



Trust Board Meeting in Public: Wednesday 10 July 2019

TB2019.69

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

<b>Board Lead(s)</b>	<b>Ms Paula Hay-Plumb, Finance &amp; Performance Committee Chairman</b>			
<b>Key purpose</b>	Strategy	<b>Assurance</b>	Policy	<b>Performance</b>

## Executive Summary

1. The Finance and Performance Committee is a sub-committee of the Trust Board, and as such provides a regular report to the Board on the main issues raised and discussed at its meetings.
2. Under its terms of reference, the Committee is responsible for providing information and making recommendations to the Trust Board on financial and operational performance issues and for providing assurance that these are being managed safely.
3. In line with best practice in other sectors, the Finance and Performance Committee also produces an Annual Report to the Board summarising its activities for the financial year 2018/19, setting out how it met its Terms of Reference. This is provided in Section 2.
4. The Finance and Performance Committees Terms of Reference and Membership are attached at Appendix 1.

## Recommendations

5. The Board is asked to:
  - **Note** the Finance and Performance Committee's regular report to the Board from its meeting held on 12 June 2019.
  - **Review** and **approve** the Finance and Performance Committee Annual Report 2018/19 including the Terms of Reference (Section 2).

## Introduction

Since the Board last met in public in May 2019, the Finance and Performance Committee [“the Committee”] held its most recent regular meeting on 12 June 2019.

Under its terms of reference, the Committee is responsible for providing information and making recommendations to the Trust Board on financial and operational performance issues and for providing assurance that these are being managed safely. This report aims to contribute to the fulfilment of that purpose.

## Relevant Risks on Risk Registers

Those rated 16 or 20 in May included in the report provided to the Committee were:

- National access targets (A&E, RTT and Cancer);
- Workforce, capacity including the recruitment and retention of staff;
- Financial control total and long term financial sustainability;
- Challenges in maintaining full compliance with CQC regulations; and
- Lack of robust systemwide plans for demand management and quality improvement.

## Updates on Existing Concerns

The Committee received updates from the relevant execs on key areas of ongoing concern:

### a) NHSI Undertakings

The Committee received two detailed reports in relation to the Undertakings. The first provided an overview of progress under the various action plans with the five programmes in the 2018/19 Integrated Improvement Programme relating to Urgent Care, Elective Care, Quality & Governance, Workforce Improvement and Financial Delivery. Executive leads for each programme provided a detailed summary of key achievements and identified areas where there was further work to be pursued.

The second item assessed the position against each of the NHS Undertakings with RAG ratings based on the physical evidence submitted to the Programme Management Office following a review of its robustness. It was agreed that the Committee would receive an assessment of outstanding actions and how these were to be incorporated into the new programme at its meeting in August followed by quarterly updates on progress.

Overall the quality and thoroughness of these reports were commended and the significant amount that had been achieved was noted.

### b) Contracting for 2019-20

The Committee received a verbal update confirming that the contract with Oxfordshire Clinical Commissioning Group had been signed and that the headline terms of the specialist contract had also now been agreed.

### c) Budgeting for 2019-20

The Committee heard that it had not yet been possible to finalise budgets with all clinical divisions and was updated on the measures that were being taken to bridge the existing gap. In relation to IM&T and Estates it was noted that proposals were believed to be adequate for current plans but that these might be subject to change following review by the Interim Director of Estates and by the

Chief Digital Officer when in post. The Committee also heard that a revised and more transparent process was in place to make decisions relating to committing spend from the reserve fund for business cases.

**d) JR2 Theatres Refresh**

The Committee heard that the first phase of the refresh, comprising work on four theatres, was complete. Some small snagging issues had been identified but quickly resolved.

**e) Cashflow Plan**

The Committee noted that a need had previously been recognised for greater focus on cash forecasting. It was assured to note that the cash position remained fairly comfortable even under a material downside.

**Financial and operational performance issues arising from routine monitoring**

The Committee received the Integrated Performance Report and Financial Performance Report.

