

Trust Board meeting: Thursday 6 September 2012

TB2012.91

Title	Finance and Performance Committee
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Status	A paper highlighting key areas of discussion at the Finance and Performance Committee meeting held on 2 August 2012
History	This is a regular report to the Board

Board Lead(s)	Mrs Anne Tutt, Committee Chairman			
Key purpose	Strategy	Assurance	Policy	Performance

Summary

1	The Finance and Performance Committee met on 2 August 2012.
2	This paper sets out the key decisions, actions, risks and matters for future consideration as raised by the Committee, and attaches the minutes of the meeting.
3	Recommendation: The Board is asked to note the contents of this paper.

1. Introduction

The Finance and Procurement Committee met for its inaugural meeting on 2 August 2012. Detailed minutes are provided as Appendix 1 of this report. These minutes are draft and subject to formal approval at the next Committee meeting.

2. Significant issues of interest to the Board

The following issues of interest have been highlighted for the Board:

- This was the first meeting of this Committee and papers in relation to Operational Performance, the Integrated Performance Report, Financial Performance, Strategic Cash Flow Review and the Draft Procurement Strategy were reviewed.
- The data quality of the Integrated Performance Report is being activity considered to ensure assurance can be provided to the Board in respect to all aspects of this report going forward.

3. Key Risks Discussed

The following potential risks were discussed:

- The implications of the implementation of the NHS 111 service on attendance at the Emergency Department, it was reported that contingency arrangements are in place and any increase in activity will be reported to the PCT.
- Delivery of Cost Improvement Plans was highlighted as a risk as the Trust is slightly behind plan, further contingency plans may be required and discussions are on-going with the Divisions.
- Coding issues within some divisions were highlighted and it was agreed that the Committee would review the Month 5 figures of the Finance Performance Report in more detail at the next meeting.

4. Key decisions taken

The following key decisions were made:

- The Committee received and approved its revised Terms of Reference.

5. Agreed Actions

- Action plans for ensuring compliance against the Emergency Department target are to be presented to future meetings.
- A seminar is to be arranged to inform the Committee of the scoring systems used within the Integrated Performance Report.
- Steps are to be taken to improve the reporting of capital spending.
- The Integrated Performance Report is to be a standing item on the agenda.
- A Chairman's pack is to be prepared and provided.

6. Matters deferred for future consideration

- There were no matters deferred during this meeting.

7. Assurance required from/actions required by other Board sub-committees

- The Draft Procurement Strategy is to be referred to the Trust Management Executive for approval.

8. Matters to be referred to the Trust Board

- No items were formally referred for consideration by the Trust Board

Anne Tutt, Finance and Performance Committee Chairman

September 2012

Finance and Performance Committee

Minutes of the Finance and Performance Committee meeting held Thursday 2 August 2012 at 10.00 am in the Board Room, the John Radcliffe Hospital.

Present	Mrs Anne Tutt	AT	In the Chair
	Mr Chris Goard	CG	Non Executive Director
In attendance	Dame Fiona Caldicott	FC	Chairman
	Mr Mark Mansfield	MM	Director of Finance and Procurement
	Sir Jonathan Michael	JM	Chief Executive
	Ms Eileen Walsh	EW	Director of Assurance
	Mr Mark Trumper	MT	Director of Development and The Estate
	Mr Paul Brennan	PB	Director of Clinical Services
	Professor Edward Baker	EB	Medical Director
Apologies	Mr Peter Ward	PW	Non Executive Director
	Mr Geoff Salt	GS	Non Executive Director

Declarations There were no declarations of interest

The Chairman welcomed members to the first meeting of the Committee.

Chairman's Business

Mr Trumper introduced the Committee's amended Terms of Reference. He reminded members that some changes had been made to these at the July Trust Board meeting, reducing the number of Executive Director members from nine to five, and the number of members required for a quorum from six to five. This is reflected in the Board minutes. Mr Trumper also explained that discussions were still being held as to who would serve as the Committee's Vice Chairman.

The Committee **received** and **approved** the revised Terms of Reference.

Performance Reporting

FPC01/12 Operational Performance Report

Mr Brennan presented the report and explained that this is a shortened report focusing on how the Trust performed in June against key access targets, including RTT, VTE and cancer diagnosis and treatment (subject to final data checks). He pointed out that the Trust did not meet the 95% ED target in June, and that this is a red flag in relation to the FT application. He stated that there is a detailed action plan in place which has been virtually completed, but that last week the performance at the ED fell to 92%. Mr Brennan does expect performance to be at 95% from this week onward, and that the Trust will meet the target for Q2 as a whole. He explained that although Q2 is normally less busy in the ED, this summer had seen a rise in respiratory problems, and as such there has not been the expected fall in attendances.

Sir Jonathan Michael confirmed that he has made a commitment to the SHA that the Trust will meet the target in Q2 and that this will have to be met. Dame Fiona Caldicott stated that this Committee should have sight of the action plans that have been referred to.

