

## Minutes of the Finance and Workforce Committee

Held on 25 April 2017 at 8.30 am in AD77, East Surrey Hospital, Redhill

### PUBLIC

#### Present

Richard Durban	Non-Executive Director (Chair)
Paul Biddle	Non-Executive Director
David Sadler	Non-Executive Director
Paul Simpson	Chief Finance Officer
Angela Stevenson	Chief Operating Officer (attended in part)
Mark Preston	Director of Organisational Development and People (attended in part)
Ian Mackenzie	Director of Information and Facilities

#### In attendance

Alan McCarthy	Chairman
Peter Burnett	Deputy Chief Finance Officer
Paula Fitzgerald	Committee Secretary
Ben Emly	Head of Performance

<b>1</b>	<b>WELCOME AND APOLOGIES FOR ABSENCE</b>  <b><u>Apologies:</u></b>  There were apologies from Gillian Francis-Musanu, Director of Corporate Affairs and Fiona Allsop, Chief Nurse.  <b><u>Declarations of Interest:</u></b> There were no declarations of interest.
<b>2</b>	<b>MINUTES OF THE PREVIOUS MEETING</b>  The minutes of the 28th March 2017 were approved with one minor amendment.  <b><u>Actions from the Action Tracker</u></b>  Peter Burnett to bring the action on BC methodology and post-implementation methodology to the May meeting.  Mark Preston to bring the action on quantifying the increase in establishment month-on-month to identify correlation with BCs, to the June meeting.

	<p>Pathology update will be included in the Partnership Report and Business Case agenda items</p> <p>Pattern from CCP investments and looking forward to be added to the action tracker</p>
3	<p><b>BUSINESS CASES</b></p> <p><b><u>Primary Care Streaming</u></b></p> <p>PS informed the Committee that in response to a DH national initiative around managing emergency activity, the Trust had been successful in winning a capital bid for £920k to develop a dedicated primary care facility within A &amp; E. The Committee welcomed the development and the demonstration it provided of system wide thinking.</p> <p><b>Action:</b> It was agreed that the business case would be put in a wider context as part of a seminar session on “the Front Door”.</p> <p>The Committee discussion focused on the need for clarity around the financial arrangements with the CCGs (noting previous difficulties) and governance issues around accountability for patients and decision making. It also noted the risk that either demand for treatment by GPs would sharply increase as the public realised that it was a speedy way to obtain an appointment. Conversely the relatively low target numbers in the plan were noted – approximately 40 minutes per GP consultation.</p>
4	<p><b>Finance</b></p> <p><b><u>Financial Performance M12</u></b></p> <p>PS ran through the M12 report and noted that March has been a strong month. The discussion then centred on the 16/17 outturn.</p> <p>The Trust has achieved a £3.7m [adjusted] surplus at the end of the financial year, £(11.7)m adverse to the original planned £15.2m surplus. The final year end position included £4.9m of S &amp; T funding (Q1 &amp; Q2) against a planned £9.2m (no payment at Q3 or Q4). The £1.5m shortfall from the NHSi required £5m forecast position was directly due to £1.2m readmissions deductions and £0.3m non reimbursement of winter resilience funding by Commissioners.</p> <p>The final position was £0.2m better than was recorded in the paper due to additional work since the paper was written.</p> <p>Total agency (and NHS locum) spend amounted to £20.8m which is £(5.5)m greater than the Trust’s £15.3m agency ceiling . This spend was mainly driven by the on-going difficulties in recruiting sufficient numbers of permanent/bank nurses and junior doctors.</p> <p>The underlying position at the end of March is a £(4.3)m deficit, reflecting the non-recurrent £3m additional activity funding from NHSE and the non-recurrent £4.9m S &amp; T funding.</p> <p>The cash balance at the end of March 2017 was £5.6m (incl. £3.5m ring-fenced for loan repayment in April 2017). The Trust has drawn down £7.3m revolving working capital in 2016/17 of which £3.8m was repaid in year and £3.5m repaid in April 2017. This cash supported on-going improvement in BPPC performance which ended the year at 83% by volume, 82% by value year, which was considerably better than the 45% by volume and 55% by value in 2015/16.</p> <p>The Committee noted the strong focus on cost control and were told that the performance reviews and the right behaviours were now embedded within the Divisions.</p>

