

FINANCE AND PERFORMANCE COMMITTEE MINUTES, ACTIONS & DECISIONS

Date:	Wednesday 27 th March 2019	Time:	08:30 – 10:30
Venue:	Conference Room, Field House, BRI	Chair:	Dr Trevor Higgins, Acting Chairman BTHFT (TH)
Present:	Non-Executive Directors: <ul style="list-style-type: none"> - Dr Trevor Higgins, Acting Chairman BTHFT (TH) - Mr Andrew McConnell, Non-Executive Director (AM) - Ms Trudy Feaster-Gee, Non-Executive Director (TF-G) - Professor Laura Stroud, Non-Executive Director (LS) Executive Directors: <ul style="list-style-type: none"> - Mr John Holden, Director of Strategy & Integration (JH) - Mr Matthew Horner, Director of Finance (MH) - Mrs Sandra Shannon, Chief Operating Officer (SES) - Ms Cindy Fedell, Chief Digital Information Officer (CF) - Dr Tanya Claridge, Director of Governance & Corporate Affairs (TC) 		
In Attendance:	<ul style="list-style-type: none"> - Mr Chris Smith, Deputy Director of Finance (CS) - Mr Robert Jones, Divisional Head of Finance (RJ) – Minute taker 		

No.	Agenda Item	Action
F.3.19.1	Apologies for absence	
	No apologies	
F.3.19.2	Declaration of Interests	
	There were no interests declared.	
F.3.19.3	Minutes of the meeting held on 27th February 2019	
	The minutes were agreed and accepted as an accurate record.	
F.3.19.4	Matters Arising	
	<p>The Committee noted that the following actions were closed.</p> <p>F.1.19.17 CAP Report To be taken to Audit and Assurance Committee</p> <p>F.2.19.5 Strategic Risks To gain assurance with respect to the risk associated with the Trust's relationship with Airedale</p> <p>F.2.19.9 Draft Annual Plan RAG rate efficiency schemes on page 14</p> <p>F.2.19.14 AOB The agenda to be reordered to reflect the meeting</p> <p>F.2.19.15 Matters to share with other committees</p> <p>Bi-annual attendance by Chief Medical Officer to report back on the Pathology Joint Venture</p> <p>Outstanding</p> <p>F.2.19.14 AOB To seek agreement whether to continue the F&P oversight committee</p> <p>The committee agreed that the F&P oversight committee would remain in place for at least the next month whilst the CBUs are established.</p>	

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	The new governance arrangements under the move to the CBU structure will be presented at the next meeting.	SES
F.3.19.4.1	Matters arising from Board of Directors	
	There were no items escalated.	
F.3.19.4.2	Matters escalated from sub committees	
	There were no items escalated.	
F.3.19.5	Strategic Risks relevant to the Committee	
	<p>The committee reviewed and discussed the risk register.</p> <p>AM expressed concern that the cash risk was out of date and should now be reduced as for this year it was not an extreme risk.</p> <p>The committee agreed that whilst it was not an extreme risk this year that it would become a risk next year if the efficiencies schemes did not deliver as planned.</p>	
F.3.19.6	Board Assurance Framework	
	<p>TC presented the Board Assurance Framework.</p> <p>The committee considered whether the Board Assurance Framework needed to be updated more regularly however they recognised that events over the last week had moved quickly and that it was not reasonable to expect that the BAF is updated that quickly.</p> <p>TH explained that the committee has been discussing events in real time.</p>	
	Board Dashboard	
F.3.19.7	Finance & Performance Committee Dashboard	
	The key points of the Finance and Performance Committee dashboard were discussed and noted elsewhere on the agenda.	
	Finance	
F.3.19.8	Report from Finance & Performance Oversight Committee	
	TH suggested that the committee moved onto the Finance Report and return to the Report from Finance & Performance Oversight Committee later on the agenda.	
F.3.19.9	Finance Report	
	<p>MH updated on the current financial position and the risks in the forecast outturn for 18/19.</p> <p>The reported YTD deficit is £-0.8m, which is £-2m behind plan and generates a Use of Resources Risk Rating of 3. The EBITDA position is £-12.9m is behind plan.</p>	

