Minutes of the Finance and Workforce Committee
Held on 26th August 2014 at 3.00pm
In AD77, East Surrey Hospital, Redhill
PART 1

Present

Richard Durban	RD	Non-Executive Director (Chair)
Paul Biddle	PB	Non-Executive Director
Alan Hall	AH	Non-Executive Director
Paul Simpson	PS	Chief Finance Officer
Ian Mackenzie	IM	Director of information and Facilities
Fiona Allsop	FA	Chief Nurse

In attendance

Michael Wilson (part meeting)	MW	Chief Executive
Alan McCarthy	AM	Trust Chairman
Coral Jackson	CJ	Head of Financial Reporting
Janet Miller (part meeting)	JM	Deputy Director of Human Resources
Andy Humm (part meeting)	AH	Head of IT
Sue Jenkins (part meeting)	SJ	Director of Strategy
David Knight	DK	Senior Cost Accountant

1	**WELCOME AND APOLOGIES FOR ABSENCE** **Apologies**: Apologies were received from Gillian Francis-Musanu, Paul Bostock and Yvonne Parker. **Declarations of Interest:** The Committee noted that whilst Alan Hall works for BT Openreach this division is not involved with the current Cerner contract held by Central IT Services with the Department of Health.
2	**MINUTES AND ACTIONS OF THE PREVIOUS MEETING** The minutes of the 29 July 2014 meetings were approved as an accurate record of the meetings. **Review of Actions** The action tracker was presented and it was noted that all points are on the current agenda or due at future FWC meetings.
3	**BUSINESS CASE INVESTMENT** **EPR Business Case** I Mackenzie presented the EPR Full Business Case highlighting changes and additions to the outline business case that the committee had previously approved. These were a timetable of contract dates, an overall cost reduction by £1.4million, the inclusions of CIP's, identified benefits and an overall reduction in the level of risk. It was noted by the Committee that Cerner is currently the preferred supplier and, following approval by FWC, approval for the strategic outline case and outline business case had been received from the TDA. The withdrawal of a centrally funded system will result in extra capital and revenue costs of c£2 million per annum for the Trust. P Biddle sought and received assurance regarding the reasoning behind TDA's involvement. P Simpson

informed the Committee that as the Trust is not a Foundation Trust and the business case is in excess of £5 million the TDA has to approve the business case.

The Committee sought and received assurance around risk with A Humm setting out the process of transferring the server data to Cerner with a 5 month period of dual running helping in the reduction of risk in the project.

R Durban sought and received clarification on phase 1 of the project. I Mackenzie commented that phase one of the project would be a straight forward like for like replacement of the current system. The plan would then see an upgrade to the existing software. The Committee also noted that the Trust had completed this style of migration before when the database was moved to its current supplier.

The Committee noted the 3 phase approach to benefits

1. Replace the system like for like gaining a direct contractual agreement with Cerner
2. Upgrade the system software
3. Engage with Clinicians to incorporate future enhancements to the Cerner system.

A Humm informed the Committee that he had visited other Trusts currently ahead of us in the migration process. From the experience of the other Trusts the actual migration process is not proving problematic and we are learning lessons from the way they have implemented the change.

R Durban sought and received clarification on the benefits to the Trust of the EPR system. I Mackenzie highlighted that without this EPR platform the Trust will not be able to move to a paperless patient records system. Other benefits of such a system include electronic bed management, the introduction of interactive white boards for the wards and the ability to collect information that is currently available only on paper.

I Mackenzie informed the Committee that Clinicians are involved in this initiative through the Clinical informatics group which is looking at what possible enhancements the Trust may want to implement to any EPR system once this project has come to a successful conclusion.

P Biddle commented that the second phase of the project should have more quantifiable benefits from improved recording. P Simpson noted that the Trust already has a good track record on this and benefits were already being accrued with the introduction of the original system. The Trust is taking a prudent approach to any possible cash releasing CIPs associated with the project and would expect further financial benefits to be associated with things like the continued improvement from increased depth of coding. Other non-financial benefits include increased accessibility and improved data quality.

A Hall asked about the extra £2 million of additional costs per annum that is going to be needed by the Trust. P Biddle commented that this extra cost was disappointing from a finance point of view as extra savings will need to be found to keep the Trust maintaining its current cost base position. P Simpson stated that the reason for this business case is a direct response to the pending cessation of contracts held by the Department of Health (DOH) for its national IT programme and M Wilson noted that DoH had covered that cost and highlighted to the Committee that a fully functioning hospital these days could not function without an EPR system.

A Hall asked if enhancements and a shorter hosting contract given the deflation in this area of the market had been considered. A Humm pointed to problems that had been experienced in the past when the hosting and software were held by different companies with each blaming the other for

