

<b>Meeting:</b>	<b>Brighton and Sussex University Hospitals NHS Trust Board of Directors</b>
<b>Date:</b>	<b>27<sup>th</sup> April 2015</b>
<b>Board Sponsor:</b>	<b>Chair, Finance and Workforce Committee</b>
<b>Paper Author:</b>	<b>Chair, Finance and Workforce Committee</b>
<b>Subject:</b>	<b>Finance and Workforce Committee Annual Report</b>

<b>Executive summary</b>	
<p>The report summarises the work of the Finance and Workforce Committee in 2014/15 with regard to its key duties: financial performance and planning; the delivery of the CIPs programme; the business cases considered by the Committee; people, education and learning; and the statutory duties of the Trust which the Committee assures</p>	

<b>Links to corporate objectives</b>	The revised Committee terms of reference re-iterate the Committee focus on the people in the Trust. The Committee has a key role with regard to assurance regarding: <b><i>empowered skilled staff and high productivity;</i></b>
<b>Identified risks and risk management actions</b>	The Committee reviews the risks relevant to its responsibilities each quarter through the Board Assurance Framework
<b>Report history</b>	The Committee reports to the Board following each of its bi-monthly meetings
<b>Appendices</b>	Finance and <b>People</b> Committee, terms of reference

<b>Action required by the Board</b>	
The Board is asked to note the annual report and approve the revised terms of reference	

**Report to the Board of Directors, 27<sup>th</sup> April 2015**  
**Finance and Workforce Committee (FWC) Annual Report**

**1. Purpose**

This report summarises the work of the Finance and Workforce Committee (FWC) in 2014/15.

**2. Membership**

The Committee was chaired by Julie Nerney, Non-Executive Director, until September 2014, and jointly by Antony Kildare and Craig Jones, Non-Executive Directors, until March 2015.

The Committee members include the Chief Financial Officer, Director of Strategy and Change and Director of 3Ts. Other senior officers of the Trust also routinely attend the Committee.

**Changes to the cycle of Committee meetings**

The Committee formerly met every month but from May 2014, has met bi-monthly. This followed a recommendation from the Board health review that the Committee had become overly executive in its approach.

The Committee reviewed its terms of reference in March 2015, when it was agreed that the Committee would be renamed, subject to the approval of the Board, the Finance and People Committee, to reflect the new People and Well-Being Strategy.

The main elements of the Committee's work in 2014/15 are detailed below.

**Finance**

**3. In-year financial performance**

The Committee has reviewed in-year financial performance at each of its meetings. Particular attention has been given to spending on temporary staffing for medical and nursing staff and in the booking hub; and the risks to the income position of the Trust and its relation to elective activity.

The Committee received a report from the Chief Financial Officer (CFO) in November 2014 on the risks to achieving the planned surplus for 2014/15. In February 2015, the CFO provided a detailed report on the forecast outturn and a road map to deliver a revised end of year position of break-even rather than a surplus. The Committee has also received assurance from the CFO on the additional controls established to maximise the financial position at year-end. Notwithstanding the risks to achievement of the plan, the Committee thanked the Chief Financial Officer and his team, for the work undertaken, particularly given the very challenging position nationally.

**4. Annual Financial Plan 2015/16**

The Committee discussed the Annual Financial Plan for 2015/16 at its meeting in March 2015, noting the objections which had been raised by a number of trusts regarding the tariff and the late receipt of contract offers. The Committee was also advised on the further work required on the financial assumptions for 2015/16, and the need to deliver a further CIPs target of £30m for next year. The draft Annual Plan would be presented to the Board in March and the final plan in April.

**5. Efficiency Programme and CIPs**

The Committee has also reviewed progress with the CIPs programme at each of its meetings. The Committee has recognised the strong programme performance, while noting that a small number of work-streams, as in previous years, had made limited progress. This was also reflected in the risk rating for the programme in 2015/16, with key risks around: workforce, nursing, procurement,

site reconfiguration, service development and patient flow. The Committee was advised by the Programme Director that a further year of savings and efficiencies of circa £30m would be challenging against the backdrop of non-elective and elective pressures.

## **6. Long Term Financial Model (LTFM).**

The Committee received a presentation on the revised LTFM which was driven by a refresh of the underpinning assumptions and now included 3Ts in the base case and full alignment with the recently agreed clinical strategy. The Committee noted that sign off by commissioners was the next stage in its development.

