

FINANCE & INVESTMENT COMMITTEE MINUTES

Venue Room 13, Education Centre,
Sandwell General Hospital

Date 21st December 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

Miss M Bodh (PM) Committee Support

Minutes	Paper Reference
1. Welcome and apologies for absence	Verbal
Apologies were given for Mike Hoare and Toby Lewis.	
2. Minutes of the previous meeting	FIC (12/18) 001
It was agreed the minutes needed a re-expression of style for a clearer understanding on section 4-bottom 2 lines and section 6.	
2.1 Matters arising and update on previous meeting actions	FIC (12/18) 002
<p>DMc reported the budget vacancy levels are to be cleared and agreed by service area in terms of assumption of budget setting at 2% across the board.</p> <p>DMc described an overcharge arises due to the volume of activity for e.g. if a Sandwell and West Birmingham consultant refers a women with complex pregnancy that requires more ultrasounds. It is approximately £200 a scan. Data quality includes ensuring the female patient is located within Sandwell in order to charge the CCG and cover the income.</p> <p>There is a challenge around multiple outpatients appointments on the same day, there may be an overcharge in a similar context to how the CCG are also challenging SWBH.</p> <p>ACTION: Make contact with Birmingham childrens hospital and HEFT to secure a deal subject to affordability and achieving 18/19 plan.</p>	

3. Strategic Board Assurance Framework (finance risks)	FIC(12/18) 003
<p>The committee discussed BAF5. The risk of cost reduction plans that are not achieved in full or on time. DMc reported it is well planned on the agenda and compromises the ability to invest in capital.</p> <p>This years expenditures include over £2m more than revenue budgets have allowed for and £1.5m of capital.</p> <p>James Green noted if SWBH are looking for localisation of £18m out of £30m, he is yet to be convinced and see a track record. DMc confirmed and challenged.</p>	
4. Financial bridge into 2019/20	FIC (12/18) 004
<p>DMc presented a waterfall chart on page 3. The 19/20 financial plan will be year 1 of a 5 year plan. It will have directorate level budgets and it is aimed to be set and into financial systems 31/03/19. There will be minimal changes throughout the year.</p> <p>CIP will be delivered in 18/19 and a smaller CIP in 19/20 and an income and gross strategy aligned with ICS work alongside. There is a plan to achieve 18/19 on a much more non recurrent basis than planned. A handover into 19/20 is going to be taken unless action is taken.</p> <p>DMc confirmed the waterfall chart displays the non recurrent stuff that has been delivered in 2018. 18/19 deficit before mitigation is 15.5m. The non recurrent mitigation of 7.9m is a one off cost and includes items such as capital flexibility (taper relief). Capital flexibility received 7.9m in 2018 and in the plan 2.7m of the 7.9m was assumed to be contributed to the year end position. Currently only spending 1.3m against revenue.</p> <p>Accumulatively until the end of 18/19, the exact same amount of capital and revenue has been spent as received in taper relief. DMc confirmed the profile of taper relief is not being changed at all. The control total sums up to 7.6mil with the 18/19 forecast. The non recurrent mitigation amount of 7.9m is then removed which leaves SWBH at 15.5m. The normalisation adjustments are then taken out which includes vacancies and non recurrent income which then leaves the total to 13.5m. The improvement required then leaves £11.481m.</p> <p>HK asked what happens with the vacancy money and RG confirmed when someone books bank or agency staff, it is against a vacancy in financial projections. There is not usually a budget for temporary staff. There are 22 posts aligned in production plan that are in recruitment and each of those are in the process of developing a trajectory so if the posts are not filled by a certain time, the costing of the vacancies has been accounted for. DMC noted that within the modelling completed by the finance time, it has been assumed every vacancy will be filled.</p> <p>The proposal around car parking has been to sign the contract between Q1 -19/20 and start building in Q3/Q4- 19/20. When the contract is signed, car park revenue is signed over to Q Parks and they give a bullet cash payment back.</p>	

DMc presented slide 7 which was current assumption in relation to 19/20 that drive £20m CIP. income growth £273.8m to £300m. Income growth from other commissioners at 3% of the income plan at month 4 shows an activity growth around emergency. £3.7m at the end is the balancing figure to get back to the same level deficit as CIP.

ACTION: Recreate the waterfall chart to ensure it is clearer and include up and down arrows.

ACTION: Decide whether we reinstate commercial income strategy for next year to close the gap.

