## Title
Finance & Performance Committee Report

## Status
For information and discussion

## History
The Finance and Performance Committee provides a regular report to the Board.

## Board Lead(s)
Mr Peter Ward, Committee Chairman

## Key purpose
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<th>Strategy</th>
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Introduction

The Finance and Performance Committee met most recently on 9 August 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 3 (June), key points highlighted included the following:

- Two of the eight national cancer standards had not been met, with 92% of patients referred from a GP with suspected cancer having been seen within 2 weeks of referral. This was below the 93% standard for the second month in succession;
- A&E 4 hour wait performance in June was 82.7%, down from 86.4% in May 2017. Further deterioration was reported to have taken place in July.
- Delayed transfers had run at or slightly above 100 since mid-April, a reduction from the peak of 156 seen on 9 March, but still well above the level expected.
- Staffing pressures had meant that safety-related temporary closure of beds had taken place in recent weeks, affecting a range of services including medicine at the John Radcliffe, surgical specialities and other services. Notably, workforce vacancies had risen in June. It was confirmed that this issue was being addressed Trust-wide.

In discussion, consideration was given in particular to what measures could be taken to reduce the level of delayed transfers of care, which would improve flow out of the hospital, and also thereby relieve pressure on delivery of the A&E 4 hour wait performance standard. The Committee pressed for improved collaboration across the health and care system, as part of which a higher rate of discharges could be supported over the weekend, closer to that achieved on weekdays.

b) The Committee received a separate report on performance against the 18 week Referral to Treat [RTT] standard, to review what activity had been delivered in accordance with the plan for Q2, and to review development of a medium term RTT Activity Plan for Q3 and beyond.

The Trust was reported to be entering Q2 at 2.2% ahead of its planned elective admitted activity overall and 2.7% ahead on outpatient first attendances. However, specialty-specific data indicated areas where activity was not being delivered to plan. The Committee challenged whether this indicated a risk that the Q2 RTT activity plan might not be delivered in full, and whether the further step-up in activity required for Q3 and beyond might prove too difficult to achieve. The Committee heard that efforts were being concentrated on maintaining the level of activity required, including a focus on day cases, and outpatient activity; and with additional measures having been instituted to avoid theatre cancellations wherever possible. Additional operational support was also
reported to have been put in place in specialties identified as having the highest impact on delivery of the RTT performance standard.

c) In the context of the progress reported in delivery of the Q2 RTT Activity Plan, and development of a medium term RTT Activity Plan, the Committee noted progress in discharging the terms of Enforcement Undertakings which had been signed and submitted to NHSI in relation to RTT performance, following NHSI’s investigation into the Trust’s operational performance, and associated governance.

Under the terms of the Enforcement Undertakings, the Trust was effectively directed by NHSI to take all reasonable steps to improve RTT performance in a manner which would be financially sustainable for both the Trust and its commissioners. To achieve this, NHSI required the Trust to put in place plans, both short and medium term to ensure that RTT waiting time performance was improved for patients.

At its previous meeting, as was reported to the Board, the Committee had heard that it would take at least 4 months to mobilise all the measures required to deliver the medium term plan, from the point at which agreement was reached, and therefore the step-up in activity required was likely to be delayed into Q4. It was recognised that anticipated constraints on the ability to recruit appropriately trained staff represented a significant risk to delivery of the plan.

It was noted that, at the Committee’s recommendation, the Trust had subsequently written to its system partners, and to NHSI and NHSE, formally to register the point that the medium term plan was likely to take at least 4 months to mobilise in full.

The Committee heard that system-wide agreement to the medium-term RTT Activity Plan was still to be secured, before the plan was due to be submitted to NHSI.

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

- ED attendances had continued to increase in June, showing an increase in Majors/high acuity patients.
- Emergency admission rose in June 2017.
- Delayed transfers of care continued to be at a high level.
- The need for early decisions to be made by senior clinical decision-makers was recognised to be of crucial importance, particularly during surges of activity, and it was expected that three new locum consultant appointments in the Emergency Department [ED] should start to make a significant difference.
- The number of breaches against the 4 hours ED standard in relation to Minors had been rising.
- The number of breaches associated with waiting to be seen by a specialist clinician was reported to have improved to 66 in July, down from 74 in June.
- Improvements had also been made to repatriation which had decreased into the 40s during June.

