

BOARD MEETING

26 May 2016

Paper Title:	Committee Annual Reports for 2015/16
Section:	Public
Lead Director:	Committee Chairs
Paper Author:	Various
Agenda Item:	14
Presented For:	Assurance

1. Purpose of this Report:

The Terms of Reference of each Board Committee require that they submit an Annual Report to the Board to summarise their work and to identify how they have fulfilled the duties required by the Board. Attached to this paper are the approved Annual Reports of the following Board Committees:

- The FBIC Annual Report
- The Q&SC Annual Report

2. Summary of Key Points

Both the FBIC and Q&SC Committee reports provide positive assurance that both Committees are operating effectively, that they are fulfilling their terms of reference and that there is strong commitment from individual Board members in their role as Committee members. There has been no negative impact as a result of changes to the membership of either Committee during the year.

3. Board Consideration

To seek assurance from the relevant Committee Chairs about the work of each Committee during 2015/16, which support the consideration of the 2015/16 Annual Governance Statement.

4. Financial Implications

None.

5. Legal Implications

None.

6. Equality Impact Assessment

No Equality Impact Assessment is required for this report.

7. Previous Meetings/Committees Where the Report Has Been Considered:

Highlight whether the paper has been discussed at any of the following meetings by placing a tick in the relevant box(es):

Audit Committee	<input type="checkbox"/>	Quality & Safety Committee	<input checked="" type="checkbox"/>	Remuneration Committee	<input type="checkbox"/>	Finance, Business & Investment Committee	<input checked="" type="checkbox"/>
Executive Management team	<input type="checkbox"/>	Directors Meeting	<input type="checkbox"/>	Chair of Committee's Meeting	<input type="checkbox"/>	MH Legislation Committee	<input type="checkbox"/>

8. Risk Issues Identified for Discussion

None.

9. Links to Strategic Drivers

Both Committees have an important role in scrutinising governance issues which can impact on the Trust's strategic objectives.

10. Publication Under Freedom of Information Act

This paper has been made available under the Freedom of Information Act.

11. Recommendations:

That the Board:

- considers the Annual Reports of the FBIC Committee and Q&SC Committee for 2015/16; and

Finance, Business and Investment Committee Annual Report 2015/16

Introduction

1. The Finance, Business and Investment Committee (FBIC) was established in September 2012 under Board delegation with approved terms of reference and meets every 6 weeks. The Committee's terms of reference require that an Annual Report is submitted to the Board to summarise its work over the past year and to identify how it has fulfilled the duties required by the Board. This report therefore outlines the work of the FBIC during 2015/16, highlighting key areas of work and areas of assurance.

FBIC Membership and meetings

2. The Committee comprises of Non-Executive Directors (NEDs) and members of EMT along with the Deputy Director of Finance. Membership of the Committee has changed during the year to reflect changes in NED portfolios. The FBIC has met eight times during 2015/16 and Board member attendance at FBIC meetings is summarised below.

Membership	Attendance
David Banks (Chair until November 2015)	8/8 meetings
Rob Vincent (Chair from December 2015)	3/3 meetings
Ralph Coyle	6/8 meetings
Sue Butler	2/3 meetings
Michael Smith	5/8 meetings
Simon Large	6/8 meetings
Liz Romaniak	7/8 meetings
Sandra Knight	8/8 meetings
Helen Bourner	3/3 meetings
Paul Hogg	6/8 meetings
Deputy Director of Finance	7/8 meetings

3. The FBIC works to an annual plan of scheduled agenda topics, along with a range of specific issues which are subject to review. A rolling programme of actions is maintained and monitored accordingly. The Committee Chair has also updated the Board on any significant issues arising from each Committee meeting through his regular reports and Committee minutes are circulated to all Board members. The remainder of the report is divided under the Committee's three key objectives and then wider governance issues:

(i) Monitor financial performance of the Trust against plan, reporting any proposed remedial action to the Board as necessary

4. The FBIC's terms of reference require the Committee to scrutinise the Trust's in-year financial performance, delivery against Cost Improvement Plans (CIPs), review the annual budget and the level of capital expenditure. The following items are highlighted from the discussions during the year at Committee meetings:

- The information provided in the **FBIC finance dashboard** has been re-formatted to reflect the financial reporting requirements of operating as a Foundation Trust.

Information has been reduced, to ensure that Committee members focus on the Statement of Comprehensive Income, Statement of Financial position, cash flow, Financial Sustainability Risk Rating (FSRR), CIPs and capital expenditure;

- One of the new additional responsibilities has been the scrutiny and review of the **quarterly submissions to Monitor** to confirm the Trust's Risk Rating under the Monitor Risk Assessment Framework (RAF). The Committee has, at the appropriate time in the year, considered the Continuity of Service Risk Rating (CoSRR) – later changed by Monitor to become the Finance Sustainability Risk Rating (FSRR). Detailed discussions have taken place to support a recommendation to Trust Board each quarter to sign off the submissions. Throughout the year, the Trust has reported a healthy Governance Rating of Green and a FSRR of 4; reviewed the impacts of the proposed FSRR changes outlined in the consultation on the Trust
- The Committee received positive assurances at each meeting about **financial performance** and it was consistently reported that the Trust would meet its financial targets at year end, despite the tightening financial position that was affecting all NHS providers. All key financial indicators were delivered in 2015/16;
- **Key financial risks** were reported at each Committee meeting and the mitigations that were being put in place by management; these risks varied over time and included cashflow, admin staffing pressures, medical locum costs, delivery of CQUINS, Agency staff costs, IM&T staff costs, increased costs of continence products due to greater service activity, financial implications associated with the exit from the CSU, and adverse variance against planned occupancy at the Intensive Therapy Centre and the Assessment and Treatment Unit;
- The Committee has held regular discussions about the **Capital programme**, monitoring a capital budget of £3.3m for the eleven months operating as a Foundation Trust with actual expenditure of £3.2m.
- Progress on **Cost improvement Plans** was also regularly reported to Committee and a number of substitution schemes had been identified. The Trust over achieved against a challenging savings target of £5.9m during the eleven months ending 31 March 2016, representing full delivery of the plan. This delivered £6.0m (102%) as set out in the original programme and £0.4m (7%) through mitigations and substitutions; and
- The Committee has held detailed discussions about annual planning assumptions and risks and in relation to the contracting arrangements with commissioners at the relevant time during the year to ensure the financial plan could be recommended for approval by the Board. This included detailed consideration of key risks pertaining to the ITC and nationally required control totals (for revenue and capital).

