



FINANCE & INVESTMENT COMMITTEE MINUTES

Venue Room 13, Education Centre,
Sandwell General Hospital

Date 30th November 2018, 0900h-
1030h

Members attending:

Mr M Hoare (MH) Non-Executive Director (Chair)
Mr R Samuda (RS) Chairman
Mr H Kang (HK) Non-Executive Director
Mrs M Perry (MP) Non-Executive Director
Ms D McLannahan (DMc) Acting Finance Director
Mrs R Goodby (RG) Director of People and OD
Ms R Barlow (RB) Chief Operating Officer

In attendance:

Mr T Lewis (TL) Chief Executive
Mrs P Massey (PM) Committee Support

Minutes	Paper Reference
1. Welcome and apologies for absence	Verbal
No apologies for absence were received.	
2. Minutes of the previous meeting	FIC (11/18) 001
The minutes were agreed as a true and accurate record, subject to the amendment of a clearer understanding on page 2, paragraph 2,3,5 & 6. which is to be amended and rephrased.	
2.1 Matters arising and update on previous meeting actions	FIC (11/18) 002
DMc advised there will be a session of the Trust CIP board on 13.12.18 in regards to the procurement workplan, to confirm the 2018/2019 in year savings against £2.7M procurement target for 2018/2019. This session will also focus on 2018/2019 but also on the 2019/2020 target for procurement, which needs to contribute materially to our £4M non pay plan.	
3. Strategic Board Assurance Framework (finance risks)	FIC(11/18) 003
The committee discussed BAF5. DMc advised that the NHS Long Term Plan and the planning framework were still awaited. Notwithstanding this we are working to create an LTFM to serve in particular the purposes of the Midland Met FBC due for submission in Q4. The committee was advised that the Trust would be seeking to maintain our own long term plan and shape it to reflect emerging guidance. The I&E parameters for 2019-20 are clear, whilst there is work continuing to shape the capital plan for 2019-20 bearing in mind the IT issues that the Trust faces. DMc drew attention to the ICS meeting attended by the Chairman and Chief Executive and expressed a hope that	

<p>these would result in a cordial agreement of our 2019-20 financial position.</p> <p>DMc confirmed that BAF6, on our cash position, was largely mitigated for 2018-19. She would reconsider the risk for 2019-20 bearing in mind some uncertainty about financial flows under the new planning framework, and the sizeable sums involved in Midland Met.</p>	
<p>4. Month 7 Financial Performance Report</p>	<p>FIC (11/18) 004</p>
<p>DMc reported that at Month 6 we identified an outturn of -£15.459M. This deviates from our original plan, but we have a revised plan which will deliver our control total.</p> <p>DMc presented the balance sheet on page 34. The total value of property, plant and equipment has increased by £211.7M being the total value of the Midland Met asset. At the end of Month 7, the month ended with £20.3M in cash considerably ahead of plan due again to slippage on capital programme, debtor collection and also backlog of creditors.</p> <p>RS wanted to clarify where pathology appeared in terms of capital exposure and DMc responded that Wolverhampton are managing the capital implications of pathology.</p> <p>The committee agreed there is a need to build a bridge between this year’s production plan, the waiting list numbers; which the team are working on currently, and next year’s production plan.</p> <p>ACTION: Ensure support is provided by oracle and 60 day non-NHS creditor payment position.</p> <p>ACTION: Make a financial appraisal of how the procurement vehicle is operating after 4-5 months and bring that into the FIC.</p>	
<p>5. Production Plan</p>	<p>FIC (11/18) 005</p>
<p>TL suggested a need to build a bridge between this year’s production plan, the waiting list numbers, and next year’s production plan due to their being a significant risk that next year’s plans are phased out in four equal quarters and then turned around in May.</p> <p>RB reminded the committee that we are about £9M ahead of last year’s production plan. However, there remains a £500k gap on this year’s forecast against the required plan. She expressed confidence this gap could be bridged.</p> <p>In responding to questions about delivery confidence, RB drew attention to the fact that surgery is 61% of the production plan and is really well-controlled, including around annual leave control.</p> <p>RB noted that the monthly residual risk in the income for ENT is £135K a month, that is covered off by Gastro, Haem, Breast and Dermatology.</p> <p>ACTION: Build a bridge between this year’s production plan, the waiting list numbers and next year’s production plans</p>	
<p>6. Data Challenges</p>	<p>FIC (11/18) 006</p>
<p>DMc explained the Month 1 letter which was included in the papers. This sets the tone for the scale of</p>	

