

**Minutes of the Finance and Performance Committee
24 September 2019 at 1.30pm
in Meeting Room 1&2 at Trust Headquarters,
2150 Century Way, Thorpe Park, Leeds LS15 8ZB**

Present: Mrs Sue White, Non-executive Director (Chair of Committee)
Mrs Joanna Forster Adams, Chief Operating Officer
Mrs Dawn Hanwell, Chief Financial Officer and Deputy Chief Executive
Mr Andrew Marran, Non-executive Director
Mr Martin Wright, Non-executive Director

In attendance: Mr David Brewin, Assistant Director of Finance
Mr Bill Fawcett, Chief Information Officer
Mrs Cath Hill, Associate Director for Corporate Governance
Jo Third, Learning and Organisational Development Lead (for agenda item 10)

		Action
19/068	<p>Welcome and Introduction</p> <p>Mrs White welcomed everyone to the meeting.</p>	
19/069	<p>Apologies for absence (agenda item 1)</p> <p>There had been no apologies received from any members of the Committee.</p> <p>The Committee was quorate.</p>	
19/070	<p>Members and attendees declaration of any conflict of interest in respect of any agenda items (agenda item 2)</p> <p>No declarations of interest were made.</p>	
19/071	<p>Minutes of the meeting held on 23 July 2019 (agenda item 3.1)</p> <p>The minutes of the meeting held on the 23 July 2019 were accepted as a true record subject to 'regulatory leavers' being amended to 'regulatory levers' on page 6.</p>	
19/072	<p>Matters arising (agenda item 4)</p> <p>In relation to minute 19/077, Mr Wright asked if the Committee was going to receive feedback from the discussions with the Leeds CCG on staffing issues. Mrs Hanwell agreed to do this after the meeting to</p>	DH

consolidate the Long Term Plan and carry out the Out of Area Placements (OAPs) mid-year review had taken place.

The Committee **noted** the updates provided.

19/073 Cumulative action log (agenda item 5)

The Committee **received** the cumulative action log and **agreed** the actions that should be closed. The Committee agreed to pick up action log number 117 under agenda item 6 and **agreed** to defer the item on mHabitat to the 26 November 2019 meeting.

19/074 Combined Quality Performance Report (agenda item 6)

Mrs Forster Adams introduced the Combined Quality Performance Report which included activity information through to August 2019. She updated on the work relating to GP communications and advised that they had now identified that the recording issue related to setting the correct data field to input information. Following some operational and reporting improvements they anticipated an improvement in performance from this month onwards.

Mrs Forster Adams also highlighted issues in terms of patient flow and discussed the steps taken to address the Delayed Transfers of Care (DToc) performance and noted that they plan to reflect on progress with this at the Board next month. She advised that they were currently doing some analysis of the drivers relating to patient flow, with Nikki Cooper looking at how data was being analysed to see if anything could be improved. She added that they were still working to understand the timeliness and impact of the changes made to the Crisis Services as part of the community redesign project.

With regard to the writing of the report, Mr Wright reflected on the limited time available for Nikki Cooper to do the analysis for this Committee following the report close down and asked if the process be managed differently. The Committee discussed this in some detail and identified that it was their duty as a Board sub-committee to look at the data trends over time and consider the underlying themes in the data whilst making sure that they had sight of the most current position before it was presented to Board. The Committee agreed that as part of the 'Making Data Count' Board Strategic Session in October 2019 they would look at how they could best approach performance reporting and strike a balance between being required to review the latest data whilst considering the analysis of trends over a longer period of time.

Mrs White referred to the comment in the report that the Trust was unlikely to achieve the 2019/20 OAPs trajectory without making changes and asked for more information on this. Mrs Forster Adams referred to the trajectory that had been done in partnership with the CCG and

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advised that as part of the upcoming half year review they would consider whether the actions in the plan had made the impact they had anticipated. She noted that the instability in medical staffing on the wards and the subsequent impact this had on patient flow as well as a rise in DToc were factors that had not been anticipated in the plan and had affected the trajectory. Mr Brewin added that the OAPs trajectory was also reliant on a number of actions that the CCG were yet to follow through on and this would be raised with them, along with the effectiveness of the plan, in the half year review. The Committee noted that the OAPs position trend and spike remained an ongoing challenge.

The Committee **reviewed** and **noted** the contents of the report which outlined the Trust's current performance position.