DTOCs have risen to 10.3%, and this has had an impact on ED performance. A plan to address this is being implemented, and delays had dropped to 140 (representing an 85% reduction), but the target is to get the figure down to 76 before Christmas. Mr Mansfield asked if in view of the rise in DTOCs, the Trust will be able to close the escalation beds, as keeping them open has significant cost implications. Mr Brennan responded that action taken to reduce delays in getting patients into community hospitals beds had not yet led to reduction in delays across the system. While Oxford Health have seen a reduction in their delays, OUH is currently seeing an increase.

In response to a query as to why it took so long to validate the cancer data, Mr Brennan stated that the collation of this data is outside of the Trust's control. He reported on concerns that had been raised about the availability of anaesthetists at the Churchill Hospital, and that this has an impact on meeting the 62 day target.

The Committee discussed the implementation of the NHS 111 service. Mr Brennan reported that the service has been launched but was unclear about the extent of public awareness. The Committee were concerned about the implications that this service could have on ED attendance in the short term. Mr Brennan reported that contingency arrangements are in place, and that any surge in activity will be reported back to the PCT in order that amendments can be made to the algorithms. Professor Baker pointed out that most of the 111 patients would not need to be admitted, and it is essential that they be dealt with as quickly as possible.

Ms Walsh queried how the C-difficile reports are being used, as the Trust has a score of 3 even though there have already been 28 cases. Mr Brennan explained that although the figures are over target, they remain within the in-month tolerance. Sir Jonathan Michael commented that in the Integrated Performance Report, C-difficile is identified as a cause for concern. Professor Baker pointed out that there is an issue about the fact that the measurement is over different time periods which can be confusing, but that the focus needs to be on current performance and trends.

Action (PB)

Action plans to ensure that the Trust meets the 95% ED target to be presented to future meetings of this Committee

FPC01a/12 Integrated Performance Report

Mr Brennan presented the report. He explained that the report had moved on from the Board discussion in July. It now contains a more detailed explanation of its content and an overall summary of Trust performance. Behind the indicator data, sits Trust level information on the in-month position. The next 3 columns show the cumulative position and the following three boxes deal with data quality – to give assurance to the Board about the quality of the information that is relied on. The final few sheets go through all

indicators on each domain. Sheets 6 to 15 contain a detailed analysis of each indicator allowing the Committee to look across if there are a number of reds in a division. Mr Brennan explained that the report is designed to provide key information to the Board, and it is also an operational report for the divisions, enabling them to see trends in various aspects of their performance. It also includes information that could not be put in a public document, such as pre-check cancer data.

The Chairman observed that the information in the report is six weeks old, and questioned how the Committee would be able to get more up to date information. Mr Brennan responded that current data on cancer, 4 hour waits and finance could be included in the report, but that the quality and workforce indicators would be more problematic. Sir Jonathan Michael indicated that he still saw the report as work in progress, and he was not convinced that it is ready to take over as the single source of reporting from September. It was agreed that comments on the report would be sent to Mr Brennan by 14 August and that these would be copied to all members. As there is no Division of Corporate Services in the Trust, the column in Appendix B of the report would be amended to read Corporate Services.

Mr Mansfield suggested that the Committee might need a session on the scoring system used in the report. The Chairman asked if this could not be explained on one piece of paper, but Mr Mansfield responded that while this could be done for the finance risk rating, it would be more difficult in relation to governance. He suggested that this may need to be dealt with by way of a seminar.

Professor Baker commented that the report had come a long way, but thought that the text at the front ought to do more to signpost the more detailed analysis. He would like to see a more formulaic approach to addressing the issues raised. The Chairman noted that there are a lot of reds. She wanted to be assured that for every red, there is an explanation somewhere about what is being done to address it.

Ms Walsh asks whether the governance statements to Monitor would be taken from this report, or if some thought needed to be given in this regard to the connection between this Committee and the Board.

Action (All)

Comments on the report to be sent to Mr Brennan by 14 August and copied to all members.

Action (MM)

Seminar to be arranged to inform the Committee of the scoring systems used in the report

FPC02/12 Finance Performance Report

Mr Mansfield reminded the Committee of the three part format of this report. Part 1 sets out the corporate position, normally reported to the Board in public session, part 2 contains a more detailed description, and is reported to the confidential part of the Board meeting and part 3 is a divisional analysis of EBITDA, normally also reported to the Board confidentially, and used at divisional performance meetings. Part 1 of the report takes account of the request from the Board to set out the position including and excluding

research. Mr Mansfield gave an explanation of the position in relation to pass-through drugs, and indicated that this area of expenditure needs to be kept under review in conjunction with the PCT.

Mr Mansfield explained that the underlying financial position had improved. It had not been necessary to use contingency funding this month, although some volatility remains. Sir Jonathan Michael questioned whether it had been necessary to go through the process of accessing the contingency at all. Mr Mansfield stated that it was important that the Board understood the process of accessing this funding and explained that it is not bad practice to allocate the funding and then take it back, provided that this is done transparently. The Chairman commented that the allocation of contingency funds might have appeared arbitrary. She questioned whether the need had been well enough assessed. Mr Mansfield responded that the process of forecasting had uncovered some potential risks. Professor Baker expressed satisfaction with the use of the contingency as a smoothing mechanism. Sir Jonathan Michael reminded the Committee of the importance of achieving financial targets as this is what enables the Trust to have a contingency to rely on.

