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| Report to: | Trust Board |
| Title of report: | Finance Performance and Estates Committee Assurance Report to Board |
| Date of meeting: | 20th November 2018 |
| Chairperson: | Dr Chris Gibson, Non-Executive Director |
| Author: | Leon Rudman, Interim Deputy Trust Secretary |

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| Purpose | <p>This report summarises the assurances received and key decisions made by the Finance, Performance and Estates Committee (FPEC). The report details the strategic risks considered by the Committee on behalf of the Board and any matters for escalation for the Board's response.</p> <p>This assurance committee meets monthly and takes scheduled reports from all Trust operational committees according to an established work programme.</p> |
| Assurances received by the Committee | <p>Lack of Assurance in respect of SO 2d Issue: Financial Performance</p> <p><u>Source of assurance: Financial Performance Report/IPR</u></p> <p>The Committee were advised that the current in month position was a deficit of £7.1m, which was £2.1m adverse to plan. It was noted that the YTD position was a deficit of £50.6m, which was £9.5m adverse to plan.</p> <p>The in month deficit included two one off favourable items, CRU income £0.7m and release of Medical Staff pay award accrual £0.4m. Taking these into account the normalised in month deficit was £8.1m.</p> <p>The Committee discussed the pay bill and it was reported that the last Medical Agency bill was the highest on record.</p> <p>The Committee were not assured with regards to the accuracy of forecasting and discussed the process around the projections used in the IPR. The Financial Recovery Plan (FRP) is to be discussed at November Trust Board and those forecasts will form part of the IPR going forward (Note that the FRP and forecast remain subject to NHSI approval).</p> <p><u>Action:</u> It was agreed that predictions for the remainder of the year would be reviewed to ensure the report shows the actual forecast consistent with the FRP. It was also agreed to discuss with another Trust in Financial Special Measures how it manages its reporting.</p> <p>The Committee were not assured with regards to capital expenditure, which remained behind plan. It was noted that there would be some slippage, despite the progression of the fire-related works, and it was as yet unclear as to what the final position would be.</p> |

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| | <p>The Committee were informed of the recent change in accounting policy (in respect of the Trust’s relationship with Progress Housing) which had resulted in a balance sheet impact. It was noted that the change had been agreed following a change in statutory auditor from KPMG to PwC.</p> <p>The Committee agreed to recommend that the Board approve the requested loan drawdowns of £10m (Revenue) and £5.3m (Capital)</p> |
| | <p>Lack of Assurance in respect of SO 2d Issue: Contracting</p> <p><u>Source of assurance: Contracting Report</u></p> <p>The Committee discussed the ongoing issues with Contracting and clarified that income improvements were being delivered as a result of improvements in coding data quality, and not changes to coding. The Committee were advised that the adverse £750k variance as a result of PLCV had been included in the FRP</p> <p><u>Action:</u> It was agreed that contracting would be included as a standing agenda item.</p> |
| | <p>Lack of Assurance in respect of SO 2d Issue: Benchmarking</p> <p><u>Source of assurance: Income Progress Report</u></p> <p>The Committee received the report and were advised that a paper was being prepared for the Executive Team to consider whether an alternative provider to Grant Thornton might be engaged to conduct a coding review. It was noted that the potential alternative provider had agreed to undertake training with clinicians and had undertaken similar assignments elsewhere. The Committee discussed the ongoing issues with coding and the extent to which these were driven by quality and capacity.</p> <p><u>Source of Assurance: Corporate Benchmarking</u></p> <p>The Committee received the report which was an update on 2017/18 and reflected the Trust’s position against core actions. It was noted that the report was a national template and had yet to be fully populated with figures. It was further noted that the schemes were developed centrally.</p> <p><u>Action:</u> It was agreed that a further paper would be brought before the Committee in January.</p> <p>The Committee discussed the move towards shared services. It was noted that the Shared Services Partnership Board had commissioned some work, although there had not been any input from commissioners.</p> <p><u>Action:</u> it was noted that the Director of Finance would present a</p> |

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| | <p>quarterly report commencing February 2019 from the Shared Services Partnership Board to the Committee.</p> <p><u>Source of Assurance: Income Benchmarking</u></p> <p>The Committee considered the report and noted the disconnect between activity levels and income. It was noted that the case mix needed to be improved and that the data was not as current as it could be.</p> <p><u>Action:</u> To come back to the Committee with more recent data.</p> |
| | <p>Lack of Assurance in respect of SO 2d Issue: Financial Turnaround</p> <p><u>Source of assurance: Financial Recovery Plan</u></p> <p>The Committee noted that the report contained potentially sensitive data and that as the audience grew, consideration would need to be given to communications.</p> <p>The Committee received an update in respect of workforce and noted that following the completion of detailed modelling, work was being done to determine strategies to meet the savings targets. It was noted that work was ongoing to rationalise the number of agencies the Trust engaged with and that an international strategy was being developed in respect of nursing. It was noted that approx 2/3 of next year's FEP was predicated on reducing pay costs, which will be challenging.</p> <p>The Committee considered the longer term projections and recalled the work which had been done by KPMG.</p> <p>The Committee were advised that the known risks were included in the FSM Forecast and were satisfied with the level of detail in the report given the tight timeline. The Committee remained concerned regarding the risks to the FEP</p> <p><u>Action:</u> To request the <u>Workforce Committee</u> to review medium and longer term staffing models.</p> |
| | <p>Assurance in respect of SO 2b Issue: E-Health Records</p> <p><u>Source of assurance: Capital Revenue and Investment Group Assurance Report</u></p> <p>The Committee were assured with regards to an initial tranche of funding in respect of E Health Records.</p> |
| | <p>Lack of Assurance in respect of SO 2c Issue: Planned Care</p> |

