

Trust Board Meeting in Public: Wednesday 10 May 2017

TB2017.47

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 Peter Ward, Committee Chairman			
Key purpose	Strategy	Assurance	Policy	Performance

1. Introduction

The Finance and Performance Committee met on 12 April 2017. 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 Committee was updated on action being taken to deliver the performance improvement plans developed in relation to the 4 hour ED standard, cancer standards and the 18 week Referral to Treatment [RTT] standard. This was partly in the context of an investigation by NHS Improvement into the Trust's operational performance, as previously notified.
- b) In particular, it was noted that the standard of 92% of people on incomplete pathways to planned care waiting for no more than 18 weeks [the 18 week Incomplete RTT standard] had not been met since June 2015, and performance had been below 90% since June 2016.

Whilst performance against the 92% standard had improved slightly to 89.19% in January, it was recognised that a detailed plan was required to assess the potential to create capacity to deliver elective activity in 2017/18 (outpatients/day cases/inpatients) at a level required to deliver the national RTT standard on a sustainable basis and simultaneously to avoid premium rate working during 2017/18. *The Committee's discussion of this plan is reported at c below.*

It was noted that the performance improvement plan for RTT is being reported to and monitored by the Trust Management Executive [TME]. At the time of report, this was due to be discussed at an Oxfordshire system-wide meeting on 27 April (referred to further at c below), and will be reported to the Trust Board at its meeting on 10 May 2017. The Finance and Performance Committee will expect to receive regular updates, including an implementation plan at its meeting in June 2017.

- c) The Committee received a presentation from the Director of Clinical Services, outlining the analysis of demand, activity and capacity relating to the delivery of performance improvement plans in relation to Urgent Care, Cancer standards and RTT. This identified the following:
 - A growth in ED attendances at 3% to 4.5% per year over the past two years;
 - The rate of growth in emergency admissions had risen over the past three years, reaching 4.8%;
 - Total referrals were reported to have grown by between 6.3% and 10.2% in the past three years;
 - Growth in elective activity in 2014/15 had reversed in 2015/16 and had been flat in 2016/17; and
 - Between 31 March 2015 and the forecast for 2016/17 (with waiting list figures as at 31 January 2017), referrals had grown by 17.5%, with elective spells reducing by 5.2% and the total waiting list growing by 15.4%.

The implication of meeting the level of demand was emphasised, with Incomplete Pathways potentially rising to 55,000 by the end of 2017/18. Whilst the performance standard against 18 week RTT was currently running at c.90% there was a risk that this could decrease to 84% if changes were not made to equalise

the run rate (the amount of additional activity required on a recurrent basis to prevent a backlog from growing).

It was recognised that, if emergency growth were not held, then the Trust would only receive 60% of tariff for some of the baseline Oxfordshire RTT activity.

The Committee heard that an Oxfordshire system-wide meeting had been arranged on 27 April, to be attended by NHS Improvement [NHSI], NHS England [NHSE], and Commissioners [OCCG and Wessex], to agree an activity profile in context of affordability and delivery of the 18 week Incomplete Standard. It was understood that the timescale for delivery would determine the detail of the operational plan, with the Trust needing to satisfy itself that the necessary systems, facilities and staff were in place to undertake the activity it committed to deliver.

The Committee also received a presentation by the Neurosciences, Orthopaedic, Trauma and Specialist Surgery [NOTSS] Division, providing a high level example of the detailed analysis of productivity and capacity that had been undertaken within the division, using neurosurgery as an example. Using independently captured productivity information, the division had calculated the number of extra sessions needed to address the RTT backlog and run rate, and was considering measures to improve productivity, and the physical capacity and resources needed to return to sustainable operational waiting list performance. It was indicated that measures to increase theatre utilisation might include plans to align elective and emergency activity, and maximise the time spent by surgeons in theatre.

The Committee has requested that the Trust's plan to deliver against the 18 week RTT standard, and associated governance structure be submitted to its next meeting in June 2017.

