West Hertfordshire Hospitals NHS
NHS Trust

Agenda item: 16/47

Report to:	Trust Board
Title of Report:	Finance, Investment & Performance Committee Assurance report to Board
Date of meeting:	21 March 2017
Recommendation:	For discussion
Chairperson:	John Brougham, Non-Executive Director
Purpose	This report summarises the assurances received, approvals and decisions made by the Finance, Investment and Performance Committee (FIPC) on Tuesday, 21 March 2017
Background	The FIPC meets monthly and takes scheduled reports from all Trust operational committees with a finance, information technology and performance brief according to an established work programme
Terms of Reference	The Committee reviewed the revised Terms of Reference (ToR) effective from April 2017, in line with the revised corporate governance structure agreed at the Trust Board in March. The key changes in duties are that from April the Executive Committee will be the Committee providing assurance reports to the Board covering the IPR and divisional performance. These items will therefore no longer be reported by this Committee which will be called the Finance and Investment Committee, and there will be appropriate changes to the membership and quorum. Subject to one correction relating to the quorum the Committee recommended that the revised ToR be presented to Part 1 of the May Board.

Business undertaken

Integrated performance report

The Committee's focus is on the Responsive section of the IPR which includes performance target times for Referral To Treatment (RTT), Diagnostics, A&E, Cancer, treatment of patients following cancellation of operations and outpatients' appointments, and the number of Delayed Transfers of Care (DToCs).

Of the 21 key performance indicators 10 met target in February, 2 more than in January, with cancer 31 day, 62 day and 62 day screening waiting times all improving to meet standard. This meant that 6 of the 7 cancer waiting time standards were achieved in the month.

The one drop from standard was an RTT wait time of more than 52 weeks, compared to none in January, and the Committee were assured that the patient was seen in February.

Emergency care and RTT standards form the bulk of the underperforming waiting time standards, all of which are adversely impacted by the failing DToC standard. In February in the region of 150 beds were occupied by DToC and stranded patients who no longer require acute hospital care, but without the capacity in the wider system to accommodate them, resulting in bed occupancy consistently above 98%, compared to the ideal standard of 85%.

The Committee reviewed a paper updating the plans in place and progress being made to improve RTT and A&E performance.

The Emergency Department Transformation Programme has now been launched, led by the Medical Director, addressing 4 key priority areas - front of house, inpatient wards, discharge planning and aftercare.

The Committee supported the plans in place, both internally, where achieving continued and sustained high efficiency and patient flows are the sole responsibility of the Trust, and working externally together with our system wide partners to help reduce pressures at the front end and increase capacity within the community to free up bed space.

In February there was a small increase in the ED 4 hour wait performance from 75.4% to 77.6%, still well below the standard of 95%, and the reality is that whilst successful implementation of internal plans to improve patient flow are essential to improve performance the standard will not be achieved without major system wide changes, primarily in providing a much greater capacity in the community.

Despite further cancellation of non cancer elective admissions, 29 in February, due to bed shortages, the RTT incomplete performance edged 1% closer to the 92% standard from 88.3% in January to 89.3%, the highest level this year, with the backlog of patients over 18 weeks at its lowest level and 29% lower than in September.

The Committee reviewed improvement plans, primarily in Surgery. Performance in WACS and Elective Medicine are above the 92% standard on a sustained basis whilst Surgery is well below, at 84.9%, up by 1% from January.

The Committee recommends that the paper on A&E and RTT performance and plans is presented to Part 2 of the April Board.

ICT infrastructure programme update

The Committee reviewed the progress of the programme. Key achievements over the past month were the completion of the Network Local Area Network (LAN) remediation milestone, the roll out of 630 end user devices, and assurance that the plan to roll out 750 devices by the end of March is on track. The Committee was also assured that the programme will be delivered within the approved financial limits.

As reported previously the Committee will continue to review the infrastructure programme until it is complete, and positive user experience, including the associated clinical and efficiency benefits, is proven.

February Income and Expenditure report and full year forecast

The Committee reviewed the month of February and year to date performance together with the action plans and risks to deliver the full year budget deficit of no more than £22.6m.

The February month deficit of £1.1m was £1.2m better than budget, benefitting from a number of non recurrent adjustments, which more than offset £0.8m lower (mainly elective) revenues than forecast. This resulted in a year to date deficit of £23.6m, £0.2m better than budget, and requiring a surplus in the final month of at least £1.0m to achieve the full year target.

CIPs to date of £12.3m are on track to deliver a Trust record of £14.5m, 4.4% of revenues, and although monthly agency costs continue to fall, at £25.0m year to date the target for the year of £24.4m has already been exceeded and are forecast to be £27.0m for the year. Whilst this would result in a year on year reduction of £9.9m (27%), it would be £2.6m above target.

The Committee agreed, that alongside ongoing plans to drive down agency costs further, the factors that have led to the overspend, including surge activity and excessive levels of DToCs, should be quantified to analyse the variance from planned levels.

Excluding the risks covered below, the latest forecast deficit for the year requires an improvement of £1.6m to be within the £22.6m target. The Committee was not assured that delivering this very challenging improvement would be closed but recognised that it is possible. The level of revenues in March, typically a high performing month, will be a significant factor along with the normal year end finalisation of expenditure and the Balance Sheet.

