Avon and Wiltshire NHS
Mental Health Partnership NHS Trust

Minutes of a Meeting of the AWP NHS Trust Finance and Planning Committee

Held on 23 January 2015 at 09.30 a.m.

These Minutes are presented for **Approval**

Members Present

Lee O'Bryan – Committee Chair
Tony Gallagher – Trust Chair
Sue Hall – Executive Director of Resources
Barry Dennington – Non-Executive Director
Kristin Dominy – Executive Director of Operations

Staff in Attendance

Emma Roberts – Company Secretary
Pippa Ross-Smith – Deputy Director of Finance
Peter Wilson – Head of Business Development
Paula May – MD, Swindon
Dick Beath – Head of Investment and Planning
Fiona Bell – Head of Programme Management Office
Martin McLean – Deputy MD, Specialised Services

FP/14/117 - Apologies

1. There were no apologies.

FP/14/118 - Declaration Of Members' Interests

1. In accordance with AWP Standing Orders (s7.1) members present were asked to declare any conflicts of interest with items on the Board meeting agenda.

No interests were declared.

FP/14/119 – Minutes of the Meeting on 15 December 2014

1. The minutes were **agreed** as an accurate record.

FP/14/120 – Matters Arising

1. Following initial concerns in respect of the forecast position, South Gloucestershire had accepted their forecast position and had been billed accordingly. SH confirmed that South Gloucestershire was contractually bound to pay. The action would be kept until the following Committee meeting.

2. PRS and TG confirmed that the second action was complete. The action was signed off.

3. In terms of the finance forecast, SH updated that the turnover rate had been included in the workplace return data presented to ESEC. The same information had been included in the Finance and Planning paper. TG stated that staff turnover was to be kept as an ongoing strategic objective for the Trust. The action was kept open.

4. SH reminded those present that Bristol CCG had undertaken a gateway review. She had requested from them that the Committee have sight of the review. The action was kept open.

5. New plans for pay/non-pay CIP opportunity had been drawn up and the action was closed.

6. SH updated on the fit and proper persons test that Hannah Dennis had confirmed that all responses had been received before the NDTA returns had been completed.

FP/14/126 – Hillview Update

1. DB updated on BANES inpatient re-provision. The project board had been established and had met twice. The BANES CCG Scrutiny Committee had been held on 16 January; the Committee had been enthusiastic and had passed the action unanimously.

2. The options appraisal was due to be completed for the project board meeting on 2 February. The completed paper on preferred options would be then presented to the next Finance and Planning Committee.

3. Nightingales had been commissioned to undertake the visibility work, and were currently working on the sites. ProCure21+ had presented a briefing to the Trust on their process.

4. In terms of next steps, the strategic outline case needed to be prepared for the TDA following approval from the project board if a request for a loan is required.

5. TG asked if the £14 million capital investment loan had been included in the budget for 2015/2016. SH confirmed that it had, and that the TDA were aware of the loan.

6. SH updated that BANES CCG had originally not wanted patients to be moved outside of BANES during the repositioning of Hillview. This view had now changed, and the AWP now had more options for building on the existing site.

7. DB updated on the Wiltshire Intensive Therapy Unit. Initial discussions had been held with Wiltshire CCG and Priory, and a costed model had been created. The cost of Priory capital was high, and a cheaper form of funding was being sought. A model had subsequently been created, whereby there was a cost of £1.4 million to run the unit. The commissioners had verbally committed to pay this amount.

8. Priory needed to confirm financial figures, which would be undertaken during a face-to-face meeting before 30 January. Any revision of the figures from Priory needed to put to the Wiltshire CCG. The project board subsequently needed to agree the recommendations, and formal written permission would be granted by the commissioners to continue. The Committee would be presented with the options appraisal and the recommendations for their scrutiny in February. **– ACTION DB**

9. TG suggested that future papers include downside risks. DB confirmed that, for every extra person on-boarded, there was a core cost of £180. All costs were covered. **– ACTION DB**

FP/14/121 – Finance Report

1. The Chair stated that he was 'disappointed' with quality of report and fact that new risks had been identified in the report. SH reviewed that discussions outside of the Committee meetings had taken place, and that further work had been undertaken since the report had been produced.

2. SH summarised that a number of additional payments, from 2013 and 2012, had been made to fund the liaison service at the Royal United Hospital (RUH). Payments had been made by Wiltshire CCG, BANES CCG and the RUH, via Wiltshire CCG. SH stated that there had been confusion over the payments, and that the team had not accurately documented the various income streams. The Trust has received an additional £194k in year from the RUH that it should not have received. This had been queried with the RUH at month three and four, and the RUH has only queried this in Month 9. SH updated that the team would try to negotiate the repayment.

