

Finance Committee

Key summary points from the meeting held on 23rd July 2013

HDD Action Plan update

The Committee reviewed progress on HDD required improvement actions:

- 1 Board member induction has been further developed and trialed by the Medical Director and the Committee now assesses it as amber rather than red. This reflects an improvement and can be further evidenced when applied to the prospective new Chair and NED appointments now imminent. If successful this action can be completed.
- 2 CIP processes have been improved in line with the HDD requirement including the need for QIA input. There now needs to be an effective implementation of the improved process.
- 3 A series of findings applied to the LTFM. Whilst needing to be reviewed and resubmitted initially in the autumn the “real” need for more robust provision within the LTFM for such as downside alternatives will be more realistically addressed in the light of the Clinical Services Strategy and a revised FT timetable [probably in 2014].

Revised Terms of Reference

A revised Terms of Reference was approved for submission to the Board reflecting revised membership requirements.

Financial Recovery Plan

This is based on the significant deficit position following month 2 of the financial year and identifies the basis for a return to break-even by the financial year end. The plan is supported by “Care Group” centred analysis and projections reflecting current run rates, the effects of targeted CIPs and other adjusting management actions giving, in effect, revised budgets for these Care Groups and the Trust as a whole.

Key points:

- 1 The key issue is to see an immediate and significant reduction in monthly pay costs, including bank and agency staff spend. The plan requires a “step change” in monthly costs to be achieved in the August payroll reducing costs [from £17.4m quarter 1 average monthly cost] to £16.5m per month and to maintain this reduced monthly rate for the rest of the financial year. The outcome would be a return to previously budgeted staff establishment levels of a few months ago and a much reduced spend on agency staff. This outcome is viewed as “manageable” given the recent application of these levels in late 2012 and reverses the extent of pay growth in recent months.

- 2 Supporting and delivering this is a series of phased actions and initiatives which are risk rated green, amber and red. Much of these are presently rated amber or red and these need to become assured as a matter of urgency.
- 3 The plan represents a revised budget and a basis for monitoring and performance review for the rest of the financial year.
- 4 The Committee supported in full the concepts behind the need for the plan and the targeted I&E levels it reflects. Any adverse variation from the plan will lead to an I&E deficit and also cash flow difficulties which could be potentially severe. For instance if the plan only secures the measures rated green at present the budgeted £2.2m year end cash balance would become a £4m cash deficit with major creditor suppression and/or a need for capital programme deferral. Amber and green measures would see a year end cash balance of just £0.6m. These are unacceptable and unsustainable consequences of not achieving the [a] recovery plan.

As part of reviewing the plan, its purpose and also the latest expenditure and activity trends the Committee would further question the need for bank and agency spend at anywhere near its recent / current level and whether there cannot be an effective cessation of bank and agency staff commitment.

The Committee advises the Board that there is a need for this recovery plan to be both fully and immediately effective if significant I&E and cash problems are to be avoided in the rest of the financial year.

Finance Director Report Month 3

The position is described in the Board's Performance Report. In essence the Month 2 deficit continued to grow reflecting:

- 1 Continued overspend on pay [albeit at a reduced monthly rate], including higher than budgeted contracted staff plus high levels of temporary staffing,
- 2 CIP shortfall,
- 3 Some income variation, and
- 4 A poor rate of creditor payment.

Reduced activity volumes and income are not supported by clear trends at this stage and the Committee is not able to be definitive in this respect. Income prospects thus need to be monitored carefully to identify at an early stage if there is a clear risk of shortfall.

As stated above the Committee questions the need for any material spend on bank and agency staff in the light of other aspects within the report.

Service Line Reporting

The Committee receives monthly data on a SLR basis but little is yet made of it. The Committee sees much merit in the approach and the identification of cost effective/less cost effective service areas and how these can point to opportunity for cost and efficiency improvement. The Committee would ask that proposals are brought forward as to how more effective use of SLR can be secured.

Analysis of Elective and Emergency Activity

A series of charts were received giving data across a wide range of activity measures for the past four years. These raised a number of initial issues including trends which contained some new elements, reflected different trends at the two main hospital sites and which could inform the current capacity planning work.

