

Meeting Title	Board of Directors - Open		
Date	14 July 2022	Agenda item:	Bo.7.22.13

Report from the Chair of the Finance & Performance Academy

Presented by	Julie Lawreniuk, Non-Executive Director		
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Lead Director	Matthew Horner, Director of Finance / Sajid Azeb, Chief Operating Officer		
Purpose of the paper	To provide a summary of the discussions and outcomes from the Finance & Performance Academy meeting held on 25 May 2022		
Key control	This report is relevant to Strategic Objectives 2a: To deliver our financial plan, and 2b: To deliver our key performance targets		
Action required	To note		
Previously discussed at/ informed by	Finance & Performance Academy 25 May 2022		
Previously approved at:	Committee/Group	Date	
	N/A		
Key Matters Discussed			
1. Development Session: Finance and Performance Academy Terms of Reference Review / Annual Report			
<p>The Academy was asked a series of questions via the Mentimeter platform which would enable answers to be provided anonymously. The questions considered were:</p> <ul style="list-style-type: none">• Effectiveness of the meeting (rate from ineffective to effective),• How could we make the meetings more effective?• I feel engaged with the Academy meetings (rate from disengaged to fully engaged),• Do you feel able to challenge and ask questions during the meeting? If not, why not?• Do the meetings include the right mix of learning, improvement and assurance? Which area needs more focus?• Are the right people involved in the meeting? was anyone missing?• Is two-hours long enough? <p>The results would be collated and analysed in preparation for a comprehensive discussion at the next meeting. The Academy terms of reference would also be updated to reflect the feedback received.</p> <p><u>Academy Annual Report 2021/22</u></p> <p>The Academy received the Annual Report of activity during 2021/22. The purpose of the report was to determine how effective the Academy had been during the period, and whether any further development work was required. This would be submitted to the Audit Committee on 15 June 2022 and the Board on 14 July 2022.</p> <p>A paragraph would be included within the Annual Report relating to the learning and improvement question/answer session that took place during the meeting.</p>			
2. Finance and Performance Academy Work Plan			
<p>The Academy received the work plan of activity. An item would be added for the Academy to review the results of the Mentimeter question/answer session at the next meeting. 'Use of</p>			

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resources – M2O (moving to outstanding)' would be removed from the work plan as it was no longer relevant.

3. Finance and Performance Academy Dashboard

The Academy received the dashboard. The metrics that required further discussion would be discussed at relevant points throughout the meeting.

4. High Level Risks relevant to the Academy

The Academy reviewed the high level risks relevant to the Academy. These were:

- Risk ID 3696: Significant risk to the organisation arising from the age and condition of the Pharmacy Aseptic Unit.
- Risk ID 3468: Risk that staff are not following or being able to follow the correct process for recording activity or patient pathway steps on EPR which results in incorrect or missing information.

It was advised that financial risks had been included within the Board Assurance Framework as they were strategic, rather than operational. Any operational, shorter term financial risks arising throughout the year would be reflected on the risk register (Datix), and any risks scoring 15 or over would be escalated to the Executive Team, Academy and Board in line with the escalation framework.

The Academy was informed that the Executive Team had discussed the risk associated with energy resilience and energy pricing. The Trust was in fixed-price contracts until 2024, however, it was anticipated that this would be a significant risk when the contracts were due for renewal.

To provide the Academy with a holistic view of risk within the Trust, it was requested that the Board Assurance Framework be submitted alongside the High Level Risks Relevant to the Academy.

