

**MINUTES OF FINANCE & PERFORMANCE ASSURANCE COMMITTEE MEETING  
HELD ON 27 SEPTEMBER 2018  
Castle Room, Trust Offices, Colchester Hospital**

**Present:**

Julie Parker	Non-Executive Director – Chair
Richard Kearton	Non-Executive Director (RK)
Dawn Scrafield	Director of Finance (DS)
Neill Moloney	Managing Director (NM)
Barbara Buckley	Chief Medical Officer (BB)
Catherine Morgan	Chief Nurse (CM)

**In Attendance:**

Michael Horley	Public Governor (MH)
Alison Power	Director of Operations – Group 1 Medicine/Women and Children (AP)
Karen Lough	Acting Director of Operations – Group 2 Surgery (KL)
Nicky Leach	Director of Logistics and Patient Services (NL)
Alison Smith	Director of Operations – Group 3 (AS)
Simon Rudkins	Associate Director of Finance – Operations (SR)
Jason Kirk	Head of Business Planning and Cost Improvement (JK)
Sean Whatling	Associate Director of Finance – Analytics (SW) – <i>Item 49/18</i>
James Rowe	Associate Director of Finance – Commercial (JR) – <i>Item 53/18</i>
Lorna Fraser	Senior Committee Secretary (Minutes)

42/18	Welcome and Apologies for Absence	Actions
	<p><b>Apologies for Absence:</b> Elaine Noske - Non-Executive Director, Joanne Thain - Public Governor, Simon Hallion - Director of Operations – Group 2 and Andrew Lehain, Deputy Director of Finance</p>	
43/18	<p><b>Declarations of new interests</b> No new declarations of interest were received.</p>	
44/18	<p><b>Minutes of meetings held on 23 August 2018</b> The minutes of the meetings held on 23 August 2018 were reviewed and agreed.</p>	
45/18	<p><b>Action Chart</b> The Action Chart was reviewed.</p> <p>The Committee agreed that the “Blue” actions were completed and closed and would be removed from the Action Chart on block.</p> <p><u>23 August 2018</u></p> <ul style="list-style-type: none"> <li>• 23/18 Update on the Winter Plan - Deep dive on the winter planning to be carried out at the September meeting. ACTION CLOSED</li> <li>• 23/18 Update on the winter plan - Board to be asked what oversight they require. JP had asked Board chair, who had requested a report comes to the Board on the plan and made Company Secretary aware of request. Update 27 September 2018 - Report to be provided to Board 1 November 2018.</li> <li>• 24/18 Terms of Reference - Clarity on roles of deputies and voting rights to be requested from the Board. Update 27 September 2018 - Action to be closed. ACTION CLOSED</li> <li>• 25/18 Performance – Outpatients - Follow-up appointments reduction – Detail of ongoing work to reduce the number of follow-up appointments to be added to the Performance report within the Outpatient section to enable the Finance Committee to keep this under review. NL. Update 27 September 2018 - Ongoing. Information to be added to Performance Report.</li> <li>• 25/18 Performance - Community services - Key community metrics to be provided to the Committee. Update 27 September 2018 - Evolving metrics. Action to be closed. ACTION CLOSED</li> <li>• 26/18 Finance Report – M4 - AL to check the value which would trigger escalation conversations / additional support regarding variance to the guaranteed income contract with the commissioners and report back to the Committee. Update 27 September 2018 - Ongoing action.</li> <li>• 26/18 Finance Report – M4 - Spot purchase beds - AL and AP to consider formal approach to CCG regarding payment for spot purchase of beds with Dawn Scrafield. Update 27 September 2018 – DS advised the issue had now been resolved. ACTION CLOSED</li> <li>• 26/18 Finance Report – M4 - The capital programme to be given more focus in future Finance reports. Update 27 September 2018 - Ongoing action.</li> <li>• 31/18 Essex County Hospital (ECH) Project Update Wheelchair services – Governors/ stakeholder governors to be kept informed/ updated on the change of location for this service. Update 27 September 2018 - Action to remain Amber. Item to CoG meeting 4 October 2018.</li> </ul> <p><u>26 July 2018</u></p>	

