

COVERSHEET	
Meeting	Board of Directors' meeting in PUBLIC
Paper Title	Finance and Performance Assurance Committee Annual Report 2019/20
Date of meeting	8 <sup>th</sup> October 2020
Date paper was written	30 <sup>th</sup> June 2020
Responsible Director	James Drury, Interim Director of Finance
Author	Clive Deadman, Chair of Finance and Performance Assurance Committee
Presenter	Clive Deadman, Chair of Finance and Performance Assurance Committee
EXECUTIVE SUMMARY	
<p>The purpose of this report is to review the work undertaken by the Performance Committee (now Finance and Performance Assurance Committee) between April 2019 to March 2020, and to set out how the Committee performed against its responsibilities as defined in its Terms of Reference.</p> <p><b>The Board of Directors are asked to</b> note the Annual Report for 2019/20, which summarises the activity of the Committee and its performance / compliance with its Terms of Reference.</p>	
Previously considered by	Finance and Performance Assurance Committee 30 <sup>th</sup> June 2020 - approved

THE BOARD OF DIRECTORS' (Committee) ARE ASKED TO:			
<input type="checkbox"/> Approve	<input type="checkbox"/> Receive	<input checked="" type="checkbox"/> Note	<input checked="" type="checkbox"/> Take Assurance
To formally receive and discuss a report and approve its recommendations or a particular course of action	To discuss, in depth, noting the implications for the Board or Trust without formally approving it	For the intelligence of the Board without in-depth discussion required	To assure the Board that effective systems of control are in place

Link to CQC domain:				
<input type="checkbox"/> Safe	<input checked="" type="checkbox"/> Effective	<input type="checkbox"/> Caring	<input type="checkbox"/> Responsive	<input checked="" type="checkbox"/> Well-led

Link to strategic objective(s)	<i>Select the strategic objective which this paper supports</i>
	<input type="checkbox"/> PATIENT AND FAMILY Listening to and working with our patients and families to improve healthcare <input type="checkbox"/> SAFEST AND KINDEST Our patients and staff will tell us they feel safe and received kind care

	<input type="checkbox"/> HEALTHIEST HALF MILLION Working with our partners to promote 'Healthy Choices' for all our communities <input type="checkbox"/> LEADERSHIP Innovative and Inspiration Leadership to deliver our ambitions <input type="checkbox"/> OUR PEOPLE Creating a great place to work
Link to Board Assurance Framework risk(s)	

Equality Impact Assessment	<input checked="" type="radio"/> Stage 1 only (no negative impact identified) <input type="radio"/> Stage 2 recommended (negative impact identified and equality impact assessment attached for Board approval)
Freedom of Information Act (2000) status	<input checked="" type="radio"/> This document is for full publication <input type="radio"/> This document includes FOIA exempt information <input type="radio"/> This whole document is exempt under the FOIA
Financial assessment	N/A



The Shrewsbury and  
Telford Hospital  
NHS Trust

# **Performance Committee (Now Finance & Performance Assurance Committee)**

## **Annual Report**

### **2019/20**

# 1 Introduction

- 1.1 The purpose of the Trust **Performance Committee** ("the Committee") is to provide the Board with an objective review of the financial position and performance of the Trust and taking any decisions delegated to it.
- 1.2 The purpose of this report is to review the work undertaken by the **Performance Committee** between April 2019 to March 2020, and to set out how the Committee performed against its responsibilities as defined in its Terms of Reference.
- 1.3 Throughout 2019/20 we have seen greater ownership of financial issues by the broader executive team than has been the case in the past. However the new executive team is still taking shape. A consequence of this is ownership of performance targets, modernisation plans and financial budgets by the local leaders who report to executive team is still patchy. Accordingly, a further step change of improvement is necessary and full assurance on issues in 2019/20 was not secured. Our key conclusions are summarised in Section 8. **Noting that our conclusions are similar to those reported in 2017/18 and 2018/19 we need to ensure, support and require the executive leadership team to set more realistic targets and ensure greater ownership and commitment to deliver our care improvements and financial targets. However, the Board as a whole also has a role to ensure that any commitments (budgets and performance target recovery profiles) the Trust makes to our most senior stakeholders such as NHSE/I are realistic and achievable.**