3. There was an income reduction in Low Secure Services, due to the fact that a patient had left the Trust's care in November 2014. NHS England pay the Trust for the number of patients in care at any one time on a cost/volume contract. KD added that there had been a delay between the patient leaving and a new patient being admitted.

4. Wiltshire County Council is the outstanding debt from 2013. The Trust had agreed to receive £150,000 less than initially planned, and Wiltshire has paid the debt.

5. 'Agency expenditure' forecast has increased until the end of the year. An increase in cost per shift had been noticed in the current month. SH added that the Trust was currently using higher-cost agencies. KD was undertaking work around the issue, to analyse shift patterns etc. SH updated that the HFMA were looking to establish a South West-wide consortia of all providers, to agree contracts with a number of agencies. Additional discussions had been held with mental health trusts in the surrounding areas, to agree to use a limited number of agencies and to share banks between trusts. KD confirmed that cost differentials between agencies were 'phenomenal'.

6. The pharmacy agency was a new forecast pressure in-month. It had been forecast to finish at the end of December. Posts were being advertised and had not yet been filled, and the forecast assumed the continued use of the agency until the end of March.

7. TG stated that the figures in the finance report were unacceptable. He suggested that the Committee agree not to continue using Thornbury Agency.

8. TG asked how it was possible to reconcile the figures in the report. PRS said that, in previous months, the organisation had believed that it was in control of the situation. Over Christmas, the situation had changed unexpectedly and the rates charged by agencies had been 'extortionate'. MM updated that a number of factors and projects were due to reduce the Trust's use of agency expenditure, such as health rostering and using agencies in other areas.

9. KD added that, due to the fact that Allocate had been rolled out, there was absolute visibility of rotas across the whole Trust. A set of KPIs had been developed for all wards and localities, to monitor use of bank and agency staff.

10. The Chair suggested that further work needed to be undertaken in order to understand the figures in the report. TG stated that the report did not adequately

reflect the Trust's control of or understanding of the figures, and that the way in which the Trust forecasted undermined its credibility.

11. SH stated that the Trust had removed its executive authorisation over agencies, to give localities more accountability. The use of agencies had subsequently increased fivefold. KD expressed her disappointment at the localities' failure to appropriately manage their use of agency staff, following the removal of the Trust's executive authority policy. KD updated that the decision to re-introduce executive authority would be made on Tuesday 27 January.

12. The Chair asked for the narrative in the report to be rewritten for the Trust Board, to include further breakdown of figures. SH added that PRS was able to provide the breakdown of the report. She explained that the reduction in agency shift constituted part of the mitigation.

13. KD updated that an urgent meeting with CDs had been held on Wednesday to discuss the use of temporary medical cover. Consultants from the agency cost between £15,000 and £17,000 per month. Work was being undertaken with Operations to mitigate as much of the cost as possible. CDs had been asked to provide plans, to detail where they could release sessions back into localities. KD said that this would lead to a considerable shift in the forecast. She added that agency pharmacists were being dropped.

14. KD updated that the number of out-of-areas had reduced to 20 before Christmas but had since increased to 33. Authorisations for out-of-areas would be escalated to a CD level, in order to provide absolute clarity.

15. PRS said that LDUs were improving their understanding of forecasts.

16. The Chair said that, in advance of the upcoming Board meeting, it was necessary to determine: why period nine cost pressures had arisen, why additional savings had been needed, rest-of-year assurances and assurances that the cost pressures outlined in the report constituted a worst-case scenario. TG agreed. He emphasised that it was necessary to demonstrate to the Board that the £1.2 million listed in the report constituted a worst case scenario, rostering and agency was under control, and as much due diligence as possible had been undertaken around income. ER confirmed that it was possible to include in the Board report the control mechanisms which had been put in place and risks which had been identified.

17. TG noted that Ian Tulley, as Chief Executive, needed sufficient quantification of the report before he could sign it off.

18. The Chair asked for assurance around capital. PRS updated that the Trust had flat-lined on cash expenditure. This had not started to increase, as had been predicted in months seven and eight. This was largely due to work undertaken with CQC, as well as the provision of the data centre. Both factors had had a phenomenal amount of requisition confirmations, which would go through in January. PRS added that, as part of mitigation, the report included capitalisation of things which had already been spent. This automatically increased the cash spend, but was not reflected in the report. Other projects, including EPR, were due to bring cash back in line. PRS stated that the team were confident that capitalisation would be minimal, and that the Trust would reach its full spend of £6 million.

19. TG emphasised the importance of the year-end cash position.

20. SH added that the balance sheet had been reduced to include only key headings. The Chair said that the new reporting style was helpful.

21. TG asked for clarification around the authorisation procedure for bad debt write-offs. ER confirmed that she would provide clarification subsequent to the current meeting.