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	<p>The cash position of £15.4m is behind plan. Capital Expenditure is £7.3m, which is £-5.9m behind plan.</p> <p>The main risks are associated with the Alternative Delivery Model (ADM) and the Modern Equivalent Asset Valuation (MEAV) schemes.</p> <p>The original plan was to realise savings from the ADM of £7m and MEAV of £3.5m. MH highlighted the accounting treatment adopted by other acute trusts and confirmed that Bradford Teaching Hospitals NHS Foundation Trust intended to adopt a similar approach. MH also made reference to the updated guidance produced in January 2019 by the Royal Institute of Chartered Surveyors (RICS) and the potential implications for the MEAV exercise. The Trust is working closely with external audit in relation to the accounting treatment of each issue for the final accounts process. MH added that the accounting treatment of the two transactions would not have a bearing on the forecast yearend cash position.</p> <p>MH laid out a series of options ranging from a best case scenario that was better than the £7.5m deficit control total to a worst case scenario of £10m in excess of the control total.</p> <p>A discussion ensued that focussed on the accounting treatment for both of the key transactions and the potential implications from a financial, reputational and communication perspective. MH advised that further communication would take place with both NHS Improvement (NHSI) and external audit prior to the submission of the draft accounts on the 23rd of April.</p> <p>The committee agreed that the Board would need to be informed and discuss the position prior to notification to NHSI.</p> <p>JH asked what if we don't hit our control total?</p> <p>MH explain that the Trust would forgo Provider Sustainability Fund (PSF) for Q4 of £2.7m plus the allocation of any bonus PSF.</p>	<p>MH MH</p> <p>MH</p>
F.3.19.10	Budgetary Control Framework	
	MH updated that the budgetary control framework would be brought back to the next meeting.	
F.3.19.11	2019/20 Financial Plan	
	<p>MH updated on the Annual Plan for 19/20</p> <p>The Trust has a pre PSF and Financial Recovery Fund (FRF) control total deficit £12.5m for 19/20. In addition there is PSF available of £7.1m and FRF of £5.4m, which if fully recovered would produce a breakeven position for the year.</p> <p>The Cost Improvement Programme required to deliver the control total after taking into account the agreed income position and the budget setting exercise associated with expenditure is £16m (circa 4% of turnover). The Executive Management Team has undertaken a rigorous review of proposed service developments to minimise the financial</p>	

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	<p>challenge in the forthcoming year. The Trust has agreed an alternative contractual arrangement for 2019/20 that includes and risk and gain share arrangement. As such, The Trust will work with the Bradford System to jointly remove £3m of cost, leaving a residual value of £13m that will need to be generated internally and must focus on cost out initiatives, rather than income growth.</p> <p>The phasing of the plan is to achieve a deficit of £5.1m in Q1, £2.6m in Q2, £1.9 in Q3 and £2.9 in Q4. The higher deficit in the first half of the year reflects the phasing of the efficiency programme and takes into account the impact of the Trust wide restructure, allowing time for the Trust to transition to the new arrangements.</p> <p>The Trust has moved to an alternative contract arrangement for 2019/20 and secured its income from the Bradford CCGs under a fixed income contract. It is recognised that the Trust must still monitor activity and referrals in order to enable planning for the future and to measure efficiency improvements. This fixed income level provides stability for both the Trust and its commissioners and allows the system to focus on transformational change and cost reductions to jointly manage a shared, system wide financial position.</p> <p>Under the revised plan, cash balances reduce from £21.4m to £15.1m mainly due to spillage associated with the 18/19 capital programme.</p> <p>The capital programme for 19/20 is £12.6m however it should be noted that no bonus cash associated with 18/19 outturn has been factored into this calculation.</p> <p>MH recommended that the Trust accept the control total as not to do so would introduce financial contract penalties and potentially prevent the Trust from applying for Integrated Care System/national NHS funding for capital and transformation schemes.</p> <p>The committee agreed to accept the control total under its delegated authority from Trust Board.</p> <p>MH explained that the budgetary control framework noted under agenda item 3.19.10 would inform:</p> <ol style="list-style-type: none"> 1) How the CIP will be allocated 2) How improvements are reported to the committee 3) How to manage the CIP process 	
F.3.19.12	Five year forward looking capital programme	
	<p>MH presented the proposed capital programme for the next 5 years.</p> <p>The committee accepted the programme for 19/20 but recognised that as with this year it would be contingent on delivery of the financial position in order that enough cash is available.</p> <p>The group agreed that, as with the current year, if the cash position worsened in 19/20 that measures would be taken to reprioritise the capital programme.</p>	

