

**Minutes of the Finance and Workforce Committee
Held on 28 June 2016 at 8.30am
In AD77, East Surrey Hospital, Redhill
PUBLIC**

Present

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| Richard Durban | Non-Executive Director (Chair) |
| Alan Hall | Non-Executive Director |
| Paul Simpson | Chief Finance Officer |
| Fiona Allsop (part meeting) | Chief Nurse |
| Angela Stevenson | Chief Operating Officer |
| Ian Mackenzie | Director of Information & Facilities |
| Mark Preston | Director of Organisational Development and People |

In attendance

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| Alan McCarthy | Trust Chair |
| Peter Burnett | Deputy Chief Finance Officer |
| Colin Pink (part meeting) | Head of Corporate Governance |
| Ben Emly | Head of Informatics |
| Anna Wickenden (part meeting) | EPR Programme Manager |
| Catriona Tait | Head of Costing & Service Line Reporting (Committee Secretary) |

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| 1 | <p>WELCOME AND APOLOGIES FOR ABSENCE</p> <p><u>Apologies:</u></p> <p>There were apologies from Paul Biddle (Non-Executive Director) and Gillian Francis-Musanu (Director of Corporate Affairs – Colin Pink Deputised for part of the meeting).</p> <p><u>Declarations of Interest:</u> There were no declarations of interest.</p> |
| 2 | <p>MINUTES OF THE PREVIOUS MEETING</p> <p>The minutes of the 24 May 2016 meeting were approved.</p> <p><u>Action Tracker</u></p> <p>Richard Durban went through the items on the Action Tracker that were due for this meeting but were not elsewhere on the agenda. Ian Mackenzie advised that a decision on who will be on the top floor of the Medical Records building is due next Tuesday. Angela Stevenson advised that there had been financial and operational issues with the Royal Surrey partnership and this will be</p> |

included within the partnership paper for July. Paul Simpson confirmed we had details of BBPC performance across our patch and this will be emailed round after the meeting. Paul Simpson advised that the Trust had received verbal confirmation from NHSi that the £3m capital to revenue transfer will come back into the capital programme but this has not been received in writing. Paul Simpson advised that we had optionality in the capital programme for 2016/17 and we would not submit EPR digitise if the capital funding was not available.

3 BUSINESS PLANNING

IT Roadmap phases 4 & 5 OBC

Anna Wickenden presented the EPR Digitise OBC to the Committee outlining the benefits and risks of the scheme. Ian Mackenzie advised that the EPMA trial had been a success but had not been rolled out due to the resources required and that this will be one of the biggest change items that the organisation has ever had. Fiona Allsop added that it is a project we need to do but the concerns are in using it and the cultural and social change that is required rather than the system itself and that we need to use our learnings from other project rollouts such as Health roster and digital dictate.

The Committee then 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.
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It was agreed that 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.

Radiology ERP Update

Paul Simpson gave an oral update on the Radiology ERP business case, advising the Committee that the Trust had received notification from HMRC that VAT would not be reclaimable on the Medipass contract. The Trust has agreed with Medipass to go back to HMRC to challenge the decision and is also looking at other options. Richard Durban asked about the timelines and urgency of the project as the outline business case indicated there was equipment that needed replacement. Paul Simpson replied that we had replaced some equipment outside this project and there is a new lead clinician for Radiology who is reviewing the departments equipment

needs.

Action: A written paper with option and the health of the radiology equipment to come to the July meeting PS

4 FINANCE

Financial Performance M02

Paul Simpson presented the M02 Finance performance report. 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. Surrey have agreed to increase the MRET threshold to outturn 2015/16 and planned growth. Sussex has not yet agreed and we are awaiting a response and are ready to go to dispute if needed. Paul Simpson also advised that we have received a letter from Paul Baumann and Bob Alexander regarding readmissions and are confirming with the CCGs our interpretation of the letter.

Richard Durban noted that we have a forecast at the end of Quarter 1 when the Committee can take a view on the £15.2m control total. Paul Simpson replied that we have not had a formal response to our letter to NHSi so we are resubmitting our plan and maintaining the same control total. There is a £2m income risk from 2015/16 and we are now starting the final reconciliation process for 2015/16 with the CCGs.

