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<th>Title</th>
<th>Finance &amp; Performance Committee Report</th>
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<td>Status</td>
<td>For information and discussion</td>
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<td>History</td>
<td>The Finance and Performance Committee provides a regular report to the Board.</td>
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<td>Board Lead(s)</td>
<td>Mr Peter Ward, Committee Chairman</td>
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Introduction

The Finance and Performance Committee met most recently on 11 October 2017.

The main issues raised and discussed at the meeting are set out below.

Significant issues of interest to the Board

The following issues of interest are highlighted for the Trust Board:

a) In reviewing the Integrated Performance Report for Month 5 (August), key points highlighted included the following:

- As at 31 August 2017, 6,384 out of 52,467 patients on incomplete pathways had been waiting over 18 weeks. Performance against the standard for Referral to Treatment [RTT] was better than the trajectory submitted to NHS Improvement [NHSI]. The total waiting list size had reduced by 1,124 compared to July, and the rate of growth of the backlog had slowed, but the run rate of referral remained out of balance with activity.
- Following very good work having been focused on the cancer pathway, all cancer waiting time standards were met in August 2017.
- 4 hour wait performance had improved in August, at 84.78% (4.02% above July), with a level of attendances very close to that of August 2016.
- Bed capacity had continued to be under serious pressure since August. Staffing shortages resulting in bed closures had compounded the impact of Delayed Transfers of Care and low levels of weekend discharges from the Trust’s non-elective beds. There were noted to have been three over 12 hour trolley waits in September.
- ‘Triggers’ relating to ED performance had applied in every month from April to August. In August, 2 out of the 4 ‘triggers’ had been activated, inasmuch as:
  - ED attendances were above the 16/17 outturn on a month by month basis; and
  - Saturday and Sunday discharges were only 38.96% of the Monday-Friday average.

As agreed with the Oxfordshire Clinical Commissioning Group [OCCG], this meant that failure to meet the national 4 hour wait standard did not in itself render the Trust ineligible for sustainability and transformation funding [STF]. Noting the reduction in weekend discharges, this was attributed in part to increased delays in discharge from Community Hospitals.

In relation to the level and case-mix of ED attendance, the Committee was advised that a significant proportion of those attending could be attributed to corresponding pressures and a lack of capacity in other parts of the healthcare system, including primary care, community care and the ambulance service.

- Workforce performance metrics reported a vacancy rate of 7.56%, but it was recognised that the average masked higher vacancy rates in theatres and ward nursing staff, posing a risk to delivery of the planned level of elective activity.
In discussion of the report, it was noted that the Emergency Care Improvement Programme [ECIP] team would be visiting the Trust at the end of October, and would also be working with the system-wide A&E Delivery Board. The Committee urged that system-wide solutions be found, and pressed for improved collaboration between all partners in the Oxfordshire health and care system.

b) The Committee received a separate report on performance against the 18 week Referral to Treat [RTT] standard, and considered the operational RTT Activity Plan that had been developed in workshops held with clinicians from each of the following five specialties:

- Dermatology
- ENT
- Gynaecology
- Ophthalmology
- Orthopaedics

Representatives of OCCG had participated in the workshops and it was noted that OCCG had highlighted the need for further joint work on demand management. An agreement on funding was subject to agreement of system affordability in 2018/19, dependent upon an 18/19 ‘system planning refresh’ which was to be undertaken by the end of November 2017, if possible.

The 2017/18 allocation had been agreed by commissioners, and the Committee was advised that delivery of the RTT Activity Plan would not impact negatively on the financial position in 2017/18.

The 2nd stage of the medium term RTT Activity Plan was being developed in respect of the following five specialties:

- Cardiology
- Gastroenterology and Endoscopy
- Maxillo-Facial Surgery
- Neurology
- Urology

The Committee was advised that approximately 74% of the RTT incomplete waiting list was accounted for by activity in the ten specialities cited.

The point was made that the activity planned had to be aligned with workforce planning, and with financial projections.

Appreciating that OCCG could not pre-judge priorities for 2018/19 and beyond, it was recognised that system affordability would be critical.

c) The Committee monitored delivery of the Urgent Care Improvement Plan, noting the following points in particular:

- The recent upward trend in the number of breaches against the 4 hours ED standard in relation to Minors had been reversed, with the number of Minor breaches reduced from 539 in July to 267 in August.
- The number of breaches associated with waiting to be seen by an ED specialist clinician was reported to have improved to 342 in August, down from 678 in July.
- With bed occupancy at almost 100%, lack of patient flow and best capacity continued to be a cause of breaches against the 4 hour ED wait standard.
In reviewing the plan, some concern was expressed as to what contingencies could be made for a significant surge in ED activity associated with anticipated winter pressures. The Committee heard that proposals were being developed for the ‘safer placement’ of patients and an Emergency Department Full Hospital Protocol, which should be submitted to the Board in November, in the context of an integrated plan for improving performance in urgent care.

