

## **Three Trusts Boards in Common – 11 September 2019**

### **Report from the Finance and Performance Committee in common meeting held on 5 July 2019 and 2 August 2019**

#### **Introduction**

The Finance and Performance Committee in common met on 5 July 2019 and on 2 August 2019. Below is a summary of the main issues discussed. Full minutes of the meeting are available to the Trust Boards.

#### **Financial position – to month 3**

At this stage in the financial year all 3 Trusts are forecasting to deliver a financial position in line with plan. However, there are management actions totalling £51m required in order to meet the control total for the Group.

- MEHT is £1.9m favourable to plan year to date with shortfalls in income being offset by pay and non-pay underspends.
- SUHFT pre-PSF position (before national money and donated asset income and expenditure) is £0.9m adverse to plan. There is a difference in the phasing of the SUHFT plan agreed with NHSI and consequently the PSF And FRF are currently receivable.
- BTUH the Trust is £0.8m behind its pre-PSF/FRF plan of £9.9m deficit, missing its allocated PSF/FRF funding as a result.

All Trusts continue to be reliant on the delivery of challenging CIPs in order deliver the management actions and to meet the full year forecasts.

The Committee:

- Requested improvements to the reporting of the management actions
- Questioned the apparent differing approach to vacancy management across the Trusts
- Queried whether here was an opportunity to renegotiate the financial plan with NHSI and the CCGs.
- Requested a harmonisation of the approach to forecasting and reporting across the three Trusts

The Committee received assurance from the report.

#### **Mid Essex pay cost analysis – prioritised plan**

A progress report was presented on MEHT's pay cost analysis. A work plan of how to address each section of the workforce has been developed, which will require further analysis, operational engagement and delivery to reduce the cost base.

The Committee discussed the review of job descriptions and job grading and noted that there exists a variation in the complexity of similar roles across the three MSE Trusts. It was recommended that job description and job grading are standardised. It was further noted that the Agenda for Change will capture the pay differentials, quantities and potential cost saving opportunities per site.

The Committee received assurance from the report and it was agreed that a progress update will be provided at the September meeting.

### **BTUH Recovery Plan**

The plan submitted to NHSI in April 2019 included a £14m CIP challenge and also anticipated £5.8m contribution from a new formed STP risk pool. Due to pressures elsewhere, the risk pool became unavailable and in order to achieve the agreed control total, further changes to the financial plan had to occur, such as removal of £3m contingency and increasing the CIP challenge to £15m. A turnaround team has been in place since March 2019 and good progress has been made to date.

The key areas for improvement are CIP under delivery, overspending in pay, and the replacement CTC Clinical surgical Instruments which has resulted in increased non pay costs and a reduction of clinical income.

The Committee discussed the report and expressed concern over the £1.4m cost pressure not funded by commissioners that needs to be incurred to avoid the 52 weeks wait and reiterated their concerns with regards negotiation with the CCGs and NHSI.

The Committee noted the report.

### **CIPs**

Progress against CIPs for SUHFT and MEHT were presented by their MDs and the Corporate CIPs by the CFO. BTUH will present at the next meeting of the Committee.

The Committee acknowledged the work put in to progress the schemes and the resourcing and governance arrangements. The CIP target remains challenging in these Trusts however the Committee received assurance that plans were realistic and deliverable.

### **Merger update**

The Committee was updated on the recent developments and particularly noted that the Capital SOC will be sent to NHSI for approval and work is progressing on the OBC for approval by the Board in October.

### **Long-term Financial Model**

The draft long term financial model (LTFM) was presented to the Committee, outlining five options. The preferred option (merger with benefits and capital investment) shows a closing deficit of £41m in 2027/28 compared to the counterfactual deficit of £132m, a £91m improvement. The Committee challenge a number of key assumptions, made a number of suggestions to improve the justification of key assumptions and also to improve the narrative.

The Committee noted the report.

### **Outline Business Case**

A report was provided to assure the Committee that the OBC, as currently envisaged, will be delivered to time and budget. The Outline Business Case (OBC) is focussed on the estate implications associated with clinical transformation in the acute sector. By implementing the objectives that have been designed by the STP, there will be a reduction in pressure on acute services and improvement in care

outcomes for patients. The Committee suggested factoring into the OBC the financial impact of the inevitable disruptions.

The Committee were assured by the report.

### **Capital Risk Summary**

The Committee was provided with an overview of the management of high and significant risks identified by the external audit of the condition of the estate (6 facet survey). Funding available for capital expenditure remains extremely tight however Mitigations as presented to the Committee at the May meeting remains in place and no significant plant or equipment failure has been experienced during the reporting period. Alternative capital sources are being investigated to enable additional backlog works to be undertaken. A detailed 5 year capital plan is in preparation and due for presentation to the Committee in October 2019.

The Committee was assured by the report.

### **Digital Services update**

The Committee was provided with an update on the current challenges and issues experienced by digital services, the progress of the digital transformation programme and investment. The output for the comprehensive review of the technical infrastructure has identified a 3-5 year plan to refresh and replace out dated technology. Capital spend for 2019/20 has been prioritised to address the replacement of end of life servers and technology not able to take the new Microsoft operating systems.

The Committee raised concerns with regards SUHT and BTUH's servers, systems and software coming to an end of life and the risk of these being run at an unsupported level and was advised that there is a plan currently in place to replace these systems and these figures have been incorporated in the LTFM.

The Committee discussed the importance of technology as an enabler in delivering the merger and questioned the adequacy of the £118m in undertaking the key projects required for the merger. Clare Panniker explained that the significant projects have already been incorporated in the plan within the limited capital. The Committee still felt that NHSI could be approached for some more funding. Clare advised that there might be more digital funding that could be made available.

The Committee received assurance from the report.

### **Integrated Performance Report**

The operational performance of the three Trusts to June 2019 were presented to the Committee. It was noted that these had been discussed in detail at the respective Site Governance Forums.

The Committee was assured by the reports.

**David Parkins**

**Chair, Finance and Performance Committee in common**