19/075

Financial Position Month 5 (agenda item 8)

Mr Brewin introduced the report which provided an overview of the financial position at month five (August 2019) which was within the plan tolerance with the Trust reporting a finance score of '2'. He noted that this position was underpinned by significant variances between planned budgets and actual expenditure, with a high degree of reliance on underspending budgets to offset pressure areas. He highlighted that the main underlying expenditure pressures continued to be OAPs and inpatient staffing levels, and identification of unmet Cost Improvement Plans (CIPs) (non-recurrently offset). He advised that a mid-year review with the Leeds CCG regarding the OAPs position was being arranged, and they were also gathering evidence via the use of an acuity tool to inform further discussions with the Leeds CCG on the staffing issues. He added that other than the OAPs risk they were confident they had sufficient flexibility to meet the Control Total plan in year. However, the non-recurrent reliance only increased the recurrent gap and challenge going forward. He noted that there were no clear robustly identified CIPs for future years at this stage. The overall financial performance reflected the same concerns and issues from 2018/19, with no stepped change in "run rate" and there was clearly a significant risk associated with reliance on "offsetting" variances.

Mrs White asked how they were going to approach developing meaningful longer term CIPs. Mrs Forster Adams updated the Committee on the progress made with each of the care groups where they were looking at efficiency measures for each service line. Mrs Hanwell discussed the relationship between growth and efficiency savings and described how the Trust may have to compromise on growth in order to stabilise its financial position. The Committee also discussed needing to develop a culture in the Trust that better supports efficiency. Mrs White felt more traction was needed with CIPs and asked that they receive a plan setting out how the Trust would approach achieving future CIPs.

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The Committee **noted** that the month five reported financial position was

within plan tolerances with an overall surplus (excluding unplanned PSF funding relating to 2018/19) and a finance score of '2'. The Committee also **noted** the significant unmitigated cost pressures in relation to OAPs and inpatient services, rising medical agency costs and unidentified CIPs and the risk associated with reliance on "offsetting" variances.

19/076

Contract Development Analysis (agenda item 10)

Mr Brewin introduced the report which provided an update on the key contractual risks and opportunities. The Committee discussed the gender dysphoria tender process and the implications of this and how they would approach what the Trust was being asked for. The Committee also noted the good progress being made with the Provider Collaboratives but Mrs White asked for further detail on the separation arrangements and how the governance would work under the collaborative to come back to a future meeting.

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Mrs Hanwell also informed the Committee that the Trust had been granted £2.5 million this year in response to a business case for transformation money for young adult services and they were currently working on how to best utilise this.

The Committee **considered** the contents of the paper and **advised** on further assurance required and **agreed** to update the Board on the Gender Dysphoria Clinic procurement process.

19/077

Development of decision making principles relating to 'business growth' (agenda item 9)

Mrs Hanwell introduced the paper which set out the proposed decision making criteria and approval procedures for the pursuit of opportunities, and a proposed process for project managing business developments. The Committee agreed it was a good methodology but further work on it was still required, in particular more clarity on the function of the decision making criteria. Mrs White also felt that service user involvement needed to be addressed in the principles. Mr Marran discussed the importance of taking a strategic and proactive approach to business growth based on the Trust's areas of expertise and Mrs Hanwell talked about the move towards this organisation being part of sustaining a wider system and the need to understand where the Trust sits within that. It was agreed that the Board as a whole would revisit the Trust's approach to business growth in more detail.

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The Committee **reviewed** the proposals and **advised** on further considerations that they felt needed to be included.

19/078

Apprenticeship Levy Update (agenda item 10)

Jo Third, Learning and Organisational Development Lead, introduced the paper which provided an overview of the issues encountered in delivering the Trust's apprenticeship plan, the impact on predicted levy spend and associated increase in expiry of funds. She explained that progress with reaching the required activity levels had been slower than anticipated and the agenda was challenging to deliver in a smaller specialist NHS Trust with complete reliance on commissioned activity.

The Committee acknowledged the progress that had been made in the circumstances and that the Trust was in a similar position to other NHS Trusts. They asked how the expired funds would be handled and Jo Third advised that Health Education England were co-ordinating a project to look at this and that the Trust had declared 5% of its levy towards it. The Committee also discussed whether the scheme was flexible enough for the funds to be transferred to the third sector so that they could still be utilised within the wider system. The Committee reflected on what could be learnt from the process so far and whether other options, such as increasing the number of non-clinical apprenticeships, could be considered going forward. Jo Third highlighted some of the barriers she had faced in trying to progress this work such as resource constraints and difficulties with developing partnerships across the system. The Committee felt they had received sufficient oversight of the apprenticeship delivery plan from a financial perspective; however, they understood that further oversight from a Board sub-committee was required and agreed to remit this item to the new Workforce Committee for a deeper look at how they could accelerate the benefits of the plan.

