

Meeting Title	Board of Directors		
Date	07/03/2019	Agenda item	Bo.3.19.14

## A report from the Chair of the Finance and Performance Committee

Presented by	Trevor Higgins, Non-Executive Director
Author	Tanya Claridge, Director of Governance and Corporate Affairs
Lead Directors	Sandra Shannon, Chief Operating Officer; Matthew Horner, Director of Finance
Purpose of the paper	This paper is to provide the Board of Directors with an overview of the work of the Finance and Performance Committee in September and October 2018.
Key control	This paper is a key control for the strategic objective to deliver our financial plan and our key performance indicators
Action required	To note

### Background

The purpose of the Finance and Performance Committee is

- to maintain a detailed overview of the Trust's assets and resources in relation to the achievement of financial targets, business objectives and the financial stability of the Trust
- to provide detailed scrutiny of performance matters

and if necessary, raise concerns or make recommendations to the Board of Directors.

The Finance and Performance Committee uses the assurance presented throughout its meeting, which is aligned to key controls for identified risks associated with delivering the Trust's strategic objective

- To deliver our financial plan and our key performance indicators

in combination with a review of the relevant risks on the strategic risk register to review the Trust's Board Assurance Framework. It was agreed that for the Board Assurance Framework the strategic objective is split into two (2a: to deliver our financial plan and 2b: to deliver our key performance indicators. Following each meeting consensus is achieved in relation to the assurance level and associated statement. This is presented in the Board Assurance Framework.

### Key Matters Discussed

#### 1. Strategic Objective 2a: To deliver our financial plan

##### 1.1 Risk: Strategic Risks relevant to the Committee

The Committee reviewed strategic risks related to the above strategic objective, for which it has an assuring role, at both meetings, and was assured that the mitigation described was proportionate and appropriate.

##### 1.2 Strategy: Finance Dashboard

The Committee reviewed the Finance Dashboard in the context of the information contained in the report of the Finance and Performance Overview Committee

##### 1.3 Report of the Finance and Performance Overview Committee

The report from the Finance and Performance Overview Committee was used by the Committee to contextualise the strategic risks related to delivery of the financial plan, the data presented in the Finance dashboard and the Finance Report, all received by the Committee at both meetings.

In relation to the delivery of the Financial plan the Committee noted that there remained a number of dependencies, including risk associated with the realisation of financial benefits of the establishment of the Wholly Owned Subsidiary and the MEAV, and that the most likely scenario was a year end deficit in line with control total. The Committee explored the associated risks of a failure to deliver the control total, and the steps that were being taken to mitigate these risks.

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#### 1.4 Strategy: The Financial Plan 2019/20

The Committee received a summary of the draft Financial Plan, which had been developed with the independent scrutiny of two Non-Executive Directors. The Committee noted the principles within the plan and that it would be subject to routine negotiations prior to being agreed.

## 2. Strategic Objective 2b: To deliver our key performance indicators

#### 2.1 Risk: Strategic Risks relevant to the Committee

The Committee reviewed strategic risks related to the above strategic objective, for which it has an assuring role, at both meetings, and was assured that the mitigation described was proportionate and appropriate.

#### 2.2 Strategy: Performance Dashboard

The Committee reviewed the Performance Dashboard in the context of the information contained in the report of the Finance and Performance Overview Committee.

#### 2.3 Report of the Finance and Performance Overview Committee

The report from the Finance and Performance Overview Committee was used by the Committee to contextualise the strategic risks related to delivery of key performance targets, the data presented in the Performance dashboard and the Performance Report, all received by the Committee at both meetings. The Committee specifically considered risks and assurance in relation to:

