

Trust Board meeting		Date:	26 April 2017
Agenda item	Title	Chairman	Report author
BD/17/018	Annual Report of the Finance and Planning Committee	Mark Outhwaite	Mark Outhwaite
This report is for:			
Decision			
Discussion			
To Note		X	
History			
The following impacts have been identified and assessed within this report			
Equality	None identified		
Quality	None identified		
Privacy	None identified		

Executive summary of key issues

This report provides a summary of the Finance and Planning Committee's activity for the year 2016/17 and priorities for 2017/18.

2016/17 Key Issues

- Inadequacies in budget setting for 2016/17 and subsequent inability to meet control total delivery
- Rebaselining exercise to ensure a more effective and owned budget setting process for 2017/18
- Delivery capability and capacity impacting our ability to deliver the CIPS and redesign required in 2016/17 with consequent challenges for delivery of 2017/18
- Agency and Bank staff financial control remains an issue of concern to the Committee given the scale of expenditure and limited evidence of the impact of current plans.
- Engagement of LDUs through the period has been welcome and provider greater insight into successes and challenges.
- Improvements in Financial Reporting including cash management and CIP tracking in 2016/17
- Establishment of a more effective PMO tracking methodology which provides a firmer foundation to build on for 2017/18

2017/18 Forward View and work plan key priorities

- 2017/18 CIP identification and delivery tracking including risk assessment and alignment of the allocation of capability and capacity to deliver CIPs
- Delivery of control totals and assessment of risks to delivery and of delivery
- The central importance of ensuring the effective alignment of the FIP process and support
- Agency and Bank staff financial control
- Understanding the impact of Strategic Transformation Partnerships and

Executive summary of key issues

the development of ACS and ACOs on the financial strategy and sustainability of AWP

- Evidence of systemic application of QI and project management techniques to delivery of Trust priorities and CIPs

Annexes

Annex A – Membership and attendance

Annex B – Committee member feedback

Annex C – Finance and Planning Committee Terms of Reference

This report addresses these strategic priorities:

We will deliver the best care	X
We will support and develop our staff	X
We will continually improve what we do	X
We will use our resources wisely	X
We will be future focussed	X

Finance and Planning Committee Self-Evaluation Annual Review 2016/17

1 Summary of key issues

Inadequacies in budget setting for 2016/17 and subsequent inability to meet control total delivery

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2 Strategy and Planning

2.1 Budget setting 2016/17 and 2017/18

Budget setting and CIP identification for 2016/17 was very problematic and hampered the Committee's ability to have confidence in delivery planning and monitoring. An extensive rebaselining exercise was undertaken under the leadership of the new DoF to provide greater clarity about the Trust's financial position and to ensure a more effective and 'owned' process for 2017/18. The outcome of the issues in 2016/17 budget setting process was a failure to meet control total targets for 2016/17. The Committee is confident that the budget setting process for 2017/18 has been more robust

and the lessons have been learnt from 2016/17. The financial challenge is however even greater than 2016/17.

2.2 Strategic Transformation Partnerships (STPs)

The financial planning impact of the two Strategic Transformation Partnerships (the new definition of the acronym STP described in the NHS England Next Steps publication) has not yet featured substantively on the Committee agenda. STPs represent a major shift in the financial context for AWP and this will need to be the subject of a 'Deep Dive' in 17/18.

2.3 Annual Operating Plan

The Committee has noted the change in approach to development of the Trust's Business Plans from 16/17 to the 17/18 process which began in December 2016. The 17/18 operating plan process appears to have been robust but the Committee will be taking a 'Deep Dive' lessons learnt report from the process at an appropriate point early in the 17/18 committee cycle.

2.4 Commercial Planning – Tenders and Bids

The Committee has received regular high quality updates on the commercial activities of the Trust – bids and tenders. The quality of the updates has been good but as mentioned in other areas of the report we are seeking more explicit tracking and reporting of the delivery of the anticipated benefits from successful bids and tenders.