22. SH confirmed that there were no material budget changes, and that the bottom line had not changed. The Committee **agreed** the budget changes with the following actions for finance co:

- **Agency costs and cover arrangements to be reviewed.**
- **Escalation procedure for out of area placements to be reviewed by Executive Team**
- **Clarity around workforce & rostering assumptions on table 7 to be brought back to NEDs**
- **Further refinements to Board paper required to reflect Finance and Planning discussion**
- **Describe authorisation process for bad debts**
- **Highlight decision areas for easier noting for Committee members**
- **Negotiate RUH Liaison Service repayment.**

FP/14/122 – Cost Improvement Programme (CIP) Report

1. FB updated that the current year's CIP had delivered 72%, year to date. Further, there was a £65,000 under-delivery against the whole plan, which was 1% slippage from the CIP programme.

2. All areas had forecast a successful delivery. At present, a full delivery had been forecasted by end-of-year and the focus was currently on the year ahead.

3. FB turned to the pay/non-pay split, where pay was currently at 55% and non-pay was 45%. She said that the split was appropriate, given that 70% of expenditure related to pay.

4. The CIP programme had been split into five areas: local, workforce, enabling functions, pharmacy and process improvement. Work was being undertaken on the non-CIP programme, to present to the Future Finance Board. This work pertained to policy change, cost reduction programmes and income generation.

5. Key dates going forward could be found at paragraph 12.2 of the paper. Second cut plans would be turned around before week-beginning 26 January, and third cut plans would be finalised for the February Annual Operating Plan submission.

6. One-third of the plans from the first cut were high risk. Approximately half of the plans were medium risk, and approximately one-tenth were low risk options. FB added that risk ratings would change according to varying plans. The majority of plans were in progress.

7. The Committee requested that table 2 is to go into the Finance Report. **– ACTION FB**

8. The focus for the following year was to ensure that project teams were established,

funded and operational before the reporting process was started.

9. The first project board for the Future Finance Programme is on 17 March.

10. As part of the in-year programme, a pharmacy deep dive was being undertaken in February.

11. BD noted that in the report there were no concerns in achieving CIP delivery, but that a key issue was keeping pace with cost pressures. He asked FB to elaborate. FB explained that 'CIP' constituted anything that was being taken out of the budget. Cost reduction plans were separate. SH said that the organisation confused CIPs and cost reduction plans. She stated that CIPs enabled the organisation to deliver the budget, and deviations to the budget were accommodated by cost reduction plans.

FP/14/123 – Draft Budget and Planning

1. PRS outlined that the paper summarised the progress which had been made, both internally and against the national timetable. The draft budget for 2015/16 had been submitted to the TDA as part of the Annual Objectives plan.

2. The draft tariff guidance had been published, the next iteration of which would be needed to be finalised for Feb Finance and Planning Committee. Formal tariff guidance would be signed off in time for this to be applied. PRS updated that there was a tariff reduction of 1.9% on income, across the NHS. Additional income, of 0.35%, was due to come into mental health. Access targets were attached to the addition which largely pertained to early intervention and IAT.

3. Assumptions around pay had not changed. The team were aware of and had budgeted for the increase in employers' pension contributions. A 1% pay rise had been assumed.

4. Tariff guidance on inflation had been applied. Inflation currently stood at 3%. PRS noted that inflation on drugs was at 7.2%.

5. There were internal cost pressures which would require additional management. These had been quantified and would be worked on during the current month.

6. PRS updated that the Trust's CCGs had done relatively well in the CCG funding allocation that occurred before Christmas. CCGs were required to match the percentage increase by inputting the same percentage into mental health. SH added that she would be writing formally to each CCG, asking for clarification around how they had invested their additional funding into mental health.

7. Any operational resilience money received in 14/15 had not been included in the 2015/16 plan. SH stated that the paper would be circulated with the minutes showing the current allocation.

8. PRS reported that potential impairment was below the line. This was due to the organisation reviewing its fixed asset values. The team was due to undertake a full market evaluation during 2015/16.

9. It was discussed that a description was needed on the PDC based on the changes in valuation guidelines for health. **– ACTION PRS**

10. The growth target was not shown fully in the paper, as further discussion was required. The original IBP showed growth circa £15 million for the year. The current forecast was £4.8 million. PRS added that the assumptions had yet to be approved by

the Board, and so had not been included in the budget.

11. PRS added that further risks could result from the upcoming general election.

12. TG understood that the retained surplus remained at £750,000. He asked why the figure was not lower. SH replied that the amount had been agreed in the two-year plan, in 2014. TG asked what the implications would be of lowering the amount to £500,000. SH agreed that the target could be lowered.

13. SH reminded those present that a growth aspiration had been set in 2014, based on the five-year IBP and on CAMHS tender, for approximately £14.5 million. The CAMHS potential opportunity had since slipped and the Bristol tender would not be realised until after the general election. The organisation had not been successful in obtaining some of the tenders it had wanted to obtain. TG stated that the decision should be made at Board level. SH added that, in the business growth paper, the team had outlined where they expected growth to be in 2015/16. TG said that the Board needed visibility on what had changed in the organisation's aspirations and what had changed in the external landscape.

