

Minutes of Finance and Commerce Committee Meeting

Held on Thursday 24th May 2012

Seminar Room 4, Jenner House

Present:

Alison Paine (AP), Non-Executive Director (Chair)
 Peter Greensmith (PG), Non Executive Director
 Anthony McNiff (AM), Non Executive Director
 Paul Miller (PM) – Executive Director of Finance & Commerce/Deputy Chief Executive
 Arden Tomison (AT) – Executive Medical Director and Director of Strategy
 Pippa Ross-Smith – Acting Director of Finance & Commerce
 Peter Wilson (PW) – Head of Business Development & Bids
 Jane Britton (JB) – Foundation Trust Programme Director
 Dick Beath (DB) – Head of Financial Planning
 Ray Chalmers(RC) – Head of Communications
 Louise Hussey (LH) , PA to Executive Director of Finance & Commerce (*Minute taker*)

Apologies:

Tony Gallagher –Acting Chair
 Andy Sylvester – Executive Director of Operations,
 Emma Roberts–Company Secretary

Item		Name
1	<p>Apologies</p> <p>Tony Gallagher(TG) Acting Chair, Andy Sylvester (AS), Executive Director – Operations, Emma Roberts (ER), Company Secretary.</p>	
2	<p>Minutes of the meeting on 26th March and matters arising not on the agenda elsewhere</p> <p>The minutes were agreed as an accurate record.</p> <p>F & C Strategy</p> <p>PM updated the meeting on progress against this. He assured the meeting that he understands what is required in terms of the development of a financial strategy for FT purposes and that this will be developed in parallel with the new iteration of the IBP. This has not yet been closed off because of competing priorities for the Acting Chief Executive but he underlined that there is no material risk in this.</p> <p>Earned Autonomy</p> <p>PM noted that this will be picked up in future meetings although ‘Earned Autonomy’ will be dropped as a descriptor. Monitor’s preferred methodology is Service Line Management (SLM) and there will a series of papers to this</p>	

Item		Name
	<p>committee on how the Trust is implementing this. A key driver for this is PbR and later on this agenda there is an update on this process. It was noted that Monitor uses these terms as they have examined how the NHS is developing and consider this to be the optimal organisational model for working in a competitive world. SLM is seen to be about de-centralisation.</p> <p>AP noted that Earned Autonomy is actually a different thing to SLM and questioned how SLM and PbR are linked. PRS stressed that this is a two fold process and it is about devolving commercial responsibility to a service level and also understanding how we measure this as this is linked to Mental Health PbR, so that it makes sense clinically and also ties in with the commissioning process. It is about devolving business decisions. It was agreed that SLM would be agenda'd for the next meeting of this committee and that, in order to avoid misunderstandings on terminology, the paper to the next meeting should explain this.</p> <p>PM confirmed that service line reporting is a mechanism to support service line management and that as a result budgets get devolved and responsibility for these get devolved to clinical lines.</p> <p>PG noted that other organisations have ABC software and that this will be essential for the Trust. PRS confirmed that this is in hand.</p> <p>SBU and E&FM Business Plans</p> <p>The meeting was updated that LH is working with the SBUs/E&FM to find dates convenient to them for individual meetings with members of this committee to work on the development of their plans.</p> <p>PFI Supplementary Agreements</p> <p>It was confirmed that this was signed off by Felicity Longshaw in line with the Trust's Standing Financial Instructions.</p>	<p>LH</p> <p>PM</p>
3	<p>Commercial Activities Update</p> <p>The committee received this report from the Head of Business Development & Bids which outlined the current and potential new business opportunities.</p> <p>The committee noted the enhanced Pathfinder Service which will be developed with funding from the South West Specialist Commissioning Group.</p> <p>PM updated the committee on developments in the Bristol tendering process.</p> <p><i>Bristol Primary Care Psychology Service (IAPT) Tender</i></p> <p>Paragraph 4.2.2 should read '..... to the successful bidder, without further procurement processes'.</p> <p><i>NHS Wiltshire – Any Qualified Provider – Autism Spectrum Disorder</i></p> <p>It was noted that this is the first AQP service and qualification process that the</p>	