# 2 Committee Membership

- 2.1 The Committee is chaired by Clive Deadman, Non-Executive Director and comprises the following

Four Non-Executive Directors
Finance Director
Chief Operating Officer
Director of Nursing and Quality
Workforce Director
Director of Transformation and Strategy
Care Group Director – Clinical Support Services Care Group
Care Group Director – Women & Children’s Care Group
Assistant Chief Operating Officer – Unscheduled Care Group
Assistant Chief Operating Officer – Scheduled Care Group
<b>Attendance when required:</b>
Other managers/staff may be required to attend meetings depending upon issues under discussion with the prior approval of the Committee Chairman. The Committee has the power to co-opt, or to require to attend, any member of Trust staff as necessary, and to commission input from external advisors as agreed by the Chairman.

- 2.2 All administration, relating to Committee business and minute taking is undertaken by Amanda Young, Executive Assistant to the Finance Director who monitors attendance at meetings and compliance to reporting arrangements.
- 2.3 Attendance at meetings is monitored by means of an attendance matrix (see section 4).
- 2.4 Towards the end of 2019/20 primarily in response to the COVID-19 pandemic we have reformatted meeting agenda and attendance to only include Non-Executive Directors, Finance Director and Chief Operating Officer. We found this made the meetings more effective. We recommend these

changes should be made permanent however additional members of the executive team may also be required to attend.

### 3 Terms of Reference

3.1 The Terms of Reference for the Committee were reviewed in October 2019.

3.2 In addition the committee has agreed to the following three metrics:

- i) Finance – By reviewing the quality of improvement plans and their ownership by SaTH, report to the board the likely end of year % level of CIP achievement within a care group (as compared with plan).
- ii) Operational Performance – By reviewing the quality of improvement plans and their ownership by SaTH, report to the board throughout the year the degree of compliance with RTT and A&E trajectories.
- iii) Operational Business Plan – By reviewing the quality of improvement plans and their ownership by SaTH, report to the board throughout the year % achievement of trajectories as described within care group operational plan.

### 4 Meetings

4.1 The Committee met 10 times during the period for routine meetings. There was one special meeting on 16<sup>th</sup> December 2019 which focussed on operational and financial performance and delivery of efficiencies. There was one dedicated Assurance meeting on 15<sup>th</sup> January and dedicated time at the meetings held on 4<sup>th</sup> February and 25<sup>th</sup> February focused on improving efficiencies across four areas, namely Theatres, Endoscopy, Outpatients and Agency.

4.2 All meetings, with the exception of 28<sup>th</sup> May 2019 met the obligations regarding membership and quorum. For the meeting to be quorate one Non-Executive Director, one Executive Director together with three Care Group representatives, or their nominated deputy is required. A reduced attendance and revised quoracy was introduced (due to COVID-19) for the meeting held on 24<sup>th</sup> March 2020.