The Committee has noted and tracked some high-profile bids, tenders and service acquisitions and their implications

- YCYW in BANES and the implications for the Trust of a new relationship with Virgin who are the 'prime contractors' for this service
- CAMHS – the Committee remains concerned about the absorption of this high-risk service into the Trust, especially as it was taken on by request of NHS England as a failing service that needed to be rescued. There are likely to be continuing financial and quality risks that emerge as the service is integrated with AWP including the future of the Riverside Unit.
- The Committee approved the recommendation to award the Linen and Laundry contract to Central Laundry in October 2016

The Committee believes that the Board should take the opportunity of one

of its regular seminars to review its approach taking on new business building on the lessons of the past 12 months. It is likely that as the financial climate becomes more pressured more services may go out to tender or require rescuing from other providers. The commercial risks of taking on these services, will require more rigorous due diligence of commissioners' assumptions and clear risk management agreements to mitigate financial risk to the Trust.

2.5 Capital Programme

The Committee approved the 2016 Capital Programme

3 Capability and Culture

3.1 Involvement of LDUs

The Committee has welcomed the attendance of LDU representation at its meetings. Their contribution has provided valuable insight and grounding in the delivery challenges and successes.

3.2 Delivery capability

The Committee at all its meetings has been closely monitoring the delivery of CIPs. There have clearly been challenges with delivery over the period under review. Partly these were due to the late budget setting and agreement process for 16/17 meaning that CIPs were much delayed in their inclusion in budgets and budget baselines were not credible. We are confident that this will not be repeated in 17/18.

To support delivery of the CIPs, the Trust contracted Meridian to help improve productivity in Acute and Community services. The Meridian approach has created some tension and friction but has proved to be a useful challenge to the LDUs to more systematically review local productivity. The Committee was concerned however that the lessons learned in the initial stages in Wiltshire did not appear to have been effectively communicated to the following LDUs in the sequence. As a result, expectations were not properly calibrated and mitigating actions to improve mobilisation were not in place. The Committee sees improvement of the transfer and adoption of learning across LDUs as a high priority.

3.3 Agency and Bank Staff Financial Control

The Committee remains concerned about the approach to the management of Agency and Bank staff spend. There is limited evidence that the current plans are having the desired impact on spend. The Committee does not yet believe that the Board can take assurance that the underlying management process is effective and will be reviewing this as a priority in 2017/18.

3.4 Quality Improvement

The Committee has seen limited evidence of any consistent, coherent and systemic approach to delivery of the projects required to deliver CIPs, design new services or redesign existing services. The development of the PMO has now improved tracking but fundamental delivery methodologies are not apparent. A more systematic and systemic approach is essential to rise to the challenges of the next three years and provides a framework for the training and development of staff in QI techniques. This is likely to have a positive impact on the culture and morale of the Trust based on the evidence of similar approaches in other Trusts. We note that this is the responsibility of the DoN/Deputy CE with the support of the Chair of F&P.

3.5 Information Technology

The Committee has received a set of 'first impressions' from the new Head of IM&T and has noted and approved the capital programme for the next period which focused on improvements to the enabling infrastructure. The Committee has yet to see any proposals for the training and development of staff to make best use of the existing and new digital infrastructures and will be following this up in the 17/18 period.

3.6 Overall capability and capacity risk assurance

The Committee has begun probing the capability and capacity implications of the plans and reports that come to it. This is still at an early stage but for 17/18 it is intended that we design and test approaches that more explicitly surface capability and capacity implications and the impact on other Trust priorities. The coming three years are going to be especially challenging for the Trust and greater clarity on capability and capacity will be essential to effective prioritisation and workforce training and support.

4 Process and Structure

4.1 Finance reporting

The Committee has noted the very significant improvements in financial reporting and budget setting that have been led by the new Director of Finance. The unpacking and baselining of our financial position has been a major task but the Committee believes the Board can take assurance that the processes are now in place to ensure transparency and that there is a good platform for making informed decisions about progress, priorities and risks.

Cash Management reporting has also improved significantly over the period and the Committee is confident that the Board can take assurance that there is robust oversight of cash management.

4.2 Finance Risk Management

The Committee received and welcomed the first Finance Risk report in February 2017. We anticipate that this will be further tested and developed over the 17/18 period. The overhaul of the overall AWP approach to recording and managing risk remains a priority for AWP and the F&P will ensure that its monitoring of risk is aligned

4.3 PMO development

The Committee has tracked the development of the Programme Management Office function over the period. The creation of a unified view of the different programmes and projects within the organisation is welcome. The next step is to adopt a uniform underpinning methodology such as MSP (possibly using a supporting change methodology such as Model for Improvement) and ensuring the PMO and those leading projects are properly trained and equipped in those methodologies. Evidence from deep dives on topics of interest to F&P have shown that there is room for improvement in the consistent use of core project methodologies.