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The Committee **considered** the contents of the paper and **agreed** to remit this item to the new Workforce Committee.

19/079

Long Term Plan (agenda item 11)

Mrs Hanwell introduced the report which provided an overview of the key financial assumptions reflected in the Long Term Plan Strategic Planning Tool submission. Mrs Hanwell advised that the Trust was required to complete its Strategic Planning Tool for aggregation into the Integrated Care System (ICS) draft submission of the Long Term Plan (LTP) by the end of September 2019 and that this had been submitted on the 20 September without going through the Trust's formal governance process. She explained that at ICS level this was draft key planning data which would be subject to review and assurance throughout October and at organisational level it did not represent a contract position or an approved operational plan for 2020/21. She noted that the Board would need to consider and approve the final organisational LTP submission in its October 2019 meeting. Mrs Hanwell highlighted that there was significant investment expected into Mental Health services over the period but the efficiency challenge remained an ongoing risk to the

Trust, and workforce planning would be key to delivering the LTP ambitions. Mrs Hanwell explained that the financial regime was shifting to having a greater focus on system delivery and at this time they did not know how control totals would be allocated next year. However, due to the Trust not being in a financially challenged state it would stop receiving the Provider Sustainability Fund (PSF) from next year but would still be required to deliver a surplus. She outlined the rationale for the decision taken between herself and the Chief Executive to comply with the control total request.

Mr Wright sought assurance regarding the governance processes for the plan and asked for clarity on what the true commitment of the Trust was in relation to this submission. Mrs Hanwell responded that governance arrangements were currently unclear in the guidance as to whether it was a planning tool or commitment to deliver at this stage. She advised that as part of the draft submission sent on the 20 September 2019 they had noted that it had not gone through Board governance and was just a planning assumption at this stage. The Committee asked for it to be made clear in the October submission of the Long Term Plan that the Trust was putting this information forward as a planning tool only at this stage. The Committee understood that this was initial draft planning assumptions and that the Board would consider this again in October 2019.

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The Committee **noted** the contents of this report which had formed the basis of the Strategic Planning Tool submission; **noted** work ongoing to finalise a submission through October which would be presented to the Board for approval; and **noted** the ongoing risks associated with delivering a proposed in year surplus, as per the indicative Control Targets set.

19/080

2019 NHS England Emergency Preparedness, Resilience and Response (EPRR) Assessment and Declaration (agenda item 12)

The Committee noted the improved position since the last report but sought assurance regarding the partially compliant standard number 55 which related to business continuity and assurance of commissioned providers' and suppliers' business continuity plans and Mrs Forster Adams discussed some of the actions being taken to address this.

The Committee **reviewed** the provisional assessment and reasons for the partially compliant standards and was **assured** that the action plan was sufficient to restore compliance by next year's assessment.

19/081

Off Payroll Engagements (agenda item 13)

With regard to off payroll engagements, Mr Wright asked if the Trust had sought sufficient assurance that the correct tax and national insurance contributions had been made. Mrs Hanwell advised that the Trust was

contractually required to only use agencies that were compliant with IR35 regulations; however, she reassured the Committee that if engagements had not come via an agency then the Trust would carry out sufficient checks. Mr Wright asked for it to be clarified whether the Trust had any direct off payroll engagements that had not come through an agency. The Committee also discussed this area being subject to a future internal audit.

The Committee **received** the report for information and comment.

19/082 Information Governance Group – Revised Terms of Reference
(agenda item 14)

The Committee **received** the updated Terms of Reference for information only.

19/083 Any item that needs to be escalated to the Board of Directors
(agenda item 15)

The Committee **agreed** that as part of the verbal update to the Board of Directors on the 26 September 2019, Mrs White would reflect on discussions relating to the Trust's OAPs position and the associated financial risks; would advise that the Trust's apprenticeship plan had been remitted to the new Workforce Committee for their consideration; and would also provide an update to the private Board on the Gender Dysphoria Clinic procurement process.

19/084 Any other business (agenda item 16)

The Committee did not discuss any other business.