4.3 Attendance is set at a minimum of 75% for the year. The attendance of members is shown below

Finance and Performance Committee Attendance Matrix 2019/20														
Members	30-Apr	28-May	25-Jun	30-Jul	24-Sep	29-Oct	26-Nov	16-Dec Special	15-Jan Assurance	04-Feb	25th Feb	24-Mar	% attendance (routine mtgs)	
Clive Deadman (NED & Chair)	✓	✓	✓	⊗	✓	✓	✓	✓	✓	✓	⊗	✓	80%	
David Lee (NED)	⊗	⊗	✓	✓	✓	✓	⊗	✓	⊗	⊗	⊗	✓	50%	
Harmesh Darbhanga (NED)	✓	⊗												
Tony Allen (Associate NED)	✓	✓	✓	✓	✓	✓	✓	⊗	✓	✓	✓	⊗	90%	
Trevor Purt (NED)					✓	✓	✓	✓	✓	✓	✓	✓	100%	
James Drury/Neil Nisbet (Finance Director)	D	D	✓	✓	✓	✓	✓	✓	D	D	✓	✓	100%	
Nigel Lee (Chief Operating Officer)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	D	✓	100%	
Victoria Rankin (Workforce Director)/Rhia Boyode (Interim Workforce Director)	✓	⊗	✓	⊗	⊗	⊗	⊗	⊗	✓	⊗	⊗	⊗	20%	
Barbara Beal (Interim Director of Nursing & Quality)	⊗	✓	⊗	✓	⊗	⊗	D	D	✓	✓	⊗	⊗	30%	
Bev Tabernacle, (Director of Strategy and Transformation)				✓	✓	⊗	✓	⊗	⊗	✓	✓	✓	86%	
Jill Price (Deputy Finance Director)	✓	D	⊗	✓									75%	
Jo Banks/Janine McDonnell (Care Group Director - Women & Children)	✓	✓	⊗	D	D	D	✓	⊗	⊗	⊗	✓	⊗	78%	
Carol McInnes (Assistant Chief Operating Officer, Unscheduled Care)	✓	⊗	D	✓	✓	⊗	⊗	⊗	✓	✓	✓	⊗	67%	
Neil Rogers (Assistant Chief Operating Officer, Scheduled Care)	✓	⊗	✓	✓	✓	✓	✓	⊗	✓	✓	✓	⊗	89%	
Sheila Fryer (Clinical Support Services Care Group Director)	✓	✓	✓	✓	✓	✓	✓	⊗	⊗	D	✓	⊗	100%	

D – Deputy attended

### 5 Reporting from the Committee

An outcome summary of the Performance Committee is formally reported to the public session of the Trust Board.

Examples of issues brought to the attention of the Board during the year are shown below.

- Operational performance – each month the committee received a report describing performance across in the Trust in key areas, namely Emergency Department, RTT, Diagnostics and Cancer.
- Financial position – a report outlining the position with regard to income, pay, non pay and CIP/Financial Improvement was received and discussed each month with any particular issues impacting on the cash and/or the outturn position noted.
- Reviewed the Board Assurance Framework risks and agreed the RAG ratings each month.

## **6 Reporting to the Committee**

There are a number of standing items on each committee agenda. These are:

- Operational Performance
- Financial position, including Financial Improvement Programme
- Board Assurance Framework risks
- Committee Summaries

The following reports were also presented to the Committee:

- Trust Financial Strategy 2019/20 (April 2019 and May 2019)
- Analysis of Model Hospital Data (April 2019)
- Non-Consultant Workforce Plan (April 2019)
- Procurement Transformation Plan (May 2019)
- Operational Plan 2019/20 (May 2019)
- Review of Standing Financial Instructions, Standing Orders and Reservation of Powers to the Board (June 2019)
- Quarter 1 Update – Monitoring Performance of Trust Objectives (Sept 2019)
- Business Case Approval Limits, Business Case Process and Performance Management Framework (Sept 2019)
- New Capital Investment (Oct 2019)
- Drivers of Deficit (Nov 2019)
- Overseas Nurse Recruitment (Nov 2019)
- Data Security and Protection Toolkit Submission (Nov 2019 and Feb 2020)
- Financial Planning 2020/21 (Feb 2020)
- Impact of COVID-19 on Operational and Financial Performance (Mar 2020)
- Service Review Process (Mar 2020)
- Integrated Performance Framework (Mar 2020)
- Quarter 3 Update - Monitoring Performance of Trust Objectives (Mar 2020)

The following business cases or contract approval proposals were presented to the committee and recommended for approval by Trust Board where required:

- Off-site Medical Records Storage Solution (April 2019)
- High Value Diagnostic Equipment (May 2019)
- Two Contract Variations to the Trust's Radiology Picture Archiving and Communication System (June 2019)
- Clinical Waste Contract Extension (Jul 2019)
- Clinical IT Systems Contract Award for ED, Maternity and eObservations (Sept 2019)

- Fertility Funding Scheme (Sept 2019)
- Pharmacy: Extending the working week to 6 days (Oct 2019)
- Community Gynaecology Service (Oct 2019)
- Electric and Gas Supply Contract (Nov 2019)
- Contract Award for Urgent Treatment Centre (Feb 2020)
- Memorandum of Understanding Health System Led Investment (HSLI) Funding (Feb 2020)
- Cook Chill Meals Contract (Mar 2020).

