

TRUST BOARD IN PUBLIC		Date: 30 June 2016	
		Agenda Item: 3.2	
REPORT TITLE:		Finance & Workforce Committee Chair Update – Public	
EXECUTIVE SPONSOR:		Paul Simpson (Chief Financial Officer)	
REPORT AUTHOR (s):		Richard Durban (Non-Executive Director and FWC Chair)	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)		No – Board Update	
Action Required:			
Approval ()	Discussion ()	Assurance (√)	
Purpose of Report:			
To update the Board on the discussions and actions from the Finance and Workforce Committee.			
Summary of key issues			
<p>The Finance and Workforce Committee met on the 28th June 2016 and was quorate.</p> <ul style="list-style-type: none"> • M02 reports were received for Finance & the 16/17 CIP, Workforce and Organisational Development, Capital and IT. • The Trusts YTD deficit at the end of month 2 was £(2.5)m, £1.5m better than the planned £(4.0)m deficit position. This improvement is attributable to achieving more income than planned in April and underspends on staffing costs. • The Committee received the EPR Digitise OBC, a Headcount report and MAST update. 			
Recommendation:			
Relationship to Trust Strategic Objectives & Assurance Framework:			
<p>SO2: Effective - Deliver effective and sustainable clinical services within the local health economy SO4: Responsive – Become the secondary care provider and employer of choice our catchment population SO5: Well led: Become an employer of choice and deliver financial and clinical sustainability around a clinical leadership model</p>			
Corporate Impact Assessment:			
Legal and regulatory impact		The FWC reviews assurance in respect of workforce, capital and investment projects, business planning (which includes financial planning) and cash aspects. Employment law: laws governing the rights of individuals and terms and conditions terms include: National Minimum Wage Act 1998; the	

	<p>Working Time Regulations 1998; Employment Rights Act 1996; Equality Act 2010; Employment Rights Act 1996, and; the Transfer of Undertakings (Protection of Employment) Regulations 2006. Other key laws affecting employees include the Pensions Act 2004 and the Trade Union and Labour Relations (Consolidation) Act 1992.</p> <p>Financial performance is subject to Schedule 5 of the NHS Act 2006 which provides the “breakeven duty”. Legal aspects related to capital works will depend on the nature of the works.</p> <p>The main regulators, are as follows:</p> <ul style="list-style-type: none"> - External audit (the Grant Thornton for this Trust) gives an opinion on the Trust’s compliance with International Financial Reporting Standards and with NHS accounting conventions – this is not purely financial and deals with procurement, fraud, transparency and legal duties. It also gives a Value for Money Conclusion on the Trust’s ability to put in place arrangements to deliver economy, efficiency and effectiveness in its use of resources. <p>The Care Quality Commission registers the Trust according to its compliance with regulations concerning the safety and quality of services</p>
Financial impact	The report provides assurance about savings, capital spend and the structure of the business planning process.
Patient Experience/Engagement	Indirect impact through Trust planning and workforce.
Risk & Performance Management	The committee, and this report, provides assurance about workforce and capital management.
NHS Constitution/Equality & Diversity/Communication	
Attachment:	
Report Paper	

TRUST BOARD REPORT JUNE 2016 Finance & Workforce Committee Chair Update

The Finance and Workforce Committee met on 28th June 2016 and it was quorate. The key points from Public meeting were:

IT Roadmap phases 4 & 5 OBC

The Committee discussed the OBC in detail with a focus on the following:

- *Implementation*, including timing and risks
- *Benefits*, both time and cash releasing
- *Capital*, noting £4.0m was required in the current f/y
- *Procurement* of both hardware and software
- *Buy-in* to the proposal by staff and GPs
- *Options* around balancing functionality and complexity.

The outcome of the discussion would be reflected in the FBC.

The Committee approved the EPR Digitise phase OBC which would now go to NHSI before the FBC was written.

