

TRUST BOARD MEETING

24 MAY 2018

Paper Title:	FBIC Annual Report 2017/18*
Lead Director:	Rob Vincent, Chair / Liz Romaniak, Director of Finance, Contracting and Facilities
Paper Author:	Paul Hogg, Director of Corporate Affairs
Agenda Item:	24
Presented For:	Assurance
Paper Category:	Governance & Compliance

Executive Summary:
<p>The terms of reference of the FBIC Committee require that it submits an Annual Report to the Board to summarise its work during the year and to identify how it has fulfilled the duties required by the Board.</p> <p>The draft report was discussed at Committee on 25 April. Two amendments were made: a re-emphasis of heading (ii) to read '<u>Workforce issues</u> affecting the Trust's medium term financial strategy'; and inclusion of a reference to the Committee's consideration of the forthcoming organisational strategy and span of control work (added at paragraph 13).</p>

Recommendations:
<p>That the Board :</p> <ul style="list-style-type: none"> Note the content of the FBIC Annual Report for 2017/18.

Governance/Audit Trail:

Meetings where this item has previously been discussed (please mark with an X):							
Audit Committee		Quality & Safety Committee		Remuneration Committee		Finance, Business & Investment Committee	x
Executive Management Team		Directors		Chair of Committee Meetings		Mental Health Legislation Committee	
Council of Governors							

This report supports the achievement of the following strategic aims of the Trust: <i>(please mark those that apply with an X):</i>	
Quality and Workforce: to provide high quality, evidence-based services delivered by a diverse, motivated and engaged workforce	x
Integration and Partnerships: to be influential in the development and delivery of new models of care locally and more widely across West Yorkshire and Harrogate STP	
Sustainability and Growth: to maintain our financial viability whilst actively seeking appropriate new business opportunities	x

This report supports the achievement of the following Regulatory Requirements: <i>(please mark those that apply with an X):</i>	
Safe: People who use our services are protected from abuse and avoidable harm	
Caring: Staff involve people who use our services and treat them with compassion, kindness, dignity and respect	
Responsive: Services are organised to meet the needs of people who use our services	x
Effective: Care, treatment and support achieves good outcomes, helps to maintain quality of life people who use our services and is based on the best available evidence.	
Well Led: The leadership, management and governance of the organisation make sure it's providing high-quality care that is based around individual needs, encourages learning and innovation, and promotes an open and fair culture.	x
NHSI Single Oversight Framework	

Equality Impact Assessment :
N/A.

Finance, Business and Investment Committee Annual Report 2017/18

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 2017/18, 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 remained stable during the year; the Trust Chair has been a member of the Committee since the number of NEDs reduced to five. The FBIC has met nine times during 2017/18 and attendance at FBIC meetings is summarised below.

Membership	Attendance
Rob Vincent (Chair)	9/9 meetings
David Banks	8/9 meetings
Michael Smith	5/9 meetings
Nicola Lees	8/9 meetings
Liz Romaniak	9/9 meetings
Sandra Knight	9/9 meetings
Paul Hogg	4/8 meetings
Claire Risdon	8/9 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 written/verbal reports and Committee minutes are circulated to all Board members. It reviewed its terms of reference in July 2017. 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 Committee has also paid particular attention during the year on the quarterly financial returns to NHS Improvement and consideration of control totals. The following items are highlighted from the discussions during the year:

- The Committee has used the **FBIC finance dashboard** to closely monitor income and expenditure levels, financial run rates and workforce issues that have had an impact on financial performance. The dashboard has been used to scrutinise financial performance throughout the year and enabled the Committee to make

informed decisions about introducing additional controls to mitigate emerging financial risks;

- The Committee has spent time on the scrutiny and review of the **quarterly submissions to NHS Improvement** to confirm the Trust's risk rating for the Use of Resources (UoR) score that is required under the Single Oversight Framework (SOF). Under the SOF, FTs are segmented into one of four categories, where 4 reflects providers receiving the most support, and 1 reflects providers with maximum autonomy (the most desired outcome). The Committee (and Board) approved a UoR score of 1 for each quarter in 2017/18 [subject to April FBIC meeting for Q4] demonstrating strong oversight of financial performance. The Committee has also been apprised of the circumstances surrounding access to Sustainable Transformation Funding (STF) monies and the implications on the Trust's Control Total;
- The Committee has closely monitored the key **financial risks and mitigations** throughout the year. A separate schedule tracking key risks, their potential value and mitigations has been reviewed at each meeting. Many emergent risks have been service or workforce-related (including bank and agency expenditure, costs relating to specialising and efficiencies required across telephony and interpreting services), some of which relate to key projects within the Business Transformation and Governance update, highlighted at paragraph 6;
- The Committee has held regular discussions about the **Capital programme**, monitoring a capital budget of £3,528k. The Committee has seen a number of re-prioritisation exercises undertaken to manage in-year pressures. In December 2017, the Committee agreed changes to the capital programme to address fire remediation works at the Airedale Centre for Mental Health that required additional cash resourcing; it also approved three additional IMT capital schemes to improve the Trust's IT infrastructure. At the end of 2017/18, the capital programme was delivered (just £2k under plan);
- Progress on **Cost improvement Plans** has also been regularly reported to Committee via the performance dashboard and a number of substitution schemes identified where necessary. The Trust has experienced a very challenging environment to deliver a budgeted CIP programme of £7.973m and delivered £7.475m or 94% of its planned efficiencies.

