

<b>Name of Meeting:</b>	Finance, Performance and Digital Committee
<b>Date of Meeting:</b>	19 November 2019
<b>Prepared by:</b>	Jeremy Cross, Chair of Committee/Non-Executive Director

### Highlights from the meeting

We reviewed the early drafts of the Trust Commercial Strategy for the period 2020-25, together with the Digital Hub Strategy (the two being somewhat linked). While the contents are commercially sensitive and, therefore, cannot be reported here (we can discuss at the Private Board if required), it was good to have early sight of these documents and for NEDs and others to add their thoughts on their structure and content.

The meeting was attended by a partner of the Good Governance Institute – to observe the style of the meeting and the content of the papers. Feedback was provided at the end of the meeting that engagement was good, and the challenge and understanding of the issues was suitable, with all members participating (both Executive and Non-Executive). It was noted that the Chair should consistently summarise agreed actions at the end of each agenda item, and also that some papers had been presented without covering sheets explaining their purpose (though on this occasion all committee members knew why papers were there).

### Assurances gained at the meeting

**Performance** – It was most encouraging to read the new performance report. All agreed it was well structured and the more “visual” reporting made it easier to understand trends and issues, together with clearer reporting on areas such as capacity and flow.

A&E performance was at 85.4% for October which was the lowest in recent history – driven by a number of recent issues including staffing levels and demand. It was pleasing to hear that the team had recovered this in recent weeks and that our more recent performance ranked us between 15<sup>th</sup> and 30<sup>th</sup> nationally, even if we were missing our target percentage. Clearly this will remain an area of focus as the calendar year closes, and pressures mount further.

Outside of A&E we missed a number of targets as in previous months, but it was pleasing to see improved trajectories in a number of areas – such as diagnostics and Referral to Treatment (RTT), which has shown consistent improvement over the past 3 months. The one notable exception was 62 day cancer treatment at 74.5% in October - but it was noted that this was partly down to the low number of cases and some exceptional circumstances on a small number of those cases. In addition, half the cases that missed the 62 day target had treatment within 64 days – so very close to the target. The Chief Operating Officer (COO) reported he remained confident that we will hit the Q3 62 day cancer target overall.

We reviewed the final version of the Winter Plan – which was in line with previous iterations.

The digital platforms had been stable over the month, and progress had been made on disaster recovery actions noted in previous months.

## Challenges from the meeting

**Finance** – the Deputy Director of Finance reported a deterioration in our forecast position at year end of some £635k (excluding PSF), and also that since we did not hit our proposed October control total, we had missed on October PSF funding. In addition cost improvement programmes (CIPs) were now forecast to miss the year end targets by £186k.

All of the above was a result of additional operational costs hitting the organisation, and in particular in the costs of nursing (and to a lesser extent clinicians) largely driven by increased agency costs, both in the month and forecast to the year end. Agency costs are now forecast to be £3.8m over target, of which £3m has already been spent and, therefore, cannot be recovered. (Additional agency costs were included over the winter period in the year to go, which is why the position is not forecast to deteriorate even more). A robust discussion followed where we considered the month on month spend by area of agency costs. The Committee asked for further information showing the year on year levels of spend, together with the year on year activity levels and vacancy levels. We were partly assured by a discussion on how individual costs are authorised in advance of spend – with the COO and Director of Nursing agreeing to costs in advance, and the teams trying to identify the need for additional resource as far out as possible, to allow the use of cheaper bank staff first. Similarly we understood the need for agency spend given the known issues in nursing vacancies, and the proposed timelines in overseas recruitment. Nevertheless, the Board needs to satisfy itself that the right balance is being struck between safety and overspend.

In the year to go forecast there remain significant risks to performance – in particular in VAT recovery and in paediatric staffing requirements (as discussed at last month's Board). As a result we do not currently have a plan that gets us back to our breakeven plan (excluding the £3m system funding). We will need to discuss in January if we need to signal to NHSI the deterioration in our financial performance for Q3.

## New / Emerging risks

The financial challenges facing the Trust as highlighted above, together with the trajectory of performance metrics in the new operational reports, need to be understood by the full Board of Directors.