Finance Performance & CIP M02 Reports

The Trusts YTD deficit at the end of month 2 was £(2.5)m, £1.5m better than the planned £(4.0)m deficit position. This improvement is attributable to achieving more income than planned in April and underspends on staffing costs.

A new risk was noted - a week on week increase in elective referrals from the South which is increasing the numbers on our incomplete pathway. There continues to be overspending in all Divisions, bar Surgery. These overspends are being reviewed within the refreshed performance management framework in the Trust and a forecast will be completed at M03. We have now signed contracts with all commissions bar Sussex MSK.

The cash balance at the end of May 2016 was £3m. The trust has drawn down £4.2m of revolving working capital in May 16 and a further £1.8m in June 16. A capital budget of £9.0m has been agreed for 2016/17, which is £3.8m lower than the Trust's Capital Resource Limit (CRL) application at £12.8m (which include potential schemes for EPR Digitise and Pathology).

The CIP report showed that at the end of May the Trust achieved savings of £488k and is (almost) on plan. The Trust remains confident the full £9.2m savings can be successfully delivered in 2016/17.

The FWC received an update paper of the on the current loan and working capital agreements, and the options available to the Trust in respect of repayment of the revolving working capital (RWC). This will be discussed further at the next meeting.

Nursing agency CIP Report

The Nursing Temporary Staffing Spend Cost improvement Plan (CIP) represents £3.9 million (40%) of the 16/17 Trust CIP valued at £9.2 million. The CIP aims to reduce expenditure on nursing agency as a % of pay costs by providing a fully recruited nursing structure with an effective bank. The specific objectives are to:

- Reduce nursing agency spend so that it constitutes less than 10% of staff pay costs by 31 March 2017
- Increase the general recruitment of nurses so that vacancy rates are no greater than 8% of base establishment and provide for a turnover indicator that is 10% by 31 March 2017
- Increase the capacity of the bank so that the Trust can fill 80% of unallocated shifts with bank staff from 40% currently by 31 March 2017
- Deliver financial savings of £3,810k by 31 March 2017

There are four work streams to underpin the project. These are:

1. Recruitment and Retention – including overseas recruitment
2. Temporary Staffing
3. E roster
4. Procurement nursing agency

There are unallocated savings against local recruitment and temporary bank staffing. In addition there are limited savings against agency procurement and it is anticipated that this may yield further savings once the agency procurement process concludes in November 2016.

The Committee welcomed the report and noted the use of contingency funds and the risks to the full delivery of the target.

Month 02 Workforce and Organisational Development

The papers were received by the Committee. The following areas were highlighted:

- Partial implementation of the new Junior Doctor's Contract is on-going, including the recruitment of the 'Safer Working Guardian', following extended discussion between the DoH and the BMA. Full implementation is dependent on the outcome of the BMA referendum on the proposed terms and conditions – the results of which are due on 6th July
- Current Achievement Review compliance below required target for May. It is planned that 90% of all staff with 12 months or more continuous service to be appraised by end of October 2016
- Bank and Agency Usage remains high although week-by-week usage across May showed wide variances
- The Trust's 'Freedom To Speak Up Guardian' post is being recruited to
- The Trust is running the first two cohorts of 'Lean for Leaders' training on 16th and 17th June.
- Total Trust Establishment has increased but staff in post has decreased
- Agency usage still remains high within the Trust – PMOs are being held to review this
- Sickness rate has reduced
- Number of 'open' Capsticks cases on a downward trend for the past two months

The Committee received an *Annual Workforce (Headcount) Plan*. This identified that the Trust's established posts are within overall budget, the number of post holders are below the number of established posts and that there are significant vacancy levels in certain staff group (e.g. Nursing & Midwifery).

The Committee welcomed a report on *MAST training*. It described the outcomes of a robust review of the definition and delivery of MAST training and the resulting proposed changes. It was to go to the Executive team shortly.

The M02 Capital report was received and noted.