Alan Hall said the report did not allow the Committee to track the financial and operational trajectories we need to achieve if we are to receive the STP funding. Paul Simpson replied that we will include this in the monthly report.

Action: Monthly report to include performance against the trajectories needed to secure STP funding PS

Alan Hall commented that we were still holding £8m reserves in the centre and we had previously agreed that this would be split out to divisions as appropriate to ensure the divisional overspend positions are correct.

Action: £8m reserves to be split out and moved to divisional budgets where appropriate PS

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).

2016/17 CIP Update

Paul Simpson presented the 2016/17 CIP paper and highlighted 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. Richard Durban queried that as we are approaching the end of Quarter 1 should everything not be in gateway 4. Paul Simpson agreed and added that we need to move the report into risk of delivery rather than the risk of identifying the saving.

Current Loans and Working Capital Agreements

Paul Simpson distributed a 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 as cash will be reported as part of the Quarter 1 forecast.

Nursing agency CIP Report

Fiona Allsop presented a report of the Nursing Temporary Staffing Spend Cost improvement Plan (CIP), which represents £3.9 million (40%) of the 16/17 Trust CIP valued of £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. 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 this may yield further savings once the agency procurement process concludes in November 2016. The Trust is also in early discussions with other organisations within our STP footprint on a shared bank.

The Committee welcomed the report and noted the use of the £1m contingency fund and the £600k risk to the full delivery of the target.

Alan Hall asked if we knew the names of the staff that are due to join us in the next quarter. Fiona Allsop replied that we will know on Monday but there is a delay in the Filipino visas and we have had to up our offer to attract them. Alan McCarthy queried that the report showed a risk rating against safety and did this mean that we were unsafe? Fiona Allsop replied that we were not

unsafe and that this was highlighting the gaps in the rota from vacancies that are filled by bank or agency staff.

5 **WORKFORCE AND ORGANISATIONAL DEVELOPMENT**

Workforce and Organisational Development Report M02

Mark Preston presented the Workforce & Organisational Report to 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. The Committee noted the variance in compliance between divisions and directorates.
- 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

Richard Durban stated that we seem to be doing a lot of staff surveys and asked if we were overdoing it. Mark Preston replied that he would look at it but it is useful to have the feedback, even if it is generally the same.

Workforce and Organisational Development M02 KPIs

Mark Preston presented the monthly W&OD KPIs highlighting that sickness is reducing and that suspensions and exclusions have been added to the report.

Annual Workforce (Headcount) Plan

Mark Preston presented the 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

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| | <p>established posts and that there are significant vacancy levels in certain staff group (e.g. Nursing & Midwifery). Richard Durban queried why the establishment is going up. Paul Simpson replied that there is now a headcount validation process between HR and finance. Business cases are coming in stream, some departments have downgraded posts to increase their establishment and there is always a fluctuation in the number of junior doctors.</p> <p>Richard Durban asked if the establishment will increase this year. Angela Stevenson advised that there are additional posts for this year through the business planning process. The Committee noted that business cases which drove productivity could reduce headcount.</p> <p><u>MAST Report</u></p> <p>Mark Preston presented a report on MAST training, describing the outcomes of a robust review of the definition and delivery of MAST training and the resulting proposed changes. Mark Preston advised that the proposed changes would be discussed at the Executive team shortly.</p> |
| 6 | <p>CAPITAL AND ESTATES</p> <p><u>Capital & Estates Report M02</u></p> <p>The M02 Capital and Estates report was received and noted. Alan Hall asked if we were planning to spend anything on the Pathology Joint Venture this year. Paul Simpson replied that we had agreed £300k to write the business case plus fees. Richard Durban asked about the Pathology joint venture build in the context of the STP. Paul Simpson advised that any build would have room for an expanded service to allow East and West Sussex joining the Joint Venture if required.</p> |
| 7 | <p>GENERAL</p> <p><u>Date of next meeting</u> Tuesday 26th July 2016 8.30am – AD65</p> |