Integrated Performance Report (IPR M1)

- a) The Committee reviewed the M1 IPR, noting that this was a new report incorporating quality and safety metrics which replaced the previous Integrated Performance Report and would be further developed to include workforce and finance data.
- b) Four hour wait performance in April had been 84.73%, a deterioration on the same month in the previous year. It was noted that there had been 409 more breaches but also a significant increase in attendances, noting that this also reflected a national picture. It was expected that the May figure would show an improvement though it was likely to remain below the planned trajectory. It was highlighted that performance was not an outlier for the region and that year to year performance comparison was not necessarily helpful as this could be affected by factors such as flu levels and temperature.
- c) It was recognised that bed occupancy continued to be a key issue with a need to keep this at 92% or below to maintain ED flow. The Committee heard that the Trust was able to monitor its occupancy levels in real time. It was noted that surges of activity during the evening were a particular problem. The need for further data on beds systemwide clarifying both the total bed availability and those closed due to staffing constraints was reiterated.
- d) The Committee noted the planned waiting list size trajectory. It heard that weaknesses had been identified in some specialties related to shortages of administrative staff and that TME was to consider a business case for additional resource in the elective access team to address this. A small increase in 52 week wait patients was noted and it was agreed that the Committee would be updated on measures to ensure sufficient capacity existed for these patients, particularly whilst the JR2 theatres refresh was underway.
- e) MRI scans were noted to be the main pressure point in relation to the diagnostic wait standard but plans were in place to increase capacity with a known improvement trajectory. Delays in sleep studies were also recognised to have been an issue but waiting times had now begun to improve.
- f) The Committee noted that the Trust had failed to achieve three of the eight cancer standards during March. The tumour sites with the most significant

pressures were Urology, Lung and Head & Neck and the Committee heard about the specific improvement plans that had been developed in each case. It was recognised that delivery of the 62 day standard was a particular challenge for OUH as a tertiary centre which inevitably treated patients with the longest and most complex multi-trust pathways.

#### Financial Performance (M1)

- a) The Committee noted its concern about the £1.1m adverse position in month 1. However it was recognised that there was a high level of uncertainty related to income estimation for the first month and that this was likely to remain volatile during the first quarter. The Committee considered the stage at which it would be reasonable to assess the position against trajectory and it was agreed that it would initially review whether the first quarter was cumulatively on track.
- b) It was also noted that the Trust had spent above its plan on capital in month but that this might be regarded as reducing the risk of underspend across the year, this being a more typical picture for capital.

#### Other Items

- a) The Committee received an update on the outcomes from the quarter 4 divisional performance reviews and it was agreed that the process would be further strengthened to improve the monitoring of rectification plans in relation to issues identified.

#### **Key Risk areas** included:

- a. Patient flow and bed occupancy and the impact on the ability to deliver the 4 hour A&E standard;
- b. The impact of the JR2 Theatre Refresh Project on high priority activity;
- c. The financial risk related to the deliverability of the Trust's plan based on M1 figures with a detailed review to take place at the end of Q1;
- d. A specific risk regarding the delay in agreeing an annual budget for all divisions;
- e. The risk related to the lack of clear action plans to address the issues identified through divisional performance reviews; and
- f. The risk of financial pressures emerging when the Estates and IM&T Departments are in a position to articulate in full their costed priorities for the year.

#### **Key Actions** agreed included:

- a. The Committee asked for a breakdown of breaches of the Emergency Department four hour target by cause including splitting them by specialty where relevant;
- b. The Committee asked for an update on protection of capacity for 52 week wait and cancer patients whilst the JR2 theatres refresh programme was underway; and
- c. The Committee will receive an update on the Integrated Improvement Plan including an indication of how those actions related to the NHSI undertakings which remain outstanding will be incorporated.

#### **Recommendation**

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

**Ms Paula Hay-Plumb**  
**Finance and Performance Committee Chairman**  
**July 2019**

## Section 2

### Finance and Performance Committee Annual Report

#### 1. Background

- 1.1. Good practice states that the Trust Board should review the performance of its Committees annually to determine if they have been effective, and whether further development work is required.
- 1.2. This Annual Report summarises the activities of the Trust's Finance and Performance Committee (the Committee) for the financial year 2018/19 setting out how it has met its Terms of Reference and key priorities.
- 1.3. The purpose of the Committee is laid down in its Terms of Reference. In summary it is responsible for providing information and making recommendations to the Trust Board on financial and operational performance issues and for providing assurance that these are being managed safely.

#### 2. Scope of Review of Effectiveness

- 2.1. The review undertaken by the Director of Regulatory Compliance and Assurance has focused on a review of the papers presented to the Committee in comparison to the agreed Terms of Reference and the Cycle of Business. The review was broken down into responsibilities, reporting arrangements, and Cycle of business, membership and attendance record.
- 2.2. This review covers the financial year from 1 April 2018 to 31 March 2019, and as a result it will not take into account any changes made to the operation of meetings from April 2019 onwards.

