

Trust Board Meeting in Public: Wednesday 17 January 2018

TB2018.08

<b>Title</b>	<b>Finance &amp; Performance Committee Report</b>
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<b>Status</b>	For information and discussion
<b>History</b>	The Finance and Performance Committee provides a regular report to the Board.

<b>Board Lead(s)</b>	<b>Mr Geoffrey Salt, Committee Chairman</b>			
<b>Key purpose</b>	Strategy	<b>Assurance</b>	Policy	Performance

## Introduction

The Finance and Performance Committee met most recently on 13 December 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 7 (October 2017), key points highlighted included the following:
- In October 2017, 2,415 people waited over four hours in Oxford University Hospitals Emergency Departments, up from 2,164 in September 2017. Four hour wait performance in October reduced to 82.05%. This remained below the national standard of 95% and the trajectory level of 90%;
  - 'Triggers' relating to ED performance had applied in every month from April to October 2017. As agreed with the Oxfordshire Clinical Commissioning Group [OCCG], this meant that failure to meet the national 4 hour wait standard did not in itself render the Trust ineligible for sustainability and transformation funding [STF];
  - Bed capacity had continued to be under serious pressure. Despite reductions seen in Delayed Transfers of Care since July 2017, patients experiencing delayed transfer continued to occupy over 9% of the Trust's bed days in October 2017, compounding the impact of bed closures due to shortages of nursing staff (largely at the Churchill and NOC) and continuing low levels of weekend discharges from the Trust's non-elective beds;
  - Performance against the RTT standard improved slightly in October 2017. 6,481 of 50,333 patients on incomplete pathways were waiting over 18 weeks. This represented a reduction of 198 (3%) in those waiting over 18 weeks and a 1.1% reduction in the total waiting list. October 2017 had RTT incomplete performance at 87.12%, which was an improvement on September 2017 performance. This was 1.42% above the trajectory submitted but 4.88% below the national 92% standard;
  - Waits over 52 weeks reduced by one in Gynaecology (from 57 to 56) but grew overall to 71, affecting patients in a total of eleven specialties;
  - Elective admissions were below plan in October 2017 with staffing shortages in wards and theatres posing a continuing risk to the delivery of OUH's plan to deliver additional activity. However, the Trust was only 0.11% behind its plan for elective admissions in the year to date and 0.45% ahead for first outpatients appointments. The likelihood of list size growth remains a concern whilst elective activity remains below the run rate required;

- Staffing remains the biggest risk to OUH delivering its RTT improvement plan;

Last minute cancellations rose from 0.98% of elective admissions in September 2017 to 1.44% in October 2017. 4.55% of patients cancelled were not rebooked within 28 days, nearly double the 2.3% in September 2017. There were 11 urgent cancellations during October 2017. However, the percentage of patients having their operation within the time specified according to their clinical categorisation improved slightly to 95.02%;

- All cancer waiting time standards were met in September 2017, but pressures were evident in the Lower GI tumour site group in particular;
- The six-week standard returned to being met for patients awaiting diagnostic tests;
- There were no cases of MRSA bacteraemia during October 2017 and two of *Clostridium difficile*;
- There were 47 newly-acquired category 2, 3 and 4 pressure ulcers in OUH care during September 2017, compared to 66 in September 2016, and levels had reduced since March 2017;
- There were seven breaches of the single-sex accommodation standard in October 2017. These involved the Stroke Unit, with priority being given to patients with acute stroke being accommodated on the unit. Root Cause Analysis has been conducted and learning about escalation has been implemented. Pressure on this standard is anticipated to continue owing to the Stroke Unit's limited size if a high level of non-elective admissions is experienced. Also in October 2017, 90.91% of patients with acute stroke spent at least 90% of their time on a stroke unit, remaining above the national 85% standard and representing a further improvement on the year-to-date position.

In discussion of the report, it was asked whether the fact that discharges at weekends have run well below 60% of weekday levels is typical of the Shelford Group and it was agreed to find some useful benchmark data to compare this.

- b)** The Committee received a presentation on A&E performance from the Divisional Director and Divisional General Manager, Medicine, Rehabilitation and Cardiac [MRC] Division, including monitoring performance of the improvement plan in relation to the urgent care pathway. The key points raised were:

- Nationally and particularly in the South of England, A&E performance has deteriorated. However, because of this OUH are now rated 70<sup>th</sup> out of 132 rather than 100<sup>th</sup> which is an improvement;
- There has been an increase in 4 to 12 hour trolley waits at OUH. 80% of the breaches are Adult Majors at the JR and the Horton;
- Daily breach analysis from November has shown that:
  - Few breaches involve minors patients;
  - A small number most days involve children, many needing access to the Clinical Decision Unit [CDU];
  - Most breaches await admission and most of these are referred to medicine;

