

Trust Board Meeting in Public: Wednesday 11 November 2015
TB2015.128

Title	Finance & Performance Committee Chairman's Report
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Status	For discussion
History	The Finance and Performance Committee provides a regular report to the Board.

Board Lead(s)	Mr Christopher Goard, Committee Chairman			
Key purpose	Strategy	Assurance	Policy	Performance

1. Introduction

The Finance and Performance Committee met on 14 October 2015. 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 reviewed, noting:
 - The percentage of adult inpatients that had a VTE risk assessment in August 2015 was 96.91%, against the standard of 95%;
 - The standard of no more than 1% waiting over 6 weeks for Diagnostic tests had been achieved, with 19 patients (0.17%) having waited over 6 weeks at the end of August;
 - 18 week Referral to Treatment [RTT] incomplete and Non-admitted standards were achieved in August, at 92.46% and 95.08% against the standards of 92% and 95% respectively;
 - All eight cancer standards, including the 62 day standard, were achieved in August;
 - Zero cases of MRSA bacteraemia were reported in August;
 - Zero same sex accommodation breaches had been reported at the end of August;
 - Patients spending $\geq 90\%$ of time on the stroke unit was 94.64% against a standard of 80% in June 2015.
- b) Performance against the 4 hour ED standard was 93.84% in August, against the standard of 95%, and the Trust therefore scored 1 against Monitor's Access and Outcomes matrix in relation to the month of August (although, except for RTT, the matrix operates on a quarterly basis).
- c) The Committee noted and shared the significant concern expressed at the persistently high level of Delayed Transfers of Care [DTocS], with performance for August at 10.46% against a target of 3.5%. The monthly average within the OUH for August was 129 and 151 for the Health and Social Care System. The Chief Executive emphasised that it was imperative to reduce the number of patients for whom the optimal quality of care was not most appropriately delivered in an acute setting.
- d) Within the context of the increasing pressures on performance in A&E, and the persistently high level of DTocS, the Committee received an update on actions planned by the Trust to support increased activity over the winter months.
- e) However, the Committee endorsed the Chief Executive's submission that measures taken by the Trust alone were unlikely to be sufficient to deal with anticipated winter pressures, and welcomed news that the Trust was actively pursuing constructive discussions with its partners in the Oxfordshire health economy. It was hoped that this could lead to implementation of a system-wide

initiative, delivering the structural change required. Only then might it be possible to achieve the necessary breakthrough in reducing the persistently high level of DTocS, and improve patient flow, as appropriate.

- f) The Committee received a report on the Trust's financial position, reporting a Month 5 year-to-date position that was reported to be £0.8m behind plan. This was the same variance to plan as the one for the end of Month 4, as reported to Trust Board in September, and there had been an improvement against the adverse forecast reported to the Committee in August. The report included an update on implementation of the corrective actions which had been agreed by TME, as previously reported to the Board, and on the effect of further mitigations. However, the underlying trends of overspend on pay, and activity under-performance against commissioner contracts, had yet to be reversed.
- g) Progress in the implementation of agency controls was recognised to be crucial to reversing the underlying trend of overspend on pay. The Committee heard that the Trust had achieved a marked decrease in non-framework nursing agency spend (down from 19% of total agency expenditure in Month 1 to just 1% in Month 6). As well as the associated financial savings, adherence to the use of approved frameworks only was considered to have positive quality and governance implications. Total agency expenditure was reported to have been reduced from a peak of £2,296k in Month 4, to £1,958k in Month 6. The forecast trajectory for the full year 2015/16 position for total nursing agency spend as a percentage of total nursing staff spend was 8.3%, against the Month 5 actual position of 10.6%.
- h) It was also reported that Monitor and the Trust Development Authority [TDA] were expected to implement price caps on Agency payments later in 2015, which were likely to have a big impact on the entire nursing agency market. The Committee heard that the Shelford Group procurement forum (which is led by the Trust) had offered its support to develop the optimum level at which the cap should be set.
- i) The Committee also considered a review of the in-year delivery of annual efficiency savings, and noted that there would be a review of the Transformation Programme workstream, informed by Lord Carter's description of hospital workflow best practice¹, as reported to the Board in September 2015, *Paper TB2015.111*. The Committee endorsed the need for there to be a shared imperative to deliver the annual efficiency savings programme. The Chief Executive confirmed that this would be followed up further through TME.
- j) With regard to 2016/17 and beyond, the Committee noted that the Trust will need to address how best to tackle the combined effect of anticipated reductions in tariff, which would lead to a reduction in revenue, coupled with anticipated increases in pay and non-pay costs. The Chief Executive advised that the Trust should strive to meet the challenge to identify initiatives which, while focused on improving the quality of care, would also have the benefit of realising