#### Responsibilities

- 2.3. During 2018/19, the Committee has delivered the key responsibilities as set out in the Terms of Reference. Compliance with a number of the key responsibilities is evidenced by the following actions:
  - The integrated performance report of the Trust has been monitored throughout the year;
  - The Trust's performance against its annual financial plan and budgets has been kept under review;
  - Divisional financial performance has been reviewed and at the end of the financial year, the Committee received an updates on the quarterly divisional performance review results;
  - The Committee has been updated on the development of the Trust's financial planning for 2018/19 including corporate and divisional planning and provided with financial re-forecast reports;
  - Action plans and trajectories for operational performance have been reviewed.
  - The Board Assurance Framework and Corporate Risk Registers were regularly reviewed and discussed, to ensure that identified controls were appropriate to mitigate the risks to a level within the Trust's risk appetite.

### Reporting Requirements

- 2.4. The Committee reported to the Trust Board after each meeting during the year. Reports included a description of the business conducted, risks identified and key actions agreed. Key risks identified by the Committee and escalated to the Trust Board for information included risks associated with:
- The late availability of Trust's Business Plan for 2018/19 impacting upon the Trust's reputation, regulatory compliance and delivery.
  - The risk that capacity could be insufficient to meet increasing referrals particularly on the Urological Cancer Pathway, and that consequently the percentage of patients receiving first treatment within 62 days from urgent GP referral would not meet the standard of 85%;
  - The risk that workforce constraints could limit the elective capacity required to achieve sustainable reductions in waiting times for patients on the incomplete pathways, resulting in failure to meet national guidance that the waiting list should be no larger at the end of 2018/19 than at the beginning of the year;
  - The impact of insufficient capacity for the urgent care pathway on elective activity and the achievement of RTT (Referral to Treatment) and 52 week wait targets. Workforce constraints would limit the capacity of elective care that could be delivered, which in turn would constrain income, undermining the pace of improvement in underlying EBITDA performance required to achieve financial sustainability and deliver the Trust's financial control total.
- 2.5. Significant issues of interest reported to the Trust Board included:
- NHSI Enforcement Undertakings and the Committee's greater role in ensuring credible plans to deliver improvements in performance and finance. These included plans to improve governance, winter preparedness and urgent care delivery plans.
  - Options to deliver sustainable expansion of capacity in Gynaecology
  - An overview from the Divisions of the current situation, and the mitigating actions in place to address underperformance against plan in Neurosciences, Orthopaedics, Trauma and Specialist Surgery.
- 2.6. The reports consistently identified areas to be raised to the Trust Board or referred to other sub-committees of the Trust Board. In particular, the Board requested further work to be undertaken by the Committee to understand the potential shortfalls in delivering the financial plan, following the reforecasting exercise.

### Cycle of Business

- 2.7. The items on the cycle of business were largely delivered as planned.
- 2.8. A number of additional items were considered by the Committee during the year including papers on:
- The Integrated Recovery Plan developed following the NHSI Enforcement undertakings. This included the Programme Management Office (PMO) structure put in place to coordinate the five programmes relating to the undertakings. Non-



Executive Directors highlighted the importance of execution at pace, and ensuring full engagement of the programme management office.

- Updates on the plan for the expansion of capacity and sustainable improvement in Gynaecology Services
- EBITDA trends by Division
- Hunter Healthcare and Carnall Farrar provided input to improve patient flow through the emergency care pathway and to better match capacity with demand.
- Update on the development of plans for sustainable improvements in Gynaecology Services including the reconfiguration of Gynaecology into a clinical directorate distinct from Obstetrics.
- Report on the work undertaken by the Operational Productivity Team set up by NHSI, the aim being to support providers deliver productivity improvement and to reduce reliance on management consultants.
- Review on performance of the Paediatric Services.

### 3. Membership and Attendance Record

3.1. During 2018/19, the Committee met seven times with attendance recorded in the table below. This demonstrates that every meeting of the Committee during the year was quorate.

3.2. The Terms of Reference state that all members will attend at least four out of six committee meetings per financial year, all members who were in post for the full year attended four out of seven meetings during this year.

Committee Members		11-Apr-18	13-Jun-18	08-Aug-18	10-Oct-18	12-Dec-18	13-Feb-19	27-Feb-19
Committee Chairman, Non-Executive Director	Geoff Salt (until Sep 2018) Paula Hay-Plumb (from Dec 2018)	✓	✓	✓	✗	✓	✓	✗
Non-Executive Director	Dame Fiona Caldicott	✓	✓	✓	✗	✓	✓	✓
Chief Executive	Dr Bruno Holthof	✓	✓	✗	✗	✓	✓	✓
Medical Director	Dr Tony Berendt (until Sep 2018) Dr Clare Dollery (From Sept 2018 - Jan 2019) Professor Meghana Pandit (from Jan 2019)	✓	✓	✓	✓	✓	✓	✓
Director of Clinical Services	Mr Paul Brennan Ms Sara Randall (Acting from July 2018)	✓	✓	✓	✓	✓	✓	✓
Chief Finance Officer	Mr Jason Dorsett	✓	✓	✓	✓	✓	✓	✓
Chief Nurse	Ms Sam Foster	✗	✓	✓	✗	✓	✓	✓
Non-Executive Director	Mr Christopher Goard	✓	✓	✗	✓	✓	✓	✓
Non-Executive Director (Vice - Chair)	Ms Anne Tutt	✓	✗	✓	✓	✗	✓	✓

