

**MINUTES OF FINANCE & PERFORMANCE ASSURANCE COMMITTEE MEETING
 HELD ON 25 SEPTEMBER 2019
 Castle Room, Trust Offices, Colchester Hospital**

Present:

Hussein Khatib	Non-Executive Director (HK) - Chair
Eddie Bloomfield	Non-Executive Director (EB) – via TEAMS
Neill Moloney	Managing Director (NM)
Angela Tillett	Interim Chief Medical Officer (AT)

In Attendance:

Jennifer Rivett	Public Governor (JR)
Dave Gronland	Public Governor (DG)
Adrian Marr	Prospective Director of Finance (AM)
Alison Power	Director of Operations (AP)
Paul Little	Director for Integrated Health & Care (PL)
Andy Lehain	Deputy Director of Finance (AL)
Jason Kirk	Head of Business Planning and Cost Improvement (JK)
Paul Fenton	Director of Estates & Facilities (PF) – via TEAMS
John Tobin	Associate Director of Operations Integrated Pathways (JT) – <i>item 170/19</i>
Lorna Fraser	Senior Committee Secretary (Minutes)

Apologies:

Julie Parker	Non-Executive Director
Karen Lough	Director of Operations
Michael Horley	Public Governor
Nicky Leach	Director of Logistics and Patient Services
Catherine Morgan	Chief Nurse

163/19	Welcome and Apologies for Absence	Actions
	Apologies for Absence were received from: Julie Parker, Non-Executive Director, Karen Lough, Director of Operations, Michael Horley, Public Governor, Nicky Leach, Director of Logistics and Patient Services and Catherine Morgan, Chief Nurse.	
164/19	Declarations of new interests	
	1. Adrian Marr, prospective Director of Finance, declared that he was currently employed by NHSE/I.	
165/19	Minutes of meetings held on 22 August 2019	
	The minutes of the meeting held on 22 August 2019 were reviewed and agreed as a correct record.	
166/19	Action Chart	
	The Action Chart was reviewed and updated as required.	

