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<td>Board Lead(s)</td>
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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.

Recommendations

3. The Board is asked to:

- **Note** the Finance and Performance Committee’s regular report to the Board from its meeting held on 11 December 2019.
Introduction
Since the Board last met in public in November 2019, the Finance and Performance Committee [“the Committee”] held its most recent regular meeting on 11 December 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 December included in the report provided to the Committee were:

- National access targets (A&E, RTT and Cancer);
- Financial control total and long term financial sustainability;
- The ability to maintain key mechanical and engineering infrastructure across the estate and to improve healthcare environments to maintain regulatory compliance;
- The impact on operational performance from access to hospital sites and care parking constraints; and
- Lack of robust systemwide plans for demand management.

Updates on Existing Concerns
The Committee received updates from the relevant executive directors on key areas of ongoing concern:

a) NHSI Undertakings
The Committee heard that NHSI had reviewed the evidence that the Trust had submitted in support of the removal of the undertakings and that it was understood that NHSI were happy to lift the undertakings in relation to governance, urgent care, elective care and workforce based on the update on action plans provided. The Trust expected to receive a formal communication to confirm this position.

This meant that only the finance undertaking remained of those initially put in place, although it was understood that NHSI were also reviewing the Trust’s cancer performance and that it was possible that this would result in an additional undertaking.

b) Performance of HART (Home Assessment and Re-ablement Team) Contract
The Committee received an update on the performance of the HART contract, noting that the Trust held a social care licence to deliver re-ablement for 200-250 patients in the community with the service run by the Medicine, Cardiac and Rehabilitation Division with support from the Improvement Team.

The operational benefit of the HART service in reducing operational pressures was noted. It assisted the Trust in either freeing up beds which could be used to treat more patients, reducing waiting lists and earning income or by reducing the need for premium agency costs to open additional beds.
It was recognised that the Trust would wish to have a better understanding of the profitability of the service and how these were impacted by package sizes and travel to care delivery ratios.

The Committee noted the report on the HART contract and that the renewal of the contract was due in October 2020. It agreed that it would receive a further report, with a focus on the profitability of the existing contract, which would set out actions for consideration in light of the retendering exercise.

Financial and operational performance issues arising from routine monitoring

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

Integrated Performance Report (IPR M7)

a) The Committee reviewed the M7 IPR, noting that the report now incorporated workforce data for the first time.

b) Four hour wait performance in October had been 81.9% against a figure of 90.2% in the annual plan trajectory, with the figure being 80.4% at the Horton and 82.5% at the John Radcliffe. Attendances and occupancy levels continued to show an increase with breach numbers higher than for the same period in 2018. The Committee noted, however, that the Trust was currently ranked 26 out of 123 trusts in relation to performance against the four hour emergency department wait standard and that, though performance was deteriorating, this was therefore in the context of a good comparative national position. It was recognised, nonetheless, that from a patient perspective four hour breaches had increased and that October had also seen two breaches of the 12 hour trolley wait standard.

c) The Committee received a summary of the urgent care improvement plan programme, including projects related to winter planning. It heard that the programme was being revised to show interdependencies for the system and to emphasise the top priorities for the Trust. The need was emphasised, as had been done so successfully in the previous 18/19 year, to define KPIs for each of the priorities and to clearly articulate the intended trajectories against these with a view to tracking progress and seeing the impact that these priority measures have on the four hour target itself.

d) The Committee noted that the Trust remained below its planned waiting list size trajectory in October although the size of the waiting list had increased since September. 52 week breaches had increased to 21 for October against a planned trajectory of zero. Harm reviews were being undertaken on all of these patients.

e) The Committee heard that an additional general surgery emergency list was being put in place in order to address a shortfall in emergency operating capacity.

f) Performance against the diagnostic wait standard had deteriorated slightly to 2.3% compared with the trajectory figure of 1.0%.

g) The Committee noted that the Trust had delivered four out of the eight cancer standards in October compared with five in September. It was agreed that the Trust Management Executive would develop a plan for the coming months to
prioritise the cancer position and target 52 week waits, within the context of delivering the revised financial forecast.

h) In relation to workforce, the Committee heard that overall headcount had increased during the year and that work was underway to further drive down vacancies and reduce turnover. Turnover reduction would be underpinned by improving understanding of the drivers in high turnover areas. It was noted that the Trust’s sickness levels benchmarked favourably compared with other trusts even though the organisation’s internal target was not being met with work continuing to reduce sickness levels. The Committee was also informed that a large amount of activity was underway in relation to reducing bank and agency usage.

