

TRUST BOARD IN PUBLIC		Date: 30th November 2017	
		Agenda Item: 4.4	
REPORT TITLE:		FWC Annual Report 2016/17 & Q1 17/18	
EXECUTIVE SPONSOR:		Richard Durban Chair Finance & Workforce Committee	
REPORT AUTHOR		Richard Durban Non-Executive Director	
REPORT DISCUSSED PREVIOUSLY: (name of sub-committee/group & date)		Finance & Workforce Committee 24/10/2017	
Action Required:			
Approval (√)	Discussion	Assurance	
Purpose of Report:			
Provide assurance to the Board that the FWC is meeting its terms of reference and give an overview of the activities of Committee in the last year.			
Summary of key issues			
The report describes the responsibilities of the Committee and how they are met. It highlights significant themes that have emerged including the strategic context, strong financial scrutiny, a focus on productivity and enhanced benefits management. It flags areas for focus in Q2 17/18 and 18/19 including understanding and reflecting any impact on financial management from STP and ACS developments, the implementation of the new Board led strategic development process and establishing reporting of any new business partnerships.			
Recommendation:			
The Board is asked to approve the report.			
Relationship to Trust Strategic Objectives & Assurance Framework:			
SO1: Safe – Deliver safe, high quality care <i>and improving services</i> which pursue perfection and be in the top 25% of our peers SO2: Effective – As a teaching hospital, deliver effective and improving sustainable clinical services within the local health economy SO3: Caring – Work <i>with compassion</i> in partnership with patients, staff, families, carers <i>and community partners</i> SO4: Responsive – To <i>continue to be</i> the secondary care provider of choice for the <i>people of our community</i> SO5: Well led - To be a <i>high quality</i> employer of choice and deliver financial and clinical sustainability around a patient centred, clinically led leadership model			
Corporate Impact Assessment:			
Legal and regulatory impact		Included in the report	

Financial impact	Included in the report
Patient Experience/Engagement	Included in the report
Risk & Performance Management	Included in the report
NHS Constitution/Equality & Diversity/Communication	Included in the report
Attachments: 1. Terms of Reference 2. Business Case schedule 3. Revised benefits management methodology	

TRUST BOARD REPORT IN PUBLIC – 30TH NOVEMBER 2017 FINANCE AND WORKFORCE COMMITTEE ANNUAL REPORT 16/17 & Q1 17/18

1. Introduction

The purpose of this paper is to provide assurance to the Board that the Terms of Reference of the Finance and Workforce Committee (FWC) (see Appendix 1) have been met, to highlight significant themes/issues that have emerged and to describe changes in the way the Committee works.

2. Governance

The purpose of the Committee is to assist the Board of Directors in exercising its business planning, financial, workforce and investment governance procedures in four key areas:

- i) monitoring financial and workforce performance
- ii) business planning, including financial and workforce planning;
- iii) approving investment decisions and;
- iv) monitoring the delivery of significant projects and investments, and any potential business combinations.

It acts in a dual role - *providing assurance* over performance and control systems, and *approving investments and plans* either directly (if within delegated authority) or recommending them to the Board.

The Committee meets monthly, on the Tuesday before the Board meeting. The members of the Committee are:

- three non-executive directors, one of whom is appointed as Chair of the Committee; another of whom is a member of the Audit and Assurance Committee;
- Chief Financial Officer, Chief Nurse, Chief Operating Officer, Director of Corporate Affairs, Director of Organisational Development and People, and Director of Information and Estates

The quorum necessary for the transaction of business is three, which includes at least one non-executive and one executive director.

The Agendas are split into Public and Private, with the Private agenda dealing with items that are commercially sensitive.

Although other Board members are not members of the Committee they are welcome to attend meetings.

3. Sources of assurance

To meet its terms of reference the Committee scrutinised, discussed and challenged:

- *Monthly reports* on Finance, Workforce and Organisational Development, Productivity, Capital, Estates, IT and Partnerships
- *Business cases* - Outline, Full and Post Implementation Reviews
- *Ad hoc reports eg financial forecasts, costing reports*
- *Some specific policies and procedures* eg budgetary process and timetable.

The elements of the Internal Control Framework relevant to the FWC e.g. finance and workforce were not reviewed in the period under question. A new cycle of review starts in Q2 17/18.

The Committee covered a large tranche of delegated Board business and it remains a very busy committee. Membership is appropriate to the Terms of Reference and attendance has generally been good. Papers have, largely, been of good quality and timely.

The Chair presents a summary of each meeting to the Public and Private Boards as appropriate.

4. Trust context

The underlying issues facing the Trust that are directly relevant to the FWC remained the same as for previous years. They included high and increasing levels of activity affecting the desired elective/non-elective ratio and therefore planned income; divisional overspend; a weak balance sheet requiring careful cash management, high levels of vacancy and turnover and the need to drive productivity.