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	<p>AM suggested that the programme is looking light in years 2-5 and that consideration is needed to be given to the programme in future years. MH confirmed that the Capital Committee would be reviewing the longer term plan in light of the operational plans that will be produced by the new care groups, but also to reflect any known big ticket replacement items (e.g. IT hardware requirements)</p>	<p>MH</p>
F.3.19.13	Treasury Management Annual Review	
	<p>MH updated the committee on the Treasury Management process and presented the Cash Committee monitoring information.</p>	
	Performance	
F.3.19.14	Performance Report	
	<p>SS updated on the Trust's performance against the national targets.</p> <p>Performance against the ECS YTD is 83.51% and 75.95% in March.</p> <p>65% of breaches are due to staffing and crowding.</p> <p>Improvements have been made in ambulance handovers, streaming, GPs, and zoning.</p> <p>The Trust has seen a significant shift in the number of patients going into minors.</p> <p>The team has developed an alternative model with revised escalation triggers and actions aligned to the triggers.</p> <p>SAFER discharges have been embedded as part of the development of the command centre.</p> <p>The alternative model will implement Green and Blue zones, increase the % of same day emergency care patients seen by 9%, and deliver a new staffing model which better mirrors demand. The aim is to reduce time taken to see a doctor however crowding will still remain an issue.</p> <p>The committee started to discuss improvement monitoring arrangements however TH suggested that this should be explored more next time.</p> <p>RTT is on track to deliver 84.03%. Compared to this time last year there are 9,500 less patients on the waiting list. The number of patients waiting over 40 weeks has reduced from 450 to 150 in the same period. As a result IP and OP activity has increased significantly.</p> <p>SS explained that the current improvement programme is aligned to the new ECS standards which are expected to take effect in September.</p>	
F.3.19.15	Cancer Services Recovery Plan Quarterly Report	
	<p>For cancer performance the pressures are still in Lower GI, Endoscopy and Breast. Breast has seen a 30% increase in 2 week wait referrals from</p>	

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	80 to 110 per week. The 62 day backlog is on track to be delivered in April.	
F.3.19.16	Board Assurance Framework	
	The committee considered the board assurance framework and agreed that it should be updated considering the earlier finance discussion.	
F.3.19.17	Any Other Business	
	TF-G to chair the next Finance and Performance Committee	
F.3.19.18	Matters to share with other Committees	
	The Governance Committee to determine when the risks on the risk register should be updated for Finance and Performance Committee.	TC
F.3.19.19	Matters to escalate to the Board of Directors	
	A board meeting to be arranged to agree where to land to yearend financial position given the discussion in item F.3.19.9 .	
F.3.19.20	Matters to escalate to the Strategic Risk Register	
	There were no matters to escalate.	
F.3.19.21	Items for Corporate Communication	
	There were no matters to raise.	
F.3.19.22	Agenda items for the meeting scheduled on 24th April 2019	
	No items were discussed.	
F.3.19.23	Date and time of next meeting	
	Wednesday 24th April 2019. 08:30 am - 10:30 am Conference Room, Field House, BRI	

**BRADFORD TEACHING HOSPITALS NHS FOUNDATION TRUST
ACTIONS FROM FINANCE AND PERFORMANCE COMMITTEE – 27 March 2019**

Date of Meeting	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
27/03/2019	F.3.19.9	Finance Report Contact NHSI to discuss changes to the control total.	Director of Finance	24/04/2019	
27/03/2019	F.3.19.9	Finance Report KPMG ADM and MEAV opinion to be shared and discussed with Deloitte.	Director of Finance	24/04/2019	
27/03/2019	F.3.19.9	Finance Report Board to agree the approach to take for the finalisation of the year end position. Board meeting to be arranged.	Director of Finance	24/04/2019	Meeting took place on 11 April, with additional meeting taking place on 15 April of delegated sub-group from the Board. Action concluded.
27/03/2019	F.3.19.10	Budgetary Control Framework It was agreed that this would be brought back to the next meeting.	Director of Finance	24/04/2019	Added to the agenda. Action concluded.
27/03/2019	F.3.19.12	Five year forward looking capital programme Capital Committee to review the long term capital plan in light of the operational plans that will be produced by the new care groups.	Director of Finance	On-going	
27/03/2019	F.3.19.18	Matters to share with other Committees The Governance Committee to determine when the risks on the risk register should be updated for Finance and Performance Committee.	Director of Governance & Corporate Affairs	24/04/2019	
27/03/2019	F.3.19.3	Matters Arising The new governance arrangements under the transition to the CBU structure will be presented at the next meeting.	Chief Operating Officer	29/05/2019	Added to the agenda for May.