#### Key

✓ In attendance (or represented by deputy)      ✗ Not in attendance

3.3. The Committee has on occasion welcomed visitors to observe some of its meetings.

### 4. Self-assessment

4.1. The Committee acknowledges that the quality of the papers presented to it has continued to improve during the year, to provide better assurance that all aspects of quality are being appropriately managed.

- 4.2. In setting agendas the Committee's intention has increasingly been to focus time, papers and discussion by exception on aspects of finance and performance with most need for improvement and to develop service specific and timely performance metric and data.
- 4.3. The Committee routinely considers at the end of each meeting whether the issues which have been discussed have implications for the Board Assurance Framework and Corporate Risk Register, commenting on levels of risk when appropriate. This review presented an opportunity for reflection and it was noted that the reporting from the Committee to the Board could be improved; this will be addressed during 2019/20.
- 4.4. The Committee has continued to monitor operational performance targets and EBITDA in order to maintain its focus on its key financial duties for the year.

## 5. Terms of Reference

- 5.1. The Terms of Reference (ToR) were previously reviewed and revised in May 2018, with an annual review date set.
- 5.2. The updated Terms of Reference (ToR) are presented in **Appendix 1**, with minor changes from the previous year's ToR highlighted.

## 6. Conclusion and actions for 2019/20

- 6.1. The review has identified that the Committee has delivered the responsibilities as set out in the Terms of Reference. In particular it has continued to monitor the plans developed in relation to NHSI undertakings and the CQCs Well-Led Inspection.
- 6.2. Attendance at meetings has been good in the majority of meetings, and the cycle of business has been completed.
- 6.3. Areas for action during 2019/20 include: i) the continued development of performance data to improve the assurance information included in papers and ensure that the papers are tailored to meet the Committee's needs; ii) the continued scrutiny of NHSI undertaking progress, iii) an improved approach to the use of the cycle of business to facilitate a more routine approach to scheduling agenda items, iv) the consideration of the use of a 'deep dive' approach to certain specific items as particular issues emerged. These are in the context of an emerging process to further review and amend the committee structures of the Trust.

## 7. Recommendation

The Board is asked to:

- Review and approve the Annual Report 2018/19.
- Review the Finance and Performance Committee Terms of Reference, revised to incorporate minor amendments to reflect changes in membership.

## **Finance and Performance Committee**

### **Terms of Reference**

#### **1. Authority**

- 1.1. The Finance and Performance Committee (the Committee) is constituted as a standing committee of the Trust Board. The Committee is a Non-Executive Committee and has no executive powers, other than those specifically delegated in these Terms of Reference. The Terms of Reference can only be amended with the approval of the Trust Board.
- 1.2. The Committee is authorised by the Trust Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.
- 1.3. The Committee is authorised by the Trust Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experiences and expertise if it considers this necessary.

#### **2. Purpose of the Committee**

- 2.1. The Committee is responsible for providing information and making recommendations to the Trust Board on financial and operational performance issues and for providing assurance that these are being managed safely.

#### **3. Membership**

- 3.1. The membership of the committee shall be composed of the following core members:
  - 6 5 Non-Executive Directors (one of whom will be the Chair of the Committee)
  - Chief Executive
  - Chief Financial Officer
  - Chief Medical Officer
  - Chief Nursing Officer
  - Chief Operating Officer
- 3.2. All Board members outside the core membership have an open invitation to attend any meeting if he/she wishes to do so.

#### **4. Attendance and Quorum**

- 4.1. The quorum for any meeting of the Committee shall be attendance of a minimum of five members of which two will be Non-executive Directors.
- 4.2. It is expected that all members will attend at least 4 out of 6 committee meetings per financial year. An attendance record will be held for each meeting and an

annual register of attendance will be included in the annual report of the committee to the Board.

- 4.3. If Executive or Non-executive Directors are unable to attend a meeting they should nominate a deputy subject to agreement with the Chief Executive and consultation with the Committee Chairman. Deputies will be counted for the purpose of the quorum.
- 4.4. The Chair may request attendance by relevant staff at any meeting.