4.4 Integrated Performance Report

The regular performance report provided by the new Director of Operations to the Committee has developed well over the period and now provides a comprehensive overview of AWP performance. This report goes to both F&P and Q&S and to avoid duplication the next stage of development is for

the cover page to the report for F&P to highlight those areas which are key drivers of financial performance either in terms of success or risk whilst for Q&S it will cover those areas which represent the challenges to Quality and Patient Safety.

4.5 Action tracking

The Committee introduced and tested a new action tracking spreadsheet which permits better use of Excel functionality to support tracking and following up actions. We recommend that this be extended as a single tracker tool for all Committees by modifying it to support horizontal report tracking.

5 Measurement

5.1 Performance Measurement

Considerable progress has been made in the report formats and the use of measurement within those formats. However, the focus has largely been on Measurement for Judgement/Performance Management such as RAG scores, point measures and Year to Date. The Committee believes the Board can take assurance that this aspect of measurement is adequate to support the performance monitoring requirements of the Board although on its own is not sufficient to give a proper picture of the impact of the actions of the executive and LDUs (see next section)

5.2 Measurement for Improvement

Understanding of Measurement for Improvement is very limited within the organisation. This is seen as a risk by the Committee and as such a priority for development and inclusion within reports to F&P. It is our intention to recalibrate our assurance levels for measurement to downgrade the assurance levels in this element until we have consistent evidence of the application of Measurement for Improvement techniques within reports.

There is an interdependency with the development of the core skills of PMO as well as the development of a consistent organisational wide approach to Quality Improvement methodologies.

5.3 Benefits tracking

The committee noted that there has been no systematic tracking and reporting of the delivery of benefits from business developments. This has been acknowledged and is going to be incorporated into the PMO role and its project tracking approach.

Forward View and work plan 2017/18

6 Summary of key issues

- 2017/18 CIP identification and delivery tracking including risk assessment and alignment of the allocation of capability and capacity to deliver CIPs
- Delivery of control totals and assessment of risks to delivery and of delivery
- The central importance of ensuring the effective alignment of the FIP process and support
- Agency and Bank staff financial control
- Understanding the impact of Strategic Transformation Partnerships and the development of ACS and ACOs on the financial strategy and sustainability of AWP
- Evidence of systemic application of QI and project management techniques to delivery of Trust priorities and CIPs

7 Strategy and Planning

- Review the financial implications of the updated Trust Strategy
- Strategic Transformation Partnerships (STPs) and their impact on AWP financial context and planning for 2018/2019 and the Trust's financial strategy
- Lessons learned from Annual Operating Plan 2017/18
- Lessons learned from budget setting process 2017/18
- Estates strategy and rationalisation
- Planning parameters for 2018/2019
- Plot implications of any changes to CQC remit to include financial effectiveness

8 Capability and Culture

- Encouraging a cultural mind-set of continuous improvement rather than just annual CIP delivery by identifying and celebrating local and central initiative-taking – how individuals and teams make and take opportunities to continuously improve.

- Evidence of systemic application of QI and project management techniques to delivery of Trust priorities in particular CIPs
- Close monitoring of Finance Staff capability and capacity for delivery of a very challenging agenda
- Ensuring that any Digital development strategy is supported by an effective digital training and support strategy (led by Workforce Committee)

9 Process and Structure

- Review and confirmation of final budget allocations for 2017/18
- 2017/18 CIP identification and delivery tracking including risk assessment and alignment of the allocation of capability and capacity
- Deep dive on Corporate Services CIP delivery
- Deep dive on Bank and Agency Staffing management
- Continued development of PMO methodologies and expertise coupled with a robust change management capability.
- Monitoring of the FIP support and its integration and alignment with the Trust including transfer of learning
- Income forecasting and invoicing
- Deep dive on the operation of PFI

10 Measurement

- Introduction of Measurement for Improvement methodologies in all relevant reports to the F&P Committee
- Benefits delivery tracking and reporting from successful bids, tenders and other acquisitions
- Corporate including financial process performance and improvement measures