Post project evaluations were received relating to:

- Pathology Managed Service Contract (April 2019)
- Post Project Review of Endoscopy Business Case (May 2019)

The following Internal Audit Report was received:

- Business Case Process Review Internal Audit Report (Nov 2019)

## 7 Assurance Arrangements

The Committee is responsible for providing information and assurance to the Trust Board that the Trust is managing all issues relating to the financial position and performance of the Trust.

The Performance Committee also receives assurance from the following groups:

- Information Governance Group
- Performance Review Group (previously Confirm and Challenge)
- Emergency Department Oversight Group (until March 2020) – *from April 2020 this group will report to Quality and Safety Committee.*

## 8 Conclusions & Subsequent Events

Core conclusions are:

### Assurance

The committee has sought assurance that financial and performance issues are professionally managed, and leadership is strong and effective. We have seen some great examples of modernisation, improved care delivery and 'waste removal'. Key examples are:

- The Executive team have responded to the COVID-19 crisis in a robust, energetic, and thoughtful way. They are to be congratulated for this.
- During the year, and most recently with the very welcome appointment of the new CEO, we have seen a strengthening of the capacity and commitment of the executive team to lead on difficult issues. We have been pleased to see the executive forming the 'Financial Improvement Board', which has demonstrated increasing ownership by the executive teams of efficiency, CIP and modernisation plans. We have also seen a reduced reliance on interim roles. This is extremely welcome.
- The delivery of high-quality diagnostic services (DMO1) for much of the year.
- Towards the end of the year (and partly as a consequence of the COVID-19 pandemic) we have seen a transformational improvement in A&E performance during a period of lower activity albeit that sustainability of this delivery is yet to be proven.
- Significant success in discharging 'stranded patients'.
- Procurement Assurance – the committee was pleased to learn that Shropshire Healthcare Procurement Service had been awarded Level 2 accreditation in November as part of the

Towards Excellence Procurement process. Nationally only 23 other Trusts have achieved Level 2 accreditation. The Procurement Department was ranked 5<sup>th</sup> out of 133 Acute Trusts in November 2019.

Despite the hard work of many people it has not been possible to secure full assurance that we are in control of quality of care, performance and expenditure. These are serious issues. Key issues/deviations were as follows:

- A 60% shortfall in CIP delivery and a failure to deliver our control total and our performance improvement and modernisation plans.
- There has been gaps in the provision of performance information, the need for a more encompassing integrated performance report and one version of the truth linked with recovery plans to seek assurance from and trend analysis for greater oversight
- Our performance and care recovery plans have not been successful and even before the COVID-19 pandemic we have seen a significant deterioration in Cancer and RTT performance. These fundamental issues may well be aggravated and entrenched by the COVID-19 crisis and make recovery in 2020/21 more difficult.

The solution to these issues principally depends on improving performance management, accountability, performance reporting and ensuring plans and budgets are realistic and achievable. Plans should include contingency for risks/slippage and broader ownership of budget constraints and CIP/modernisation plan delivery by the executive team is needed. (See section 'Ownership of Business Improvement, business change and CIP' below).

Performance management is difficult due to serious gaps in information systems. This makes it hard for executives and local leaders to reward high performance and address inefficiency. For example, the profitability (or otherwise) of service lines is not understood. In addition the case load and productivity of clinical staff is often unclear to the extent audit reports have yet again revealed that payment of overtime (WLP) is at times 'self-certified' and therefore poorly controlled.

