

Minutes of the Finance and Workforce Committee

Held on 28 March 2017 at 8.30 am in AD77, East Surrey Hospital, Redhill

PUBLIC

Present

Richard Durban	Non-Executive Director (Chair)
Paul Biddle	Non-Executive Director
Paul Simpson	Chief Finance Officer
Fiona Allsop	Chief Nurse
Angela Stevenson	Chief Operating Officer
Colin Pink	Acting Director of Corporate Affairs
Mark Preston	Director of Organisational Development and People
David Sadler	Non-Executive Director

In attendance

Peter Burnett	Deputy Chief Finance Officer
Paula Fitzgerald	Committee Secretary

1	WELCOME AND APOLOGIES FOR ABSENCE <u>Apologies:</u> There were apologies from Ian Mackenzie (Director of Information and Facilities), Gillian Francis-Musanu (Director of Corporate Affairs). <u>Declarations of Interest:</u> There were no declarations of interest.
2	MINUTES OF THE PREVIOUS MEETING The minutes of the 21st February 2017 meeting were approved. <u>Actions from the Action Tracker</u> Medical Records update to be brought to the May meeting Strategy for Chemotherapy – closed SLR addendum of actions – closed Project Plans for Productivity areas to be brought to April Meeting

3	<p>Business Cases</p> <p><u>Schedule of Business Cases & PIRs</u></p> <p>The schedule of Business Cases & PIRs was checked for completeness.</p> <p>A time-frame is to be added to schedule eg the Ambulatory Business Case for when the builds take place. PB agreed to amend the BC methodology and post-implementation methodology. This was seen as useful (a) to manage the agenda and (b) to see a more complete picture of the strategy behind investment.</p> <p><u>Ambulatory Business Case</u></p> <p>It was noted that the Ambulatory Care Business Case by-passed the normal governance process in two ways:</p> <ul style="list-style-type: none"> a) It has not followed the OBC/FBC route b) It is seeking authorisation outside the FWC timetable <p>The justification was the urgent need and small window of opportunity for the build.</p> <p>The Business Case was circulated to FWC members and their approval and comments sought. In addition the Chair of the FWC, the Chair of the AAC (a member of the FWC) met with the CFO and the AD Medicine representing the COO (Sponsoring Executive Director) on 16th March. The Executive Committee, containing the Chief Nurse and Medical Director, had recommended approval of the business case. Following discussion and challenge the FBC had been approved off line.</p>
4	<p>Finance</p> <p><u>Financial Performance M11</u></p> <p>PS ran through the highlights from the M11 Finance Report and month 11 CIP.</p> <p>The Trust achieved a £2.0m [adjusted] surplus at the end of February, £(8.0)m adverse to the YTD planned £10.0m surplus. The YTD position includes £4.9m actual Q1 & Q2 STP funding against a planned £7.3m (no payment at Q3).</p> <p>At M11 cost and income are following the forecast trend, with some adverse movement on income.</p> <p>Included in the M11 position is 11/12ths of the additional activity funding (£2.75m) agreed with NHS England (now being invoiced).</p> <p>YTD agency (and NHS locum) spend is £18.8m which is £(5.0)m greater than the £13.8m plan. This spend is mainly driven by the on-going difficulty in recruiting sufficient numbers of permanent/bank nurses and junior doctors.</p> <p>The cash balance at the end of February 2017 was £2.9m. The Trust has drawn down</p>

£7.3m revolving working capital in 2016/17 of which £3.75m was repaid as at January 2017. This cash has supported on-going improvement in BPPC performance which is now 83% by volume, 82% by value year to date.

The £3m capital to revenue transfer made in 2015/16 has been returned to the Trust and is now included within its 2016/17 capital resource limit (CRL). The EPR Digitise project (which is planned to be funded by a capital investment loan) has now been deferred into 2017/18 and, to support the national position, the Trust has deferred a further £1.1m of 2016/17 expenditure into early 2017/18 and returned this CRL (not cash) resulting in a revised CRL forecast of £11.3m. This compares to the £15.9m CRL plan requested with the revised 2016/17 NHSi operating plan

PS highlighted we are £400k adrift against forecast and have not performed as anticipated in January and February in terms of income. However the picture for March should show a significant upward trend. There had been an improvement in WaCh who were expected to deliver their forecast outturn and other divisions' spend were within the forecast before Q3. However there was a risk of c £2.5m risk to the £5m surplus.