These issues informed and shaped the plans and investments considered by the Committee.

5. Significant themes/issues

Productivity and Cost Saving

There was a continued focus on productivity and cost saving. The operational plans to improve productivity eg in Theatres and Outpatients were strengthened with agreed performance trajectories to deliver the financial targets. Cost Improvement Programme (CIP) savings were delivered although in part this was through the use of contingency rather than individual change projects hitting their targets. In addition divisions were challenged to deliver a percentage savings target. The potential for efficiency gains via SASH+ was noted.

The Committee was presented with comparative information eg Reference Costs, Carter, Model Hospital, and quarterly Service Line Reporting (SLR) updates. In addition a quarterly productivity benchmarking report that was previously discussed at the FWC is now presented to the Private Board. All this information is used to identify or confirm areas of opportunity.

Financial Scrutiny and Assurance

Significant time was spent on financial scrutiny and assurance reflecting the challenging situation faced by the Trust and the wider health system. This consisted of reviewing monthly performance including the CIP and various additional reports eg the 16/17 forecasts, the 17/18 budgets and underlying assumptions. The information provided was of a high quality and illustrated a consistent picture across time. There were no sudden surprises.

There were robust discussions around financial performance and the risks against the achievement of the budget/control target. The position was always visible and clearly stated but there were differing views on how this should be reflected in the forecast. This judgement will again feature strongly in 17/18.

Business Cases

The Committee scrutinised and approved seven Outline Business Cases, four Full Business Cases and five Post Implementation Reviews during the period in question (see Appendix 2) In general projects were delivered on time and to budget.

Our approach to benefits delivery from investments was strengthened following learning from the (Electronic Patient Records (EPR) Digitise business case. A new methodology for describing business benefits was developed that covered both financial and non-financial benefits.(see Appendix 3) This will be used in all future business cases and to measure delivery against targets in Post Implementation Reviews.

In a number of cases there were disputes with CCGs about payment terms after the income line had been agreed in the business case. There needs to be more focus on this risk in future business cases and new ways of working agreed to mitigate it.

Strategy

The terms of reference of the FWC describe a significant role in business planning and strategy development. This reflects the approach adopted during the Trust's application to become a Foundation Trust. However this approach has been superseded by one where the Board is responsible for developing and signing off strategies – both clinical and enabling – which then provide the context for business cases and annual plans considered by the FWC. The terms of reference of the FWC and the Board need to be amended to reflect this.

Whilst the Board has discussed strategic issues it has not followed a structured approach such as the one set out in the FT process ie Clinical Services, Quality, Workforce, Estates, IT, Communications leading to an Integrated Business Plan. This is being addressed with the appointment of a Head of Strategy and the implementation of a Board led strategic development process over the next 5 months.

When reviewing business cases the FWC identified some strategic issues beyond its current remit that needed clarification. These were passed to the Board to be resolved eg private patients, estates, outpatients.

Workforce & OD

The monitoring of workforce and OD has been strengthened with good qualitative and quantitative reporting. In addition the structure and resourcing of the Workforce Division has been reviewed. The primary focus of the Committee was on the key issues of turnover and vacancies, especially in nursing. Other areas of attention were delivery of Achievement Reviews and sickness levels.

The Committee noted that although there were higher than planned vacancies and turnover there were also very strong staff survey and Friends and Family (FFT) results. Staff morale was discussed and raised with the Board.

Partnership Working

There was a clear recognition that many of the issues faced can only be resolved at a health system level. This requires transformation not only in the Trust but also within our catchment area and across the whole health system. To date the development of the STP, a place based plan and a move towards an ACS has had little impact on the working of the Committee.

Specific and often long established partnership initiatives are reported monthly but the FWC has not been involved in potential business combinations. The strategy behind the establishment of Frontier Pathology and the relationships involved are Board matters. However the scrutiny of resulting business cases has been delegated to the FWC.

6. Challenges for H2, 2017/18 and 18/19

Understanding and reflecting what impact, if any, a move to an ACS set up will have on financial management and the allocation of capital and resources.

Obtain good assurance over the delivery of benefits from investments

Implement the new Trust approach to strategy development and update terms of reference so they provide clarity between the roles of the FWC and the Board

Reviewing relevant 18/19 plans eg financial, workforce, IT and estates

Establish appropriate reporting over new partnerships

Conclusion



Surrey and Sussex Healthcare

NHS Trust

The Board can be assured that the Finance and Workforce Committee has met its *de facto* terms of reference recognising that the strategic elements are with the Board.

Richard Durban
Non-Executive Director/Deputy Chair
Chair Finance & Workforce Committee
November 2017



Appendices

1. Terms of Reference
2. Business Case schedule
3. Revised benefits management methodology