- JR ED is particularly busy in the evening; waiting times can be seen to build from 21.00;
  - Flow is insufficient through the Emergency Assessment Unit [EAU] and Short Stay ;
  - The weekend effect persists until Tuesday with a high number of ambulance arrivals and admissions and low number of discharges.
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- Various actions have been facilitated by the Hunter Healthcare team, including streaming of staff when it is busy, and improved escalation;
  - A Winter Funding Bid has been made, the response to which was still awaited at the time of the meeting;
  - ED attendances are up significantly at 9% more than the same time last year. Ambulance arrivals are 10% up on last year. Most challenging is the time between midnight and 3am when arrivals are up 15%;
  - There is still an outflow block with the level of Delayed Transfers Of Care [DTC] broadly the same as it was last year;
  - 40% of Acute General Medicine patients do not need an acute bed but remain in hospital due to social care problems;
  - A snapshot of the First Net system showed that there were 65 patients in the JR ED at midnight the day before and by the morning 43 were still waiting for beds. There is 100% bed occupancy and 101% if include those waiting for beds;
  - There is severe, sustained, 24/7 pressures on staff in acute settings despite the introduction of intensive improvement apparatus. There is expected to be a major demand challenge from 1 January 2018 onwards.

In discussion of the points raised in the presentation, there was recognised to be a whole system problem that required a whole system solution, one of the principal constraints on which remained the lack of capacity in home care packages.

The huge dedication of the ED team was acknowledged, and its leaders were commended for doing all they could be done in difficult circumstances to make staff feel valued.

Consideration was given to what further measures could be taken by the Trust alone, pending the outcome of the bid for Winter Funding.

**c)** The Committee monitored delivery of the RTT Activity Plan which had been developed for five specialties in September 2017 and a Phase 2 action plan for a further five specialties agreed in November 2017, noting the following points in particular:

- Trust-wide headlines on RTT performance in the Integrated Performance Report as set out in paragraph (a);
- The total number of people awaiting admission has remained stable since July 2017. The number waiting over 36 weeks remains too high at just over 500;
- Overall, the waiting list appears to have stabilised since July 2017 but currently funded activity levels will not reduce the proportion waiting for over

18 weeks. Doing so continues to require matching the run rate to prevent growth in the numbers waiting for first outpatient appointments or admission, and also removing the backlog of patients waiting beyond the national standard;

- The specialty level activity report has been provided to Divisions for October 2017 and was reviewed by the Committee;
- OUH has been clear with its commissioners and regulator that there is a lead time of at least four months to the delivery of new activity requiring extra capacity (i.e. staffing);
- Funding for 2018/19 for RTT is subject to a system-wide agreement on the financial position for 2018/19 which is already delayed;
- Further delay would defer the introduction of new activity, allow the waiting list and backlog of patients waiting over 18 weeks to grow and would further increase the eventual cost of returning the waiting list to a size compatible with delivering the 18 week standard.

In reviewing the plan, it was made clear that money would be very tight for OCCG for next financial year and that difficult decisions would need to be made. It was possible that OUH would not receive enough money to deal with RTT. This would not be certain until the contract negotiations were concluded.

The Committee confirmed that recruitment on a recurrent basis to deliver 2017/18 elements of the RTT improvement plan (phase 1 and phase 2) could continue and that the resulting activity should be added to the Trust's baseline level from 1 April 2018.

d) The Committee considered the report on the Trust's financial performance up to 31 October 2017, in which the following points were highlighted:

- M7 EBITDA was reported at +£5.0m, which was a £1.8m improvement on September 2017. This represents:
  - An improvement of £1.3m on other activity and £0.6m of cost not related to activity offset by a £0.1m for NHS activity;
  - Income of £87.3m, an increase of £4.4m on September 2017 and £2.1m above plan;
  - Pay of £48.6m, an increase of £0.9m compared to September 2017 and £2.3m above plan;
  - Non-pay of £33.6m, an increase of £1.7m from September 2017 and £1.3m above plan. Improvement of £1.3m for NHS activity and £1.1m for costs not related to activity.
- YTD EBITDA is +£16.6m which is £10.3m behind plan (excluding Sustainability and Transformation Fund [STF]);
- Control Total deficit is -£14.2 which is £4.7m behind plan. This is a £1.3m deterioration;
- At M7 the Trust is £0.43m behind its EBITDA reforecast and £0.3m short of its control total forecast;

- Cash is £35.1m which is £9.6m higher than plan.
- Capital expenditure is £22.0m which is £5.5m ahead of plan.

The Committee discussed their concern about pay costs increasing despite the staffing pressures being reported. The Finance team was investigating this to understand the cause, as the total pay bill had increased but without improvement regarding staffing pressures. The Committee asked for a report at the next meeting.

- e) A separate report was considered on the financial re-forecast for 2017/18, and the Committee reviewed the presentation made to NHS Improvement on 27 November 2017.

The Board approved a re-forecast for the financial outlook for 2017/18 of a £5.2m deficit which was submitted to NHS Improvement in October 2017.