- d) The Committee was advised that three of eight national cancer waiting time standards were not met in January 2017. Performance improved in February, with only the 62 day wait standard not met and it is expected that all standards will be met in Q1 2017/18.
- e) The regular Integrated Performance Report for Month 11 was considered, highlighting other headlines on performance as follows:
- Bed occupancy in the Trust's General and Acute beds (excluding maternity) was above 95% from the second week of January until the second week of March.
 - Delayed transfers of care (DTC) in OUH beds rose from a low of 60 on 29 December to 113 on 19 January. A further increase took place during February (to 125 on 16 February). In light of this the Committee asked for details of the proposed 'phase 2' plans to embed DTC reductions in a sustainable way.
 - 93.41% of inpatients were recorded in February as having received harm-free care, down from 97% in January. The reported level across England for January was 94.2%.¹

- 99 of 12,764 patients requiring diagnostic tests or imaging in February had waited for over six weeks. The 1% standard has achieved in ten of the eleven reported months in 2016/17.
 - Four cases of Clostridium Difficile were reported in February and one case of MRSA bacteraemia.
 - Venous thromboembolism [VTE] performance continued to improve, with 97.1% of February's inpatients recorded as having been assessed.
- f) The Committee received a report on the Trust's financial performance to 28 February 2017. Points of note included:
- As at the end of Month 11, the Trust was reporting an EBITDA² of £27.3m, £29.2m behind plan
 - The year to date position included £20.1m non-recurrent items; this is £6.6m higher than the £13.5m included within the Trust control total and is £8.0m ahead of planned. This includes the additional benefit of £1.5m in month 11
 - At the end of February the Trust is reporting a retained deficit of £2.0m, which is £29.5m adverse against a planned surplus of £27.6m.
 - The Trust has secured £8.7m of the eligible £18.7m STF at month 11, a £10.0m adverse variance due to; the loss of the last 8 months 30% relating to access standards of £4.1m and £5.9m relating to the delivery of the quarter 3 and 4 financial control total. Since closing the general ledger for period 11.
 - The control total deficit was £8.3m, £19.7m behind plan
 - Cash was at £52.0m as at 28 February 2017, £40.0m below the plan
 - At the end of February, the average monthly expenditure is £1.3m, with a cumulative expenditure of £13.8m, which is £3.0m below the cap for the period
 - After the exclusion of the STF the reported financial performance shows the Trust is behind its control total by £19.7m at month 11.

In light of the reported deterioration in financial performance, the Committee has asked TME to review the resources and capacity at divisional level to provide the necessary assurance to TME (and through them, to the Committee, and thence to the Board), and that the systems used to manage divisional performance are effective.

- g) An update on the productivity programme 2017/18 was presented, including close down of Phase One of the engagement with Deloitte. It was reported that work undertaken by Deloitte had been effective in parts of the Trust that had the bandwidth to respond. If further productivity gains were to be identified it was acknowledged that areas of senior management, that had materially invested in other projects, may have to refocus their time on operational and financial performance in order to free up bandwidth if the Phase Two work were to proceed.
- h) The Committee received an update on budget setting for 2017/18, with the focus of discussions centring on the underlying deficit from 2016/17 of £19.3m and proposed budgets and recovery plan to gain financial and operational control. It

² Earnings before interest, tax, depreciation and amortization

was noted that the Trust was moving away from a traditional Cost Improvement Plan [CIP] approach to address cost control and productivity separately, and the Committee asked that TME review divisional management resources to ensure that there is sufficient capacity and processes to deliver against challenging operational, financial and productivity improvement plans. The Committee will review the Trust's financial plans for 2017/18, which will be submitted for approval by the Board.

