the period-end cash balance was reported to be below plan;
- To review and report on the level of assurance in relation to the management of major capital projects (both PFI and non-PFI);
- To refer to the Audit Committee further consideration of the financial position as reported in relation to the BOB STP, and its implications for OUH’s financial performance;
- To report on the progress in the process for capital allocation 2017-19;
- To receive updates from the Task Forces established to provide delivery of operational and financial milestones across all divisions, including in relation to the Urgent Care Pathway, and the Elective Pathways for Urology and Orthopaedics; and to obtain further assurance in relation to the effectiveness of measures taken to secure a sustainable EBITDA run-rate within each division, and measures taken to improve the operational performance trajectories;
- To refer to TME a request to undertake a further review on the effectiveness of the Workforce Strategy, including a review of recruitment and retention.
processes, and consideration of an initiative to provide affordable accommodation within Oxford;
- To request that Divisions work with the Corporate Procurement Team to realise savings in non-pay expenditure;
- To refer to TME a request to promote the comprehensive and accelerated clinical adoption of EPR across all divisions.

5. Future Business

Areas upon which the Committee planned to focus at its meeting in December include continued review of:

- the integrated performance of the Trust;
- the financial performance against plan for 2016/17;
- Capital Prioritisation for the Trust 2016/17 and planning for 2017-2019;
- in-year delivery of annual efficiency savings for 2016/17;

and consideration of:

- delivery of performance against divisional budgets and transformation plans, with clear accountability for financial performance by budget holder;
- delivery against trajectories for improved operational performance and the delivery of access standards.
- the Business Planning Process for 2017/18;
- the budget-setting process for 2017/18; and
- the Board Assurance Framework and Corporate Risk Register.

6. Recommendation

The Trust Board is asked to note the contents of this paper.

Mr Peter Ward
Finance and Performance Committee Chairman

November 2016