Whilst they could be further informed by benchmarking comparisons, the Committee commend the use of these to the Board and the Executive team as a basis for further informing both performance and planning. They are worthy of more considered analysis. The Committee emphasises the need for robust and clear performance and activity data to support key decision making processes.

Recommendations from Internal Audit Reports

Progress was reviewed and no overdue findings exist.

SSD Options Appraisal

The paper was considered prior to Board's private session.

Name of Chair: Dennis Jones

Date report prepared: 23rd July 2013

HOSPITAL EXECUTIVE COMMITTEE

Key summary points from the meeting held on Tuesday 23rd July 2013

The Performance Management Strategy & Framework was discussed and approved.

The Committee noted progress to date in terms of developing and finalising a robust Surge/Winter plan, both internal and across the wider LHE.

The Committee noted and discussed the Month 3 finance position, with particular debate around the decline in activity that requires further scrutiny and close monitoring. It had been anticipated that diminished emergency activity levels would be offset against increased elective activity and reduction of backlog; but this does not appear to be the case. Discussion also took place around the ongoing over-establishment, and Agency and Bank use within the area of nursing staff. Control measures in place are not delivering the required effects therefore further investigation of measures in place is to take place to tighten further.

The Committee noted quarterly progress of the Trust's delivery of its agreed corporate objectives, as at the end of quarter 1.

The Committee noted a presentation that provided a progress update on the development of a refined People Strategy, including work being done on refreshing core values of the Trust for staff as well as embedding those values into the employment and appraisal life cycle. The update to Trust Board was delayed to allow for more extensive consultation.

The Committee noted the Sustainable Development (Corporate Citizen and Carbon Management) Annual Report for 2012/13, and approved the identified priority areas for each element during 2013/14; noting the continued progress being made. It was also agreed that invest to save schemes should be worked up for future consideration.

Peter Herring

Tuesday 23rd July 2013

Enclosure 3iii

Quality and Safety Committee

Key summary points from the meeting held on Thursday 18th July 2013

Present:	Dr Peter Vernon (Chair) Vicky Morris Dr Ian Tanswell Martin Beardwell	Non Executive Director Director of Quality and Safety/Chief Nurse (on behalf of Edwin Borman) Acting Board Chairman
In attendance:	Debbie Kadum Nick Holding	Chief Operating Officer Quality Improvement Manager
Apologies:	Edwin Borman Chris Beacock Sarah Bloomfield Jo Banks Simon Walford	Medical Director Deputy Medical Director Deputy Chief Nurse Associate Director Patient Safety Non Executive Director

1. The Committee was presented with the new toolkit designed by Nick Holding to show the trust performance at a glance. The Committee were delighted with the new system and recommended it be presented at Trust Board.
2. The Committee discussed and fully support the focus on avoidable pressure ulcers as the Quality marker and the revised reporting arrangements. The focus on reducing avoidable is in line with the Midlands and East Ambition 1 and the guidance available and the Committee were very pleased to note the changes on the trajectory.
3. The Committee noted that due to the sustained improvements to the Who Safer Surgery audits that these will be reduced to alternate monthly audits and were assured that the results would continue to be monitored at the Quality and Safety Committee. The Committee noted the caution voiced by the TDA on the reduced audit programme. The committee agreed whilst still monitoring the Who Safer Surgery results the priority will now be on gaining the same level of sustained 100% compliance on the procedural checklist.
4. The Committee received and noted the second set ED patient experience survey results.
5. The Committee have been concerned with the current complaints process for a period of time and had commissioned the internal audit report into the Trust systems and processes. They were concerned about the Audit result although not surprised and were pleased to note the change in management and the confidence in the post holder in dramatically improving this position. The new Head of PALs and Complaints will be invited to a future meeting and will then be asked to provide Quarterly patient experience reports.
6. The Committee recommended a Board Development Session be dedicated to the Bruce Keogh report. The Committee were going to hold a workshop on the report and the analysis and impact for the Board and Committee and would like to suggest to the Chair and the Board that Non Executive and Executive Directors join the next workshop on the 15th August 2013.

Name of Chair; Peter Vernon
Date report prepared; 21.6.13