5. Finance Improvement Plan

The Academy received an update on progress against the Finance Improvement Plan:

- Clinical Business Units (CBUs) had been allocated a 2.2% financial improvement target for 2022/23, with an expectation that delivery commences at the start of H2 (Month 7-12) 2022/23. The CBU's need to focus on developing and implementing plans during H1.
- CBUs were in the process of developing their improvement plans. Plans covering at least half of the improvement target were to be submitted no later than 30 June 2022.
- The planned session with Model Hospital had been cancelled at short notice and was in the process of being rescheduled.
- The Model Hospital Group received a presentation detailing how the Trust could use different sources of information, including the data from Model Hospital, Get it Right First Time (GIRFT) and the Healthcare Optimisation Benchmarking (HOB) system, to signpost improvements and potential efficiencies and cost savings.
- Model Hospital data provides an indication of the average cost for producing a unit of activity in comparison to other Trusts. In addition there are further metrics that benchmark staff costs, the cost of service provision and clinical output.
- Input from clinical teams was required as part of the process to ensure that the reported outputs are meaningful and that improvement focusses on the right areas.
- KW would raise at the People Academy the discussion that took place at the Finance and

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Performance Academy relating to the reduction in discharges at weekends in comparison to during the week. 7-day working would be required across the system in order to achieve a comparable level of discharges at weekends.

6. Performance Improvement Plan – Urgent and Emergency Care (UEC)

Overall the Trust had made good progress with the UEC programme, with strong progress seen particularly in the ‘transformation’ aspect of the programme. The highlights of the report were:

Transformation Summary

- The Outstanding Decision Making (ODM) programme was progressing well. The pilot that had been undertaken on Ward 16 was successfully completed. The ODM programme would commence on Ward 18 and 19 in June 2022 which would create much needed capacity and better patient flow.
- The Surgical Assessment Unit, using the Same Day Emergency Care (SDEC) model, had opened on ward 2 & 5 as planned in January 2022. Focused work would continue in this area to improve the movement of patients suitable for SDEC, from the Emergency Department (ED) to the Acute Unit.
- The Medical Day Case Unit had opened as planned in November 2021.
- Work continued on system-wide programmes in transforming Access to Care, including integrated care models and virtual models. Regular meetings had commenced with Adam Cole, Head of Strategy, Change & Delivery for UEC for Bradford District and Craven, which would allow the Trust to have a continued influence in driving strategic changes at a wider system level.

Proactive Performance Management Summary

- Five key work streams had been identified as part of this part of the programme.
- There would be a continued focus on defining and standardising nursing and medical leadership roles within ED.
- A capacity protocol would be developed so that specialties across the wider Trust were clear on their roles in supporting ED during busy periods.
- Work was completed on improving the nursing workforce establishment; however, further work would commence to develop a longer-term plan for this.
- Work would continue on the ODM programme, digital transformation and the Virtual Royal Infirmary model.
- Ambulance handover delays remained an area of focus for the Trust. There was a national agenda through the summer period to focus on improvements in ambulance handover times at hospitals. This was to ensure that there were more robust systems and processes in place for winter 2022/23 to release ambulance crews from hospitals. Whilst West Yorkshire was not a current outlier for the Yorkshire Ambulance (YAS) in comparison to South and East Yorkshire, there were some key improvements that had been identified and agreed between provider acute Trusts and YAS. These had been summarised as a ‘plan on a page’. The Trust had seen improvements with ambulance handover performance since October 2021. SA noted that whilst the Trust continued to perform well with ambulance handovers in less than 15 minutes, there was a continued challenge regarding 1-hour delays. A focused piece of work had commenced to improve this area. Joint working arrangements have continued with YAS through bi-monthly meetings and sharing of operational data to ensure rapid escalation of issues.

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Business as Usual Summary

- The Trust would continue its work to embed the new Emergency Care Standards with weekly review meetings in place to review progress against the plan.
- It was advised that work was underway to determine the capacity and demand for therapy staff in ED and whether resources would need to be increased.
- The Trust awaits the report following the CQC visit that took place on Wednesday 20 April 2022; however initial verbal feedback received was positive.

7. Operational Performance Highlight Report/Performance Report

Demand Performance

- The Trust had seen an additional 150-200 GP referrals per week in addition to expected levels, which had resulted in an increase in clock starts.
- Inpatient activity for elective ordinary and day cases remained slightly behind plan in April 2022, but was projected to increase during May 2022 as theatre activity increased. The Trust's ability to ring fence elective bed capacity and extra theatre activity continued to support this position.
- Insourcing from Medinet remained in place to support the utilisation of available theatre and surgical capacity.