	<ul style="list-style-type: none"> <li>6/18 Performance – Update on Winter Plan on August Agenda. Update 27 September 2018 - Action completed, to be closed. ACTION CLOSED</li> <li>6/18 Performance – Stroke - Focus on stroke performance with a “deep dive” to be carried out by F&amp;P Committee. Update 27 September 2018 - Added to Work plan for October.</li> <li>7/18 Finance Report – M3 - Recurrent/non recurrent CIPs to be identified within the report. Update 27 September 2018 - CIPs now identified within the Finance Report. Action to be closed. ACTION CLOSED</li> <li>8/18 CIP progress Report - CIP to be looked at in depth next month prior to the NHSI review in September. On agenda for August. Update 27 September 2018 - ACTION CLOSED.</li> <li>10/18 Assurance Framework – CIP benefits from merger - Update 27 September 2018 - DS advised that the benefits from the merger were included in the CIP programme reports and the action could be closed. ACTION CLOSED</li> <li>10/18 Assurance Framework – Merger - DS to liaise with Denver Greenhalgh re the capture of the risk regarding tracking of the business case benefits and in particular consideration as to how to capture the risk of non-delivery. Update 27 September 2018 - DS advised that the action was ongoing.</li> <li>12/18 Alliance Development - Update 27 September 2018 – On agenda. ACTION CLOSED.</li> </ul> <p><u>COLCHESTER HOSPITAL</u> 18th April 2018</p> <ul style="list-style-type: none"> <li>18/20 HR &amp; Organisational Development - Workforce reporting to set out the predicted workforce gaps on a post by post basis. New ESR arrangements being created for new organisation that will allow for more automated reporting at a post level and to allow forecasting of workforce gaps. Action to remain Amber until assurance received that there is a resolution. Update 27 September 2018 - Ongoing. The Committee agreed that the action should be moved to Red.</li> </ul> <p><u>IPSWICH HOSPITAL</u> 17 April 2018</p> <ul style="list-style-type: none"> <li>59/18 Theatre Utilisation update - Follow-up report to be presented to the F&amp;P Committee Agenda in 4 months in order for the Committee to monitor theatre utilisation going forward and the implementation of the new theatre utilisation model. 26 July 2018 - The Chair stated that the Committee would want to maintain sight of this issue. Update 13 August: Following discussion with team item to be brought back to F&amp;P October 2018.</li> </ul> <p>20 March 2018</p> <ul style="list-style-type: none"> <li>50/18 Policy on Implementing the Overseas Visitors Hospital Charging Regulations. SH stated that the RAG rating issue needed to be taken forward and should be handed over to ESNEFT. July 2018 Update: This will be developed through the commercial team working with operational teams and will be added to the work plan following work carried out by James Rowe. Update 27 September 2018 - DS advised work was ongoing. Action to be moved to Amber.</li> </ul>	
46/18	<p><b>Chairs Key Issues feedback from Board</b></p> <p>The Chair advised on the key issues for escalation to the Board from the meeting held on 23 August 2018 -</p> <ul style="list-style-type: none"> <li>Following discussion with David White, Chair it had been agreed that a paper would be shared with the Board at the 1st November meeting on the Winter Planning arrangements for ESNEFT.</li> <li>Terms of Reference - These had been noted with 4 Executives listed as members. Review needed to be earlier than July 2019, ideally within 6 months.</li> <li>Clinical Coding - There was a good depth of coding but increasing backlogs. A review of the service had been planned in order to address sustainability. The merger had created the opportunity to share skills and good practice across the two sites. It was noted that there had been coding staff shortfalls for some time and there was a need to attract the right skills and staff in the department. Staff shortages were impacting on timeliness of processing.</li> </ul>	