167/19	<p>Chairs Key Issues feedback from Board</p> <p>1. The Committee was informed that the CKI from the 22 August 2019 meeting had been presented to the Board on 29 August 2019 and noted.</p>
168/19	<p>Finance Report – M5</p> <p>The Finance Report for M5 was presented by AL who highlighted the following issues:</p> <ol style="list-style-type: none"> 1. At the end of August the Trust was £10.6m off the control total year to date including the assumed loss of PSF for the period (£7.5m), therefore, an underlying shortfall against control total of £3.2m. Drivers of this primarily related to under performance on specialist income, overspends on junior doctors as well as shortfall in CIP delivery. 2. Pay expenditure was effectively on budget. Overspends on consultant and junior doctors were being mitigated by underspends in other staff areas. Discussion was taking place regarding managing the staffing gaps particularly in ED. 3. The Trust held cash of £24.2m at the end of August, which was £15.9m more than plan. This was because of the receipt of quarter 4 and bonus cash, interim support continues to be provided by DH when required. 4. The forecast position had improved and was now £21.6m compared to the £23.4m in month 4. Progress had been made regarding the financial recovery plans risks and opportunities. The actions in the last month had moved the risk adjusted position anticipated at the year-end from £11.0m variance down to £9.4m variance. 5. Progress in CIP delivery was static but still under performing with a £1.3m shortfall in the month, £7.0m for the year to date. The Trust was currently forecasting to deliver £16.4m against the £31.9m target, a shortfall of £15.5m. Pipeline schemes of a further £4.0m were being developed. 6. The Committee was informed that a detailed re-forecast at divisional level was currently being undertaken. Recovery trajectories, including divisional level trajectories, were to be finalised by mid-October which would inform an updated trust recovery plan that would also consider all other opportunities and options available to the Trust, such as 'unpalatable' actions and the outcome of work undertaken by PWC. This re-forecast would require debate with the Board and sufficient time would need to be made available at the Board meeting for the required discussion. 7. The system financial position reported reflected the commitment that the Trust had to delivering the control total, however, further reflection needed to be made regarding the net risk. <p><u>Questions and Comments</u></p> <ol style="list-style-type: none"> 8. HK questioned the PSF. AL advised that the PSF was assumed in achieving the control total. AL advised that the plans followed the Board decision that the Trust would achieve the control total. NM stated that the forecast had not been changed but detailed discussions had been held with NHSI to keep them informed of the Trust's position. 9. AL observed that the confidence around delivery of the divisional recovery plans had increased following the detailed reforecast of their plans. NM observed that this had been a challenging period for the divisions and he was keen to reach a position when reforecast plans were in place against which the divisions could then be held to account. Discussion had taken place around the "unpalatable" schemes with some of the ideas having been taken through the QIA process for further consideration and these would be presented to the Board on 3 October. The Board would then need to make the final decision regarding whether they were prepared to accept the "unpalatable" schemes and the potential quality impact consequences. 10. AL highlighted to the Committee that work was being undertaken to review the reserves in order to improve the position further, however, HMRC had reviewed the VAT treatment of medical agency invoices backdated over 4 years and it would appear that this had been incorrectly applied at Ipswich leading to a potential £1 - £1.5m cost. 11. HK questioned the junior doctors spend. AL advised that improvement was expected on agency spend due to substantive staff now being in post, however, AT noted that there were now middle grade gaps which would still require agency staff cover. AP agreed that significant gaps in staffing rotas remained which were also driving the performance issues. 12. In answer to a question raised by DG, NM advised that there had been extensive discussion held by both the Board and the Finance Committee regarding the control total and the plans to achieve this and the Trust was fully sighted on the risks and had accepted that this would be a challenging year. 13. JR questioned what would happen next year if "unpalatable" options were being implemented this year. NM responded that whilst the executive were challenging the divisions it was recognised that further support would be required to implement "the ESNEFT way" of working. 14. EB questioned whether the work reported in the paper so far would achieve the control total if implemented. NM noted that this was a good challenge and if implementation of the "unpalatable" options still left a deficit this would have to be considered by the Board, following the engagement with PWC it was expected that the Trust would know the extent to which the plans would achieve the targets by the end of the week.

169/19	<p>Cost Improvement Programme (CIP) progress Report</p> <p>1. The Committee received the CIP progress report which was considered within the discussion of the Finance Report.</p>
170/19	<p>Performance</p> <p>The Committee received the Performance Report with the following items highlighted:</p> <ol style="list-style-type: none"> 1. <u>ED</u> – AP reported that there had been a slight improvement in month but performance was still off plan. Two key changes had come into fruition; the new staffing model for Ipswich had been signed off by the Board. AT noted that an interim rota had been put in place until the team was able to recruit and it was recognised that the interim period would be challenging; the UTC at Colchester was on schedule to open on the 1st October. AP advised that whilst there had been challenges regarding the employment of the GPs the rotas were now covered for the next 3 months. 2. HK commented that it was good to see the improvement in ED performance on the Ipswich site. AP noted that this was around operation and grip with support provided by the Transformation team. 3. <u>Cancer</u> – AP advised that the new revised trajectory to ensure delivery by end of March 2020 had been included in the report for information, noting that this had been owned and led by the teams. Generally reporting was now undertaken as ESNEFT; however, the trajectory had been developed as site specific. 4. <u>RTT</u> - August 2019 the current RTT position was 83.4%, which was below the trajectory set of 85.6% for the month. There were no 52+-week breaches for August 2019. It was noted that the level of growth in 18 weeks backlog remained a significant concern and that the divisional recovery plans would need to address the waiting time impacts. 5. AT commented that whilst the focus was on cancer patients it should be remembered that there were other urgent groups of patients. AP agreed that whilst the cancer patients were prioritised as the most urgent the divisions would need to recognise that there were other patients who also required urgent treatment. 6. AP highlighted that the colorectal service at Ipswich required further conversation and was being supported by the Chief Medical Officer and Medical Director. AT noted that the work in colorectal had highlighted issues concerning the training and supervision of trainees. 7. AP advised in answer to a question raised by HK that the data cleansing issue previously noted had been resolved. 8. EB observed that the urology department had previously been reported as a problem area. AP advised that there had been significant improvement in urology with better clinical engagement and the lessons learnt might be taken into the colorectal service where appropriate. 9. AP advised the Committee that previously there had been two different systems of tracking patients within ESNEFT; however, the Somerset system would go live across both sites this weekend. 10. <u>Community</u> – PL advised that the standard performance report was provided but also a report from the team concerning the continuing work to develop the community metrics and their recommendations and proposals for future integrated pathways reports. 11. HK questioned the spot purchase of beds reported on slide 4. JT advised that Care UK the provider at Hartismere had served notice of their intention to only provide beds on a spot purchase basis from November which followed on from their reduction from 10 beds to 5 beds in March 2019 and was associated with their fill rates for Local Authority patients and an increase in private funders. The financial impact was currently unclear and conversations were taking place with the commissioners regarding the number of beds required. 12. EB commented that he had recently attended an ICS event and questioned how the integrated pathway reporting was being aligned against the work being done by the ICS. PL noted that there was a clear line between the development of the ICS, the Alliances and the integrated services and these groups would be working in conjunction. 13. DG questioned whether there was new money available for community services. NM advised that this discussion related to Suffolk, where the community services had come into Ipswich Hospital in Ipswich and East Suffolk prior to the merger, however, ESNEFT would be working with the CCG in Essex to try to influence activity. 14. EB noted the request for feedback on the presentation of national benchmarking data. JT advised that the Trust had signed up for the benchmarking and would need to provide the data. PL stated that the question was how valuable the national information was felt to be to the Finance & Performance Committee.