challenge, and explains the £12M risk figure which the committee is familiar with. HK noted that about 60-70% of activity is covered by national prices but significant elements are covered by local prices. The Trust has flexibility in the standard tariff rules to negotiate local prices that move away from national prices with agreement from commissioners. An example was Paediatric Allergy, which SWBCCG used to commission from Birmingham Women’s & Children’s Hospital, a specialist hospital and perhaps more skilled at negotiating prices so they negotiated a higher price than the national price. DMc explained that there are broadly two groups of challenges:

- Disputes over how to count and code in principle
- Disputes about the way we have counted and coded

DMc reported that the only fine that we are exposed to is ambulance handovers as the trust is in the control total regime. A provision is built in to our forecast. TL noted that our plan had assumed delivery of the ED target during Q3 and Q4, and DMc confirmed that she had provided for us now missing Q3 and the resultant loss in PSF.

TL suggested that we needed to consider pre-cleansing our data prior to submission. This would save time and system effort.

ACTION: To look into pre-cleansing data no later than Q1 2019-20

7. Detailed review of bridge to 2019-20- start & end point for income, pay and non pay

Verbal (11/18) 007

DMc summarised, the planning for an ask of £20M in 19/20 which plans are being made to meet by £4M non-pay plan and £16M worth of activity growth plan. The strategy won’t work if it is not exited by 18/19 in the right way, with recurrent delivery on a full year basis.

DMC presented a slide titled 19/20 financial plan monthly required improvement. It was agreed that it would be helpful to show the movement from 18-19 non recurrent, to recurrent, and then to the 19-20 ask. This would be prepared for the upcoming Board meeting.

TL suggested that it would be useful to understand BSOL in terms of two categories; GP who are us and therefore would expect the flow to come to us and GP who are not, who might send us ophthalmology but not going to send paediatrics.

There was no commercialisation income in 18/19, needs to be revisited and checked whether there is potential to do that in 19/20 which would reduce the need to improve the non-pay normalisation number. DMc gave examples such as car parking, out sourcing IT where the two main ideas, there were other commercialisation opportunities, like pharmacy.

ACTION: Produce a waterfall chart and table it on one page that allows movement from 18/19.

8. Other Contract Lines Analysis

Verbal (11/18) 008

DMc covered information that the committee asked previously in regards to the other income line.

<p>This was discussed and it was agreed that this had been useful. It would probably be helpful in reporting to consistently separate pass through income and pass through expenditure and show it below the line in budget reporting.</p>	
<p>9. Process of CIP Approval- safety assessment & mobilisation support</p>	<p>Verbal (11/18) 009</p>
<p>RG talked the committee through the extant CIP approval process that we use. She drew attention to the various checks and balances involved.</p> <p>It was agreed that this process worked well as a point in time challenge, but continued to lack ongoing KPI monitoring against expected metrics to show 'red flag' deviation. TL agreed that the Executive would consider how to improve the process.</p>	
<p>10. Matters to escalate to the Board</p>	
<p>It was agreed that we should discuss the non-recurrent route to the 18-19 control total and assure the Board that we were all content with the advice provided by DMc.</p>	
<p>11. Any other business</p>	<p>Verbal</p>
<p>There were no other items of business.</p>	
<p>Date and time of next meeting</p>	<p>Verbal</p>
<p>The next meeting will take place on Friday 21st December 2018, 0900h-1030h in Room 13 at the Education Centre, Sandwell General Hospital.</p>	

Signed

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Date