- **Emergency Care Standard:** Whilst acknowledging the challenges to performance, the Committee highlighted concern about the variability in performance which is not always linked to increased demand. The Committee were assured that the Trust was obtaining the external support to ensure the identification of the root cause of this variability, and noted the planned receipt, by the Board of Directors, in March, of a proposal in relation to a new staffing and delivery model for the Accident and Emergency Department. The Committee also re-iterated their concern and frustration that attempts to manage demand through a different approach to the 'front door' of the department had not been successful or sustained. The Committee were informed that approaches to attendance avoidance are being considered at the Accident and Emergency Delivery Board.
- **Cancer standards:** The Committee was assured that the overall delivery of the cancer 2 week wait recovery plan is effective, with performance being delivered to trajectory. The Committee were impressed by the level of granularity in the reports provided to support assurance and noted the key areas where concern in relation to performance persisted. The Committee noted the overall delivery of the 62 day referral to specialist treatment target, again noting specific specialties which are below trajectory. The Committee were informed of the actions being taken to address concerns in these areas.
- **Referral to Treatment:** The Committee was informed that there was still risk associated with achieving the recovery plan trajectory by the end of 2018/19. Whilst acknowledging the continued issues faced by the Trust, the Committee noted that significant improvements and progress had been made.

### Recommendation

The Board of Directors is requested to note the work of the Finance and Performance Committee in scrutinising the Foundation Trust's financial matters: maintaining a detailed overview of the Trust's assets and resources in relation to the achievement of financial targets, business objectives and the financial stability of the Trust and providing detailed scrutiny of performance matters.

It is also asked to note the assurance level and statement agreed by the Committee which is provided on the

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Board Assurance Framework.

**Strategic Objective 2a: To deliver our financial plan**

**Limited Confidence:** *The Income & Expenditure (I&E) financial plan is being delivered as at month 10 (January 2019). This is against a planned year to date pre-PSF deficit of £7m. The annual control total pre-PSF deficit of £7.5m requires a £0.5m deficit to be delivered over Months 10 and 11. The Trust has introduced a range of recovery measures to improve the underlying run rate and subsequently forecast delivery of the annual control total, albeit a number of material risks remain. The Trust's cash and liquidity forecasts are increasingly challenged by the I&E projections. To protect the cash and liquidity position, measures have been taken to safely reduce the capital expenditure plans in 2018/19. Following discussion at Finance & Performance Committee, consideration will be given to amending the risk rating and assurance level in February.*

**Strategic Objective 2b: To deliver our performance targets**

**Limited Confidence:** *current trajectories indicate that there is limited confidence in delivering the required standard in quarter. Although there has been a small increase in performance against standard there is still significant variation in performance on a day to day basis. Additional support being provided by ECIST including staffing modelling against demand and escalation tools. The 62 day backlog is reducing slightly but still a higher level than required to meet the 62 day standard. Target for sustainability is 20-25. 2WW modelling has been undertaken and additional capacity now provided. Due to an increase in prostate 2ww referrals there is a need for increased capacity on a longer term basis. A locum has been appointed providing additional 2ww prostate capacity and a business case has been developed for a substantive consultant. There are a number of specialties showing a demand and capacity gap. RTT has improved month on month and recovery plans are on track to improve to 86-89% by March 19. The waiting list has reduced by 50% over the last 6 months. There is still a need to correct some ongoing DQ issues.*

Risk assessment						
Strategic Objective	Appetite (G)					
	Avoid	Minimal	Cautious	Open	Seek	Mature
To provide outstanding care for patients			g			
To deliver our financial plan and key performance targets			g			
To be in the top 20% of NHS employers			g			
To be a continually learning organisation				g		
To collaborate effectively with local and regional partners					g	
The level of risk against each objective should be indicated. Where more than one option is available the level of risk of each option against each element should be indicated by numbering each option and showing numbers in the boxes.	Low		Moderate	High	Significant	
	Risk (*)					
Explanation of variance from Board of Directors						
Agreed General risk appetite (G)						

Risk Implications (see section 4 for details)	Yes	No
Corporate Risk register and/or Board Assurance Framework Amendments	▪	
Quality implications	▪	
Resource implications	▪	
Legal/regulatory implications	▪	
Diversity and Inclusion implications		▪

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<b>Regulation, Legislation and Compliance relevance</b>
<b>NHS Improvement:</b> Risk assessment framework, quality governance framework, code of governance , annual reporting manual
<b>Care Quality Commission Domain:</b> <i>Safe, caring, effective, responsive, well led</i>
<b>Care Quality Commission Fundamental Standard:</b>
<b>Other (please state):</b>

Relevance to other Board of Director's Committee:					
Workforce	Quality	Finance & Performance	Partnerships	Major Projects	Other (please state)
	▪				