

Report to:	Trust Board
Title of report:	Finance, Service Improvement and Delivery Committee Assurance Report to Board
Date of meeting:	25 October 2016
Status:	For Discussion
Chairperson:	Tim Staniland, Non Executive Director
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Purpose	This report summarises the assurances received, approvals and decisions made by the Finance, Service Improvement and Delivery Committee (FSID).
Background	This assurance committee meets monthly and takes scheduled reports from all Trust operational committees with a finance planning, estates and performance brief according to an established work programme.
1	<p>Clinical Strategy Implementation</p> <p>The Committee received a progress report about the development of the clinical strategy, aligned to Lincolnshire's STP and the Trust's 2021 plan. The STP was submitted on 21 October, which is subject to review by NHSE/I before publication by the constituent Lincolnshire Organisation's Trust Boards or equivalent in December. All clinical redesign options outlined within the STP will be subject to formal public consultation in 2017. Once agreed the STP milestones will be reflected in the 2021 plan and the two year operational plan. RSM are supporting the ongoing development of detailed business cases. The STP has incorporated very challenging shifts of patient care from Acute Services to Primary and Secondary care over the next few years, including a 27.5% reduction in A & E attendances by 2021, and a 10% less non-planned in-patient activity, based upon an external review of the potential opportunities.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the ambitious challenges, and the high risk associated with delivery; • Was concerned about further delay in consultation upon the clinical and financial sustainability of some services, and the impact upon staff due to ongoing uncertainty;
2	<p>Two Year Plan</p> <p>The Committee received an update on progress towards the delivery of the two year operational plan, for draft submission by 24 November 2016.</p>

	<p>The Committee considered a high level operational financial plan for 2017/28, incorporating a 4% efficiency programme and an outline plan of £21 million to deliver it. The high level financial plan was geared around delivery of a control total deficit of £47.5 million, as proposed by NHSI. The Committee felt that the plan was credible but noted the high risks at this stage, if: -</p> <ol style="list-style-type: none"> 1. The move to HRG4+ coding and pricing (still not known). 2. The delivery of efficiency plans, but noted the plan to over-plan delivery. 3. Capacity and business unit plans not yet in place to deliver the assured income base. <p>There would be further clarity and certainty when contract offers are received (expected 4 November 2016) and completion of internal Business Unit Plans.</p>
3	<p>Finance Performance Report</p> <p>Month 6 position</p> <p>The Committee was advised of the Month 6 financial position of £4.4m deficit, leading to a year to date deficit position of £25.7m which is slightly worse than plan of 25.3 million.</p> <p>The Trust was at risk of under-achieving £2.6m of the £16.1m Sustainability and Transformation Fund, due to falling short of delivering A & E, Cancer and RTT requirements (6 month effect £1.2 million). The 6 month position incorporated this as an assumed income shortfall which is the key causative factor of being behind plan by £0.4 million.</p> <p>The Committee reviewed thy key risks being: -</p> <ul style="list-style-type: none"> • STF delivery – The Committee noted plans to mitigate the end of year risk for matters beyond the Trust’s control. The committee felt that the risk remained high, and could not be assured at this stage about the full recovery of STF. • Delivery of Efficiency Savings – The Committee is to review the forecast delivery at the next meeting to determine the degree of risk. • Contract Delivery – A contract reviewing plan is in place but given the financial position of CCGs this remains high risk. <p>The Committee noted the risks of capital to revenue transfers being required.</p> <p>Cash</p> <p>The Committee reviewed the cash position and noted the plans to secure an uncommitted loan facility.</p>

	<p>NHS Patient Care Income to Date (Month 6)</p> <p>The Committee reviewed NHS patient care income to date. Income is falling short of target by £3.1 million largely due to non-delivery of the assumed increase in income within the Trust's plan. Excluding this the income from CCGs was broadly in balance although the income from North East Lincolnshire CCG was 3% higher than expected. Income from patient care is high risk given that the Lincolnshire CCGs are all indicating pressure on their budgets.</p>
	<p>Capital</p> <p>The Committee noted the release of additional capital resources to meet the priorities agreed at CMB, whilst retaining some capital flexibility should the Trust be required to release capital resources to support the revenue position.</p> <p>The risk of non-delivery of the CRL in 2016/17 is considered to be low.</p>
	<p>Estates Plan/Preventative Maintenance</p> <p>The Committee received a report which provided further detail on planned preventative maintenance, its prioritisation and assurance in the management of the process. The 2016/17 capital investment programme had been designed to reflect risks identified through Datix, such that the investment has been risk stratified and the Committee acknowledged the significant progress in risk stratification, linked to investment decisions.</p> <p>However, the Committee still required further assurance about the risk based processes utilised at work group level to stratify the estates and facilities and were concerned about the Trust's exposure to statutory compliance, particularly electrical testing. Until a full programme of testing is put in place this remains a very high risk. The committee asked for a risk based review of compliance against statutory requirements, as different to general backlog, at its next meeting.</p>
	<p>Contract Report</p> <p>CCGs have requested significant changes to their prior approvals policy, requiring a two week implementation. The Trust is concerned about the time required to implement their expectations and the impact on RTT performance and have responded accordingly.</p>
	<p>Integrated Performance Report</p> <p>The Committee reviewed the integrated performance report.</p> <ul style="list-style-type: none"> • RTT performance in September remains below target. Recovery is focussed on the six key challenged specialties, and remains very high risk for the forthcoming months until 31 December 2016.

	<ul style="list-style-type: none"> • Diagnostics performance remained worse than plan due to a 92.9% delay in ECG and 93.4% in neurophysiology. Additional capacity planned for ECG which combined with full capacity available for neurophysiology, is planned to result in full delivery by the end of November 2016. • The delivery of the 62 day cancer target remains very high risk. • A & E – The Trust still continues to underperform against the A & E trajectory but improvements have been seen at Pilgrim during October.
Risks to refer to risk register	No additional risks highlighted.
Key decisions taken	To seek further information and assurance around Estates risks, and to see efficiency delivery forecast for 31 March 2017.
Issues to escalate to Board	<ol style="list-style-type: none"> 1. The impact of delayed consultation around clinical service redesign; 2. The emerging financial position for CCG's 3. Continued non delivery against key access targets 4. Concerns about not complying with Estates statutory requirement.
Challenges and exceptions	
Future exceptional items	

Attendance

Voting members

Tim Staniland, Non Executive Director (Chair)

Gill Ponder, Non Executive Director

Kevin Turner, Deputy Chief Executive

Jan Sobieraj Chief Executive

Non Voting members

In attendance

Julie Pipes, Associate Director of Strategy and Change

Angela Ashcroft, Associate Director Planning and Performance

Neil Ellis, Deputy Director of Operations