Financial Performance (M7)

a) The Committee heard that prior to the inclusion of incentive funding the year to date position was a deficit of -£14.2m which was £14.2m worse than plan. However this position was £0.9m better than the trajectory included in the Trust’s reforecast. On that basis commissioned income was above plan though offset to some extent by increases in pay and other costs. Capital expenditure was £2.7m below forecast due to fluctuations in individual schemes, but was not regarded as a cause for concern.

b) A forecast of the likely year end position was provided to the Committee, outlining the assumptions that were being made and showing a potential deficit against the forecast submitted to NHSI. This included the impacts of the new general surgery emergency capacity and IM&T expenditure, but excludes the impact of any further loss of theatre capacity.

c) The Committee was also presented with an analysis of corporate financial performance which showed a year end adverse variance of £2m based on the current forecast projection. The Committee heard that corporate budgets were generally fairly small, compared to clinical divisions, making it more difficult for them to absorb variations.

d) The most significant variances were noted to be in Finance & Procurement and Digital & Partnerships, with Digital & Partnerships being increased spend above budgets and Finance & Procurement being spend within budget as part of an agreed investment in capacity. The Committee heard that the Procurement business case was currently in the process of implementation with some double running as a result which could be reduced by deferring some projects. The variance in the Digital budget was noted to be a result of inadequate budget provision for electronic patient record licence costs. This would be remedied for the following year with short term savings made where possible.

Planning Arrangements for 2020/21

a) An outline of a draft approach to the development of annual plans for 2020/21 including initial assumptions was provided to the Committee, noting that the final plans would be signed off during March and April. The Chief Finance Officer explained that the starting point for budgeting would be month 7 outturn adjusted for inflation, growth, developments and productivity. The Committee noted the approach outlined for the development of annual plans for 2020/21, with the requirement for plans to be produced at Trust, Divisional and Directorate level, to the timescales specified.
b) The desire to improve the organisation’s performance in relation to cancer standards and 52 week waits was emphasised, recognising the challenge of doing so whilst making inroads into the deficit. The Committee emphasised its concern regarding the level of improvement during the current year.

c) The constraints within which the plan needed to be developed were recognised and included the impact on capacity of theatre closures to carry out work on the West Wing ventilation system, an ongoing shortage in available staffing and the fact that Trust would commence the year with an underlying deficit. The need to ensure that there was a schedule in place for the delivery of savings and that this had sufficient divisional support was emphasised as was the need for a suitable mechanism to involve governors in the process.

d) The Committee heard that ambitious improvement objectives had been set in the current year and recognised that the plan had not been revisited sufficiently early when new information challenged initial assumptions. It was agreed that a summary be prepared of the approaches to addressing the issues that had been identified in the planning for 2020/21.

Other Items

a) The Committee received an update on the outcomes from the Quarter 2 divisional performance reviews. Committee was informed that two posts in the new performance team had been recruited to and that interviews had taken place for the Director of Performance and Accountability although it was likely to be some months before the new appointee took up the post. The Committee noted the assurance provided by the report on the Q2 divisional reviews and the progress that had been made. It approved capital prioritisation, finance and workforce as the priority areas for Q3 reviews. The Committee also noted the progress made in the development of the performance function and divisional interface.

b) A high level update on the Integrated Improvement Programme for 2019/20 was provided to the Committee.

Key Risk areas included:

a. The risk that system plans are insufficient to deliver the target level of bed occupancy across the winter period with a significant impact on the ability to deliver the four hour A&E standard and to maintain the flow of urgent care activity;

b. The risk that the Trust is unable to reverse the increase in the numbers of patients waiting over 52 weeks;

c. The risk of ongoing failure to deliver all eight cancer standards;

d. The financial and reputational risk related to the deliverability of the Trust’s reforecast financial plan; and

e. The risk of a loss of momentum due to the delay in the new Director of Performance coming into post.

Key Actions agreed included:

a. The Committee asked for a summary of the measures to be taken to ensure that the 2020/21 planning process improves on that for the current year in those areas where issues had been identified;
b. The Committee is to see further detail regarding KPIs for each of the urgent care priorities, clearly articulating the intended trajectories against these KPIs with a view to tracking progress and seeing the impact that these priority measures have on the four hour target itself; and

c. The Committee requested a further report, with a focus on the profitability of the existing contract, which would set out actions for consideration in light of the retendering exercise.

Recommendation

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

Ms Paula Hay-Plumb
Finance and Performance Committee Chair
January 2020