(ii) Consider the Trust's medium to longer term financial strategy.

5. During the year the FBIC has focused on a number of **workforce issues**, in the light of changes introduced by regulators and the impact on the Trust's financial position. Reports received have included: deep dive into vacancies in Bradford locality, E-Rostering business case, Agile working planning and implementation and

- A review of medical staffing (including future staffing models, benchmarking of current staff, vacancies & absence linked to locum staff costs);
- review of short term and long term sickness absence and the Trust's corporate sickness absence target;
- Use of bank and agency staff – including a review of the managed service pilots and subsequent wider actions to target agency price/use reductions and leading to recommending the re-introduction of an in-house Staff Bank;

- An update on the Workforce Strategy providing an overview of the key workforce interventions undertaken during the year.

6. The Committee has received an update on progress against the **Commercial Strategy** (at its May, January and March meetings). Changes in Executive Director portfolios resulted in some slippage around delivery of the strategy. However, during the year the Committee received regular updates around the tender bid pipeline providing assurance that the Trust was actively seeking new business opportunities both within and outside its traditional footprint. The appointment of a new Head of Business and Service Development has now strengthened the Trust's commercial team and a revised Commercial strategy is to be produced in the Autumn.

7. The July meeting also prioritised the need for action for services facing service reviews and potential procurement – this thinking supported the Trust to agree additional actions that would mitigate those risks, i.e. Children's Services Directorate, NHS Elect collaboration, provider alliance thinking particularly effective via IAPT lead provider contract award, preparation for low secure procurements etc.

8. The FBIC considered the Trust's response to a key consultation in relation to the methodology for Public Health Grant Reductions, using the opportunity to propose alternative methodology and to flag concerns in relation to anticipated impacts for population in Bradford nationally.

9. The Committee considered an updated Estates Strategy and Procurement Strategy; key documents supporting the Trust's medium term planning and monitoring of key work programmes to secure cost reductions and improved value for money.

10. The Committee spent significant time during the first half of the year considering a number of **IM&T related issues**. Many of these were inter-connected and had financial implications or risks attached to them. These included the exit from the CSU Service Level Agreement, implementation of the agile programme, upgrade of the clinical information systems and delivery of the integrated digital clinical record. These were delivered within the context of implementing a stabilisation plan and restructure of the IM&T Department. The Committee endorsed a 12-month prioritisation plan that would be overseen by the newly established Technology Board. During 2016/17 a new Digital Strategy will be developed to support potential technology opportunities linked to agile working and revised operating models.

11. Like other Committees, the FBIC has adopted a '**deep dive**' approach where a particular issue has been presented in detail for consideration. The Committee has refined its approach to deep dives and identified a set of key criteria to be used including current KPIs, financial position, benchmarking and service specification details. During the year the Committee has undertaken deep dives in the following areas: Dental services; Pay expenditure across Bradford City locality; Inpatient services; and Admin hubs (relating to a closure report on the project). Further deep dives are planned during 2016/17 on Central Support Services, IM&T Strategy, and workforce planning issues.

(iii) Provide an oversight of the development and implementation of financial systems across the Trust.

12. The Committee has considered three key areas associated with this objective during 2015/16: Service Line Reporting (SLR): E-rostering; and continued development of the Agile working programme, which are set out below:

- **Service Line Reporting (SLR):** the Committee received three reports (in May, June and September) which outlined progress on SLR Phase 1 and endorsed proposals to develop Patient Level Information and Costing Systems (PLICS) as part of Phase 2 to enable the Trust to measure and report the resources consumed by individual patients. The Committee also endorsed information provided around interim SLR outputs from the exercise agreed between the Trust and CCGs to re-base their contracts to reflect current service line costs;
- **E-rostering:** The Committee approved the procurement of a new E-Rostering system to ensure the most efficient and effective rostering of substantive staff with links to temporary staffing systems to fill any gaps. The new system would be introduced from April 2016, phased across difference wards and services and forms a key platform to support the Trust's ambition to eliminate agency nurse staffing; and
- **Agile working:** the Committee received assurance about the agile working project that had included a scaling up the rollout plan to cover all community services, delivery against the roll-out plan despite the additional requirements linked to the CSU exit and a focus on realising the forecasted benefits in the planned CIP/business case. This would be an important area to monitor for the Committee in 2016/17, linked to the IM&T strategy.

Wider governance issues

13. The Committee has reviewed a number of regulatory issues. During 2015/16, the Committee:

- Approved the Fire Safety Annual Report, Local Security Management Specialist (LSMS) Annual Report and Health and Safety Annual Report for the period 2014/15 (at its meeting in September 2015), all highlighting positive assurances;
- Approved the Annual Energy and Environment performance Report (October meeting);
- Approved the Health and Safety and Fire safety policies (March meeting).

Approved by the Committee on 27 April 2016.