On the cashflow position, Mr Mansfield reported that the debtor position had not improved. The Trust has engaged a debt collection agency, and fortnightly debt management meetings are taking place. The Chairman commented that this is not a new issue, and questioned whether the Trust should be taking different action. Mr Mansfield stated that there is a commitment to resolving the issue. He also stated that steps were being taken within the Finance team to strengthen the technical elements of their functions, so that the team is better able to manage cash, an important element within a Foundation Trust. Mr Trumper stated that much of the debt referred to ought to be managed within his team, and that management capacity is now being created to enable this to happen.

Mr Mansfield highlighted the CIP position as a risk. The Trust is slightly behind plan at present, and the situation requires close management. Mr Mansfield is concerned that some of the red rated CIP items may not be delivered, and as such some contingency plans may be required. Discussions are ongoing with the divisions as to whether there are any income issues responsible for the underachievement.

Mr Trumper commended the overall style of the report but expressed the view that the capital program section in part 1 needed further development. Sir Jonathan Michael stated that there needed to be a conversation about the capital program. The Chairman explained that no organisation ever spends all its capital allocation, and Mr Mansfield suggested that the Trust needs to have a suite of easy to execute schemes ready to go in the event that there is money left over in the program.

Mr Goard highlighted coding problems in some divisions. Mr Mansfield explained that under PbR, the Trust had been over-reporting on its non-elective work, where the tariff is a fraction of elective. There are some grey areas in coding, and corrective action is being taken. Mr Mansfield also made the point that some short term elective patients did not

make it onto the waiting list. The impact of this is significant, and the Trust lost £180,000 in month 1. It is not anticipated that the Trust would be able to recoup this money later in the year.

Following discussion, it is **resolved** that:

- The Committee will spend time on this report at the next meeting looking at Month 5 figures.

Action (MM)

Steps to be taken to improve the reporting of capital spending

FPC2012.03 Strategic Cash Flow Review

Mr Mansfield explained that it is very important as part of the FT application that the Trust has a good handle on working capital, cashflow and debtor management. At the point of authorisation, the value of the Working Capital Facility available to the Trust could depend heavily reliant on assessed risk in these areas. Mr Mansfield explained that this report is the means by which the Finance and Performance Committee can hold him to account for debtor and cashflow management and the management of working capital.

The Committee **noted** the contents of the review

FPC2012.04 Procurement Strategy

Mr Mansfield introduced the draft Procurement Strategy and explained that there are three reasons why this is required. The first is in order that the Trust can effectively describe what it is doing and have an options appraisal about future proposals on how to procure. The second reason is to ensure that the Trust is in line with national NHS policy on procurement, and the third relates to the Historical Due Diligence aspect of the FT application. Mr Trumper suggested that significant engagement needs to take place with the divisions, as clinicians often have strong identification with certain types of equipment, and this can have an impact on procurement decisions. Sir Jonathan Michael stated that materials management could be an important issue in the future, and raised issues about stock control. The Committee resolved to refer the strategy to the Board or the Trust Management Executive for approval.

Action (MM)

The draft Procurement Strategy to be referred to the Trust Management Executive for approval.

FPC05/12 Discussion on future meeting structure to include how Committee responsibilities are to be assured

Dame Fiona Caldicott stated that the discussion at this meeting had raised a number of issues about what should come to this Committee and what should go to the Board. Ms Walsh expressed the opinion that this is where detailed assessments of performance

should take place. Mr Goard agreed, but stated that the timing needed to be right. Mr Trumper stated that the Integrated Performance Report should be a standing agenda item but that the Committee should be prepared to go deeper. Sir Jonathan Michael did not consider that the Integrated Performance report would ever be a substitute to the detailed finance and performance reports. His view was that the value of the report is as an operational report that cross-referenced quality and finance issues at a high level. The Chairman stated that she would like to see the figures within the Integrated Performance Report form the basis of the more detailed reports. Mr Trumper suggested that this Committee considers the Finance report, and decides what aspects of it will be discussed at the public and private Board meetings. Dame Fiona Caldicott reminded the Committee that the timing and frequency of this Committee's meetings would not always fit in with the Board, but that they would need to work with what is available. Mr Mansfield also pointed out that some of the items in this Committee's terms of reference have an annual component, meaning that an annual schedule of business is required to specify when different issues will be dealt with. Ms Walsh stated that an annual cycle of business will be prepared as part of the Chairman's pack, and this will form the basis of future agendas.

Following discussion, it was **agreed** that the Integrated Performance report would be a standing agenda item at this Committee, and that the Committee will suggest agenda items for the trust Board based on their considerations.

Action (EW)

A pack to be prepared for the Chairman, to include an annual cycle of business, terms of reference and reporting cycle.

Date of the next meeting

A meeting of the Finance and Performance Committee will be held on Wednesday 17 October 2012 in the Board Room at the John Radcliffe Hospital.