The Committee was also advised that resources had been committed to continue transformation of the urgent care pathway, which should tackle the main reasons for breaches of the 4 hour ED wait standard, and improve patient flow.

d) The Committee monitored delivery of the Cancer Care Improvement Plan, noting the following points in particular:

- As had been reported in the Integrated Performance Report, all cancer waiting time standards had been met in August 2017, and it was submitted that this demonstrated the value in targeting action to address causal factors identified.
- Pathway improvements had generally been achieved through reviewing what care could be delivered in parallel, rather than sequentially, and in the main the measures taken did not require additional expenditure.

The Committee commended all those who had worked hard to deliver the improvements in cancer care, and welcomed the good news that this represented for patients.

e) The Committee considered the report on the Trust’s financial performance up to 31 August 2017, in which the following points were highlighted:

- M5 EBITDA was reported at +£1.7m, representing a £3.8m reduction on July, and reflecting:
  - A reduction in income (mainly in commissioning income, related to activity, and including the reversal of £1.9m back-dated tariff adjustments in Month 4, offset by some favourable movement in month)
  - An increase in pay costs of £1m
  - A decrease in non-pay costs of £1m.

The Committee was advised that the early numbers for Month 6 indicated an improved financial performance.

f) A separate report was considered on the financial re-forecast for 2017/18, and the Committee reviewed the presentation made to NHS Improvement at a Board to Board meeting held in advance of the date for submission of the re-forecast.

NHSI was reported to have endorsed the Trust’s own assessment of the problem that historical cost growth greater than income over several years had created an underlying deficit, masked by one-off items.

NHSI had also endorsed the Trust’s objective to focus on improving underlying EBITDA, whilst making it clear that the Trust would be expected to deliver the best possible bottom line at year end.
Following detailed ‘bottom-up’ re-forecasting, it was reported that one of the clinical divisions was now on track to deliver against its budget in 2017/18. Two other clinical divisions as well as the Corporate division were undertaking initiatives which, though not expected to be sufficient to close the gap by year end, were expected to deliver improved financial performance into 2018/19. At the time of report, two of the clinical divisions remained significantly off their target budget, and it was therefore proposed to appoint a turnaround director and team to support achievement of the turnaround in performance that was required in those divisions.

On the basis of the detailed re-forecasting exercise undertaken, it was proposed that the reforecast be set at a deficit (using the control total methodology) of -£5.2m, and this was supported by the Committee.

g) The Committee noted that the financial forecast was due to be considered by the Board, for approval in advance of submission due to NHSI on 16 October 2017, after which it was expected that the Trust would receive formal notification of the outcome of NHSI’s investigation into the Trust’s finances.

h) Following work undertaken as part of the Focus on Excellence strategic workstream, the outcome of Leadership Development Meetings held with clinical service areas was reported to the Committee. The report highlighted what were the features of successful services that had been identified, and what was required to help services improve performance. It is proposed that the lessons learned through that exercise will now be taken into account in the further development of proposals to move to a new operating model and culture in the Trust.

i) An update on the Trust’s Capital Programme was provided, reporting that there had been £4.49m expenditure year to date, against a plan of £9.95m; a variance of £5.5m due to delays in expenditure in year. It was confirmed that Procedures for the approval of capital constructions were being developed, and were due to be submitted to the Trust Management Executive [TME] in October 2017.

Key Risks Discussed

Risks discussed by the Committee included:

i. Risks to the delivery of the RTT Activity Plan, including its affordability for the Oxfordshire healthcare system in 2018/19, and the risks associated with constraints on the ability to recruit appropriately trained staff in theatres and wards;

ii. Risks associated with delivery against the Trust’s financial re-forecast for 2017/18, including the adverse impact of winter pressures beyond the ‘norm’;

iii. Risks associated with maintaining capacity and flow within the urgent care pathway throughout the winter months, including the limited availability of council-funded beds within the nursing home sector, the limited availability of community hospital beds, and constraints on the provision of domiciliary care;
Key Action Agreed

The Committee agreed key actions as follows:

- The Committee agreed the principles informing the calculation of ground rent with the University of Oxford, and it will be recommended to the Board that the calculator be adopted.
- The Director of Clinical Services will further develop proposals for ‘safer placement’ of patients, and an Emergency Department Full Hospital Protocol, as part of the contingency measures for dealing with anticipated winter pressures.
- The Chief Finance Officer is to submit the re-forecast of the Trust’s financial outlook for 2017/18 for approval of the Board, in readiness for submission due to NHS Improvement.
- A further report should be submitted to the Audit Committee in September, on an apparent control failure relating to implementation of the Business Case for the relocation of John Warin Ward.

Future Business

In addition to continued review of the Trust’s performance in relation to waiting times, and the financial performance against plan for 2017/18, areas upon which the Committee will be focusing at its next meeting in August include:

- Scrutiny of additional activity delivered in Q3 in relation to the RTT Plan;
- Report on development and delivery against the 2nd stage of the medium term RTT Plan;
- Report on the impact of additional cost controls; and
- Update on the formal outcome of NHSI’s investigation into the Trust’s finances.

Recommendation

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

Mr Peter Ward
Finance and Performance Committee Chairman

November 2017