

## Sustainability Committee

Key summary points for the board from the meeting of the Sustainability Committee held on 26<sup>th</sup> July 2016:

### Finance Report: Quarter 1

At the end of quarter 1 the Trust had planned to deliver an in year deficit of £0.9 million and actually recorded a deficit of £1.99 million, a variance of £1 million. This situation had arisen principally as challenging plans to control agency caps and achieve planned staff availability have not been delivered.

This was of particular concern as:

- Guidance issued by NHSI in the last few weeks indicates that they propose to retrospectively 'claw back', on a quarterly basis, any Sustainability and Transformation Funding received if planned financial targets are not achieved.
- As a consequence of many years of deficits the Trust's cash reserves are extremely stretched. Accordingly the Trust may find it extremely difficult to refund NHSI without severe liquidity issues emerging, which could interrupt critical services to patients.

Following discussions with NHSI and commitment given by the Executive Team to recover the position by quarter 2, the Trust has reported an income and expenditure position to the NHSI showing achievement of the planned position at quarter 1. The committee discussed the consequences given that the Trust has not reported a balanced position.

There was a need for the organisation to understand the scale of the financial problem and commit to respond to this to recover the position by quarter 2. It was agreed that the actions identified to reduce the £4.15 million forecast deficit against plan should be worked up by the respective care groups as a matter of urgency over the next two weeks.

Recognising that it is not helpful or efficient for the Sustainability Committee and the Workforce Committee to both scrutinise this challenging issue it was agreed the Workforce Committee will continue to lead on this issue and support the Care Groups to deliver their plans. An urgent meeting was held immediately after the Sustainability Committee between Clive Deadman (Chair Sustainability Ctte), Paul Cronin (Chair Workforce Ctte) Peter Latchford (Chair), Victoria Maher and Neil Nesbitt to ensure we have the right levels of clarity, support and urgency on these critical issues.

The Sustainability Committee will continue to monitor progress, assess the impact these and all other issues have on the Trust's performance, and devise appropriate remedial actions for consideration by the Board.

The performance of the Trust at the end of Quarter 2 (September 2016) will be a critical milestone in our recovery plan. At that time it will be important we can show progress in delivering our agreed recovery plan.

### Operational Plan – Progress Report Quarter 1

The committee received an update on the progress made in respect of the Operational Plan for quarter 1 based upon the trajectories set.

Overall, the Trust has not delivered the key elements of the Operational Plan in a number of areas and without immediate mitigation the Trust will be unable to recover this position and deliver the agreed Operational Plan for 2016/17. It was agreed that reports to future meetings would show how services will be performing for the remaining months of the year. This information will be essential for winter planning. Discussion to take place at the next meeting about how the Operational Plan, Financial Plan and Winter Plan fit together and how quality is maintained.

### **Sustainable Services Programme Briefing**

Kate Shaw presented the latest update on the Sustainable Services Programme. A letter of support from Shropshire CCG had now been received.

Work on development of the Outline Business Case continues with the programme being on target to submit this to the private session of Trust Board in September 2016.

To support the Trust Board it was agreed that an extra-ordinary meeting of the Sustainability Committee dedicated to discussion of the Sustainable Services Programme and OBC should be convened in September prior to the Trust Board meeting.

### **Transformation of Pharmacy Services to Support Oncology and Haematology**

Following consideration at their meeting on 24<sup>th</sup> May 2016, the committee received a revised version of the business case relating to Transformation of Pharmacy Services to Support Oncology and Haematology which included the financial appraisal of all options. The committee was asked to approve an option to address the immediate problem and an option to create sustainability going forward. Four options were outlined to meet the current demand (Options 1-4) and three options (Options 5-7) to meet the projected growth.

After consideration, the Sustainability Committee **APPROVED** options 4 and 5.

It was recognised that a discussion is needed at a future meeting regarding business cases being presented to the Sustainability Committee as it is not appropriate for the committee to receive all of these. Some financial limits may need to be introduced and the reserved powers of the Trust Board may also need to be reviewed.

Name of Chair: Clive Deadman

Date report prepared: 8<sup>th</sup> August 2016

## Sustainability Committee

Key summary points for the board from the meeting of the Sustainability Committee held on 27<sup>th</sup> September 2016:

### Finance Report: Month 5

At the end of month 5 the Trust had planned to deliver an in year deficit of £1.768 million and actually recorded a deficit of £3.425 million. This will lead to serious cash shortages in the coming months and a risk that STP funding, which we are relying on to fund day to day activities, could be withdrawn.

This was of particular concern as:

- The forecast assumes £1.1 million of additional income from Shropshire CCG which is required to fund spending for the winter plan. A Paper to Trust Board 29.9.17 indicates potential further spending is required.
- There is a Possibility of a further deterioration of the outturn position as:
  - £2.5 million of recovery plan savings is expected to be achieved but delivery is not certain.
  - Delivery of CQUIN - £1.5 million is at risk.
  - If we are unable to deliver certain performance targets, in particular A&E, some Sustainability and Transformation funds could not be released, further aggravating our ability to fund activities.
- A review of the Cost Improvement Programme highlighted risks associated with schemes relating to unavailability, cessation of enhanced bank rate and Tier 7 agency. These issues are connected to the high levels of sickness we have experienced in recent times.
- There needs to be more focus and greater transparency on medical staff agency spending.

However, there was some progress to report in relation to a reduction in sickness levels of Nursing Staff down to between 5.0% - 5.8% from very high levels seen earlier in the year. Our teams and leaders were congratulated for this as 'sickness' was recognised as being a very complex issue. If sickness levels can be reduced further there are opportunities to significantly recover our financial performance.

### Operational Plan – Progress Report Month 5

The committee received an update on the progress made in respect of the Operational Plan for month 5 based upon the trajectories set, recognising ownership within the care groups and greater transparency which now exists as a result of the dashboard.

At present the Trust is struggling to deliver/achieve the key elements of the Operational Plan in a number of areas and without immediate mitigation the Trust will be unable to recover this position and deliver the agreed Operational Plan for 2016/17.

## Other Business

- The committee received an update on the **Carter Review** and noted significant progress taking place, particularly in the areas of Procurement, Pathology, Radiology and Pharmacy.
- The committee RECOMMENDED APPROVAL of the Standing Financial Instructions, Standing Orders and Reservation of the Power to the Board, to the Board.
- **Managed Print Service Contract Award** – the committee to RECOMMENDED APPROVAL of the contract award to the Trust Board which will save the Trust over £200k per year.
- **Charitable Fund Donation** - The committee APPROVED the proposed process for assets donated to the Trust for sale and donation to a Trust Fund. In all cases a Deed of Assignment to be completed and written report submitted to Sustainability Committee.

Name of Chair: Clive Deadman

Date report prepared: 28<sup>th</sup> September 2016