47/18	<p><b>Performance</b></p> <ol style="list-style-type: none"> <li>1. <u>ED</u> – AP advised that improvement had been seen with ESNEFT performance now being at 96% but that there was continued focus and oversight particularly at Ipswich on resilience in recovery following challenging activity and dips in performance.</li> <li>2. It was noted that there were differences between the models at Colchester and Ipswich. NM advising that some of the processes were dependant on external factors and the organisation was looking to provide more consistency through the Emergency Care Centres. AP advised that the Emergency Care Programme Board were starting to look more closely at the total length of time patients waited in the department as a quality measure of safety.</li> <li>3. RK questioned when improvement in the metric for Ipswich was expected. AP responded that the performance had improved to exceed the trajectory for Ipswich for September but noted that the challenge would be to sustain the position.</li> <li>4. <u>Cancer</u> – AP advised that intensive work was taking place with a Red to Green programme being run predominately on the Ipswich site. There were three speciality areas, urology, colorectal and gynaecology where there were constraints in service delivery and actions were being taken to improve performance in these areas. The 62 day target for ESNEFT by end of October (85%) was on trajectory for end of September and there was good confidence regarding the October target from the team.</li> <li>5. NM noted that the challenges raised from the Red to Green had highlighted issues regarding processes and adherence to policies.</li> <li>6. <u>Diagnostics</u> – AP advised that the challenges remained in diagnostics, with a backlog in ultrasound at Ipswich but these continued to be managed. KL commented that the transformation programme which would focus on improving the diagnostic pathways would be key for diagnostics and NM noted that cross site working would provide an opportunity for alternatives to outsourcing diagnostics.</li> <li>7. The Chair highlighted the apparent reduction of 50% in the DM01 figure (page 7). KL stated that this figure would be reviewed for the next report. <b>Action: KL</b></li> <li>8. <u>Stroke performance</u> – AP advised that conversation had been held regarding speech and language therapy and there were still challenges regarding achieving the 4 hour target to get patients to the stroke unit, more significantly at Colchester. The Committee was scheduled to undertake a deep dive into Stroke performance at the October meeting.</li> <li>9. <u>RTT</u> – KL advised that there were 22 patients waiting over 52 weeks at the start of August and only 2 patients at the end of the month. It was expected that this would be zero for September. Performance was below the trajectory; however, this was due to the number of long waiting patients being treated.</li> <li>10. It was expected that the 92% performance standard would now be achieved beyond the 3rd December due to some of the operational challenges. Recovery actions were in place to continue to reduce the waiting times and the positive work carried out by the teams to improve the position was highlighted.</li> <li>11. It was noted that three speciality areas were particularly challenged - ophthalmology, urology and orthopaedics.</li> <li>12. RK questioned the impact on trajectories of the increased activity levels. AP and KL responded regarding the changes which had taken place and noted that following conversations with the teams' assurance had been received that there was now a more proactive forward view. DS noted that the number of patients treated was tracked against performance. NM commented that the model of care was out of date and the way in which outpatient services were delivered would need to be reviewed.</li> <li>13. <u>Outpatients</u> – The team continued to look at standard operating procedures to standardise these across both sites. The switch to electronic referrals continued to progress positively which would improve the processes for reviewing referrals and booking patients. A 'Red to Green' programme on outpatients would be commenced in October with the aim of focusing on follow up outpatient pathways. NL noted that further follow-up data would be included in the report in future.</li> <li>14. NM commented that the Red to Green programme would help to "surface" the issues but it remained to be seen whether this would also provide the solution to the issues.</li> <li>15. <u>Community Services</u> – AS presented the key community metrics for initial review by the Committee. The Committee discussed the report and noted that some of the measures would need to be integrated with other services to get a clearer picture of the impact of the community services and that a further iteration of the report would be considered in future meetings.</li> <li>16. The Committee was informed of the low number of responses received from the patient experience surveys and that this would be considered by the Quality and Patient Safety Committee.</li> </ol>	KL
48/18	<p><b>Alliance Development</b></p> <ol style="list-style-type: none"> <li>1. The progress in the Alliance development was considered and the governance arrangements in ESNEFT were discussed. ESNEFT was participating in two Alliances, Ipswich &amp; East Suffolk and</li> </ol>	