2016/17 Membership and attendance

Membership changes

There has been a significant change in membership over the period

- Mark Outhwaite and Ernie Messer joined the Committee in February 2016
- Barry Dennington was succeeded as chairman in September 2016 by Mark Outhwaite.
- Peaches Golding was succeeded by Malcolm Shepherd
- Sue Hall (Director of Resources) was succeeded by Gary Bryant (as interim) and then by Simon Truelove as the new DoF
- Matthew Page (Acting Director of Operations) was succeeded by Sue McKenna, the new Director of Operations

Current membership

- Mark Outhwaite, Non-Executive Director - Chairman
- Ernie Messer, Non-Executive Director - Vice Chairman
- Malcolm Shepherd, Non-Executive Director
- Simon Truelove, Director of Finance
- Sue McKenna, Director of Operations

Member Attendance

Name	Number of meetings it was possible to attend (to date of departure or from date of appointment)	Number of meetings attended
Barry Dennington	6	4
Peaches Golding	5	5
Mark Outhwaite	11	9
Ernie Messer	11	10
Malcolm Shepherd	3	3
Sue Hall	2	2

Name	Number of meetings it was possible to attend (to date of departure or from date of appointment)	Number of meetings attended
Simon Truelove	5	5
Matthew Page	6	6
Sue McKenna	8	7

Committee Member Feedback

11 What should we keep doing in 2017/18?

- Provide up to date financial and performance information monthly.
- Ensure adequate invites to MDs.
- Keep a focus on the delivery of objectives.
- Ensure continued and broader involvement and engagement in the meetings by the localities.
- Keep the involvement of LDUs and build on this
- Programme Office update schedules (a good start so far)
- Keep learning, testing and adjusting
- Keep and build on advance planning cycle - and getting papers out on time

12 What do we need to Improve in 2017/18?

- Ensuring there is a better link between activity, quality and finance and the risks associated around delivery of them.
- More involvement of MDs, especially where performance is off track. Corporate areas need to be included as part of this process.
- Better scrutiny of service developments and business cases, even if there is no capital involved. A more in-depth analysis of new business and the associated risks of delivery.
- More focus on the workforce challenges and the strategy/tactics to improve.
- Stand back from the detail and think more of STRATEGIC finance and planning. Then get into relevant and meaningful detail which will add value.
- LDU input and briefing of examples of priority CIPs and developments using a standard guide (for example based on Model for Improvement structure)
- Keep the focus on developing better measurement - in particular introduce measurement for improvement. Provide IHI and NHS Improvement links to participants so they can do some baseline

homework on measurement for improvement

- Programme office deep dive examples
- Introduce and test assurance framework (outputs/outcomes. capability and capacity, process and structure, measurement)
- Need to provide systematic feedback on reports provided to us (what worked well, even better if..) - plaudits and development needs.

13 What are the priorities for 2017/18

- Ensure that the budget is signed off by the organisation. Ensure adequate monitoring of targets and projections are explained fully. Delivery of estates strategy and projects are overseen.
- STP's
- CQC's
- Change and project management to ensure benefit realisation
- Workforce and actions linked to clear financial outcomes.
- CIP delivery assurance - with a focus on identifying systemic opportunities and corporate CIPs
- Income forecasting and invoicing
- Agency and Bank
- Estates rationalisation assurance
- PFI - proper operation of the contract and recovery of monies due
- Quantifiable and sustainable benefits realisation from new commercial ventures and developments
- Digital transformation strategy
- Introduce Measurement for Improvement (a large box of chocolates for author of first report that includes a well-thought through SPC chart that demonstrates shift/no-shift from an intervention)
- Capability and capacity risks within Finance Directorate and LDUs
- Programme Office rigour and effectiveness

Finance and Planning Committee Terms of Reference

Appointed by Trust Board

Reports and accountable to the Trust Board

(Statutory)

Approved by the Trust Board on the

Overview

The Finance and Planning Committee (the Committee) is a formally constituted Committee of the Board of Directors (Trust Board).

Summary of purpose and objectives

The Committee shall provide assurance to the Board that the Trust's financial, performance and business development arrangements are sufficiently and effectively managed and controlled.

Role and duties

Strategy and planning

To oversee the development and implementation of the Annual Operating Plan to meet business objectives, statutory and regulatory obligations.

To oversee the development of Trust plans for changes to the financial regime.