(ii) *Workforce issues affecting the trust's medium term financial strategy*

5. Our 2017/18 position has required the FBIC to undertake a greater focus on a number of **workforce issues**, which started to emerge in 2016/17 and have continued to impact on the Trust's financial position. Reports received have included:

- A review of the Trust's **Workforce Strategy**, with a focus on embedding robust workforce planning processes, and oversight of proactive e.g. NHSI 90 day improvement, approaches to recruitment and retention (including new ways to attract candidates in a competitive environment), activities to help retain existing staff and grow our future workforce, and addressing high level workforce risks;
- Implementation of the **Worksmart Strategy**, aimed at maximising digital opportunities that emerge following on from delivery of the agile programme (including mobile equipment deployed across our Wakefield services and

embedding standardised approaches across all services relating to document management, printing and tethering);

- Consideration of short term and long term **sickness absence**, retaining the overall target of 4% for 2017/18;
- Discussion about the ongoing financial pressures surrounding **medical locums**. During the year, the Trust breached the medical locum expenditure cap set by NHS Improvement but has been proactive in monitoring expenditure weekly at EMT and discussed options for a medical bank and collaborative dialogue with other local mental health trusts. This was seen to be an ongoing financial pressure for 2018/19;
- A review of **interpreting** and the budget overspend encountered due to increasing demands from services. As a result of Committee discussions, a revised project plan was produced with pilot areas operating to identify any impact on quality of telephone interpreting and a further review is planned in early 2018/19;
- A report on the efficiencies relating to E-rostering processes and the **90 Day Improvement actions relating to auto-rostering** and linked work to develop and pilot new shift patterns on certain wards, which had seen substantive staff fill rates increase by over the 10% target, improvements to bank staff fill rates on acute wards by over 40% and a reduction in sickness levels across pilot wards;
- A **'deep dive' into workforce planning issues** in January 2018 focused on a number of key drivers including:
 - Recruitment area hotspots (Band 5 inpatient nurses, district nurses and medical staff);
 - National workforce planning assumption and nation pay policy;
 - Labour turnover and retention;
 - Age profile of our workforce; and
 - Longer term actions at both a West Yorkshire and local, place-based level.

6. The Committee has regularly received a report from the **Business and Transformation Governance meetings** using a RAG rated system to provide assurance against projects seeking to implement significant change and transformation across the organisation. Projects are highlighted that were rated either red or amber during the year and required regular discussion:

- Mental health acute and community services;
- Specialist inpatients, admin and dental services;
- Corporate benchmarking;
- Rostering / 2-shift system; and
- Procurement.

7. The Committee has received a regular update at each meeting on progress against the **Market Development Plan** (including the bid and tender log). These reports have provided assurance that the Trust has actively sought new business opportunities both within and outside its traditional footprint. The reports have also highlighted the changing environment where commissioners are using competitive tendering/re-procurement to introduce new efficiencies and alternative models of care. Some of the key issues considered have included the procurement of community dental services (and the decision to submit a bid, with the procurement subsequently stopped by NHS England) and out of hospital care developments across Bradford. The Committee has been sighted on the

implications of Local Authority Budget reductions that will lead to the procurement of Early Years Services. The Committee has had oversight of a number of successful bids including new monies from Wakefield Council for its childhood flu immunisation programme, and Bradford Council commissioned services for breastfeeding, obesity prevention and mother-baby bonding.

8. The Committee has also progressed two specific elements of the Market Development Plan – development of a new Intellectual Property Rights (IPR) policy; and progress on the iCare programme. On IPR, the Committee agreed a new policy that encourages a profit share agreement with staff who generate IPR work and agreed to work with Medipex, a specialist IP support provider to support ideas on a case by case basis. The Committee has also been apprised of a number of iCare projects that have produced tangible outcomes for staff and patients and in March 2018 received a report that highlighting 35 projects in different stages of development. The work of iCare is now expected to be mainstreamed into Trust business, linked closely with new crowd sourcing arrangements and branding and a ‘Year of Ideas’ celebratory event is scheduled for June 2018.

9. Informatics issues have remained high on the agenda and the Committee has reviewed both strategic and operational issues during the year including:

- the Trust’s new Digital strategy (June 2017);
- Management of prior year telephony over spending;
- the Informatics work plan including actions to increase capacity of the team to support increased delivery (July 2017); and
- the cyber-security action plan (September 2017) and cyber-security strategy (December 2017)

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

10. In June 2017, the Committee considered and supported a **Costing Transformation Programme** paper which outlined new governance and programme arrangements to establish an evidenced based approach to incorporate service line reporting, reference costs, education training returns and use of the Patient Level Costings (PLICS) system. A **Service Level Agreement update** was presented in March 2018, which provided assurance on contractual arrangements, GDPR and supported prioritisation work on a number of SLAs, namely pharmacy, dental theatres and pathology, (the latter of which has also been discussed by the Quality and safety Committee and Trust Board) where the audit committee had requested additional detail in relation to clinical delivery risk (in the event that SLAs were not fulfilled).

Wider issues discussed

11. The Committee has paid particular attention to assurance on **health and safety compliance** during the year, having considered the health and safety annual report (September), Estates Strategy (December), and revised health and safety policy (March). The Trust has demonstrated a proactive approach to health and safety reflected in a further consecutive Gold Award from RoSPA.

12. In response to discussions at Audit Committee, **internal audit reports** that have implications on finance, workforce or wider resourcing are now also submitted to the FBIC for consideration. During Quarter 4, the Committee considered three significant level reports on: budgetary control; recruitment and retention; and the workforce strategy. The Committee requests that further work be undertaken on the latter report, in relation to talent management, providing a further update in April 2018.

13. Finally, the Committee was kept informed and commented on the work with Clever Together to help produce the new five year **organisational strategy** and discussed using the iCare brand as the portal for crowdsourcing, with the ability to run a range of ideas and engagement campaigns in conjunction with staff to help identify and deliver quality improvements. The Committee also discussed span of control issues relating to future structures at the trust, linked to the organisational strategy.