

## FINANCE COMMITTEE

Tuesday 23<sup>rd</sup> September 2014  
2.00 pm, 3<sup>rd</sup> floor Meeting Room, Stretton House

### MINUTES

Present:	Dennis Jones (Chair) Harmesh Darbhanga Neil Nisbet	Non-Executive Director Non-Executive Director Finance Director
In attendance:	Chris Needham (for item 2014.102) Kate Shaw (for item 2014.102) Victoria Maher (for item 2014.01)	Director of Estates and Facilities Programme Manager Workforce Director
Secretary:	Amanda Young	PA to Finance Director

#### 2014.100 Members to declare interests in any of the following items

There were no declarations of interest.

#### 2014.101 Update on Master Vendor Contract

Victoria Maher attended the meeting to provide an update on Master Vendor for agency nursing and healthcare assistants which was approved in March 2014 and awarded to ID Medical in May 2014.

The Committee was advised of a number of difficulties since going live in mid August 2014 which resulted in a number of shifts being unfilled and a spike in activity. However, more latterly there has been an improvement and robust management is now in place to ensure delivery.

The Committee discussed the Trust's reliance on agency staff, the increase in demand and actions to attract and retain substantive staff.

The Committee acknowledged that more time was required to assess the impact of this initiative and therefore asked Victoria Maher to return to the Finance Committee in January 2015 to provide a further update on Master Vendor.

**Action:** Victoria Maher to attend Finance Committee meeting 27<sup>th</sup> January 2015 to provide further update on effectiveness and efficiencies of Master Vendor.

#### 2014.102 Update on Future Configuration of Hospital Services (FCHS)

Chris Needham and Kate Shaw attended the meeting to provide their final update before the main transfer of services from RSH to the new Shropshire Women and Children's Centre at PRH on 29<sup>th</sup> September 2014.

Key points to note were:-

- The final milestone in the programme of works for Project 1 occurred on 10<sup>th</sup> September 2014 with the handover of the final phase of the works at PRH.
- All office works were now complete and handed over and 45 people from RSH moved to PRH

.....  
Dennis Jones  
Finance Committee  
28<sup>th</sup> October 2014

- yesterday. Further moves will continue throughout the week.
- The FCHS team is due to formally hand over the continuation of the wider Trust issues that have been dealt with in part to facilitate the Women and Children's development.
  - The programme of works associated with this project extends to approximately 70 individual schemes, 11 ward moves and relocation of 400 workstations.

The Committee discussed the continued postponement of some of Project 2 and 3 works (Children's Zone and Women's Zone) and the interim decision to move the Children's Assessment Unit to Ward 21 on a temporary 6 months basis over the winter period. This is in order to review the requirements and investment decisions, eg Future Fit, around the potential options for these services. It remains the case that unused capital funding for this element will be otherwise deployed and this will create a commitment on the Trust to fund eventual capital developments from subsequent Trust resources.

The Committee was advised of staff familiarisation sessions taking place and there was a level of excitement with staff looking forward to working at the new centre. There were a few minor issues but these were being addressed through support sessions and regular meetings with staff. A number of events were also planned as part of the settling in period.

With regard to re-routing patients, arrangements were in place and a vast amount of communication and leaflet drops had taken place and pregnant women (38 weeks+) had received a personal letter explaining the new arrangements.

A full reconciliation of costs of all the schemes had taken place with confirmation received that the project would be completed within budget and works done that lie outside of the scope of this project had been appropriately attributed to their respective budgets within the capital programme.

The Committee agreed that a further update at three months post move, ie January 2015 should be provided, followed by a post project review in April 2015.

The Finance Committee commended the FCHS team involved in the successful delivery of the project. Neil Nisbet added that the success of the project could also be attributed to the adoption of the Procure 21 process which had given the Trust a lot of assurance around delivery. The effective partnership between the Trust and Balfour Beatty was also noted.

- Actions:**
- i) A further update at three months post move, ie January 2015 to be provided
  - ii) To undertake a post project review of the Future Configuration of Hospital Services project for presentation to the Finance Committee in April 2015.

**2014.103 Minutes and actions of meeting held on 29<sup>th</sup> July 2014**

The minutes of the meeting held on 29<sup>th</sup> July 2014 were approved as an accurate record. An update on the actions was provided as follows:

2014.81	<b>Minutes and actions of meeting held on 27<sup>th</sup> May 2014 – Master Vendor update..</b> <i>Agenda item. Action complete.</i>
	<b>Finance Director Report Month 01 – Feedback from Deloitte's review of pay expenditure controls.</b> <i>Agenda item.</i>
	<b>IT User Access Management and third party connections.</b> Insight, the recommendation tracking tool, had been updated, as requested, with specific deadlines for actions. Progress to be monitored by the committee through the standing agenda item on Recommendations from Internal Audit reports. <i>Action complete.</i>
2014.89	<b>The following actions relating to charitable funds to be carried for discussion at the next Finance Committee meeting on 28<sup>th</sup> October 2014:</b>  <b>Funding arrangements for Charity Development Lead.</b> To delegate the decision regarding the agreement of the funding arrangements for the Charity Development Lead for 2014/15 to the Executive team. Outcome of discussion to be reported at the next Finance Committee