Medium Term Financial Planning with a focus on the 2020/21 control total

1. The Committee received an update on the financial recovery trajectories that had recently been published for the Suffolk and North East Essex ICS and the Trust by NHSIE and how these trajectories compared to the Trust's internal modelling which presented a much more challenged financial position, especially for 20/21; demonstrating a requirement for an £8m improvement against a control total of £39m deficit.
2. As part of the NHS Long Term Plan Implementation Framework, STP / ICS systems were due to submit five year strategic plans, draft submissions due 27th September, covering finance, workforce and activity with final submission by 15th November 2019 that described how the Plan's commitments would be achieved.
3. AM advised that the operational control total had been issued 'informally' last week but was yet to be formalised. For ESNEFT this had been set at £31.9m deficit. There would be no PSF next year and the national policy on the FRF mechanism had not been concluded.
4. Overall for 20/21 ESNEFT was expected to reduce its deficit by £8m relative to the control total for 19/20. This was driven by efficiency requirements but also regional contingency requirement. A further 0.5% contribution based on turnover had been applied to East of England organisations to support a regional contingency, for ESNEFT this was a further £4m. Work was ongoing to assess the impact on the Trust plans for 20/21 as this control total was materially higher than previous trust plans for 2020/21 by circa £19m. In particular, the level of non-recurrent delivery carried into 20/21 represented a risk, work undertaken so far had reduced the gap to £8m variance to the control total.
5. The Committee was informed that discussions had been taking place with the CCGs regarding additional income and it had been agreed that the £3.9m income received last year would become recurrent.

Questions and Comments

6. EB questioned whether the Board would be asked to make a decision next week. AM advised that it was planned to take the final submission to the Board on 7 November, however, an amended draft planning paper would be presented to Board in October for discussion following the discussion by the Committee.
7. EB made reference to the absence of workforce plans and questioned whether this needed to be referred to POD. AM advised that POD were considering this issue, however, it was recognised that better communication was required in order to co-ordinate the different conversations taking place. NM advised that a more collaborative approach for business planning was being taken.