Item		Name
	<p>Trust is involved in. This would be new business for the organisation and, if successful, we would be one of a number of providers in the area. PM outlined the risk around activating Chose and Book which will be expected as an AQP and which we have never used. The proper implementation of this will be a significant work programme but going forward this will be necessary as a potential AQP. TMc queried the cost of this and it was confirmed that this may be up to £100k. It was agreed that, as this is a standard tool everywhere except in mental health, it will most probably be necessary for the Trust to implement this.</p> <p><i>Bournemouth & Poole IAPT Services</i></p> <p>PW updated the meeting on this developing process and an potential immediate opportunity for the Trust to run a front end service prior to getting them into a position to be AQP. PW is due to meet shortly to discuss taking this forward.</p> <p><i>SDAS Wiltshire</i></p> <p>PG queried reputational issues for the Trust with regard to NHS Wiltshire going out for expressions of interest for their community services across Wiltshire. PW confirmed that this would involve a different stream of commissioners and different relationships. He also stressed that the Trust has good working relationships with the prison service and that this is not the first time that the trust has been re-assessed, but the first time in the new commissioning environment.</p> <p><i>SDAS further afield – Devon Prisons</i></p> <p>PG questioned the resources available for the integrated healthcare contract across Devon's prisons. PRS noted that this will probably involve teams already in situ being TUPE'd across and will require an increased management structure to underpin this. PRS also confirmed that the target margin for bids such as this one is 5 – 15%.</p> <p>The variety and geographic spread of potential contracts was discussed in terms of the organisation's ability to digest these. It was noted that this has been considered and that we have been careful that each contract is sustainable in its own right but that, should all contracts be won, then there are plans to set up peripatetic management or, in the case of prisons, an existing infrastructure is in place.</p> <p>SBU's are conscious of the impact of this potential new business and some bids are about testing their ability to win business away from home.</p> <p><i>Appendix 1 – New Business Opportunities</i></p> <p>AP welcomed the addition of the table at Appendix 1 which quantified new business secured, business opportunities and threats to existing business.</p> <p>It was agreed that it would be useful to have an indication in this table of why business has or has not been pursued in order to give the whole picture.</p>	<p>PW</p>

Item		Name
4	Business Development Framework	
	<p>The committee received this draft framework from Arden Tomison.</p> <p>AT noted that this had been considered by EMT and the wider management team. This is seen as the starting point for the development of the Business Development Strategy. At an early stage it had become clear that SBUs were at different stages in the understanding of the issues and it was therefore not possible to fit all plans into a coherent document. The development of the Business Development Framework is seen as a starting point to assist in finding a way forward with business planning cycles. All SBUs have been involved with developing this and are prepared, to a varying degree, to pick it up and move forward.</p> <p>A key output from this is that Quarterly Reviews will now discuss business developments specifically.</p> <p>It has become clear that the Trust does not have the expertise at a senior level to focus on commercial concerns and interpret market intelligence other than in small pockets around the organisation.</p> <p>PM underlined that this is a work in progress and was received by EMT in this spirit. It clearly indicates the need for the development of a commercial director and function. PM sees this as useful toolkit for the organisation. and that the next step is to develop the framework further.</p> <p>PG noted that the original intention, as approved by EMT, had been different and had been about the development of a Business Development Strategy across the Trust. It was acknowledged that as there had been a general lack of understanding of the nature of a Strategy and how to develop it, it would be sensible to wait until commercial expertise was in place to further develop this process.</p> <p>AP acknowledged that there had been some frustration that the Framework was not the product that had been expected by the committee.</p> <p>It was agreed that Kerry Geoghan has done much good work to embed skills in the SBUs particularly in the Adult Acute SBU and it would be useful if she could continue to do so.</p> <p>It was agreed that it was important to work with the SBUs to develop their business plans and that it was not necessary for this committee to be involved in this other than to note that the plans are developing with the right sort of support.</p>	
5	SBU and E&FM Business Plan update	
	<p>The process for the delivery of feedback on these plans and further support from this committee on a 1:1 basis was discussed. It was agreed that once dates have been received from SBUs it would be arranged that two or three members of the committee would meet with them for about 1.5 hours at their base to support them in this.</p>	JB

Item		Name
6	<p>Commercial Director</p> <p>PM noted that the Trust is aware that it should sharpen its commercial focus through the employment of a commercial director and that this was discussed at the last Board Seminar.</p> <p>The choices open to the organisation were discussed. The option of making an interim appointment or appointing a consultant to make the initial diagnosis of the Trust's requirements was considered.</p> <p>AP and JB had met prior to this meeting to discuss this issue and AP noted that her initial concept had been to set up an interim management project, with a clear set of deliverables and objectives to identify an organisational set up for the next steps, whilst writing themselves out of the picture.</p> <p>PG noted that a high powered interim manager with good experience of NHS business developments and marketing could be the right person to both do the diagnosis and the job.</p> <p>TMc cautioned that it is important to differentiate between a career interim and a consultant with good and relevant NHS experience and that it is about the attributes and experience of the individual.</p> <p>It was agreed that the most important thing was attracting the right individual and that JB should pull together a brief on this and also a Person Spec which should be circulated to this committee and EMT for their input. It was further agreed that this is a clear deficit within the organisation and that it is essential that this is rectified.</p>	JB
7	<p>Mental Health PbR</p> <p>The committee received this report from Pippa Ross-Smith, Acting Director of Finance, to bring it up to date with the MH PbR journey as it is being managed from a national, regional, local and Trust perspective.</p> <p>PRS highlighted the concerns of the regional group around infrastructure, IT systems and the ability to align PbR with the national personalisation in 2013-14 and that, in the light of this, the aspiration of having a national mental health tariff has now been shifted to 2014/15.</p> <p>PRS described the local and regional planning meetings and the Trust's involvement with these.</p> <p>PG noted his concern that staff are reporting a feeling of being overwhelmed and reporting change fatigue currently. PRS responded that the Trust is working hard with clinical colleagues to pick up training needs related to this and acknowledges that there is a great deal going on.</p> <p>AT underlined that training is being explicitly linked to the next RiO rollout. He identified that there is an emerging secondary issue of patchy quality in care plans which will necessitate targeted training in this area. PRS noted that we are auditing on a constant basis by doing deep dig audits to check on the consistency of clustering and that teams are also beginning to cross compare.</p>	

