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**SHEFFIELD TEACHING HOSPITALS NHS FOUNDATION TRUST**

**MINUTES OF THE FINANCE COMMITTEE MEETING – 10 OCTOBER 2011**

Present: V Powell (Chair)  
A Cash (Items 4-6)  
J Donnelly  
M Gwilliam  
N Priestley

In attendance: B. Nicholas (for K Major)  
R Parker (for H Chapman)

**1. Apologies**

Hilary Chapman, Kirsten Major and David Stone.

**2. Minutes of the Previous Meeting**

The minutes of the previous meeting on 12 September 2011 were agreed as a correct record.

**3. Matters Arising**

• **Lead Unit**

Mr Priestley referred to the analysis of Lead Unit debts at 31<sup>st</sup> August 2011 which showed that general improvement was continuing in reducing the level of debt. However, the Doncaster and Bassetlaw Hospitals (DBH) position continued to deteriorate and was now £3.8m. The Rotherham Hospitals position was also still a concern at £2.0m. Sir Andrew Cash had shown this information to Chief Executive colleagues at the previous week's PATCH meeting and there was a commitment to resolve the high level of debt. There were still issues to resolve in terms of amounts owed to DBH by STH which may be influencing the position. Work had been undertaken on these debts and the Trust had a clear view of the issues. These now needed to be taken forward with DBH. The SHA meeting to agree the new Lead Unit funding arrangements was scheduled for later in the month. Mr Donnelly remarked on how long this issue was taking to resolve and Mr Powell agreed that faster progress was required.

**Action: Mr N Priestley**

• **Orthopaedics activity**

Mr Parker confirmed that elective arthroplasty operating was now scheduled to move to RHH in week commencing 21<sup>st</sup> November. There were still issues to resolve around instrumentation, junior medical staff and staff consultation (30 days). The plan was that spinal surgery would move to RHH in the new year. The planned moves would release 40 beds as a contingency for winter pressures. Mr Parker noted the delay which staff consultation put into the

process. Mr Gwilliam agreed to give this further consideration where staff are only being asked to move location.

**Action: Mr M Gwilliam**

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

The Deloitte Report had been circulated and demonstrated significant opportunities on CHC. Work is continuing on the assessment processes but Deloitte is currently firming up the opportunities and project plan. It is envisaged that this will be an 18 month project.

#### **4. 2011/12 Financial position as at 31 August 2011**

Mr Priestley highlighted the key points from the Month 5 financial position. These were:

- A year-to-date deficit of £1.2m (0.4%).
- A deterioration in August of £1.17m which was £2m before contingencies.
- An under-performance on activity in month of £0.9m giving a cumulative over performance of £0.4m (of which £1.9m over performance off-site).
- A £3.4m reported under delivery to-date on Directorate P&E plans with a forecast outturn under-delivery of £6.7m.
- 16 Red\* Directorates.

#### **Directorate Recovery Plans**

The criticality of improving Directorate positions was again noted, particularly in the context of expected further significant efficiency requirements in 2012/13. Mr Priestley referred to the schedule which detailed the Red\* Directorate positions at month 3/4, their 2009/10 SLR positions and proposed actions. He expected that the plans to return £4m to Directorates would be completed in October which would help some positions. He then outlined the actions being taken in Emergency Care (a 3 year plan with significant reductions in length of stay, beds and outliers supported by continuing efforts to improve community capacity and discharge processes) and OSCCA (better profiling of theatre lists, more flexible staffing and reduced anaesthetic costs). Plans were much less advanced in other areas, although he was hopeful that significant improvements would be seen in Specialised Cancer, Ophthalmology and ENT. In some areas there were likely to be significant structural issues which would need to be resolved. Mr Parker referred to the knock-on effects of the elective Orthopaedics move and the Emergency Care plan in giving NGH based surgical specialties more bed resilience.

Mr Priestley referred to discussions with Sir Andrew about the Trust's approach to the "performance management" processes for addressing Red\* Directorates. The discussion had covered areas such as leadership, intervention processes and provision of support. Mr Powell queried the extent to which accountability was enforced and concluded that action was required as a matter of urgency if financial balance was to be maintained in 2012/13. Sir Andrew commented on the difficulty of determining the right balance between central controls and Directorate freedoms. Mr Donnelly queried whether there was a right answer to that question. Mr Gwilliam referred to further work to be undertaken around workforce costs.