Referral to Treatment (RTT) Performance

- The Trust expected to report 110% of completed RTT non-admitted activity for May 2022.
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- The Trust projected to have 58 patients waiting over 52-weeks for treatment, a reduction from 107 in April 2022.
- The 104+ week waiting position continued to reduce significantly throughout April and May 2022 as a result of increased Theatre activity and elective bed capacity. Given the additional capacity we have been able to focus in on priority-3 and priority-4 waiting patients as well as the continued scheduling of priority-2 patients.

Diagnostic Performance

- Diagnostic performance had reduced due to a MRI scanner breakdown, however MRI performance had stabilised following the return of full MRI capacity within the Trust.
- Fast-track referrals had been prioritised and waiting lists were expected to reduce over the coming months.
- There were continued challenges seen in Endoscopy since January 2022, due to an increase in referrals, combined with vacancies, maternity leave, annual leave and retirement. Recruitment was ongoing to improve this position.

Cancer Performance

- Cancer demand remained high, the Trust continued to perform well against the 2 week wait standard.
- The Trust was expected to report 95.52% compliance for cancer 2 week wait performance against a trajectory of 93%.
- The Trust was expected to report 82.73% compliance against the cancer 28-day faster diagnosis standard against a target of 75%.
- Continued challenges in Gynaecology were noted, however work continued to improve the position.
- The Trust expected to report 70.92% compliance against a target of 85% for the cancer 62-day first treatment standard. It was advised that the reduction was due to the challenges seen in Gynaecology and GI pathways.

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8. Monthly Finance Report

The highlights from the Month-1 2022/23 Finance report were:

- The Trust reported a breakeven position for M1 2021/22.
- The underlying position for M1 was a small surplus of c. £0.2m.
- The Trust had not received full guidance relating to the Elective Recovery Fund (ERF). This posed a risk to the year-to-date surplus position as the ERF for M1 was not recovered.
- COVID-19 related spend had reduced in M1; however, the position required further validation.
- NHS Block income had reduced by £0.2m, mostly related to drugs.
- Other income was behind plan by £0.5m.
- The CBU and Corporate Departments combined year-to-date performance was a £1m expenditure underspend.
- Significant underspends in-month within Musculo-Skeletal, Plastics, Breast and Skin, and Head and Neck CBUs would be reviewed (this will likely relate to the elective activity position).
- The UEC CBU had overspent in-month by £295k. Ongoing discussions would take place between the CBU and Finance Teams to identify the reasons for this, with a position statement requested from the CBU.

9. Budget Setting and 2022/23 Expenditure Plan

The highlights of the report were:

- The documents had been shared with CBUs providing an understanding for all budget holders on the financial outlook for 2022/23. This was inclusive of the 2.2% CBU improvement target.
- The expenditure plan exceeds the income plan by £27.9m, requiring the Trust to improve its run rate by 4.9% to deliver a breakeven position.
- A number of opportunities, both recurrent and non-recurrent had been identified. The resulting financial challenge levied across the CBUs and Corporate Departments was £8.5m, which equates to the 2.2% improvement target.
- The income position was subject to change due to the lack of guidance around the ERF.
- Future Investment decisions would need to take into account the impact across the balanced score card which would continue to be the focus of discussions at the Executive-to-CBU meetings.
- MH and SA would identify a process to ensure the capture of every sustainable change that was implemented during the COVID-19 pandemic. This would allow for a post implementation evaluation of the innovative ideas and enhancements implemented. Due to cost inflation, a number of Trust suppliers are experiencing affordability challenges. The Trust will need to explore the implications of each on a case by case basis.
- It was advised that many ICSs had submitted deficit plans for the year 2022/23 and had quoted inflation as a keydriver. The ICS would be allocated monies for inflation however a balanced plan was required in order to access that along with further stipulations.
- The revised ICS plan deadline was 20 June 2022.
- The process for evaluating and implementing financial improvement opportunities must include the quality and people impact assessment process.