¹ Review of Operational Productivity in NHS providers Interim Report by Lord Carter of Coles June 2015
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/434202/carter-interim-report.pdf

improvements in operational and financial performance, thereby releasing EBITDA² for re-investment in services.

- k) The Committee received an update on PLiCS and Service Line Reporting [SLR] data. It was reported that the final draft 2014/15 Reference Costs index showed that the Trust had an index of 103 (compared to an index of 2017 in 2012/13), indicating that the costs of the Trust (case-mix adjusted) activity was circa 3% above the national benchmark average. The Clinical Costing Development Group will support the development and implementation of a revised plan of activity, and this will coincide with a wider review of clinical strategy.
- l) An update was provided on the current outpatient quality improvement initiatives which report into the Outpatient Steering Group and Transformation Steering Group (reporting ultimately to TME), noting the context of a 23% increase in outpatient appointments during 2014/15, compared to the previous year (totalling 959,243 in 2014/15). Under the outpatient re-profiling project, the profile appointment times, slot numbers per clinic, and the sequence of appointment types/durations within clinics had been rationalised, and the project had also realised a significant number of additional appointment slots. Dependent upon the review of Consultant Job Planning, efforts would now be made to re-distribute clinics more evenly across all days of the week, on all sites.

3. Key Risks Discussed

The following risks were discussed:

- i. The Committee considered in detail the risks associated with the persistently high level of Delayed Transfers of Care [DToCs], coupled with the increasing pressures on performance in A&E, noting that the situation was likely to be exacerbated by winter pressures. The pursuit of constructive discussions with the Trust's partners in the Oxfordshire health economy was strongly supported, with the objective of agreeing implementation of a system-wide structural change;
- ii. The Committee discussed the risk to the Trust's year-end position for 2015/16, associated with the underlying trends of overspend on pay, and activity under-performance against commissioner contracts. Whilst these underlying trends had yet to be reversed in-year, progress in implementation of the corrective measures agreed by TME and other mitigations was reviewed, noting that there had been an improvement in the adverse forecast since it was last reported to the Committee in August;
- iii. In relation to 2016/17 and beyond, the Committee also considered the risk of anticipated reductions in tariff, coupled with anticipated increases in pay and non-pay costs, and supported the Chief Executive's contention that the Trust should identify initiatives which, while focused on improving the quality of care,

² Earnings before interest, tax, depreciation and amortization

would also have the benefit of realising improvements in operational and financial performance, thereby releasing EBITDA³ for re-investment in services.

4. Key Actions Agreed

The Committee agreed actions as follows:

- Time to be devoted at the next meeting of the Committee to review whether the Board Assurance Framework and the Corporate Risk Register accurately and adequately reflects what are currently the most significant risks to the Trust;
- Further proposals as the basis for budget-setting in 2016/17 and beyond to be developed for consideration by the Trust Board in Seminar.

5. Future Business

Areas upon which the Committee will be focusing at its next meeting include continued review of:

- the integrated performance of the Trust;
- the financial performance against plan for 2015/16;
- in-year delivery of annual efficiency savings for 2015/16;

and consideration of:

- the budget-setting process for 2016/17;
- the Business Planning Process for 2016/17;
- outcome of the review of use of bed resource by long-stay patients; and
- the Board Assurance Framework and Corporate Risk Register.

6. Recommendation

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

Mr Christopher Goard
Finance and Performance Committee Chairman

November 2015

³ Earnings before interest, tax, depreciation and amortization