

Minutes of the Finance and Workforce Committee

Held on 25 July 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 Financial Officer (attended part)
Fiona Allsop	Chief Nurse (attended part)
Mark Preston	Director of Organisational Development and People
Ian Mackenzie	Director of Information and Facilities
Gillian Francis-Musanu	Director of Corporate Affairs
Angela Stevenson	Chief Operating Officer

In attendance

Alan McCarthy	Chairman
Peter Burnett	Deputy Chief Finance Officer
Ben Emly	AD of Insight and Improvement
Bill Kilvington	Assistant Director WACH
Richard Shaw	Non-Executive Director
Paula Fitzgerald	Committee Secretary

1	WELCOME AND APOLOGIES FOR ABSENCE <u>Apologies:</u> No apologies were received. <u>Declarations of Interest:</u> There were no declarations of interest.
2	MINUTES OF THE PREVIOUS MEETING The minutes of the 27 th June 2017 were approved subject to an amendment to the paragraph on nursing associates. <u>Actions from the Action Tracker</u> <ul style="list-style-type: none">Finance – activity to include comparisons against last year and this year's plan to include assumptions and actuals - closed

	<ul style="list-style-type: none"> • Ensure contingency, reserve and the like is consistent throughout the reports - closed • Responsible person and timescale to be added to the NHSi Financial improvement Programme action plan - closed • Specific business units and information which FWC wishes to see and discuss with Paul - closed
3	<p>BUSINESS CASES</p> <p><u>Neonatal OBC</u></p> <p>AS introduced the OBC for approval, which sets out the case for expanding the Neonatal Unit.</p> <p>The Committee noted that the core argument for the business case was one of risk to safety in the Neonatal Unit. The proposals around Dental, Antenatal & Gynaecology outpatients and WACH admin, whilst containing some benefits, were enablers. Therefore the total capital cost of £6.8m could largely be attributed to resolving the risk issues in the Neonatal Unit.</p> <p><u>Safety & Risk</u></p> <p>The Committee noted that neither Neonatal nor the other areas were risk rated as red on the SRR and that Neonatal expansion had not been a priority on the capital plan. Therefore a conversation took place around why Neonatal Unit expansion is now a top priority, urgency and the timing of both the business case and implementation. In response AS, FA and BK made the following points:</p> <ul style="list-style-type: none"> • 72 women have been affected due to partial closure of the maternity unit in the last year • There were a number of issues over the last few years with infection control rates in neonates due to space between cots not being compliant with best practice (currently 3m² compared with guidance at 16m²). • Patient and staff experience was poor. • CQC has commented on this in the past and in thinking about and planning for the next CQC visit the Trust has relooked at priorities. • Despite this being a top priority, the reality of capital funding means that the work could not be carried out until 18/19 and 19/20. • The Trust is confident in managing any risk in the meanwhile and during the build. <p><u>Proposed Solution</u></p> <p>There was only one option put forward, the alternative being to do nothing. The Committee therefore asked if other solutions had been considered and rejected. It was told that other options had been developed eg capping numbers, utilisation at other hospitals, other building configurations. <i>The Committee asked that these lines of thinking be articulated and made visible in the business case.</i></p> <p>The Committee noted that the proposed option requires displacing and creating new space for the WACH administration building, Dental and gynaecology and antenatal outpatients. The core cost of upgrading Neonates is £3.375m (plus £0.68m for equipment) with an additional £2.685m for the moves that enable it. Whilst there are</p>

	<p>some benefits to the moves they would not in themselves justify the cost.</p> <p>The Committee discussed the Maternity strategy as written in the IBP, current work on the Outpatient strategy and previous discussions on Dental with regard to its SLR performance. <i>The Committee asked that the proposed changes to neonatal, antenatal, dental and gynaecology be put in a strategic context in the business case.</i></p> <p><u>Cost & Benefit</u></p> <p>The Committee noted the £6.8m capital comes from 18/19 and 19/20 capital programmes. No identified projects have been removed from the programme; rather it uses up unallocated capital. Therefore whilst it does not prevent the Trust doing something planned, it does reduce freedom of action. It was noted that external funding was not available.</p> <p>The Committee reviewed the financial return and noted that the positive contribution was over the long term and was negative in the early years. A discussion took place around how this might be improved. It was noted that unless utilisation goes over 80%, the current staffing establishment is sufficient. <i>The Committee asked that consideration be given to improving the short term financial return.</i></p> <p><u>Decision</u></p> <p>The Committee debated whether OBC should be approved at this stage. The Committee noted that the full business case was not planned to be signed off until 1st April 2018 and there was therefore no urgency in approving the OBC.</p> <p>It was agreed to reflect the Committee’s discussion and answer the points made in an addendum to the OBC which will come to the August FWC for approval.</p>
4	<p>Finance</p> <p><u>Financial Performance M03</u></p> <p>The Committee noted the key highlights from month 3 financial performance:</p> <ul style="list-style-type: none"> • The Trust achieved a £1.2m surplus at the end of June, £0.1m favourable to the month 3 planned £1.1m surplus. • The cash balance at the end of June 2017 was £2.6m. • The planned Capital Resource Limit (CRL) for 2017/18 is £17.9m including £1.1m CRL deferred from 2016/17. In addition to this the Trust secured additional funding of £0.9m in respect of A&E Primary Care Streaming. • Overspends in divisions were noted, in particular in medicine • The Committee noted that 237 consultants had been budgeted for against an actual of 194 (18% variance). This is to be clarified and linked to the recruitment plan. <p>The Committee noted that activity was lost in June as a result of the Cyber-attack.</p>