The Committee sought assurance that it could be demonstrated that action being taken was on course to achieve 90% performance against the 4 hour A&E standard by the autumn, in line with the trajectory set. In monitoring performance
reported against the trajectory, it did need to be taken into account that it had been agreed with OCCG and NHSI that, for OUH to be held to delivering performance in line with the trajectory, certain criteria must not be triggered (including those detailed below), and if any of the criteria were breached, then a failure to achieve performance against the trajectory would not render the Trust ineligible to access Sustainability and Transformation Funding [STF]. The criteria agreed included:

- ED attendances not above 2016/17 outturn on month-by-month basis
- Emergency admissions not above 16/17 outturn on month-by-month basis
- Delivery of a 15% cumulative reduction in DTOC in OUHFT quarter by quarter so 110 by Q1, 93 by Q2, 79 by Q3 and 67 by Q4

The Committee heard that the Trust Management Executive would be monitoring progress in performance against the 4 Hour A&E standard, including through weekly monitoring of the Urgent Care Dashboard, and an update will be provided to the Committee at its next meeting.

The anticipated introduction of ED streaming was discussed, noting that this was intended to reduce the number of minor breaches, and create more capacity in ED.

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

- Specific plans were in place to address the 62 day standard breaches relating to the Lower GI tumour site group.
- Cancer huddles had recommenced, as introduced by NHSI at other Trusts, and significant improvements had since been seen in the number of 62 day breaches (45% reduction in patients).
- Performance in 62 day cancer wait had improved since May to 83%.
- The screening target of 90% had been narrowly missed at 89.2%.
- Benchmarking at Q1 nationally was at 82.2% with the Trust reported to be at 81.9%.

f) The Committee considered the Trust’s financial performance up to 30 June 2017, in which the following points were highlighted:

- M3 EBITDA was reported at +£2.3m, representing a £0.6m improvement on May, but still not a sustainable performance. The key movements were confirmed to be:
  - Reduction of £0.7m on costs not related to activity
  - EBITDA improvements of £0.1m for NHS activity offset by a reduction of £0.1m for other activity.
➢ The EBITDA in June of +£2.3m was confirmed to include:
  o Income of £84.9m, an increase of £1.9m compared to May and £1.1m below plan.
  o Pay of £47.6m, an increase £0.7m compared to May and £0.1m below plan.
  o Non pay of £35.0m, an increase of £0.5m from May and is £3.0m above plan

➢ Year to Date [YTD] EBITDA was confirmed at +£1.3m, which was £6.8m behind plan (excl Sustainability and Transformation Funding [STF]). The Control Total deficit was -£11.1m, which was £3.6m behind plan.

➢ Cash was reported at £36.8m, which was £9.7m higher than plan.

➢ Capital expenditure was reported at £1.8m, which was £3.4m behind plan.

➢ The Trust’s score against the NHS Improvement Finance Metric was 3.

The Committee heard that 6 (out of a total of 7 planned) ‘Staff Conversations on Money’ had been held during July, led by Divisional Directors, and attended by Non-Executive as well as Executive Directors, and members emphasised the importance of constructive engagement with staff as a crucial first step to delivering the improvements in performance that were required.

g) Indicative financial performance up to 31 July 2017 (Month 4) was also considered, in which a further improvement in EBITDA was reported at £5.5m.

The Committee welcomed the fact that three of the five clinical divisions (NOTSS, SUON and MRC) had reported significantly better financial performance.

Whilst expressly voicing caution against placing too much reliance on improvements in performance seen in a single month, the Committee recognised the concerted efforts made by many to deliver the improvement seen to date. Members of the Committee encouraged sustained action to build on the level of EBITDA achieved, to increase this above the level required to break-even, and attain the level required at or around £7m per month to guarantee long term sustainability.