172/19	<p>Capital Plan review and prioritisation</p> <ol style="list-style-type: none"> 1. The Committee received the capital plan report presented by AL and PF. 2. In July the capital plan had been reduced by £4.4m as part of a national initiative to manage a shortfall in capital funding. A revised plan had been developed on the basis that capital programmes would slip delivery into the start of 2020/21, however, in month 5 NHSI restored the Trust's capital plan to its original value upon additional funding being made available nationally. The Trust Executive and Trust Investment Group had agreed that rather than simply re-instate the previous plan the Trust would take this opportunity to assess capital requirements and ensure the restored funding of £4.4m was appropriately focused on Trust priorities. 3. In restoring the plan to its full value NHSI had impressed upon Trusts the importance of fully delivering and expending their capital programmes. 4. An early assessment of the issues being considered in re-finalising capital plans for 2019/20 was presented with an indication of the impact of these decisions on capital plans for 2020/21. A number of considerations would be taken into account; whether more pressing capital requirements / schemes had emerged since the submission of the original capital plan; revenue expenditure could be re-categorized as capital expenditure; backlog maintenance risk; medical equipment risk and overspends on existing schemes. 5. A detailed and robust forecast had been undertaken to provide assurance that capital schemes could be delivered in year, through this exercise it was also sought to ensure that all uncommitted resource was identified sufficiently early to allow redeployment to other priorities. The current forecast showed the reduced plan figure of £27.9m would be met. 6. The Committee was informed that the deferrals of £4.4m would put pressure on capital plans for 20/21, based on early draft estimates there was a shortfall of £2.1m in funding available for 20/21. The Director of Estates and Deputy Director of Finance would be assessing the current capital plan with the aim of producing an updated 3-year trust capital plan for November. Monthly updates on progress would be provided at future Finance and Performance Assurance Committees with the new programme presented to the Board in November. <p><u>Questions and Comments</u></p> <ol style="list-style-type: none"> 7. HK questioned whether the shift in the capital programme had been communicated to the divisions. AL advised that the Trust's Policy for capital projects was being followed and these were being reviewed. NM advised that the reduction by 20% had been communicated and there was now the opportunity to reconsider the projects and engage again with the divisions following the sensible approach set out in the report. 8. In answer to a question raised by JR, NM clarified that the capital plan had originally been allocated based on the schemes put forward but there had been a national decision to reduce the capital which had subsequently been restored. 9. AM commented that regionally trusts had generally underspent by 18% on their capital plans, but that NHSI had emphasised the need for Trust's to spend the full amount allocated if this was accepted. 	
173/19	<p>Estates Strategy</p> <ol style="list-style-type: none"> 1. The Committee received the Estates Strategy for approval presented by the Director of Estates & Facilities. <p><u>Questions and Comments</u></p> <ol style="list-style-type: none"> 2. HK questioned whether capital for next year would be pre-committed if the Estate Strategy was approved. PF advised that there would be no pre-commitment of capital. 3. PL noted that the Strategy mentioned the acquisition of estate and questioned how this aligned to the ESNEFT and Alliance strategies and whether additional narrative was required in the vision section. PF noted that these items were mentioned in the detailed document and would be pulled through into the summary document. 4. EB questioned whether the numbers mentioned on slide 3 were separate pressures or should be added together. PF advised that the Ipswich site had a £40m backlog liability to bring to condition B standard. 5. EB noted a typographical error with the omission of wording on slide 5 which needed correction – <i>"The local ICS is driving a system approach"</i>. <p>Action: PF to amend the Estate Strategy documents as required following the discussion held.</p> <p>Outcome: The Committee recommended the Estate Strategy for approval by the Board.</p>	PF
174/19	<p>Alliance Development – NEE Update</p> <ol style="list-style-type: none"> 1. The Committee received the NEE Alliance development update report to inform on the progress against plan which was taken as read. 	

175/19	Transformation Report (from the Time Matters Board) 1. The Committee received an update from the Time Matters Board (TMB) for information which was taken as read.	
176/19	Any other business 1. No further items were raised.	
177/19	Items for escalation to the Board The CKI report would be finalised by the Chair and Prospective Director and Deputy Director of Finance.	
178/19	Committee Effectiveness questionnaire The Committee Effectiveness questionnaire was circulated to members for completion.	
179/19	Work Plan The Committee received the 19/20 Work Plan for information.	
180/19	Date of Next Meeting – Thursday 31 October 2019	

CONFIRMED