## **5. Frequency of meetings**

- 5.1. Meetings of the Finance and Performance Committee shall be held six times per year, scheduled to support the business cycle of the Trust and at such other times as the Chairman of the Committee shall identify, subject to agreement with the Chairman of the Trust and the Chief Executive.
- 5.2. The Chairman may at any time convene additional meetings of the Committee to consider business that requires urgent attention.
- 5.3. Meetings of the Committee shall be set at the start of the calendar year.

## **6. Specific Duties**

- 6.1 The specific responsibilities of the Committee are to:
  - Review the integrated performance of the Trust
  - Provide overview and scrutiny in any other areas of financial and operational performance referred to the Performance and Finance Committee by the Trust Board.
  - Monitor the effectiveness of the Trust's financial and operational performance reporting systems ensuring that the Board is assured of continued compliance through its annual reporting, reporting by exception where required.
  - Review the Trust's performance against its annual financial plan and budgets.
  - Review the Trust's operational performance against its annual plan and to monitor any necessary corrective planning and action.
  - Monitor the performance of the Trust's physical estate and non-clinical services.
  - Provide overview and scrutiny to the development of the medium and long term financial models (MTFM and LTFM)
  - Ensure the MTFM and LTFM is designed, developed, delivered, managed and monitored appropriately
  - Ensure that appropriate clinical advice and involvement in the MTFM and LTFM is provided
  - Review the in-year delivery of annual efficiency savings programmes
  - Assure the Trust's maintenance of compliance with NHSI
  - Review the performance indicators relevant to the remit of the Committee

- Identify annual objectives of the Committee, produce an annual work plan in the agreed Trust format, measure performance at the end of the year and produce an annual report
- Consider any relevant risks within the Board Assurance Framework and corporate level risk register as they relate to the remit of the Committee, as part of the reporting requirements, and to report any areas of significant concern to the Audit Committee or the Board as appropriate
- Undertake any other responsibilities as delegated by the Trust Board.

## **7. Sub-Committees**

7.1 The Finance and Performance Committee has no established sub-committees but it will receive information and assurances from the Trust's internal performance review processes and meetings.

## **8. Administrative Support**

8.1 The Finance and Performance Committee will be supported by the Chief Financial Officer, as the nominated lead Executive Director. The Committee will be supported administratively by the Head of Corporate Governance, whose duties in this respect will include:

- Agreement of the agenda with the Chief Financial Officer and the Committee Chairman, collation and distribution of papers at least five working days before each meeting.
- Taking the minutes and keeping a record of matters arising and issues to be carried forward.
- Providing support to the Chair and members as required.

## **9. Accountability and Reporting arrangements**

9.1. The Committee shall be directly accountable to the Trust Board.

9.2. The Committee shall refer to the Board any issues of concern it has with regard to any lack of assurance in respect of any financial or operational aspect. The Chair of the Committee shall prepare a summary report to the Board detailing items discussed, actions agreed and issues to be referred to the Board. The Chair of the Committee is also required to inform the Board on any exceptions to the annual work plan or strategy. The Chair will report any specific issues on the risk register to the Audit Committee.

9.3. The minutes of the Committee meetings shall be formally recorded and submitted to the next meeting of the Board following the production of the minutes.

## **10. Monitoring Effectiveness and Compliance with Terms of Reference**

10.1. The Committee will carry out an annual review of its effectiveness and provide an annual report to the Board on its work in discharging its responsibilities, delivering its objectives and complying with its terms of reference, specifically commenting on relevant aspects of the Board Assurance Framework and relevant regulatory frameworks.

**11. Review of Terms of Reference**

10.1 The Terms of Reference of the committee shall be reviewed at least annually by the Committee and approved by the Trust Board.

**Date approved:**

**Approved by:** [Trust Board]

**Next review date:**

## Appendix 1

**Finance and Performance Committee Membership 2019/20**

Non-Executive Director (Chair)	<i>Ms Paula Hay-Plumb</i>
Chief Executive	Dr Bruno Holthof
Chief Finance Officer	Mr Jason Dorsett
Chief Information and Digital Officer <i>Chief Nursing Officer</i>	<i>Ms Sam Foster</i> Mr Peter Knight
Non-Executive Director	Mr Christopher Goard
Chief Medical Officer	<i>Professor Meghana Pandit</i>
<i>Acting Chief Operating Officer</i>	<i>Ms Sara Randall</i>
Non-Executive Director (Vice Chair)	Mrs Anne Tutt
Non-Executive Director	TBC
Non-Executive Director	TBC

\*\*there are two Non-Executive Director memberships to be confirmed