

**SHEFFIELD TEACHING HOSPITALS NHS FOUNDATION TRUST**

**MINUTES OF THE FINANCE COMMITTEE MEETING – 12<sup>th</sup> SEPTEMBER 2011**

Present: V Powell (Chair)  
Mr Stone  
H Chapman  
J Donnelly  
K Major  
N Priestley  
Mr Gwilliam

In attendance: J Broscumb

**1. Apologies**

Sir Andrew Cash

**2. Minutes of the Previous Meeting**

The minutes of the previous meeting on 8<sup>th</sup> August 2011 were agreed as a correct record.

**3. Matters Arising**

• **Lead Unit Review**

Mr Priestley advised that there is nothing further to report at this stage.

• **Orthopaedics**

Professor Chapman reported that Arthroplasty work will transfer to RHH effective from the 1<sup>st</sup> week in November. The Orthopaedic Directorate has now expressed a desire to transfer all elective activity to RHH, and work is underway to understand what capacity would need to be available to facilitate this move.

• **Review of the NHS Sheffield Financial Position**

Ms Major reported that the report produced by Deloitte highlighted some significant scope /opportunities to achieve savings, some in year. She would be attending a feedback session on the 12<sup>th</sup> September. Specific issues included an overly bureaucratic assessment process, lack of review of packages and the procurement process.

**4. 2011/12 Financial position as at 31 July 2011**

Mr Priestley reported that the Month 4 position was a YTD deficit of £30.9k against plan after feeding in the proportionate share of £10m (£3.3m) of centrally held contingency reserves.

Whilst this appears satisfactory, he highlighted the following issues:

- Contracted Activity Income was £1.3m above YTD Plan. However, this was a £400k deterioration on the previous month. £3.1m of the activity has occurred off-site.
- The Month 4 position reflects a more prudent position in relation to the slippage on the savings from the proposed bed closures in the Emergency Care Group.
- P&E underperformance is £3.1m to date and forecast to be £6.8m at the year-end. £24.6m P&E still on plan to deliver, which will achieve the new 2011/12 requirement but not the brought forward deficits.
- The size of the deficits in many of the Clinical Directorates remains very worrying. 13 Directorates are Red\*, and 6 Directorates are Red status as at Month 4.
- It was noted that staff in post had reduced by 200 since the start of the year. Expenditure on bank, agency and over-time was up by £360k from the same period last year, although it was noted that cleaning initiatives around C Diff will have contributed to this increase.

Mr Stone clarified that the focus of the finance item at the next Trust Board meeting would be on an analysis of why Directorates are at current level of variance, and what plans are in place to deal with this issue moving forward. He also asked that details of the KM&T projects be provided to the Board.

Mr Priestley reported that it would be too early for the KM&T projects to have produced any output. The work being undertaken currently was to produce a Project Overview Document for each of the 5 identified projects then a Project Initiation Document for each specific piece of work under each project. This process will ensure that there is clarity on what is aimed for and the required resources from KM&T and the Trust. An "Opportunity Search" was also planned to assist forward planning and identify future projects. Mr Powell asked for clarity on what timeframes the projects were working to and requested that the Trust make the necessary resources available to the projects.

Professor Chapman observed that the Medical LOS work stream is already underway and she hoped that KM&T can provide some additional analysis to add clarity to the issues.

### **Directorate Recovery Plans**

Mr Priestley reported that all Directorates who were requested to submit a recovery plan had done so by the deadline, and that he was currently in the process of summarising these responses, Mr Priestley also stated that no decision would be announced on any proposed financial assistance to Directorates prior to all the Directorate reviews taking place.

## **5 Organisational Performance**

### **• Patient Activity to 31<sup>st</sup> July 2011**

Professor Chapman reported that the Trust is continuing to over-perform on all targets, albeit not at the same level as last year.