	<p>North East Essex. The aim of working in an alliance was to improve the collaboration of services for the community and patients.</p> <ol style="list-style-type: none"> <li>2. Further consideration would be required regarding the accountability arrangements for the Alliances and for the Integrated Care System (ICS) following its implementation in April 2019, which the Alliances would be part of.</li> <li>3. AS advised the Committee that the Alliance delivery plans would have to deal with local areas of deprivation as well as the overall aims.</li> </ol> <p><u>Questions and comments</u></p> <ol style="list-style-type: none"> <li>4. BB questioned whether the CCGs would be coming together into one Alliance. NM advised that there were currently 3 Alliances within the ICS but that this was still a matter of debate. AS highlighted that the outcome for patients would have to be the same for all patients across the area.</li> <li>5. AP noted that the challenges of the two Alliances being at different levels of maturity needed to be recognised.</li> </ol>	
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49/18

**Winter Planning and Capacity Modelling**

Alison Power and Sean Whatling presented the Winter Planning and Capacity Modelling reports and highlighted the following –

1. AP advised that detail of the community and more detailed work around paediatrics was currently missing from the report.
2. Detailed planning had been undertaken, using capacity modelling tools, to understand the capacity requirements to meet the predicted demand over the winter period. ESNEFT was planning to flex additional capacity over the winter period, although this was challenging due to the level of bed occupancy exceeding well beyond 92% on a monthly basis.
3. Workforce capacity was being reviewed within services to ensure that cover arrangements were evenly distributed across service areas. There was a concern that availability of workforce would be an ongoing challenge, however, having a clear plan enabled the operational team to put appropriate arrangements in place.
4. Each divisional board would be presenting their plans mid October.
5. The Committee was advised of the capacity modelling work and the aim to align working across the two sites and that future enhancement to the modelling would include community beds.

Questions and comments

6. It was noted that this was a complex process and BB commented that the team were working with the clinical staff to improve engagement.
7. NM noted that winter provided a number of risks which the organisation had sought to mitigate with appropriate plans although there was still a gap particularly in the North East Essex sector and emphasised that he was not prepared for ESNEFT to go into winter without a robust plan in place.
8. In response to a question raised by the Chair CM stated that “unexpected closures” had not been formally factored into the modelling, however, it was noted that the organisation would be undertaking testing prior to the winter period.
9. The Chair stated that she felt that the organisation needed to be clear that there was confidence in the plan recognising the national winter pressures experienced last year which had resulted in direct actions being required by NHSI, and that the Committee would request Board support to deliver the plan as presented in the first instance.