To consider and, if agreed, endorse any financial/procurement/planning/business development strategy and recommend to the Board for acceptance.

Capability and culture

To scrutinise capital and revenue business cases.

To scrutinise proposed business partnering arrangements, investments and possible tenders, and to assure itself that any Human Resources issues

associated with any proposed external partnership opportunities and plans have been appropriately and fully considered and consulted upon.

To scrutinise the implementation of improvements associated with Improvement Action Plans

Process and structure

To assure itself that the Trust has established and effectively implemented systems and/or processes for effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern) (FT4 5(d))

To assure itself that the Trust has established and effectively implemented systems and/or processes to generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery (FT4 5(g))

To satisfy itself that systems and/or processes are established and effectively implemented to obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making. (FT4 5(e))

Measurement

To scrutinise delivery of performance and activity and its impact on the Trust finances and business.

To assure itself of the efficacy and quality of performance monitoring of workforce and Organisational Development indicators.

Responsibility/delegated authority

The Committee is authorised by the Board to investigate any activity within its terms of reference.

The Committee is authorised to seek any information it requires from any officer of the Trust, and all officers are directed to co-operate with any request made by the Committee.

Limitations of authority

Save as is expressly provided in the Terms of Reference, the Group shall have no further power or authority to exercise, on behalf of the Board, any of its functions or duties.

Accountability / reporting requirements

This Committee is accountable to the Trust Board.

Minutes will be prepared after each meeting of this Committee and circulated to members of the Committee and others as necessary.

The key issues of the Committee will be included in the Board of Directors agenda and papers in the Chair's Report. The draft minutes of the Committee meeting will be included in the agenda and papers of the following Board meeting.

The Chair of the Committee shall draw to the attention of Trust Board any issues that require disclosure to the full Board, or require Executive action, or otherwise require the Board's attention.

The Committee will report to Trust Board annually on its work.

The Committee will draw to the attention to any other Committee or the Board, any issues which it believes requires that committee's consideration.

The Committee will draw to the immediate attention of the Board and or its individual members any issue which, in its view, requires urgent consideration.

Membership

The membership will comprise 3 Non-Executive Directors, appointed by the Board, and 2 Executive Directors being the Executive Director of Resources and the Executive Director of Operations.

The Trust Board will appoint the Chair of the Committee who shall be a Non-Executive Director.

Meeting requirements

Quorum

The quorum for meetings of the Committee shall be two members, ensuring compliance with the Trust Standing Orders.

Substitutes/Deputies

Any Non-Executive Director of the Trust may act as nominated substitute / deputy in the unavoidable absence of any Non-Executive and this attendance will count towards the quorum.

Invitees

Local and Specialised Business Unit Managing Directors or equivalent, are expected to attend.

The Company Secretary is invited to attend.

Any member of the Trust Board may be in attendance at any meeting. However, they will be recorded as 'in attendance' and not as being 'present', unless they are substituting for a substantive member of the Committee.

The Committee may call other officers of the Trust to attend as appropriate. The Committee may invite Governors to attend, where required.

No other party may attend without the specific invitation of the Chair of the Committee.

The Committee may invite to attend on a regular or ad hoc basis as it wishes, service users and carers to provide their own perspective into the Committee.

Frequency of Meetings

The Committee will meet twelve times per year.

Administration of Committee

The Corporate Affairs directorate shall provide appropriate administrative support, guidance and advice to the Chair and Committee members.

Notice of meetings

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be available to each member of the Committee and other persons required to attend no later than 5 working days before the date of the meeting, unless it is deemed inappropriate to wait until the next meeting.

Support

The work of this Committee will be supported by the Executive Director of Resources who will ensure appropriate representation from Executive Directors and other officers.

Agendas

The format and content of the agenda will be agreed by the Chair of the Committee.

Lead contact

Executive Director of Resources

Monitoring effectiveness

The Company Secretary shall, at least once a year, review the performance, constitution and terms of reference of the Committee to ensure it is operating at maximum effectiveness in order to support the continual improvement of governance standards, committees, sub-committees and groups.

The Company Secretary shall produce an annual report to the Board of Directors detailing the results of the Committee Review and recommend any changes considered necessary for approval by the Board.

Review

The Terms of Reference of this Committee must be reviewed and subsequently approved by the Trust Board at least annually.