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| | <p><u>Source of assurance: Integrated Performance Report (Planned Care).</u></p> <p>The Committee were not assured in relation to planned care. It was noted that the waiting lists had increased, that issues persisted despite plans being in place and that challenges around workforce continued.</p> <p>It was noted that there had been 20 52 week RFT breaches during September and that data quality issues persisted within certain specialities.</p> <p>The Committee discussed the opportunities to outsource or contract out certain fragile services and it was noted that the capacity did not always exist externally.</p> <p>The Committee were not assured with regards to diagnostics and were advised that although the Trust was above benchmark, it was below its own trajectory.</p> <p><u>Action:</u> It was noted that a piece of work was being done to better understand the reasons for underperformance.</p> <p>The Committee were assured with regards to the excellent work which had been done in respect of the Pilgrim reconfiguration, although it was noted that not all of the planned beds could be opened with the current staffing levels..</p> <p>The Committee were pleased to receive positive news with regard to elective work at Grantham Hospital, especially in relation to the significant reduction in cancelled operations. It was noted that where the Trust had cancelled operations, this was typically to increase capacity for cancer patients.</p> |
| | <p>Lack of Assurance in respect of SO 2c Issue: Urgent Care</p> <p><u>Source of assurance: Urgent Care Report</u></p> <p>The Committee were not assured in respect of urgent care. It was noted that there had been a significant improvement program and that there had also been a system call to request system support. It was noted that a number of options were under consideration to be brought before the Trust Board.</p> |
| | <p>Assurance in respect of SO 2c Issue: Trauma and Orthopaedics</p> <p><u>Source of assurance: Trauma and Orthopaedics Update</u></p> <p>The Committee were assured by the increase in electives. It was noted that the number of cancellations had improved significantly and that the service was operating in line with expectations.</p> |

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| | <p>Lack of Assurance in respect of SO 2c Issue: Winter Plan</p> <p><u>Source of assurance: Winter Plan</u></p> <p>The Committee were not assured in respect of the Winter Plan. The Trust had progressed its plans as far as could reasonably be expected, but was now dependent on external factors to help mitigate the bed deficit.</p> <hr/> <p>Assurance in respect of SO 2c Cancer Performance</p> <p><u>Source of assurance: Integrated Performance Report (Cancer).</u></p> <p>The Committee were pleased to note the improvement in cancer performance but it was noted that this was likely to deteriorate as there were workforce issues with both radiology and oncology. It was noted that the Trust continued to work with other Trusts to ensure patients were receiving the most appropriate treatment.</p> <p><u>Action:</u> Paper to be put before the Trust Board</p> |
| | <p>Lack of Assurance in respect of SO 2e Issue: Estates Strategy</p> <p><u>Source of assurance: Estates Strategy Assurance Report</u></p> <p>The Committee were assured by the progress which had been made in relation to fire training. It was noted that it had been agreed that the current enforcement notice for the training elements would be allowed to expire when the date of the 6 month extensions are reached, which would trigger an immediate review by Lincs Fire and Rescue.</p> <p>The Committee were advised that the Combined Heat and Power Plant (CHP) contract was to be considered for an interim extension, despite the engine approaching the end of its useful life. It was noted that in the event of a failure, the Trust would lose the income stream it received from exporting power to the National Grid. Renewal of the CHP is planned within the proposed Energy Performance Contract.</p> <p>The Committee were concerned regarding the difficulties in recruiting skilled trades and it was confirmed that this risk had been recorded on the risk register.</p> <p>The Committee were assured that work in respect of the Asset Survey was ongoing.</p> <p>The Committee reviewed the non-compliance trajectory report and it was noted that work was required to maintain compliance once it had been achieved.</p> |

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| Issues where assurance remains outstanding for escalation to the Board | As above. |
| Items referred to other Committees for Assurance | Medium and long term workforce plan |
| Committee Review of corporate risk register | The Committee reviewed the risk register. |
| Matters identified which Committee recommend are escalated to SRR/BAF | The Committee thoroughly reviewed the BAF |
| Committee position on assurance of strategic risk areas that align to committee | None |
| Committee Position on Governance Arrangements | None |
| Areas identified to visit in dept walk rounds | None |

Attendance Summary for rolling 12 month period

| Voting Members | N | J | F | M | A | M | J | J | A | S | O | N |
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| Gill Ponder Non Exec Director | X | X | X | X | X | X | X | X | X | X | X | A |
| Geoff Hayward Non Exec Director | X | A | X | X | X | X | X | X | X | X | X | X |
| Chris Gibson Non Exec Director | X | X | X | A | X | A | X | X | X | A | X | X |
| Deputy Chief Executive | X | X | X | X | X | A | A | X | X | X | A | X |
| Director of Finance | X | X | X | X | X | X | D | X | X | X | X | X |
| Chief Operating Officer | D | A | D | D | X | X | X | X | X | X | X | X |
| Director of Estates and Facilities | X | X | X | X | X | D | X | X | X | X | X | X |
| Medical Director | A | A | A | A | X | A | D | X | X | X | A | A |
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X in attendance A apologies given D deputy attended