	<p>The Committee raised concerns about achieving activity in the light of vacancies in nursing and consultants.</p> <p>ACTION: MP to check accuracy of data in relation to Ned’s vacancies and consultant turnover.</p> <p><u>Cost Improvement Plan Update (incl £5m stretch)</u></p> <p>The Committee noted that the 17/18 CIP plan was on target, albeit with use of contingency. The £5m stretch target would be reported in this section of the agenda as it consisted of a wide range of activities and not simply productivity gains.</p> <p>PS informed the Committee that a net £3m of additional savings opportunities have been identified against the £5m stretch target to date.</p>
5	<p>Workforce and Organisational Development</p> <p>MP presented the key highlights:</p> <ul style="list-style-type: none"> • It’s Not Okay’ campaign is due to launch on 1st August 2017 • SASH has been invited to join the NHSi Retention Support Programme and needs to produce a plan within 90 days. This is broadly in line with the strategy that is in place already. • In-house ER Advisory Service to be launched from 1st August 2017 • New Volunteers Manager has been appointed and will oversee a review of current Volunteers activity and recruitment <p>The Committee discussed the high level of Consultant (18%) and Nursing (16.6%) vacancies, noted that they were key issues for the Trust and asked that they be given greater focus in the reporting. This to include graphic representation of the position eg last year, target and actual for this year.</p> <p>ACTION: MP to present previous year, target and actual numbers in a graphic form in future.</p> <p>The Committee noted that the target for delivering Achievement Reviews was not being met and was told that the position was under-reported.</p> <p>ACTION: MP to ensure that the numbers are up-to-date for the next meeting when this will be a subject for focus.</p> <p>The Committee noted several new HR positions were described, referred to the January report on the Workforce Divisional plan and suggested that an update come to the August meeting.</p> <p>ACTION: MP to provide an update on the HR divisional plan to the August meeting.</p> <p>The Committee noted that the nursing associate standards had not yet been agreed and that FA is working on a paper to look at the financial impact and how to manage</p>

	these costs.
6	<p>Capital and Estates</p> <p><u>Capital and Estates M03 Report</u></p> <p>IM presented the key highlights:</p> <ul style="list-style-type: none"> • Surgery Centre opened on 26 June as planned • Ambulatory Care Unit was scheduled for opening on 18 September • GP Primary Screening was on target for completion in October • Pathology Joint Venture – Procurement 22 had chosen a methodology. <p><u>Capital Programme for Next Five Years</u></p> <p>IM presented this report which provides an overview of the Trust’s Capital Programme 2017/18 – 2021/22 with a specific focus on neonatal refurbishment affordability.</p> <p>The Committee noted that Pathology would not receive STP funding. Therefore capital funding would need to be obtained through a loan.</p> <p><u>Update to the 17/18 Capital Programme</u></p> <p>The Committee noted the Capital Update paper and discussed the need to ensure a balance between new builds and maintenance work. The proposal to build a decant ward has been put on hold as it is no longer affordable at the present time.</p> <p>The Committee noted that the loan for EPR has been partially approved and is waiting DoH sign-off.</p>
7	<p>IT</p> <p>The Committee noted the IT paper and although the Trust had not formally received funding for EPR Digitise, work was in train regarding ways of working changes.</p>
8	<p>General</p> <p><u>Any Other Business</u></p> <p>There was nothing to report</p> <p><u>Date of next meeting</u> : 29 August 2017 at 8.30 am AD77, Trust Headquarters</p>