## **7. Short term Cash and Working Capital Report**

The Committee valued the work which had been done to present this report. The report was discussed in detail. It was noted that the assumptions were based on the run rate and that these were considered to be realistic

## **Business Cases**

### **8. 3Ts Programme**

As part of the overall Board and Board Committee assurance process, the Committee reviewed the 3Ts Full Business Case (FBC) in September 2014 prior to its consideration by the Board. The Committee recommended its approval to the Board.

### **9. Radiotherapy**

The Committee recommended to the Board approval of the business case for Satellite Radiotherapy (East) in November 2013 prior to submission to the NHS Trust Development Authority (TDA) and the revised business case in March 2014.

The Committee also recommended to the Board approval of the Radiotherapy Decant Solution at Preston Road, as part of a revised budget programme.

### **10. Integrated Sexual Health Services**

The Committee considered and supported the business plan to deliver integrated sexual health services contract being let by Brighton and Hove City Council in partnership with Sussex Community NHS Trust (SCT). The Committee recommended its approval to the Board.

## **Workforce**

### **11. Education & Learning strategy**

The Committee welcomed the development of the Education and Learning Strategy aligned to the Foundations for Success programme, Clinical Strategy and Values and Behaviours and recommended the incorporation of measurable objectives and ring fenced resources to ensure effective implementation of the strategy, prior

### **12. HR Dashboard.**

The Committee has reviewed the HR dashboard at each meeting and welcomed the simplification of the dashboard. The Committee has been particularly concerned about stubbornly low appraisal rates which are well below the Trust target. It has also given particular attention to recruitment and the time to recruit; the usage of bank and agency staff; and the uptake of mandatory training. Inter alia, the Committee has discussed detailed plans to improve the rates of appraisal, recruitment of overseas nurses and mandatory training.

### **13. Exit Interviews**

The Committee welcomed the introduction of a systematic approach to exit interviews through the online exit interview tool and discussed in detail the main reasons for staff leaving the Trust which included to take up promotion opportunities rather than a negative view of the Trust.

### **14. National Staff Survey**

The Committee received the results of the national staff survey, noting the lower response rate from Trust staff and the disappointing results in many areas. The Operational Director of HR advised the Committee of the plans being prepared to underpin work in key areas and that the People and Well-Being Strategy and HR restructure would provide the framework for delivering improved staff survey results and greater staff engagement.

### **15. People Strategy**

The Operational Director of HR presented the outline plan to develop the People Strategy to the Committee which noted that the Clinical Strategy provided a focus on the Trust priorities and key activities (the 'what') and the People Strategy would provide clarity about how these would be achieved.

### **16. Central Booking Hub**

The Committee expressed its concern over the increased operating costs, pay costs, overspending and non-delivery of planned efficiencies in the Central Booking Hub. In March the Committee was introduced to the new Head of Centralised Booking and Clinical Administration Services who reported that considerable progress was now being made with the Booking Hub five step action plan.

The Committee asked for work be undertaken to review the original business case and the assumptions made regarding costs, redistribution of staff, baselines, benefits realisation and attribution.

### **Risk Management**

The Committee receives and reviews a quarterly report on the Board Assurance Framework and the risks owned by the Committee prior to submission to the Board.

### **17. Security Annual Report**

The Committee received the annual security report and congratulated the team on the notable reduction in both physical and non-physical incidents involving staff and on winning a National Security Excellence Award for its innovative approach to training. The Committee was also advised that a new security strategy was under development to align to the new clinical strategy. The Committee requested that some clear return on investment metrics and key outcomes of success be defined and reported against in the next annual report.

### **18. Fire Safety Annual Report**

The Committee reviewed the annual fire safety report which provided assurance and progress updates on compliance with legislation, the implementation of fire safety precautions, and partnership working with the relevant fire and rescue agencies. The Committee noted the five priority areas for attention in the current year and the plans in place to address them. The progress with mandatory fire training has been positive in the past year, rising from 59.2% to 64.3% but there is clearly more to do in this area. The Committee noted that the new

operational Fire Safety Committee, chaired by the Director of 3Ts, was ensuring traction in this area.

#### **19. Health & Safety Annual Report**

The Committee reviewed the annual Health & Safety report, prior to its submission to the Board. The Committee noted the good progress made against the annual objectives and recommended approval of the Health and Safety policy statement by the Board.

#### **20. Water Management**

The Committee received progress reports on water management and was assured that an effective water management system was in place with good governance of water management, external checks and validation. The Committee noted the importance of the Water Management Committee working closely with the 3Ts Team to ensure safe and effective water management systems are designed into the 3Ts reconfiguration for both permanent and temporary buildings.