- **A&E 4 Hour Targets**

Professor Chapman reported that the Target remained challenging, but that the Trust was still in discussion with the SHA on how the 8 standards will be reported.

- **18 Weeks RTT Target**

Professor Chapman noted that although the overall Trust target was being met, there are challenges in Urology and General Surgery, although action plans have been put in place mainly around additional theatre capacity.

- **C Difficile**

The cumulative number of cases to date is 111, against an annual target of 134. A draft report has been received from the external review by the Department of Health and Health Protection Agency, which has highlighted some areas to focus on. Professor Chapman also reported that the Trust had received a visit on 9 September by SHA colleagues. This was an attempt to help with performance but had concluded that the SHA was unable to suggest any further actions to add to what the Trust already had in place.

Mr Stone asked if the Trust is “over reporting”. Professor Chapman confirmed that this had been checked and that the Trust is reporting correctly and will continue to do so.

- **Cancer Waiting Times**

Ms Major reminded the Committee that all Q1 cancer targets had been met. August data is positive but the position in September is tight, particularly for screening and in Urology. In order to deal with the later point additional operating capacity is being created both on-site and offsite. Negotiations are still ongoing with other local providers to agree rules about referral timescales and the subsequent attribution of shared breaches. She noted that NHS Sheffield was being very supportive on this issue, and that commissioners have noted that STHFT results are masking poor and differential performance in other providers. The Cancer Managers have established a new voluntary code of practice with additional metrics, i.e. 85% of referrals to be received within 31 days will be a measure of its success. If this is not achieved then more formal next steps will be pursued.

## **6. Balance Sheet Review.**

Mr Priestley reported that the working capital position remained stable. He drew the Committee’s attention to the conclusions of the report. Concerns still exist over the management of the Sales Ledger function where changes are frustrated by long term sickness. A review of the ‘purchase to pay’ system is about to commence. This is part of a scoping report by a company called “Oxygen Finance” for an arrangement where the Trust shares the benefit of any upfront discounts for early payments. Mr Stone requested that a procurement update be a future agenda item for the Committee. Mr Powell stated that the current lead unit indebtedness is not appropriate or acceptable and needs to be brought to a conclusion.

**7. CQUIN Performance.**

Mr Priestley reported that the Trust had received full payment for Qtr 1 as the schemes were not yet in place. The Community scheme was still under discussion. Professor Chapman highlighted some of the key indicators. There were no major concerns at this stage. It was noted that although 100% funding was vital, the achievement of the CQUIN performance schemes is important for the patient benefits they will achieve.

**8. TCS Update.**

- Management Cost Savings / Redundancy Position – Mr Priestley reported that the Trust is currently on target to achieve its share of the £1m target. It was noted that the new Clinical Director (Penny Brooks) will be looking at the required Directorate management structure. Neil Priestley will talk to Julia Newton to ensure any restructuring costs arising from this will be part of the shared agreement.
- Financial Position of the Directorate- Mr Priestley reported that the performance review meeting had been held the previous week and that he is confident that the year-end outturn position will be satisfactory. It was noted that the current reported under spend position includes the STHFT share of the Management savings to date but not any funding from NHSS to underwrite slippage.
- Asset Transfers - Mr Priestley reported that NHSS have produced a schedule of proposed estate transfers that needs to be signed off in principle by Friday 16<sup>th</sup> September. The Trust will be clear that this is subject to due diligence which will include legal searches and a condition survey. Mr Brennan, Director of Estates, is to table a proposal to TEG the following day on the work required. It was noted that most of the TCS property is currently leased, with only five owned buildings likely to be transferred.

**9. Any Other Business**

Nothing to report

**10. Items for future meetings**

- Lead Unit.
- Q2 Monitor Finance Declaration.
- FT Failure Regime.

**11. Items to be brought to the Board of Directors' attention**

- None.

**12. Date of Next Meeting**

10 October 2011 at 10.00 am in the TEG Meeting Room, 11 Broomfield Road.