Item		Name
	<p>AP sought clarity on the move from block contracts to PbR. PRS underlined that we now have an extra years grace to get everything in place and that Finance is currently looking at the implications for us if we were commissioned by demand. Further analysis will be available in time. It was reiterated that we are one of the forward looking Trusts in this area and that, because of this, we are facing all the problems before everyone else.</p> <p>AP noted the progress being made and requested that this committee should be sighted on this fluid situation on a regular basis with a standing item on the agenda.</p>	<p>LH</p>
<p>8</p>	<p>AWP process for the development of business cases</p> <p>The committee received this paper from Dick Beath, Head of Financial Planning.</p> <p>DB noted that the purpose of this document is to propose a process for the development of Revenue business cases for use across the whole organisation based on the existing Capital business case procedure. DB tabled an amended page 6 of the document with a changed level of materiality for Major Business Cases which should read >£5,000,000.</p> <p>JB underlined that when talking about revenue this also includes the change of use of revenue, how we use existing money, and not just new revenue.</p> <p>TMc queried the difference in timescales from major to minor business cases. DB responded that minor business cases can be completed in one month, medium business cases approximately two months and major business cases in up to six months.</p> <p>AP questioned whether there is any requirement for external approval between £3- £5m and that major business cases should be anything that requires this. DB undertook to check this and he and ER will also check where Board approval is required.</p> <p>AP also queried whether we require any payback period or return on investment and PRS confirmed that this has not traditionally been the case as most capital decisions have been fait a complis and that return on investment would not influence a decision as there is no choice in spending this money.</p> <p>It was suggested that, when describing stakeholders who may be affected by a project, service users should be included in this.</p> <p>Subject to these comments, this paper will now be considered by EMT.</p>	<p>DB DB/ER DB DB</p>
<p>9</p>	<p>Communications Strategy</p> <p>The Trust received this paper to brief it on progress towards revising the Trust Communication Strategy, to highlight a preliminary approach to some potential harmful reputational issues and to suggest alternative ways of briefing the Board.</p> <p>This paper is due to go to the next Board meeting and it has been suggested</p>	

Item		Name
	<p>that it comes to this committee first.</p> <p>PG expressed concern that there does not appear to be an integrated Communications Strategy described and that by waiting for the AGM to deal with some issues this meeting could be swamped. He suggested that there should be both a short and long term strategy to deal with initial reputational issues and then an on-going strategic approach. He reiterated that the short term strategy should be put in place immediately.</p> <p>PG suggested that, whilst dealing with reputational issues as they arise, there should also be a counterbalance of communicating the excellence and achievement of some of our services and that this would have a good effect on staff morale. PG will pass to RC a diagram that he has developed to expand on this.</p> <p>RC underlined that he had not suggested that all issues should be delayed for discussion at the AGM but that he had wanted to avoid the position where Board members find themselves personally challenged and that his preferred position is that Executive Directors should be put forward to respond to issues as they arise. His intention is that the AGM would be about describing the way forward for the organisation.</p> <p>RC described the Communication's team work on understanding the best way to communicate using the new website and social media amongst other tools. He also noted the 16,000 FT members as a conduit for communication. RC responded to PG's request for a more proactive approach by noting that the team had been constrained by the resource available to it.</p> <p>TMc suggested the building of relationships with local media and the consistent delivery of positive news stories whilst creating the environment and culture to get these positive stories across.</p> <p>AP acknowledged that there had been some skilful news management in the past year. She did note that she felt that one thing that was missing was something around Board strategic messages linked to communication's objectives which should be timelined over 3 – 6 months.</p> <p>AP reiterated that the Communication's Strategy should be a short term plan with objectives and timescales and include an objective to achieve a flow of good news stories. This should have a short term focus to cover the next 6 months.</p> <p>It was requested that any paper on this should come to this committee first and that this paper should be explicit on the resource needs of the Communications team. It was agreed that there are some communications resources spread across the Trust and that this needs to be better integrated.</p> <p>It was also requested that RC should cost a regular media scanning report especially in the current environment.</p>	<p>PG</p> <p>RC</p>
10	<p>AOB</p> <p>Format of new Finance Report</p>	

Item		Name
	It was requested that, if there are any questions on this, these should be communicated before the Board meeting on 30 th May.	
11	Date and Time of next meeting 20 th July – 3.00pm	