The risks referred to above relate to;

- The Trust's budgeted assumption of no charge for readmissions, which was agreed with HVCCG, but has now been challenged by them as their own financial position has come under pressure. This matter is now undergoing arbitration.
- Receipt of the full £12m S&T funding which will be determined by NHSI based on the Trust's deficit and operational performances

The Committee recommends that the latest view on achieving deficit target for the year, and associated risks, is reviewed in part 2 of the April Board.

2016/17 Capital Programme and Funding

The Trust's application for £7.5m of capital funding in 2016/17 to support a budgeted spend of £16.1m was approved by DH at the end of February. This means that essential investment can now be carried out but given the lateness of the approval, realistically, spend will not be more than £14.1m. Year to date February capital spend is £10.6m. The Trust is therefore in discussions with NHSI to allow carry over of the remaining £2.0m approval into 2017/18.

The funding of the £7.5m, to be drawn down in March, will be through an Interim Capital Support Facility Agreement (ICSFA) with DH. The Committee reviewed the terms of the agreement (interest at 0.63% pa and repayable in 10 equal annual amounts from September 2017 to March 2027) and the conditions which are the same as the revenue loans ratified by the Board in

March. The Committee recommends acceptance of the terms and conditions of the ICSFA is ratified by the Trust Board, part 1, in April.

Corporate Risk Register review

The Committee reviewed the 9 risks under its remit rated 15 and above, and the associated mitigating action plans. All 9 risks were on the CRR approved by the February Board. No ratings had changed and there were no new risks for escalation. The Committee was assured by the report and noted that 2 of the existing risks would fall under the remit of another Committee under the revised corporate governance structure.

2017/2018 Financial plan

The Committee reviewed the status of the plan. Following Board approval, the second draft submission of the plan for the next 2 years was sent to NHSI in December. The submitted deficit plans for both years were £8m in excess of the control totals set by NHSI.

Since the December submission the Trust has been working at ways to improve the planned deficit back to the control totals for both years. The final submission of the plan will be made by the end of March.

Whilst at this point the gaps to the control totals are not underpinned by firm plans, the Committee concluded that the Trust should continue the drive to set plans to close the gaps and accepts the challenge to sign up to the control totals. The Committee agreed that the final plan submission should make clear that the gaps are not yet underpinned.

As the final plan submission will be before the next Trust Board on April 6, the Committee recommends a special Board call is set by the end of March seeking Board approval to sign up to the deficit control totals for both plan years, with ratification of the decision in part 2 of the April Board.

Service Line Reporting

The Committee reviewed a report on the profitability of speciality service lines for the 9 months from April to December 2016.

The Committee was in support of the recommendation to form a steering group with significant clinical representation to test the validity of the data and select two specialties as pilots to use the

SLR data to drive for operational and financial efficiency improvements.

Ideally, successful identification and achievement of efficiency opportunities, would be exemplars to all other service lines to use the data in helping the efficiency drive across all clinical services, and their support areas, across the Trust.

The Committee asked for a brief progress report on the pilot at the April Committee and a report on benefits at the June Committee.

Divisional presentation – Surgery, Anaesthetics & Cancer

The Committee received a presentation by the Divisional management on the operational and financial performance of the division.

The presentation covered both key achievements in the year and key areas for improvement next year. Key achievements include improved CQC ratings for end of life and critical care, and CIPs of £3.4m. The profit contribution for the year is forecast to be £13.9m, £1.7m below plan, resulting from lower revenues of £2.5m, mainly elective and outpatients, partly offset by lower costs of £0.8m.

A major challenge this year has been to improve RTT incomplete 18 week wait performance, which at 84.9% in February and an average of 83.6% year to date is well below the standard of 92%. Recovery to standard is a key programme for the Division in 2017/18, as is theatre maintenance and refurbishment, and an outline business case to improve the efficiency and capacity of theatres is scheduled for review by the Committee and Trust Board in the first quarter of 2017/18.

Risks to refer to risk register	None.
Issues to escalate to Board	The Committee recommends the following paper be presented to Part 1 of the April Board for ratification: 1. acceptance of the terms and conditions of the £7.5m Interim Capital Support Facility Agreement with DH and the Committee recommends the following be presented to Part 2 of the April Board for review: 2. a paper on the status of plans to recover A&E and RTT performances to standard 3. a review of the plans and risks to deliver the target deficit for 2016/17 and the following paper to Part 2 of the April Board for ratification: 4. the Board signing up to the deficit control totals for 2017/18 and 2018/19 The Committee recommends the following paper be presented to Part 1 of the May Board for ratification: 1. Terms of Reference of the new Finance & Investment Committee.

Attendance record

Attended
John Brougham, Non-Executive Director (Chair)
Don Richards, Chief Financial Officer
Ginny Edwards, Non-Executive Director
Helen Brown, Director of Strategy & Corporate Affairs
Lisa Emery, Chief Information Officer
Sally Tucker, Chief Operating Officer
Stephen Dunham, Assistant Director of Finance & Commercial Development
Tom Drabble, Patients' representative
Jeremy Livingstone, Divisional Director, Surgery, Anaesthetics & Cancer (item 17)
Stephanie Johnson, Interim Divisional Manager, Surgery, Anaesthetics & Cancer (item 17)
Soheb Rafiq, Divisional Head of Finance, Surgery, Anaesthetics & Cancer (item 17)

Apologies
Katie Fisher, Chief Executive
Kevin Howell, Director of Environment
Lesley Headland, Chair of Staffside
Mike van der Watt, Medical Director
Phil Townsend, Non-Executive Director
Prof. Steve Barnett, WHHT Chairman

Clerk
Clare Ransom, Executive Assistant