10. Capital Update

- The ICS had agreed the Trust's capital allocation of £23.3m for 2022/23.
- Slippage reported within 2021/22 by £4.5m was subject to audit and needed to be finalised.
- The Capital Strategy Group had approved capital budgets for 2022/23: £4.2m of medical equipment, £1.0m on IT general corporate systems development and £2.2m on estates rolling backlog and service infrastructure.

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- Executives had met on 23 May 2022 to discuss the investment of the strategy funds which equated to c. £7.5m. The risk stratification process would take place the following week.
- The Academy received an overview of the Estates Backlog maintenance high priority list which indicated the volume of work required over the following five-years that may be required. This was estimated at c. £5-6m per year, increasing to £13.1m per year for years four and five. The anticipated cost of high priority backlog maintenance totalled £43.8m. This would need to be managed carefully.

11. Contract Update

- NHS contracted income in the 2022/23 plan was £461.9m and had increased by £6.8m compared to the 2021/22 H2 (Month7-12) 2021/22 baseline.
- The plan includes £12.1m of elective recovery funding (ERF). Payment of the ERF was subject to meeting challenging activity targets and consequently the recovery of a substantial element of this £12.1m was uncertain. NHSE/I has yet to definitively confirm the rules around access to the ERF, which exacerbates the risk to this element of the income plan.
- The Academy noted the risk associated with the reduction in COVID-19 spend. It was advised that work was required to establish what COVID-19 related measures would need to remain in place and the associated costs.

12. Treasury Management Update

- The closing cash position for 2021/22 was £81.1m; £34.6m above plan.
- Investment in the capital programme for 2021/22 was £34.6m. This included £29.7m on property, plant and equipment and £5.0m of intangible assets (software).
- Liquidity represents the number of days the Trust could meet its operating costs from its liquid resources, and it was reported that this had deteriorated over the previous three-months. It was anticipated that it would continue to deteriorate due to the IFRS-16 (a new requirement to account for leases within the balance sheet).
- Debtor days had varied between 14 and 24 days during 2021/22.
- The Better Payment Practice Code (BPPC) requires Trust's to pay 95% of its invoices within 30-day. An issue at SBS from Month-9 2021/22 resulted in delays in payments to suppliers. The issue was largely resolved however there remained a backlog of invoices to be paid.
- The Trust was able to generate interest income by investing its surplus cash. Interest rates remained low during the period, therefore it had been economically advantageous for the Trust to retain its cash balances rather than invest it. Since January 2022 interest rates had increased and therefore the Trust would resume investing.
- The Trust had established a Cash Management Group whose purpose was to identify learning and improvement and would include a review of the payable process and identification of opportunities to reduce debt even further.

13. Pathology Joint Venture – Financial Position

The Joint venture will report a year-end profit which the Trust would receive one third. It had been agreed that a proportion of the profit would be retained for investment purposes within the joint venture. This was noted as a positive result for the joint venture.

14. WYAAT/ICS Programme Updates

The closed Board received the report on 12 May 2022. There were no questions or comments.

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Items of Positive Assurance, Learning and/or Improvement	
<ul style="list-style-type: none"> • Overall the Trust had made good progress with the Urgent and Emergency Care programme, with strong progress seen particularly in the 'transformation' aspect of the programme. • The Trust reported a breakeven position for M1 2021/22. • The Pathology Joint Venture had reported a year-end profit of £1.5m. 	
Matters escalated to the Board for consideration	
There were no items to escalate to the Board of Directors.	
New/emerging risks	
There were no new or emerging risks identified.	
Recommendation	
The Board is requested to note the discussions and outcomes from the Finance & Performance Academy meeting held on 25 May 2022.	