FP/14/128 – Operations Plan Summary

1. PW highlighted that the original operating forecast, of just under £15 million, had shifted to £4.8 million. Three factors had allowed the organisation to meet its target of £4.8 million: the development of an inpatient ward; a number of business opportunities within Specialist and Secure, and developing the mental health expertise of the business.

2. SH explained that the assumptions had been derived from the LDUs' business planning process. Details of the assumptions were included in each of the operational plans.

3. The annual operating plan submission had been made to the TDA. Annex A, 'Summary of One Year Operational Plan', was the TDA's template that the Trust were required to complete. The information around quality processes had been strengthened, in response to feedback from the CQC.

4. The 'Initial Plan Trust Linked' file was a dashboard that linked the Trust's finance, workforce and activity. This showed the key metrics collated from other spreadsheets. The team had asked the TDA for an unlocked copy, in order to create scenarios.

FP/14/125 – Swindon Review

1. PM outlined that the indicators which were off target, and which had caused concern, were: care clusters, timings, review and referral to treatment. This was due to the memory service. PM stated that performance indicators would not improve with the current memory service. She updated that improvements would be made to the model in April. The CCG were aware of the performance issues.

2. 245 breaches were in relation to the memory service. The data had been re-run to show performance figures without the memory service. Without the memory service in the indicator, performance was at 97%.

3. The other indicator that had caused concern was the intensive team four-hour review. This indicator had returned to green, and was measuring 100%. PM said that the indicator had struggled throughout the last four months, due to a data inputting

issue.

4. PM updated that Swindon had struggled with its sickness, and was currently at 5.1%. Swindon's primary care liaison service and its intensive service accounted for the predominance of the sickness. Sickness was split evenly between long and short term. Access services were being redesigned to relieve pressure.

5. The 'referral to treatment' indicator was related to PCLS. This was due to return to green by the end of February 2015.

6. KD noted that, historically, Swindon had achieved 'green' status on its indicators but had failed to sustain it. PM replied that, excluding the memory service, the intensive team had historically struggled to maintain the data inputting for the four-hour target. Swindon was also aware that there was pressure in the primary care liaison service. PM stated that team ownership would help in maintaining the green status on the indicators.

7. SH highlighted that it was necessary to follow formal processes around the PCLS proposal and IAT. TG stated that the Lift/PCLS issue was a strategic one. He suggested that the issue be discussed at Board level.

8. The Chair summarised that Swindon was currently improving its performance. It needed to provide assurance to the Board that its improved performance could be sustained. The Chair suggested that PM return in two months' time to update the Committee on the sustainability of its performance. **– ACTION PM**

FP/14/124 – Quality Performance Report

1. KD noted that TG had asked for analysis of the cost of bed closures, and stated that this would be prepared for the next meeting. The bed pressures action plan was part of the Trust-wide CQC action plans, and was updated according to the programme.

2. In respect of out-of-areas, the increase had been discussed around Christmas.

3. Additional information in relation to a number of the staffing metrics had been included in the paper, in response to a request during the last meeting. A similar set of metrics had been submitted to the ESEC paper through the quarterly HR report to the Committee.

4. There had been an increase in the sickness level across the organisation.

5. KD highlighted the deteriorating position on access to referral to assessment for memory services. The Bristol services were now with Devon Partnership Trust, and its results were therefore excluded. Bristol memory referral rates had been running at less than 50%. The position for the remaining localities should reflect the change. Swindon remained at less than 10%, and Wiltshire had dropped approximately 10% in the last few weeks.

6. North Somerset had had a performance dip, moving from 60% in September to 27% in December. The rates of referral for the North Somerset had increased. North Somerset was currently working with the CCG to reshape its memory services. This was not having sufficient impact, and partly explained the dip in performance across memory services.

7. It was expected that the number of out-of-areas would reduce, as a consequence of greater movement across the acute care pathway. The Acute Care Pathway

diagnostic was due to report at the end of the current month, and the paper would be taken to ET on Tuesday 27 January.

FP/14/129 – Draft Work Plan

1. The Chair asked for comments on the draft work plan proposal to be put to ALB.

2. The Chair confirmed that the Committee would continue to meet monthly.

FP/14/130 – Any Other Business

1. The Chair noted that there had been a question around the impact of CQC capital spend, specifically on business development and IT investment. SH confirmed that she had produced a list which she would circulate to those present with the minutes.

2. ER updated that the evidence base for the TDA oversight return had not changed.

3. TG said that the Committee should be able to succinctly answer the TDA's question around the financial implications of the CQC report. ER stated that she would circulate the relevant information.