	<p>The Committee discussed the overall approach to financial management, in particular whether Chiefs should be held accountable for the financial contribution from their division. This could be based on making full use of SLR. This had been considered by the Executive and it concluded that a move to Service Level Management albeit at a divisional level was not appropriate at this time.</p> <p>The Committee felt that a discussion around our business unit model was worthy of discussion at a future Board seminar. <b>Action PS:</b> To be brought to Board Seminar</p> <p>The Committee noted that the underlying drivers of financial performance - high levels of activity and the NEL/EL split remained with familiar consequences for income and agency use. The overall Use of Resources Metric was discussed in the context of an FT application, in particular liquidity, working capital and the cash position.</p> <p>The risks to the £3.7 surplus were discussed. These consisted of challenges to income from East Surrey CCG and the Committee was updated on process and contingency. The current issues included IRU charges, refund of excess bed days with ES CCG and the ongoing disputes with Sussex and ES CCGs. PS will email the Committee with the details. The AAC would be updated for governance purposes.</p> <p>The Committee thanked PS and his team for the amount of work, level of detail and strong control.</p>
5	<p><b>Workforce and Organisational Development</b></p> <p>MP highlighted the key results from the staff survey. They were very positive and he is planning on using the results to support a SASH recruitment campaign. Some areas needed work, notably treatment of staff by public and patients and bullying. Local campaigns within divisions would aim to improve difficult staff experiences and the Trust was looking at a number of initiatives including the 'it's not okay' campaign, to support staff to deal with challenging situations.</p> <p><b>Action MP:</b> actions from the staff survey to come through the Committee and HR Business Partners will provide monthly updates.</p> <p>The launch of the Black and Minority Ethnic Network (BAME) took place in March. Amongst other areas, BAME was looking at issues around discrimination and career opportunities for BAME groups.</p> <p>MP informed the Committee of the formal opening of the Occupational Health Department and the move of the Health &amp; Safety team to the same location. The department had been renamed 'Occupational Health, Safety and Well-being'.</p> <p>The Committee noted that the work of Capsticks was being taken in-house for cost and quality reasons.</p> <p>MP reported that the number of international nurses we will recruit this year through the external agency will be significantly lower than anticipated - some 20-30 against 100-120. This will impact agency usage and the CIP plan.</p> <p>The Committee asked MP and FA to report to the next meeting on what has led to the significantly reduced numbers, the quality and financial implications, how we can mitigate these and any learnings for international recruitment. The report would also cover retention, recruitment from the EU and any impact on the BAF assessment.</p>

	<p><b>Action:</b> MP and FA to report to FWC in May on nurse numbers, recruitment and retention</p> <p>The Committee noted the strengthening of many workforce processes throughout 16/17.</p>
6	<p><b>Capital and Estates</b></p> <p>The Committee noted M12 Report</p>
7	<p><b>IT</b></p> <p>IM informed the Committee that the process for obtaining a loan meant the EPR project would not begin until August.</p> <p><b>Action:</b> Monthly update to include preparation and planning for the changes to the ways of working enabled by EPR.</p> <p><b>Action:</b> IT strategy (of which EPR was the most significant element, including its role within the wider context of the STP), to be discussed at Board Seminar.</p>
8	<p><b>General</b></p> <p><b><u>Any Other Business</u></b></p> <p>There was nothing to report</p> <p><b><u>Issues to report to the Board of Directors</u></b></p> <p>There was nothing to report</p> <p><b><u>Date of next meeting</u></b></p> <p>23 May 2017 at 8.30 am AD77, Trust Headquarters</p>