	performance issues. The combining of both it is hoped will eliminate this conflict and result in simpler contract improving the ability of management to monitor these contracts. Enhancements would increase the risk of the project considerably and for this reason have not been chosen at this stage. I Mackenzie commented that the procurement process had been conducted through a competitive tendering process and that to change the procurement requirements now would be problematic. P Simpson added that the increased risks associated with a 5 year hosting contract would outweigh any benefits that might be gained, and noted that the procurement had been approved within the OBC process. P Biddle asked about the phasing of the cost of the contract and if more of the costs could be back loaded to give the Trust a chance of extracting financial benefits from enhancements in the future. C Jackson assured the Committee that this was already being considered and that some costs had already been pushed to future years. A McCarthy sought and received assurance regarding the backup for the system. I Mackenzie commented that the risk around the data transfer were reduced because there will be no cleaning of the data and that there would be adequate protection (be it back up or other processes) to avoid the loss of data. Again, learning from other transfers would be applied as appropriate. R Durban confirmed that the leads for the project were A Humm being Project Manager, I Mackenzie being the Executive in charge. They both confirmed the low risk rating for the project due to previous Trust experience, other Trusts implementing ahead of us and the cautious like for like replacement. This was noted and accepted. **The Committee approved the Business Case.** **<u>PACS/RIS PIR</u>** P Simpson verbally updated the Committee on the progress of the PIR. The external company performing the review has produced a report but had omitted to interview two crucial staff members that were involved in the implementation of the project. Feedback had also been provided about the report's internal consistency, which was being considered by the authors. R Durban sought assurance that the firm was competent to produce PIR with M Wilson assuring the Committee that the terms of reference were very clear for the company. The report, even if not finalised, would be presented to the September FWC. P Biddle asked if the fee for the PIR was a fixed price with P Simpson confirming that this was the case.
4	**BUSINESS PLANNING** **<u>Organisational Planning Cycle</u>** S Jenkins presented the Organisational Planning Cycle to the Committee. It was highlighted that a review of strategies will take place during September with a revised Integrated Business Plan (IBP) being completed and submitted to the TDA by the 20th October. A Hall commented that he was not aware of anything coming to the Board in September with A McCarthy requesting that even if documents were still work in progress could they still be presented to

	allow thorough scrutiny by the Board. **Annual Operating Plan** S Jenkins presented the Annual Operating Plan highlighting to the Committee that the paper had already been scrutinised at Execs, has a reduced number of actions and has been related better to the strategies rather than the operations. There followed a discussion around the TDA Better Care Fund and how this is going to be handled by the CCG's with the structure still unclear but Councils currently wanting greater cash. This shift in money could account for £40 million of revenue. The Plan would be reviewed quarterly by the Executive before being reported to the FWC. The Committee suggested that some form of RAG rating would improve their understanding of how items were progressing.
5	**FINANCE** **Financial Performance M04 and CIP Update** P Simpson presented the M04 Finance Report. The following were highlights: • The Trust is on plan for M04 2014/15, with a £2.1m deficit at M04. • CIP schemes have been revised leaving a full year risk of £900K, instead of the £3.8m previously. • East Surrey CCG has settled payment for 2013/14 resulting in £400K cash for the Trust. • The overspend has been caused by an increase in non-elective patients and a specific issues over maternity pathway and consumables in the Surgical Division and overspending in other Divisions. The position required the use of Trust reserves to balance. • The burden of emergency activity and its subsequent impact provided significant risk, and the position against the forecast will obviously be reviewed again at M05 (and each future month). P Simpson added that savings that will now not be achieved will be adjusted in budgets, which will alter variances for Divisions. A McCarthy asked for clarification about CIP reporting to TDA, and P Simpson advised that TDA had seen and noted the Board's forecast paper including the changes to CIPs – their measurement was against the overall plan. He emphasised that the changes meant reduced risk on CIPs from TDAs perspective. P Biddle sought clarification on the actions being taken to reduce the risks to income and costs with P Simpson advising that the Trust is working on actions described in the forecast particularly around income but also including reducing agency spend. The Committee emphasised the need to pursue all mitigating actions as a matter of urgency. P Simpson informed the Committee that the cash flow was being well managed by the Trust and the loan for the Cardiology Business Case had been approved. To support the financial discussion the Emergency Activity paper was presented and noted by the Committee, with the understanding the paper was to be provided to the Board. The CIP paper was presented and noted by the Committee.
6	**WORKFORCE AND ORGANISATIONAL DEVELOPMENT**

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<u>Workforce & Organisational Development Report M04 incl. Training & Organisational Development Annual Plan</u>

J Miller presented the paper to the Committee which combined three elements – The regular KPI performance report a status report against the delivery of strategic actions and a training update for 13/14 and 14/15. Strategic actions are still work in progress and output from this is not expected till next year however the foundations are in place.

A Hall highlighted that the report does not mention how well the Trust was doing in delivering the strategic actions and that a RAG traffic light system would aid the user. It would also enable the board to tell when something was not being achieved. J Miller assured the Committee that if anything was at risk of not being achieved the board would be informed.

A McCarthy sought and received assurance on the prevention and management of violence. J Miller provided assurance that the Trust had put programs in place such as the internal conflict resolution courses and alarms for lone workers.

The Training and Organisational Development Annual Plan was noted by the Committee.

A McCarthy questioned the absence of divisional staff turnover figures in the KPI's. J Miller commented that specific staff groups have been given actions to deal with the issue. Neighbouring Trusts have a Turnover rate of 13% compared to our rate of 15%. This figure however does not correctly reflect areas of stability for staff turnover in the Trust.

P Biddle commented that the causes of high staff turnover need to be understood. F Allsop highlighted that some staff bands such as Band 5 will always have a higher staff turnover as lower bands get promotions at other hospitals. Exit interviews conducted have not been highlighting any major issue
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CAPITAL AND ESTATES

<u>M04 Capital & Estates Report</u>

The M04 report was presented and noted by the Committee.

I Mackenzie updated the Committee on the progress of theatres highlighting that the project is currently 2 months behind schedule due to the increased complexity of the project. The project is now expected to be completed by the end of June.

A Hall sought and received assurance that the cost of Theatres is remaining within the original budget. I Mackenzie informed the Committee that the extra cost from the delay was being met by the contingency.

I Mackenzie added that the Radiotherapy centre is now open and the BOC project is close to being handed over.
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IT

<u>M04 IT Report</u>
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	The M04 report was presented and noted by the Committee.
9	**GENERAL** No further matters **Date of next meeting** Tuesday 23th September 2014 3.30pm – 5.30pm AD77