	<p>meeting on 28<sup>th</sup> October 2014. <b>Action: AO</b></p> <p><b>Charity Development Project – Appeals focus</b> To keep Nigel Appleton, Head of IT appraised of the intentions regarding wifi in the Trust. <b>Action: AO</b></p> <p>To prepare Business Cases for the appeals priorities for initial presentation to the Finance Committee on 28<sup>th</sup> October 2014. <b>Action: AO</b></p> <p><b>Update paper from Nuala O’Kane, Charity Development Lead</b> To develop a strategy for future fundraising for presentation to the Corporate Trustee at their meeting on 30<sup>th</sup> October 2014. <b>Action: AO/NOK</b></p>
2014.93	<p><b>Historic Due Diligence Update</b> – To undertake a post project review of the Future Configuration of Hospital Services project for presentation to the Finance Committee in April 2015. <b>Action: DV/KS.</b></p> <p>To ask Debbie Vogler to clarify the process to be followed regarding post project review to ensure assurance given to the Board. <i>Action complete.</i></p> <p>To receive further update from Julia Clarke on HDD Action Plan at the Finance Committee meeting on 28<sup>th</sup> October 2014. <b>Action: JC</b></p>
2014.95	<p><b>Recommendations from Internal Audit Reports</b> – The recommendation relating to Private Patient Income was discussed at Audit Committee on 18<sup>th</sup> September 2014. Agreed that Neil Nisbet and Sara Biffen would develop formal pricing policy. <b>Action: NN/SB.</b></p>
2014.98	<p><b>Matters to bring to the attention of the Board</b> – Committee template completed and submitted to Trust Board 31<sup>st</sup> July 2014. <i>Action complete.</i></p>

**2014.104 Matters Arising**  
**Deloitte Audit of Workforce Budget Controls**

It was noted that this draft report was considered by the Audit Committee on 18<sup>th</sup> September 2014. The Finance Committee noted the content of the report and recommendations contained within it. It was acknowledged that whilst some improvement in the regime and culture of control can be made it is not the fundamental cause of the pay overspend when compared to demands on staff levels. Management response to be finalised at Executive Director’s meeting on 24<sup>th</sup> September 2014. Final report to be re-submitted to the next Audit Committee meeting. The monitoring of any actions by Finance Committee to be done so via the standing agenda item relating to the recommendation tracking/insight report.

- Action:** i) Final report to be re-submitted to the next Audit Committee meeting in December 2014.  
ii) The monitoring of any actions by Finance Committee to be done so via the standing agenda item relating to the recommendation tracking/insight report.

**2014.105 Finance Director Report Month 05**

Neil Nisbet presented the financial position and reported that the deficit recorded at month 5 amounted to £6.1 million.

The Committee reviewed the income position, noting a comparison between 2012/13 and 2013/14 which indicated that with the exception of day case activity, the planned levels of activity were deliverable when compared with activity performed to date and activity recorded in previous years. Day case activity required further investigation because the position is complicated by the clearance of RTT backlog. The impact of waiting list initiative costs and undertaking activity which incurs a lower tariff, ie non elective activity, was discussed. The reasons for the price variance included re-admissions, emergency threshold, excess bed

days and financial penalties.

At the end of August pay expenditure exceeded the budget by £2.75 million. This was primarily due to agency premium costs relating to both nursing and medical staff. The number of staff employed increased by an average of 81.01 wte between April and August equating to £432,000. Nursing staff accounted for 44.06 wtes, costing £243,000.

It was noted that the nursing pay budget for 2014/15 reflected the approved nursing template and the need to increase the number of both qualified and unqualified nursing staff. Diagrams showing how the nursing staffing levels had altered were shared with the Committee and it was evident that in general the levels of substantively employed qualified staff had not changed significantly over the last 9 months. Furthermore that pursuing a strategy to deliver staffing levels consistent with the new nursing template requires a continued use of bank and agency staff.

The reasons for the consultant and medical staff overspend were due to the effect of seeking to achieve RTT targets which has resulted in higher waiting list initiative payments than budgeted for, vacancies and sickness. Higher costs associated with agency medical staff also forms part of the increased costs, similar in principle to that of nursing agency.

At the end of August non pay budgets had underspent by £654,000.

At a workshop in August 2014, the Board agreed a package of cost reduction measures amounting to £6.3m that could bring the deficit down from an anticipated £15.2 million to £8.8m. However this is dependant upon:

- reducing the number of trained agency nurses amounting to £1.6 million over the period September 2014 – March 2015.
- receiving £2.3 million financial support from CCG's to support the true cost of delivering increased non elective and A & E activity. The two local commissioners have recognised the financial pressure being experienced by the Trust but have expressed concern about their ability to provide resources to the Trust because of their respective financial positions.
- plans to reduce agency spending in respect of consultant and medical staff being concluded upon.