5. Non-pay savings plan 2019/20

FIC (12/18) 005

DMc reported, SWBH are aiming for a £4m non pay programme for CIP in 2019. The aim is to try and close the organisation gap before then. TPRS part year planned of non pay schemes for 18/19 stood at £12.7m. The forecast delivery stood at £8.3m. DMc presented slide 2- 18/19 performance. Asset lives target is £2.9m on TPRS and it is forecasted to deliver. The target to reduce stationary was £1mil and currently forecasting to achieve £161k.

CNST – there were 10 maternity safety standards. SWBH received 9 therefore got £90k back for training in order to resolve the 10th issue that failed compliance. The new 10 standards for 2019 have been received and RB and Amanda have looked at it and are agreed we should be compliant this time. This is a non recurrent pressure this year.

Total savings for procurement 19/20 are expected to be £3.4m and £2m are national savings therefore £1.4m is local. £607k will be used for new staffing in 19/20. £730,000 are savings that started in 18/19 however will carry on as full year affect as 18/19 savings. DMc reported ongoing issues such as setting procurement measurable for objectives which includes 65% of available non stock stuff on the iproc system to be available on catalogue. There is currently one person dedicated to putting catalogues onto the system.

Pharmacy proposes a target of £0.5m. RB described a saving in relation to pharmacy involving outsourcing commercially by having a private provider in City Hospital within the treatment centre so all prescribing saves VAT.

Grip and control oppurtunities include ascertaining a match of people who have actually raised an order on oracle and reviewing the invoice to the order. Also reviewing the process on single tender waivers. Further oppurtunities include £29m for non pay spend.

ACTION: Ask the schemes to reinstate the target and to deliver in 19/20.

6. 2019/20 Paybill: Spend Reduction Plan

FIC (12/18) 006

RG confirmed the group are working on the pay reduction plan in more granular detail. When the board saw the table, Medicine were at £2.4m and had 681 to find. Surgical services had identified a balanced position however there are now risks and need to do some more work with around £0.5m. imaging have a position that is a a worsening condiiton since the December board however they are still putting more detail in and there are investments that they originally had thought they would need

<p>for 2019. There is rapid work in relation to this and they are confident they can close the gap.</p> <p>RG confirmed 22 extra posts have been identified in recruitment. DMC noted some of the £2.3m will include new posts which currently have no funding.</p> <p>ACTION: Bring an updated table in granular detail identifying pay reductions along with commentary of high risk areas.</p>	
7. Production Plan 2018/19	Verbal (12/18) 007
<p>RB confirmed the position has not altered from last month and there is a £300k gap. There is a forecast of income at the end of the year of £10m more through planned care. The only current risk on the production plan is from an increased level of trauma. The only risk that remains includes surgeon sickness or anything environmental which are low.</p>	
8. Phasing of 2019/20 production plan	Verbal (12/18) 008
<p>Production plan for 19/20 is to deliver £21.5m of additional income through localisation (£17.2m). RB reported referral rate has increased within the last 4-6 months. General surgery is currently one of the 3 main areas with an 18% increase of referrals. Orthopaedics has increased by 8% and there is zero wait time for day care surgery.</p> <p>Demands have increase on cardiology, waits for outpatient appointments that done routinely are too long which is being pulled back down at the moment which allow the patients to benefit by being seen quicker.</p> <p>The cost of contract for the £17.2m localisation is currently £8m worth of costs. RB confirmed the main risk to delivery is recruitment to potentially fill posts.</p> <p>There will be some investments into imaging next year in terms of the entirety of the plan. Small investment related to outsourcing. RB presented appendix 1 on page 5 which shows gastroenterology at nearly £700k, just shortlisted 3 consultants therefore workforce is looking strong. In terms of general surgery it shows £2.1m of additional income.</p>	
9. Financial performance P08	Verbal (12/18) 009
<p>DMC reported that the trust are still on track against the revised plan. There is a £1.2m of flexibility used to achieve year to date plan, £600k less than last month. The second month in a row of doing over £10m worth of production plan therefore there is good assurance of being able to ramp up capacity. No changes in terms of capital, still forecasted to spend £25.5m out of £34.6m. cash was at £30m at end of November. Working capital non NHS 60 day+ creditors were at a balance of £4.1m.</p>	
10. Highlight to Board & Audit & Risk Management Committee	
<p>CIP plans going to board in January 19.</p> <p>Summarised version of route to run rate figure at board.</p>	

11. Meeting effectiveness feedback	Verbal
The meeting was considered effective.	
12. Any other business	Verbal
There were no other items of business.	
Details of next meeting: Friday 25 th January 2019, 0900-1030h, Room 13, Education Centre, Sandwell Hospital.	