

Trust Board Meeting in Public: Wednesday 13 July 2016
TB2016.65

Title	NHS Improvement Monthly Review of Performance
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Status	For information
History	New report. A similar format of report was taken to the June meeting of the Finance and Performance Committee.

Board Lead(s)	Maria Moore, Interim Chief Finance Officer			
Key purpose	Strategy	Assurance	Policy	Performance

Executive Summary

1. This paper summarises the Month 2 return made to NHS Improvement. It also provides key points from regular liaison with NHS Improvement and the regulator's review of the Trust's Operational Plan, and provides details of self-certifications made to the regulator in July.

Recommendation

2. The Board is asked to **note** the report and the Financial Sustainability Risk Rating for period to 31 May 2016.

1. Introduction

1.1. This report provides an update on reporting to NHS Improvement.

2. Monthly reporting to NHS Improvement

2.1. A standard monthly report was submitted to NHS Improvement.

2.2. The Financial Sustainability Risk Rating (FSRR) submitted for May is shown in Appendix 1 on page 5 below. The overall FSRR of 3 was as planned, with a more positive I&E margin than planned at Month 2.

2.3. For the first time, the report included metrics being gathered by NHS Improvement as part of their follow-up to Lord Carter's review of productivity and efficiency in the NHS. Information submitted included:

2.3.1. Expenditure on ward-based care workers, including overtime, bank and agency expenditure for this group. In the period from 1 April to 31 May 2016, agency expenditure accounted for 2.05% of total expenditure on qualified nursing and 0.98% on care support workers, both of which are better than plan.

2.3.2. Temporary staff expenditure as a percentage of total staff expenditure; 6.02% for the period up to 31 May.

2.3.3. Procurement expenditure on clinical supplies and services (excluding drug costs) of £13.159m to 31 May and non-clinical supplies and services of £1.4m.

2.3.4. Overall the variance from plan on these items; showed an over spend year to date of £0.194m.

2.4. The reporting deadline for the Quarter 1 report has been extended by one week, with the revised submission deadline now midday on Friday 22 July 2016.

3. Operational Plan for 2016/17

3.1. The Trust's Operational Plan for 2016/17 was submitted as required on 18 April 2016.

3.2. A site visit during May examined the Trust's financial plan for 2016/17, with particular focus on plans for the development and delivery of the Cost Improvement Programme for the year, the arrangements for management of the agency cost reductions to meet national requirements, and risks associated with contracting in 2016/17

3.3. Formal written feedback is awaited but since the visit, NHS Improvement has written to:

3.3.1. Confirm a monthly trajectory for OUH's agency expenditure, totalling £18.103m for the year. This has been incorporated into the Trust's plans and financial reporting for the year.

3.3.2. Request a trajectory for A&E four-hour waits. Action on this is described in the Integrated Performance Report.

4. Regular liaison and notifications

- 4.1. Monthly telephone calls continue with NHS Improvement's Senior Regional Manager to review operational and financial performance, supplemented from time to time by calls with the Director of Clinical Services.
- 4.2. Detailed monitoring took place of plans to provide safe care during industrial action by junior doctors in April.
- 4.3. NHS Improvement has also been briefed on developments in the Trust, including the publication on 27 June of the final report of the investigation into the incident in the Oxfordshire Breast Screening Service declared in 2014.
- 4.4. An incident meeting Never Event criteria was notified to NHS Improvement on 21 June. Once the investigation into this incident is completed, its report will be shared with NHSI.
- 4.5. A request has been made of NHS Improvement for an update on actions being taken nationally on the majority of the recommendations from Lord Carter's review of NHS productivity and efficiency which were for NHS Improvement to undertake.

5. Self-certifications

- 5.1. On the Board's behalf, the Chairman and Chief Executive have signed annual declarations attached in Appendix 2

6. Recommendation

- 6.1. The Board is asked to **note** this report and the submission made to NHS Improvement for Month 2.