Risk assessments of the rectification plans had been undertaken in respect of income, pay and non pay expenditures and revised run rates have been applied. At the present time, the most likely deficit is forecasted at £12.8m rather than £8.8m. The Committee considered the rectification plans and their risks and concluded that it would not be possible to offer assurance to the Board at this stage as to their achievement.

The Committee reviewed performance against the Trust's CIP of £15.2 million and noted the additional schemes identified to supplement the existing CIP in order to deliver the £8.8 million deficit. Savings realised in the month amounted to £5.587 million against a target of £5.550. It is estimated that the Trust will deliver savings of £11.8 million as compared with the original CIP.

The cash position of the Trust continues to be problematic. At the end of August the Trust had received Temporary Borrowing of £3.2 million and a further £3.7 million has been requested in September. Ongoing discussions are taking place between the Trust and the NTDA with the aim of securing £15.2 million as permanent financing to support the "in year" deficit and historical liquidity weakness. The Committee reported that temporary borrowing to manage the current deficit was not sufficient and that a

more sustainable solution was urgently required and this needed to resolve the underlying cash shortfall, the impact of the in-year deficit and also to agree how future deficits in the medium term projections to 2018 would be reflected in terms of cash impact.

The Committee NOTED the report and agreed that the key points and lack of assurance on rectification above form the basis of the report to the Board.

#### **2014.106 Recommendations from Internal Audit Reports**

The Committee reviewed progress against recommendations identified in the finance related Internal Audit reports, specifically the four overdue actions as follows:

- Asset Tracking Maintenance and Replacement – Discussed at IT Review Group meeting 12<sup>th</sup> September 2014 with a view to progressing this.
- Cash management – discussed at Audit Committee 18<sup>th</sup> September 2014. To be closed.
- Budgetary Control – all budgets now signed off. To be closed.
- Formal pricing policy for private patient income. Neil Nisbet to discuss with Sara Biffen.

*Action: Recommendations to be progressed as discussed and agreed.*

#### **2014.107 Losses and Special Payments and invoices paid >100k for the period June 2014**

The latest reports on expenditure items over £100k and on Losses/Special Payments were received and noted.

#### **2014.108 Matters to bring to the attention of the Board**

The Committee agreed that the following items should be brought to the attention of the Trust Board at their next meeting on 25<sup>th</sup> September 2014:

- Update on Master Vendor
- Update on Future Configuration of Hospital Services
- Month 05 position – reducing nursing and medical staffing agency costs, rectification plans, continued cash problems.

*Action: Committee template to be completed and submitted to the Trust Board meeting on 25<sup>th</sup> September 2014.*

#### **2014.109 Date and Time of Next Meeting**

The next meeting of the Finance Committee will be held on Tuesday 28<sup>th</sup> October 2014 at 1.30 pm in the 3<sup>rd</sup> floor meeting room, Stretton House.

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

FINANCE COMMITTEE

Tuesday 23<sup>rd</sup> September 2014

Actions

Minute	Action	By Whom/When
2014.101 - Update on Master Vendor Contract	To attend the Finance Committee meeting on 27 <sup>th</sup> January 2015 to provide a further update on effectiveness and efficiencies of Master Vendor	VMa 27.1.15
2014.102 - Update on Future Configuration of Hospital Services (FCHS)	To provide Finance Committee with a further update post three months move, ie January 2015.  To undertake a post project review of the Future Configuration of Hospital Services project for presentation to the Finance Committee in April 2015.	DV/KS 27.1.15  DV/KS April 2015
2014.104 – Matters Arising - Deloitte Audit of Workforce Budget Controls	To re-submit the final report to the next Audit Committee meeting in December 2014.  To monitor any actions arising from the final report via the Finance Committee standing agenda item relating to the recommendation tracking/insight report.	JC Dec 2014  Finance Cttee Ongoing
2014.106 - Recommendations from Internal Audit Reports	To progress the recommendations arising from the four internal audit reports as discussed and agreed.	NN/AJY 28.10.14
2014.108 - Matters to bring to the attention of the Board	To complete Committee template for submission to the Trust Board meeting on 25 <sup>th</sup> September 2014	Chair/AJY 24.9.14
2014.89 - Charitable Funds Update	<b>Funding arrangements for Charity Development Lead</b> To delegate the decision regarding the agreement of the funding arrangements for the Charity Development Lead for 2014/15 to the Executive team, informed by the view expressed at the Committee.  <b>Charity Development Project – Appeals focus</b> To keep Nigel Appleton, Head of IT appraised of the intentions regarding wifi in the Trust.  To prepare Business Cases for the appeals priorities for initial presentation to the Finance Committee on 28 <sup>th</sup> October 2014.  <b>Update paper from Nuala O’Kane, Charity Development Lead</b> To develop a strategy for future fundraising for presentation to the Corporate Trustee at their meeting on 30 <sup>th</sup> October 2014.	AO August 2014  AO August 2014  AO 28.10.14  AO/NOK 30.10.14
2014.93 - Historic Due Diligence Update	To receive further update on HDD Action Plan at the Finance Committee meeting on 28 <sup>th</sup> October 2014.	JC 28.10.14