- i) The Committee received an update on the Trust's Capital Programme 2017/18, including the forecast outturn position for the 2016/17 programme. The following points were highlighted:
- The forecast outturn expenditure position for Capital Programme for 2016/17 was reported to be at £12.74m as at 28 February 2017. This would be carried forward into 2017/18.
 - The updated Capital Plan for 2017/18 estimated a total capital spend of £60m with an indicative capital spend of £41.97m for 2017/18.
 - The re-prioritisation areas of spend included those areas that were legally contracted, committed in projects that had already begun, planned or unallocated. This was considered to be a better way of managing capital process allowing for more detailed analysis.
 - An unallocated capital of £3.54m had generated identification that £15m would be needed each year to replace equipment.

Concern was raised regarding the impact of lower-than-planned EBITDA and the resultant shortfall in capital for investment in 2017/18. A re-prioritisation exercise was noted to have been started to identify areas of spend that could be reduced and to create a larger contingency to manage emergency risks and spend areas in-year. The Committee agreed a proposed approach to reduce the size of capital programmes and increase the size of the contingency allocation to manage in-year emergency risks.

- j) The Committee approved a revised structure and process for the Capital Planning Group and the introduction of a Space Allocation Review Board. The proposed new structure consisted of two new additions: minor and major capital work sub-groups – the Minor Capital Group administering projects whose capital budget was less than £1m and the Major Capital Group administering projects whose capital budget was greater than £1m. These groups would be accountable for the provision of Escalation Reports to the Capital Programme Group [CPG] where schemes were not meeting their milestones for delivery. This would allow for a greater degree of scrutiny and support to project teams.
- k) An extract of the year-end review of the Board Assurance Framework [BAF]/ Corporate Risk Register [CRR] was presented. It was noted that the BAF had been developed through consultations with the senior Management Executive Team to ensure that it was focused towards achieving corporate objectives and became a more active tool to provide greater assurance to the Board. In respect

of the CRR, the Committee raised concerns regarding the way in which risks were being managed. On review of the risk register, it was noted that there were risks that had materialised for which no mitigating actions were evident. Some ; identified risks had not been added to the register. The Committee requested that the CRR be reviewed in conjunction with the Trust Management Executive [TME] to develop a new approach to presenting risks and issues distinctly.

Key Risks Discussed

Key risks discussed included:

- a) The risks associated with delivery of operational performance standards.
This included detailed consideration of the plans to improve performance specifically in relation to the 4 hour ED standard, Cancer standards and the 18 week RTT standard, in respect of which the Committee will seek further assurance that implementation of the plans is delivering performance in line with the trajectories set;
- b) The risks associated with the current financial position, and the challenges that threatened delivery of the financial plan for 2016/17;
- c) The risks associated with the capital programme for 2017/18 given current pressures

3. Key Action Agreed

The Committee agreed actions which included the following:

- a) Regular updates are to be provided on progress in the performance improvement plans in relation to the 4 hour ED standard, Cancer standards and the 18 week RTT standard.
- b) A review of divisional management resources is to be carried out by TME, to ensure that there is sufficient capacity and processes to deliver against challenging operational, financial and productivity improvement plans.
- c) A robust proposal for managing major scheme expenditure through the master plan with appropriate expertise in development planning
- d) TME is to be asked to review the Corporate Risk Register, to reflect the Committee's discussion of current operational and financial risks.

4. Future Business

Areas upon which the Committee will be focusing at its meeting in June include review of:

- a) the integrated performance of the Trust;
- b) the financial performance against plan for 2016/17; and operational grip within Divisions and resources identified to deliver against this
- c) in-year delivery of annual efficiency savings for 2016/17;
- d) Review of Trusts Financial Plans for 2017/18
- e) Phase 2 plan for the reduction of Delayed Transfers of Care [DToc] for winter 2017/18

and consideration of:

- a) delivery of performance against financial recovery plans;
- b) delivery against trajectories for improved operational performance and the delivery of access standards;
- c) The Board Assurance Framework and Corporate Risk Register.

5. Recommendation

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

Mr Peter Ward
Finance and Performance Committee Chairman

May 2017