**Antony Kildare**  
**Chair, Finance and Workforce Committee**  
**April 2015**

## Appendix 1

### Finance and **People** Committee: Terms of Reference

#### 1. Background

- 1.1 The Finance and **People** Committee (“the Committee”) is a standing Committee of the Board of Directors. These terms of reference can only be amended by the Board of Directors.
- 1.2 The purpose of the Finance and **People** Committee is to provide assurance to the Board of Directors in the following areas:
- (i) strategic financial and workforce matters;
  - (ii) implementation of the **People and Well-Being** strategy as agreed by the Board
  - (iii) delivery of in-year financial plans and cost improvement plans;
  - (iv) the Trust’s financial and investment policies;
  - (v) long-term financial sustainability, capital investment, delivery of significant projects and financial sustainability; and
  - (vi) the Trust’s estates strategy
  - (vii) health and safety in relation to the Trust’s estate, through compliance with industry standards and implementation of effective internal controls around the health and safety of staff.

#### 2. Authority

- 2.1 The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. The Committee is authorised by the Board of Directors to seek any information it requires from any employee of the Trust in order to perform its duties.
- 2.2 In connection with its duties, the Committee is authorised by the Board of Directors, at the Trust’s expense, within any budgetary restraints imposed by the Board of Directors, to appoint external professional advisors, and to commission or purchase any relevant reports, surveys or information which it deems necessary to fulfil its duties.

#### 3 Membership and Attendance

- 3.1 The members of the Committee shall be appointed by the Board of Directors.
- 3.2 The members of the Committee shall be:
- (i) three non-executive directors, one of whom shall be appointed as Chairman of the Committee;
  - (ii) Chief Financial Officer;
  - (iii) **Director of Strategy and Change**
  - (iv) **Operational** Director of Human Resources;
  - (i) .

3.3 The Committee may invite other Trust staff to attend its meetings as appropriate.

#### **4. Quorum**

4.1 The quorum necessary for the transaction of business shall be three, which shall include one non-executive director.

4.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4.3 In the absence of the Committee Chairman and/or an appointed Deputy, the remaining non-executive members present shall elect one of themselves to chair the meeting.

4.4 Where a Committee meeting:

(i) is not quorate under paragraph 4.1 within one half hour from the time appointed for the meeting; or

(ii) becomes inquorate during the course of the meeting, the Committee members present may determine to adjourn the meeting to such time, place and date as may be determined by the members present.

4.5 Where a decision is required in relation to the duties of the Committee, and outside a normal meeting of the Committee, it shall be exercised by the Committee Chairman having consulted at least one non-executive and one executive member. This shall be reported to the next formal meeting of the Committee.

#### **5. Meetings**

5.1 The Committee shall meet bi-monthly and at such other times as the Chairman of the Committee shall require.

5.2 The Director of Corporate Affairs will provide a Secretary for the Committee.

5.3 Meetings of the Committee shall be summoned by the Director of Corporate Affairs at the request of the Chairman and/or Chief Executive.

5.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than five days before the date of the meeting.

5.5 Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

5.6 Minutes of the Committee shall be circulated to Committee members and attendees, and the Board of Directors.

#### **6. Duties**

##### **6.1 Strategic finance and workforce matters**

The Committee shall review and assure the development of strategic financial and workforce plans prior to their presentation to the Board of Directors for approval, making recommendations to the Board as part of this assurance process.

## 6.2 Implementation of the People and Well-Being strategy

The Committee shall:

- review the effectiveness of the implementation of the People and Well-Being strategy agreed by the Board of Directors and provide assurance that appropriate progress is being made in delivering the aims of the document; and
- provide oversight of the overall flexibility of resources, total staff costs and staff development.

## 6.3 Raising Concerns (Whistle-blowing)

The Committee shall:

- Ensure that an effective Raising Concerns (Whistle-blowing) policy is established together with a staff engagement strategy to support implementation of the policy

## 6.4 Delivery of in-year financial plans and the efficiency plan

The Committee shall scrutinise and review delivery of in-year financial plans and the cost improvement plans and provide assurance to the Board of Directors that appropriate action is being taken to ensure their delivery.