50/18	<p><b>Finance Report – M5</b></p> <p>Dawn Scrafield presented the Finance Report for M5 and highlighted the following –</p> <ol style="list-style-type: none"> <li>1. The Trust had incurred a deficit in month 5, which was £1.2m adverse to plan. This was driven primarily by a shortfall in delivery of CIP (£0.5m) and higher spending on pay compared to previous months.</li> <li>2. Recovery actions were being discussed with divisions. The divisions most significantly adverse to plan being Medicine and Surgery for which recovery actions were being reviewed at Executive level.</li> <li>3. The financial performance in Month 6 would be reviewed to consider the future forecast against the control total deficit expected of £21.3m.</li> <li>4. Agency spending had exceeded the monthly envelop by £1.1m in the month, which was the highest variance against trajectory to date. Medical staffing was £2.1m over the allocated amount for agency spending in M4 and M5 and Nursing was £2m over plan.</li> <li>5. Creditor payments had been delayed due to some transitional issues but as of the 26<sup>th</sup> September all outstanding invoices were now recorded in the finance system and payments were being prioritised to reduce the backlog of outstanding creditors. This would see a reduction in the cash balance of £36.8m experienced at the end of August.</li> <li>6. The capital programme was behind where it was expected to be at this point in the financial year. It was expected that this would be recovered later in the year.</li> </ol> <p><u>Questions and comments</u></p> <ol style="list-style-type: none"> <li>7. The Chair questioned which areas had been put into “special measures”. DS advised that “special measures” had not been enacted so far for any areas, however, clear conversations had been held with the divisions regarding their accountability and the team were looking at budget setting and were working closely with the divisions regarding the additional actions required to bring the position back on track using a supportive approach.</li> <li>8. NM agreed that whilst the executive would be looking at the requirement for special measures, it was currently felt to be too early following the formation of the new divisions to implement this although it was recognised that further executive support might be required.</li> <li>9. NM highlighted that he had expressed concern regarding the level of risks associated with the budgets which had been set at the beginning of the year and the challenges of bringing two organisations together.</li> <li>10. DS advised the Committee that the organisation was incurring costs in an unexpected way.</li> <li>11. The Chair questioned whether there was confidence that the financial plan would be achieved. DS responded that NHSI had been advised at the end of month 5 that the plan would be achieved, but that depending on the level of risk the organisation might need to consider amending the control total which would require a conversation with the Board. The executives continued to look at all options.</li> </ol>	
51/18	<p><b>CIP progress Report</b></p> <p>Jason Kirk presented the CIP progress report and highlighted the following -</p> <ol style="list-style-type: none"> <li>1. Forecast £6.5m short from the overall target (£32.5m target, compared to £26m identified) and the NHSI trajectory to 14/9 was not achieved (£1.7m off target).</li> <li>2. The failure to hit the third NHSI milestone added considerable pressure in advance of NHSI’s visit to review CIPs in early October. The Trust must be able to show recovery of the current shortfall as well as making significant progress towards the fourth milestone on the 12<sup>th</sup> October.</li> <li>3. There is an extensive CIP tracker which contains many schemes that are being followed up, a number of which are high risk in nature.</li> </ol> <p><u>Questions and Comments</u></p> <ol style="list-style-type: none"> <li>4. CM expressed concern regarding the risks from the numbers attached to “bed reduction” and the realism of achieving these plans. DS stated that the report showed bed CIPs where there had been tangible reductions in use.</li> </ol>	
52/18	<p><b>Transformation Report (from the Time Matters Board)</b></p> <p>NM presented the Transformation Report and highlighted the following -</p> <ol style="list-style-type: none"> <li>1. The Time Matters Board had highlighted two key areas of escalation as Amber which were being addressed: <ul style="list-style-type: none"> <li>• Resource Optimization – due to the financial challenges and underperformance of CIP.</li> <li>• Elective Care Transformation – due to the integration of this programme with CCGs and the scope of transformation expected.</li> </ul> </li> </ol>	

	<p><u>Questions and Comments</u></p> <p>2. The Chair reflected that the items on the programme of works which were rated as red/amber could give the best final result due to the level of oversight and management rather than the “optimism bias of green items”. NM agreed that the RAG rating for the items would be reviewed by the Time Matters Board to ensure that the appropriate items were being focused on.</p>	
53/18	<p><b>Contracting and Procurement Quarterly update</b></p> <p>James Rowe presented the Commissioning and Contracting Quarterly update for information and review and highlighted the following -</p> <ol style="list-style-type: none"> <li>1. The Trust’s commissioning intentions for the 19-20 commissioning round were due to be submitted on the 28th September. The letter would form the basis of the commissioning round discussions, initial points for discussion and negotiations would be further developed with the divisions over the Autumn / Winter period.</li> <li>2. Conversations had been held with every division, although JR advised in answer to a question raised, that the divisional boards had not formally signed off the commissioning intentions.</li> <li>3. JR advised that he would send the detail of the commissioning intentions letter to the Committee members for their information. <b>Action: JR</b></li> <li>4. Following a TUPE process, as of the 1st August, Ipswich (previously SERCO) procurement team colleagues had transferred into one combined ESNEFT team.</li> <li>5. For information a list of tenders the Trust had been progressing or applying for year to date since the merger date of 1<sup>st</sup> July was presented.</li> <li>6. Horizon scanning had been taking place regarding the development of the clinical procurement strategy for the introduction and review of clinical products and devices and the development of the national procurement strategy and initiatives, the approach of the Trust being to look to influence wherever possible and remain adaptable to opportunities and changes proposed.</li> </ol>	JR
54/18	<p><b>Review of Finance Risks – BAF</b></p> <p>The Committee undertook a deep dive of risk ESNEFT 03 using the BAF checklist to support the committee’s discussion: <i>ESNEFT03 - If we do not have in place effective organisational management, then we may not be able to fully mitigate the variance and volatility in financial performance against the plan leading to failure to deliver the control total, impact on cash flow and long-term sustainability as a going concern.</i></p> <ol style="list-style-type: none"> <li>1. <i>Note whether the risk is on an increasing, reducing or static trajectory and confirm with the SRO what outcomes would be required for it to achieve its target risk.</i> DS agreed that the risk was a 20 and not a 25 yet, but that this could escalate.</li> <li>2. <i>Confirm with the SRO the status of any gaps in control or gaps in assurance and the actions in hand to address them.</i> DS advised that the new ledger was now in place, which had emphasised responsibilities of budget holders and the procurement aspects. Cash flow was being monitored closely. The Level 1 Operational Management assurance was reviewed. The oversight by executives and the DAMs meetings was felt to be appropriate. However, it was noted that EMC oversight of the DAMs was low key. The Chair suggested that DS, as SRO, considered whether the level of oversight by EMC was correct for the risk. <b>Action: DS.</b></li> <li>3. <i>Confirm as a committee whether it has received any assurance reports relating to the risk and whether those reports have provided positive, negative or neutral assurance.</i> It was confirmed that the Committee had been provided with assurance reports which had given negative assurance.</li> <li>4. <i>Confirm as a committee whether it has been adequately sighted on the issues described in the risk narrative through the reports described in 3 above and, if not, whether more frequent or more detailed reporting is required.</i> The Committee discussed and agreed that the level of oversight was appropriate. NM stated that performance needed to be an important focus for the Committee and the risks needed to drive the agenda items. The Chair responded that the Committee’s forward plan could be amended if it was felt this was required. NM questioned the target for reduction of the risk rating and whether this was a strategic or tactical/operational risk. The Chair stated that this question would require a Board discussion of the BAF.</li> <li>5. <i>Note whether there is anything arising from the discussion that the committee and the Board was not previously aware of and which fundamentally changes the risk position as articulated.</i> DS noted the need to think about the longer term strategic risk.</li> </ol>	DS
55/18	<p><b>Strategy – Medium Term Performance Planning</b></p>	