Encouragement was taken from the fact that the leading indicators had been borne out by the financial performance delivered, signifying that the controls implemented were having a positive effect, although the bigger initiatives planned to improve productivity will still need to pursued with vigour.

h) An update was provided on NHS Improvement’s [NHSI’s] investigation into the Trust’s finances, and the Committee noted that NHSI had indicated that its investigation might be closed in August.
i) The Committee monitored the impact of controls on expenditure, considering both the operation of Control Panels established, and progress in the implementation of major productivity initiatives. The Chief Finance Officer reported specifically on progress in the project to modernise corporate services in accordance with the guiding principles that corporate services should:

- Provide agility and scalability to meet future changes
- Improve service user experience
- Strive for innovation and excellence
- Use digital by default
- Centralise & share common services and processes
- Reduce variation
- Establish clear accountability across the Trust
- Eliminate where possible
- Do not be constrained by historical practice
- Provide development opportunities for the skills of the future.

On this basis, the Committee heard that it was proposed that the “future state” for OUH corporate services would be built around the characteristics which included:

- Trust strategy dictates priorities
- Culture is aligned to the Trust, not silos
- Service catalogue defines function and customer expectation
- Skills audit feeds talent management
- Revised organisation structure shaped by new governance and financial control
- Proactive supplier management drives an efficient supply chain
- Multi-channel communications engage effectively with staff and stakeholders
- User-centred process design is supported by integrated systems
- Data insights are used to drive business decisions.

j) The Committee received an update on the Trust’s Capital Programme, noting that of the total capital programme for 2017/18 of £60m, a total of £37.50m was legally contracted, with £5.93m is committed to schemes: £6.40m planned and the remaining £0.5m unallocated. There was reported to be the potential for slippage of £9.56m in year on schemes at month 4, and the Committee heard that this was being managed by the Capital Programme Board.

**Key Risks Discussed**

Risks discussed by the Committee included:

i. Risks associated with the Trust’s Financial Plans 2017/18, and in particular the full extent of the financial challenge which was to be devolved down through divisional budgets & the challenges to get to a financially sustainable position;

ii. Risks to the delivery of the RTT Activity Plan, in particular the anticipated constraints on the ability to recruit appropriately trained staff;
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;

iv. Risks associated with the introduction of ED streaming, including potential unintended consequences of an adverse impact on quality of care and other risks that could eventuate, including those which might only become evident “downstream”, and/or as a result of inter-dependencies between services.

**Key Action Agreed**

The Committee agreed key actions as follows:

- The Director of Clinical Services would provide an update to the next meeting on progress in performance against the 4 Hour A&E standard, to demonstrate whether action being taken was on course to achieve 90% performance against the 4 hour A&E standard by the autumn, in line with the trajectory set.

  In monitoring performance reported against the trajectory, it would need to be taken into account that it had been agreed with OCCG and NHSI that, for OUH to be held to delivering performance in line with the trajectory, certain criteria must not be triggered (including those detailed below), and if any of the criteria were breached, then a failure to achieve performance against the trajectory would not render the Trust ineligible to access Sustainability and Transformation Funding [STF]. The criteria agreed included:

  o ED attendances not above 2016/17 outturn on month-by-month basis
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  o Delivery of a 15% cumulative reduction in DTOC in OUHFT quarter by quarter so 110 by Q1, 93 by Q2, 79 by Q3 and 67 by Q4

  The Director of Clinical Services would ensure that performance was in the meantime monitored by the Trust Management Executive [TME] including through weekly monitoring of the Urgent Care Dashboard.

- The Chief Finance Officer, Committee Chairman and Chairman of the Audit Committee shall further review the extent to which non-recurrent items could and should be stripped out of monthly financial reports in a revised presentation;

- The Chief Finance Officer will report further to the Board in preparation for submitting a re-forecast of the Trust’s financial plan to NHSI in October 2017;

- The Chief Finance Officer will report further 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 relation to the Q2 RTT Plan;
- Report on development and delivery of the medium term RTT Plan;
• Report on the impact of additional cost controls; and
• Update on 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
September 2017