Maria Moore

Interim Chief Finance Officer

July 2016

Report prepared by: Jonathan Horbury

Appendix 1: Financial Sustainability Risk Rating for period to 31 May 2016

	Plan YTD ending 31 May 2016	Actual YTD ending 31 May 2016	Variance YTD ending 31 May 2016	Forecast YE to 31 March 2017
Capital Service Cover				
Capital service, total (£m)	-5.946	-5.899	0.047	-
Revenue available for capital service (£m)	10.682	10.626	0.056	
Capital Service Cover metric	1.79	1.81		
Capital Service Cover rating	3	3		4
Liquidity				
Working capital balance (£m)	-16.380	-12.994	3.386	0.957
Operating expenses within EBITDA, total (£m)	-156.033	-153.411	2.622	-913.404
Liquidity metric (days)	-6.3	-5.1	1.217	0.4
Liquidity rating (score)	3	3		4
Income & Expenditure Margin				
Normalised Surplus/(Deficit) (£m)	-0.232	0.194	0.426	34.1
Adjusted Total Income for FSRR (£m)	166.641	164.208	-2.433	1012.55
I&E Margin	-0.14%	0.12%	0.26%	3.37%
I&E Margin rating	2	3		4
Income & Expenditure Variance from Plan				
I&E Variance from Plan	-0.48%	0.26%		-0.48%
I&E Variance from Plan rating	3	4		3
Financial Sustainability Risk Rating				
Overall Financial Sustainability Risk Rating	3	3		4

Appendix 2: Self-certifications made to NHS Improvement, July 2016

4	Corporate Governance Statement	Response	Risks and mitigating actions
1	The Board is satisfied that the Trust applies those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a supplier of health care services to the NHS.	Confirmed	The Trust's Annual Governance Statement, agreed most recently in May 2016, describes the Trust's risk and control framework. The Board Assurance Framework provides the mechanism for the Board to monitor risks, controls, and the outputs of its assurance processes.
2	The Board has regard to such guidance on good corporate governance as may be issued by NHS Improvement from time to time	Confirmed	
3	The Board is satisfied that the Trust implements: (a) Effective board and committee structures; (b) Clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and (c) Clear reporting lines and accountabilities throughout its organisation.	Confirmed	
4	The Board is satisfied that the Trust effectively implements systems and/or processes: (a) To ensure compliance with the Licensee's duty to operate efficiently, economically and effectively; (b) For timely and effective scrutiny and oversight by the Board of the Licensee's operations; (c) To ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS Commissioning Board and statutory regulators of health care professions; (d) For effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern); (e) To obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making; (f) To identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the Conditions of its Licence; (g) To generate and NHS Improvement delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery; and (h) To ensure compliance with all applicable legal requirements.	Confirmed	

5	<p>The Board is satisfied that the systems and/or processes referred to in paragraph 4 (above) should include but not be restricted to systems and/or processes to ensure:</p> <ul style="list-style-type: none"> (a) That there is sufficient capability at Board level to provide effective organisational leadership on the quality of care provided; (b) That the Board’s planning and decision-making processes take timely and appropriate account of quality of care considerations; (c) The collection of accurate, comprehensive, timely and up to date information on quality of care; (d) That the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care; (e) That the Trust, including its Board, actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account as appropriate views and information from these sources; and (f) That there is clear accountability for quality of care throughout the Trust including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate. 	Confirmed	
6	<p>The Board is satisfied that there are systems to ensure that the Trust has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence.</p>	Confirmed	

5	Certification on AHSCs and governance	Response
	<p>The Board is satisfied it has or continues to:</p> <ul style="list-style-type: none"> • ensure that the partnership will not inhibit the trust from remaining at all times compliant with the conditions of its licence; • have appropriate governance structures in place to maintain the decision making autonomy of the trust; • conduct an appropriate level of due diligence relating to the partners when required; • consider implications of the partnership on the trust’s financial risk rating having taken full account of any contingent liabilities arising and reasonable downside sensitivities; • consider implications of the partnership on the trust’s governance processes; • conduct appropriate inquiry about the nature of services provided by the partnership, especially clinical, research and education services, and consider reputational risk; • comply with any consultation requirements; • have in place the organisational and management capacity to deliver the benefits of the partnership; • involve senior clinicians at appropriate levels in the decision-making process and receive assurance from them that there are no material concerns in relation to the partnership, including consideration of any re-configuration of clinical, research or education services; • address any relevant legal and regulatory issues (including any relevant to staff, intellectual property and compliance of the partners with their own regulatory and legal framework); • ensure appropriate commercial risks are reviewed; • maintain the register of interests and no residual material conflicts identified; and • engage the governors of the trust in the development of plans and give them an opportunity to express a view on these plans. 	Confirmed
6	Training of Governors	
	<p>The Board is satisfied that during the financial year most recently ended the Trust has provided the necessary training to its Governors, as required in s151(5) of the Health and Social Care Act, to ensure they are equipped with the skills and knowledge they need to undertake their role.</p>	Confirmed