	The Committee discussed the proposed report and agreed that the executive would consider the content of future reports to the Committee and the need for this to encompass the work of the Urgent and Elective Care Programmes and the expected impact of the clinical strategy on performance. <b>Action: AP</b>	AP
56/18	<p><b>Use of Resources – CQC requirement</b></p> <ol style="list-style-type: none"> <li>1. The Committee received for review an update on the progress on the model hospital and was informed of how it was important for ESNEFT to progress this in the context of future regulator assessment.</li> <li>2. Model hospital opportunities were reported as per the recent published information.</li> <li>3. ESNEFT had a programme in place to consider improvements across all of the recommended areas.</li> <li>4. ESNEFT would not have a Weight Average Unit (WAU) published until later in 2019 due to the time lag in data gathering.</li> <li>5. JK noted that NHSI was keen to showcase their new Model Hospital and was looking at providing a presentation to the Board.</li> </ol>	
57/18	<p><b>New Finance Ledger Review</b></p> <ol style="list-style-type: none"> <li>1. DS informed the Committee of the overall successful implementation of the new ledger.</li> <li>2. The learning from the implementation was highlighted.</li> </ol> <p><u>Questions and Comments</u></p> <ol style="list-style-type: none"> <li>3. The Chair questioned whether some of the lessons learnt could be transferred to other major projects across the organisation.</li> <li>4. NM noted that Post Project Evaluation reports were taken through to the Investment Committee and that these could be periodically shared with the Committee to give assurance.</li> <li>5. NL suggested that ESNEFT could consider sharing the organisational lessons learnt from “the first 100 days” with the wider NHS system.</li> </ol>	
58/18	<p><b>Any other business</b> No other items of business were raised.</p>	
59/18	<p><b>Items for escalation to the Board</b> To be agreed by the Chair and Director of Finance.</p>	
60/18	<p><b>Committee Effectiveness questionnaire</b> The Committee Effectiveness questionnaire was circulated to members for completion.</p>	
61/18	<p><b>Work Plan</b> The Work Plan was discussed and it was agreed that this would be reviewed to ensure there was suitable balance on the agenda of operational and financial matters. <b>Action: DS</b></p>	DS
62/18	<b>Date of Next Meeting – Thursday 25 October 2018</b>	