## 6.5 Financial policy, management and reporting

The Committee shall provide oversight of the Board of Directors' financial policies, management and reporting with consideration to the overall financial sustainability and performance of the Trust by ensuring that financial plans are disseminated and understood across the Trust. Prior to their submission to the Board of Directors the Committee shall review and make recommendations to the Board on:

- (i) the financial policies of the Trust annually;
- (ii) the Trust's medium and long-term financial strategy, in relation to both revenue and capital, cash, and liquidity, including overseeing the development of financial plans for the Trust's foundation trust application; and
- (iii) the Trust's annual budget and associated financial targets.

The Committee shall also provide assurance to the Audit Committee on matters relating to the development and implementation of high levels of financial control embedded into operational management of the Trust.

## 6.6 Investment policy, strategic projects, management and reporting

The Committee shall:

1. approve and review, on behalf of the Board of Directors, the Trust's investment strategy and policy and maintain oversight of the Trust's investments, ensuring compliance with the policy. The Committee shall:
  - a) establish the overall methodology, processes and controls which govern investments;
  - b) ensure that robust processes are followed; and
  - c) evaluate, scrutinise and monitor investments;

2. approve and review the Trust's treasury management and working capital policy annually or as required;
3. approve and review the Trust's procurement strategy
4. approve proposals for major business cases in accordance with the delegated limits as defined in the Trust Standing Financial Instructions (SFIs) and monitor the work of the Investment and Prioritisation Group for lower value investments;
5. review the annual capital plan and monitor progress against the capital plan through highlight and exception reports from the Capital Programmes Review Group;
6. approve the initiation of projects greater than £1m on the information provided in the Project Initiation Document and Project Plan and other key project documents;
7. monitor implementation of major projects (>£5m). This shall include:
  - (i) receiving exception reports from the Capital Programme Review Group (6.6.5)
  - (ii) ensuring the project is appropriately evaluated; and lessons learned and disseminated as required
  - (iii) ensuring propriety in placing and management of contracts;
  - (iv) and ensuring risk assessment and management strategies are in place.

#### **6.7 Estates strategy**

The Committee shall review and make recommendations to the Board of Directors on the Trust's estates strategy.

#### **6.8 Health and safety and fire safety**

The Committee shall ensure that appropriate occupational health arrangements for staff are in place and that satisfactory arrangements are in place with respect to health and safety in relation to the Trust's estate through compliance with industry standards, and the implementation of effective internal controls around the health and safety of staff. The Committee shall also ensure that appropriate fire safety arrangements are in place and will receive assurance of compliance with the Trust Fire Safety policy and supporting legislation, codes of practice or other guidance.

#### **6.9 Security Management**

The Committee shall ensure that appropriate security management arrangements are in place and will monitor and ensure compliance with Secretary of State Directions regarding security management matters

#### **6.10 Equality, Diversity and Human Rights**

The Committee shall oversee and receive assurance that the Trust Equality, Diversity and Human Rights Policy along with the Four Year Equality Plan and action plans are being implemented and applied throughout the organisation. The Committee shall receive and consider the Equality Annual Report prior to publication and report to the Board on its findings.

#### **6.11 Board Assurance Framework and Hospital Risk Register**

The Committee shall review the finance and workforce risks within the Board Assurance Framework, quarterly and prior to submission of the BAF to the Board of Directors. The Committee will also review the finance and workforce risks within the HRR bi-annually to ensure that appropriate finance & workforce risks have been identified, either by the Divisions or at Directorate level and that appropriate controls are in place. As part of this review, it shall determine whether High (red rated, graded 15 or above) risks or Significant (orange rated, graded 8-14) finance & workforce risks should be included as strategic risks in BAF. It will horizon scan to determine whether any other strategic finance & workforce risks should be identified and included in BAF

#### **6.12 Other duties**

The Committee shall:

1. make any arrangements necessary to ensure that all members of the Board of Directors maintain an appropriate level of knowledge and understanding of key financial issues affecting the Trust;
2. examine any other matter referred to the Committee by the Board of Directors; and
3. review performance indicators relevant to the remit of the Committee.

#### **6.13 External advice**

The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external professional advisors who advise the Committee in the course of its work. Where external professional advisors are appointed, a statement shall be made available of whether they have any other connection with the Trust.

### **7. Reporting arrangements**

- 7.1 The Committee Chair shall report formally to the Board of Directors on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2 The Committee shall make whatever recommendations to the Board of Directors and/or the Executive team that it deems appropriate on any area within its remit where action or improvement is needed.
- 7.3 The Committee shall produce an annual report of the Trust's financial, investment, project, procurement, and estates policies and practices which shall form part of the Trust's annual report.

### **8. Review**

- 8.1 The Committee will review its terms of reference annually to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.