Whilst management acknowledge the issues above and are working on how to resolve these it is important to note the following factors:

- 2019/20 saw a continued increase in A&E attendance and non elective activity with growth rates of circa 10% versus prior year experienced
- These growth rates exacerbated the demand and capacity imbalance having the impact of substituting elective activity with non elective activity with a consequent deterioration on elective performance targets
- Further the growth rates highlighted the limitations of our estate to service non elective demand and to implement in full nationally recognised models of care such as Same Day Emergency Care and Frailty
- Vacancies in the core establishment and recruitment difficulties also delayed progress in implementing new models of care and in delivering performance in specialties such as Urology, Anaesthetics, Gastroenterology, Radiology and Emergency Department

Looking forward and in particular post COVID-19 much work is required to re-evaluate our ways of working and returning to historic approaches and performance targets may not be possible going forward. Whilst the Trust and its management team will focus on delivering positive benefits in workforce efficiency and productivity improvement this will be set in the context of potentially lower capacity.

## **Ownership of Business improvement, business change and CIP**



The work of the Performance Committee has focused on supporting and requiring the executive to find ways of preparing realistic budgets and improvement plans and delivering them. During the 2019/20 budget process a good process has been used to list investment needed to recover performance and quality of care ('Pressures list'). A rigorous process was established to list and define 'waste removal' of CIP proposals. However the Committee is not assured that plans and CIP proposals are in place which will allow delivery of our control total and also allow the investment needed to recover quality of care. **It is the conclusion of the Committee that the executive leadership team and the Board need to find ways of inviting key clinical leaders to take leading roles in defining and promoting and owning modernisation plans. We also need to inspire more 'hope' in our local leaders and front-line staff. We also need to ensure that the Trust does not enter into unrealistic finance and performance commitments with our most senior stakeholders.**

The Trust engaged with Deloitte to support the Financial Improvement Programme. At the meeting on 27<sup>th</sup> November 2019, a 'deep dive' into a selection of larger CIP schemes was undertaken to help NEDs understand the rigour and effectiveness of our cost control and CIP programme. It concluded that CIP initiatives were better defined and delivered than has previously been the case. However, there was further need for 'pace and urgency' and more support for local leaders. In response to this the committee sought greater assurance regarding delivery and introduced Assurance meetings and dedicated time at meetings was introduced to focus on improving efficiencies across four key areas, namely Theatres, Endoscopy, Outpatients and Agency.

### **Clarity of Papers and Business cases**

Committee papers are often extremely complex, with un-necessary detail and duplication. This may be because papers are often produced for other internal meetings/NHSE/I and reproduced for the Performance Committee. We need to make reports simpler, more forward looking (always include performance improvement predictions and predicted out turn against control total) and focused on the important issues (spend against control total). There is also a need to have greater rigour over business cases. This will not only reduce the workload for people preparing these proposals but will also allow more efficient and effective approval and oversight.

### **Governance of the Committee**

At times we have found that the committee has become over focused on finance issues and discussion of care and performance has become marginalised in some meetings. We are aware of this issue and require that both issues should have equal time and attention in meetings.

Towards the end of 2019/20 primarily in response to the Covid-19 pandemic we have reformatted the meeting agenda and attendance to only include Non-Executive directors, Finance Director and Chief Operating Officer. We found this made the meetings more effective. By shrinking membership we have also seen increased attendance, which is very welcome. We recommend these changes should be made permanent however additional members of the executive team may also be required to attend.

At the meeting on 24<sup>th</sup> March 2020, it was agreed that the Committee be renamed 'Finance and Performance Committee'.

In summary noting that our conclusions are similar to those reported in 2017/18 and 2018/19 we need to support and require that the Board and the executive leadership team set more realistic targets and ensure greater ownership and commitment to deliver our care improvements and financial targets.

**Clive Deadman, Non-Executive Director and Chair of the Finance & Performance Assurance Committee**

**June 2020**