The Board requested weekly updates on progress in delivering the re-forecast. Financial information is only available monthly and so a short powerpoint slide presentation will be circulated weekly. This will summarise the executive view of the major assumptions, risks and opportunities. All financial data, including a full reforecast, will be circulated monthly.

As part of the ongoing scrutiny over the Trust's finances, NHS Improvement required the Trust to attend a monthly financial oversight meeting. The first of these meetings was held on 27 November 2017.

In order to deliver the reforecast the Trust has engaged Hunter Healthcare to support both the Medicine, Rehabilitation and Cardiac [MRC] and the Children's and Women's [CHWO] Divisions.

The Committee noted the following updates to the reforecast submitted to NHSI:

- EBITDA was £0.2m below reforecast which includes:
  - Clinical Support Services [CSS], CHWO and Education were £1.7m better than expected;
  - MRC was £1.8m worse than expected and there was a further net reduction of £0.1m in central;
- The risk reserve would be adjusted to keep forecast EBITDA constant and £1.8m would be used to keep the deficit forecast at £5.2m;
- There has been no change in the profile of identified risks, but a further £1.1m of opportunity has been identified. This is not yet included in the forecast but provides some potential mitigation to the items noted above.

NHSI had also endorsed the Trust's objective to focus on improving underlying EBITDA, whilst making it clear that the Trust would be expected to deliver the best possible bottom line at year end.

Figures for each Division were presented and of most concern were Children's and Women's [CHWO] and Medicine, Rehabilitation and Cardiac [MRC] who were £3.4m awry on EBITDA at M8. This appeared to be an income issue but it was not yet clear how non-recurrent items had affected this.

The importance of Divisions retaining control of their finances was emphasised. The current plan was to require actions to close the gap in their numbers to ensure ownership of this. Most of the concern was in the Divisions where Hunter Healthcare had started working and will be providing support.

- f) The Committee reviewed the proposal for the development of Corporate and Divisional plans for 2018/19 which was to take the form of a high level refresh of the 2017/18 plans using the strategic themes to frame the planning process. However, given the current performance of the Trust, this refresh would have a particular focus on 'sustainable compliance' i.e. achieving the national 'must dos' with particular attention on sustainably meeting the financial control total and meeting the 4 hour target in ED whilst also making progress towards meeting the 18 week RTT target and addressing known localised quality issues.

At the same time the business plan would include key developments in other strategic theme areas, including development of the new operating model as part of the Focus on Excellence workstream.

The signed off Business Plan and budget would be taken to the March 2018 Board and then to the Council of Governors in April 2018.

- g) The Committee received a presentation from Peter Knight, Chief Information and Digital Officer to update them on the Digital Strategy in which he outlined the main aims of the strategy and current results including:

- Systems to be implemented;
- Paperless working;
- Voice recognition;
- Decision support with feedback;
- Device integration;
- Interoperability;
- Imaging; and
- Population Health Plans.

The Committee discussed key points from the presentation and were encouraged that this work gave staff hope of future improvements and would give them more time to spend with patients.

- h) The Committee received a report on the Board Assurance Framework and Corporate Risk Register from Ms Eileen Walsh, Director of Assurance. The paper provided an opportunity for the Committee to review the development of the Board Assurance Framework [BAF] and Corporate Risk Register [CRR]. The BAF is being developed following the Board Seminar on 29 November 2017. The risk descriptions and key controls on the CRR are also being developed.

## Key Risks Discussed

Risks discussed by the Committee included:

- I. Risks associated with maintaining capacity and flow within the urgent care pathway throughout the winter months. These included 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;
- II. Risks to the delivery of the RTT Activity Plan, including its affordability for the Oxfordshire healthcare system in 2018/19, and the risks associated with constraints on the ability to recruit appropriately trained staff in theatres and wards;
- III. Risks associated with delivery against the Trust's financial re-forecast for 2017/18, including the adverse impact of winter pressures;
- IV. Risks regarding divisional accountability for finances in the Business Planning process for 2018/19.

## Key Actions Agreed

The Committee agreed key actions as follows:

- The Committee confirmed that recruitment on a recurrent basis to deliver 2017/18 elements of the RTT improvement plan (phase 1 and phase 2) could continue and that the resulting activity should be added to the Trust's baseline level from 1 April 2018;
- The Committee discussed its concern about pay costs increasing despite the staffing pressures being reported. The Finance team was investigating this to identify the cause as the total pay bill had increased without improvement regarding staffing pressures. The Committee asked for a report at the next meeting;

## Future Business

The Committee will continue to review the Trust's performance in relation to waiting times, and the financial performance against the plan for 2017/18. Areas upon which the Committee will be focusing at its next meeting in August include:

- Report on the development of and delivery against both stages of the medium term RTT Plan;
- Review of the emergency pathway, including the 4 hour A&E waiting time target and DTOCs.



**Recommendation**

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

**Mr Geoffrey Salt**  
**Finance and Performance Committee Chairman**

**January 2018**