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| Meeting: | Brighton and Sussex University Hospitals NHS Trust Board of Directors |
| Date: | 24th August 2015 |
| Board Sponsor: | Chair, Finance & People Committee |
| Paper Author: | Chair, Finance & People Committee |
| Subject: | Finance and People Committee – July 2015 |

Executive Summary

The report describes the discussions at the July meeting of the Committee which focused on: the Month 4 financial position, the financial recovery plan and actions being taken to deliver the planned deficit; the risks to delivery of the CIPs programme; visits by NEDs to the booking hub and the progress made in the hub, with the Committee planning to receive a further report on the hub budget in September; key HR indicators, with the Committee noting the slow progress in improving appraisal rates; and the annual security report which demonstrated a reduction in assaults on staff.

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| Links to corporate objectives | The Committee provides assurance in respect of the corporate objectives of <i>empowered, skilled staff; and high productivity</i> |
| Identified risks and risk management actions | Delivery of the financial plan and CIPs programme |
| Resource implications | The M4 finance report and CIPs programme will be considered at the Board meeting |
| Report history | The Chair of the Committee report to the Board following each meeting of the Committee |
| Appendices | None |

Action required by the Board

The Board is asked to note the Finance and People Committee report.

Report to the Board of Directors, 24th August 2015 Finance & People Committee Report

Items on the Board agenda

1. Finance Report

The CFO reported that at the end of the first quarter (June, Month 3), the Trust was reporting a £10.9m year to date deficit. Financial performance was £2.6m behind the Financial Plan submitted to the Trust Development Authority (TDA).

Based on the assessment of income and activity delivered for the year to date, the Trust was forecasting to deliver a deficit of £19.2m for the year. The Committee was advised that the forecast and financial assumptions had been shared with Commissioners with whom discussions were continuing. Payment by Results (PbR) contracts had been confirmed with CCGs locally and with NHS England. It was noted that there was a risk that activity levels and income could be below plan with the result that not all of this income would be secured.

The CFO reported that elective activity was significantly behind plan and a better balance between scheduled and unscheduled activities, as well as improved efficiency, was needed. The Committee was advised that the Acute Floor had been overspent by c £2m in the previous month, demonstrating the need for more accurate forecasting with staff being held to account for stretching targets. Focus was also required to recover early slippage on the efficiency programme particularly given the number of schemes which had yet to be initiated. Spending levels on medical and nursing staffing and temporary staffing in the centralised booking hub remained stubbornly high. It was noted that locum and agency rates were being reviewed and that the drive to recruit overseas nurses continued in order to mitigate increasing costs for staffing.

The CFO confirmed that action in the form of a financial recovery plan was being taken to control expenditure.

The CFO reported that the TDA had written to confirm that the Trust's capital expenditure spend limit had been reduced from £5m to £1m.

Financial Recovery Plan

The Committee was presented with a report from the Deputy CFO which provided analysis of the current challenging financial position: a first quarter deficit of £10.9m against a deficit plan of £8.4m.

Assurance was sought and received that actions were being taken to manage activity, income, pay, non pay, post EBITDA costs, capital and liquidity. An explanation was given of the controls which were being exerted to return to financial plan and the anticipated impact that these would have on financial performance.

The Committee noted the monthly forecasts which showed a revised trajectory to achieve the annual planned deficit of £19.2m and the risks to achievement. The process for reporting progress against the recovery plan was also noted.

2. Cost Improvement Programme (CIPs)

The Committee noted that the risk work-streams for financial year 15/16 to be Workforce, Nursing, Procurement, Site Reconfiguration, Service Development and Patient Flow.

3. Central Booking Hub

Following the last Committee, three NEDs had separately visited the booking hub and met with key operational staff to better understand the resourcing challenges, risks and issues which had been the subject of previous reports and discussions. Of particular concern was the number of clinics which were being cancelled at the last minute and the consequent impact on patients and goodwill. Cancellations were frequent in, for example, Digestive Diseases. It was evident that pace and focus was needed to develop solutions for elective care in collaboration with the clinical directorates.

It was reported that as many as 30% (1.5 FTE) of calls being handled by the hub did not relate to hub bookings/enquiries.

The Committee agreed that considerable progress was being made with a committed team. Resolution was however needed over the use of temporary staffing and the setting of a realistic budget allocation which acknowledged the Trust's financial pressures and many competing priorities.

4. HR Dashboard

The Committee discussed the dashboard key performance indicators. It noted the position on the International Recruitment Campaign which had delivered 125 overseas nurse appointments across the Trust to date.

There were 283 nursing vacancies in June compared to 368 in June 2014, a reduction overall of 85 posts.

The 12 month sickness absence rate currently stands at 3.95%, an increase on 3.59% for June 2014. The latest benchmark figures give the South East TDA region and Acute Hospital rates as being 3.96% and 4.01% respectively.

It was noted that more staff than in previous years had participated in the quarterly Staff Family and Friends. The BSUH response rates were also consistently higher than the response rates for England as a whole.

Appraisal rates (excluding medical staff) stood at 59.7%, less than 1% better than the same period for the previous year. The Committee reiterated its concerns over the low rates.

The Committee noted that combined bank and agency staff costs were £2.9m: £1.1m was spent on bank staffing (£1.1m same period 2014) and £1.9m was spent on agency staffing a significant increase of £0.8m from the previous year.

5. Annual Security Report

The Committee discussed the report presented by Simon Whitehorn, Head of Security, noting that it was a requirement of the NHS Standard contract. Though violence and aggression towards staff was a significant risk, the overall number of all reported physical assaults had shown a reduction (18%), with 83 incidents reported compared to 102 in 2013/14. The majority of these incidents (23) occurred in the Acute Floor Directorate with AMU (9) and HDU (6) the highest individual locations. Emerald ward reported 6 incidents of this type.

The Committee noted that the overall reported number of non-physical assaults had fallen significantly from 149 in 2013/14 to 114 in the last year, a reduction of 23%. The reporting of racially motivated or aggravated incidents was at 8. The report also highlighted that training in conflict management and assault avoidance was key to the low levels of reported assault being sustained.

**Antony Kildare
Chair
Finance & People Committee
August 2015**