Mr Priestley confirmed that the Trust would be making the Monitor financial declaration on achievement of a FRR of 3 for the next 12 months in the Q2 returns to be submitted at the end of October. It was agreed that any assurance for 2012/13 was speculative until more was known about tariffs, Operating Framework rules, QIPP plans, etc. so this would be heavily caveated in the accompanying letter.

## **5 Organisational Performance**

- **Patient Activity to 31 August 2011**

The position was noted.

- **A&E 4 Hour Targets**

The year-to-date position was 96.1% compliance. Performance remained good despite extremely high levels of attendances.

- **18 Weeks RTT Target**

Mr Parker confirmed that the target had been met for Q2 but that the position was very tight as the Trust moved towards winter. The work to protect surgical beds and improve theatre throughput would be crucial.

- **C Difficile**

The Trust had had 125 cases at the end of September against the full-year target of 134 cases. A pre-emptive report had been submitted to Monitor. It was likely that once the full year target was breached Monitor would require attendance at a meeting in London. There was cautious optimism that the position was improving month by month. The aim was to improve on the 2010/11 position of 184 cases but this would require a significant further improvement in the second half of the year.

- **Cancer Waiting Times**

Mr Parker confirmed that the Trust expected to have met all of the CWT targets again in Q2. The position remained very tight and there were instances where surgical capacity was an issue in terms of delivering both the 18 Weeks RTT target and the CWT targets.

## **6. Procurement Update**

Tony White attended to present this item. He reported that the forecast savings for 2011/12 were £2.7m. The target of £4m would not be met due to lack of contribution from external agencies, counting of pharmaceutical savings under the Pharmacy Workstream and exclusion of savings accruing to commissioners. He reported that the performance of the internal team continued to improve and his team was now at full strength for the first time. He felt that the benefit of this would be felt in the future.

Mrs Nicholas referred to new contractual terms that allowed the Trust to gain a share of savings made for commissioners and Mr White confirmed that he was now aware of this and such items were identified for discussion at an early stage.

Mr White referred to the initiative with Oxygen Finance (working with KPMG and ATOS) to try to implement a large scale process for early payment of suppliers in return for a fee (effectively an early payment discount). The potential savings were significant but will rely on the Trust's ability to authorise and pay invoices promptly and the number of suppliers who agree to participate. The proposal was for a 5 year contract and Mr White confirmed that this would require close scrutiny. The plan was to seek Board approval in November but this would require all of the issues to be satisfactorily resolved.

**7. Health & Social Care Bill – Securing Continued Access to NHS Services – “NHSFT Failure Regime”**

Mr Priestley referred to the DoH Briefing note circulated with the agenda which set out the revised proposals contained in the Health and Social Care Bill around “Securing Continued Access to NHS Services” and the NHSFT “Failure Regime”. The new arrangements appeared to make the process “less commercial” for NHS providers. Key points appeared to be:

- Monitor to continue in its current regulatory/intervention role for all FTs until at least 2016.
- Expectation of proactive intervention by Monitor plus License conditions to protect NHS services and keep FTs financially sustainable.
- Commissioners, supported by Monitor, to lead on issues around continued access to NHS services.
- Unsustainable Provider Regime remains as per the Health Act 2009 but with some changes, e.g. FT status can not be removed.
- Potential to increase the tariff in certain circumstances where services are otherwise uneconomic.

**8. Monitor Feedback on Q1 Monitoring Returns**

The Monitor Q1 Feedback to the Trust was noted. The potential escalation options regarding the failure to hit the C Difficile target were briefly discussed. Demonstrating improving performance would be crucial to maintain Monitor's confidence. The Q1 Monitor commentary on the FT sector would be circulated when received (not yet published by Monitor).

**Action: Mr N Priestley**

Mr Powell noted that discussions were continuing nationally about a potentially broader role for the FT Financing Facility.

**9. Any Other Business**

Mr Priestley reported that 2 of the banks which the Trust makes cash deposits with had had their credit ratings reduced to below the minimum level specified in the Trust's Treasury Management Policy. The cash had therefore been transferred back to the Trust's Government Banking Service (GBS) account. Mr Priestley referred to the risks in the banking sector at the present time and Mr Powell suggested that all of the Trust's cash should be held in the GBS account at this time.

**10. Items for future meetings**

2012/13 Financial Planning.

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

- 2011/12 Financial Position
- Red\* Directorate Recovery Plans
- Health and Social Care Bill changes relating to "Securing continued access to NHS Services" and the NHSFT "Failure Regime".

**12. Date of Next Meeting**

7 November 2011 at 10.00 am in the TEG Meeting Room, 11 Broomfield Road.