The Trust's control totals showed consistency compared with other Trusts. Operationally and clinically the Trust is implementing a number of initiatives, looking to future - IRU including Frailty Unit, Tandridge, Safer Care Bundle and these were having an impact.

The Committee discussed LOS recording and new tariff payments for non-elective inpatients.

16/17 Cost Improvement Programme Update

PS presented the key points from month 11 CIP which were:

£ 751k (12% of CIP total) remains un-scoped (this was £742k at M10). There has been a slight adverse movement due to a readjustment on the Premises projects.

31 schemes valued at £754k (12% of CIP total) have QIAs signed off (Gateway 3) - 13 schemes valued at £537k (9% of CIP total) have QIAs awaiting review

Work continues to get other schemes to QIA stage.

All Divisions have now provided additional schemes (to hit their 2% target) and work is in train to remove duplication and calculate the impact. The impact of that will be reported next month.

	<p><u>2017/18 Budget Update</u></p> <p>The Committee noted and discussed the 2017/18 budget which asked for a control total of £21.3m surplus. This includes S&T funding of £8.8m and a tariff benefit of £12.4m. The budget has been constructed to meet this control total. The Committee discussed the major planks of the budget, including activity and income, cost and productivity, reserves and contingency. It also discussed the capital budget of £17.7m and the cash plan. It also discussed risks against the budget and the plans to mitigate these risks.</p> <p>The Committee recommended to the Board that the budget is approved.</p>
5	<p>Workforce and Organisational Development</p> <p><u>Workforce and Organisational Development Report M11</u></p> <p>MP highlighted the following key points from M11 Report:</p> <p>Trust had achieved its highest response rate for the NSS in 2016 with 66% of staff completing and returning the survey. This compares to a national average of 42%.</p> <p>Trust staff satisfaction score has increased from 3.93 to 3.97 and is the Top 20% nationally (the national average is 3.81). The score for staff recommending SaSH as a place to work or receive treatment has increased from 3.98 to 4.05 and is also in the top 20% nationally.</p> <p>The Committee noted the excellent staff survey result.</p> <p>2017 Achievement Review cycle now being promoted</p> <p>Head of Education, Training & Organisational Development appointed</p> <p>'Active SaSH' launched</p> <p>Bank and Agency Usage remains high</p> <p><u>Workforce & Organisational Development M11 KPIs</u></p> <p>MP highlighted the key points in M11 KPIs:</p> <p>Funded establishment has decreased by 27 to 3925</p> <p>Staff in post has increased to 3525</p> <p>Overall turnover has decreased to 16.3%, but nursing turnover increased to 16.9%</p> <p>The overall Trust vacancy rate has decreased to 9.8% and for nursing this has decreased by 1.2% to 15.9%</p>

	<p>Sickness in February has decreased by 0.4% to 3.7%</p> <p>MAST Training compliance has reduced by 3.43% due to the split of 1 and 3 year Infection Control Training</p> <p>Agency usage remains high - work is currently on-going to minimise Nursing Assistant agency use and managing the contract with CTN</p> <p>The Committee discussed overseas nurse recruitment and 150 nurses were expected to arrive in the Trust within a 2-3 month block later in the year (which is approximately 50% of the total number accepting an offer).</p> <p>The Committee discussed past business cases that required additional staffing, notably nursing, in an environment of high vacancies, turnover and agency usage.</p> <p>Action: MP to quantify the increase in establishment month on month to identify correlation with business cases.</p> <p>The Committee discussed Terms and Conditions of the HMRC IR35 regulations which affected workers directly engaged via a PSC or third party arrangement (agency/locum). The Trust will need to satisfy itself regarding any existing arrangements for workers who fall under this category and ensure that going forward there is a process in place when engaging any workers not paid via the payroll.</p>
6	<p>Capital and Estates</p> <p>The month 11 Capital & Estates Report was noted.</p>
7	<p>IT</p> <p>The month 11 IT Report was noted.</p>
8	<p>General</p> <p><u>Any Other Business</u></p> <p>There was nothing to report</p> <p><u>Issues to report to the Board of Directors</u></p> <p>There was nothing to report</p> <p><u>Date of next meeting</u></p> <p>25 April 2017 at 8.30 am AD77, Trust Headquarters</p>