

**Meeting of the Oxford Health NHS Foundation Trust**

**Finance and Investment Committee**

BOD 15/2019

(Agenda item: 17(b))

Minutes of a meeting held on

Thursday 15 November 2018 at 09:00

in the Boardroom
Warneford Hospital, OX3 7JX

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| **Present:** |  |
| Chris HurstMartin Howell John Allison Mike McEnaney | Non-Executive Director (**CH**) (Chair)Trust Chair (**MH**) Non-Executive Director (**JA**)Director of Finance (**MME**)  |
| **In attendance:** Kerry RogersClaire Dalley Paul DoddDonan Kelly Martyn WardBenjamin CahillShelly Masih  |  Director of Corporate Affairs & Company Secretary (**KR**) (Minutes)Director of Estates & Facilities (**CD**) (*part meeting*) Deputy Director of Finance (**PD**)Service Director Children and Young Peoples Directorate (**DK)** – (*part meeting)*Director of Strategy & Chief Information Officer (**MW**) Strategy & Business Development Manager (**BC**) (*part meeting*)Executive PA to Director of Finance (**SM**) (Minutes) |

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| **1.**a | **Apologies for Absence** Apologies for absence were received from Stuart Bell, Chief Executiveand Dominic Hardisty, Chief Operating Officer, and from Hannah Smith, Assistant Trust Secretary. The meeting was confirmed to be quorate. | **Action** |
| **2.**a | **Declarations of Interest**No interests were declared pertinent to matters on the agenda |  |
| **3.** abcdefgh | **Minutes of the meeting on 13 September 2018 and Matters Arising** Minutes were approved as an accurate record of the meeting.***Matters Arising from 13 September*** The Committee confirmed that the following actions from the summary of actions on 13 September 2018 had been progressed or were in progress.**Item 11(c) from 12 July 2018 - Further to discussion of Revised Business Case for LD Low Secure Unit, an item on LD (particularly regarding staffing) to be scheduled for a future Board Seminar** To be confirmed by HS.   **Item 3(b)-(c) from 13 September 2018 – Warneford Foundation** Action in progress and on the agenda for the meeting.**Item 6(b) from 13 September 2018 - Capital Programme financial update**MME and PD confirmed the action was complete with further information provided under agenda item ‘Capital Finance’. **Item 9(c) from 13 September 2018 - Oxford Pharmacy Store**The chair suggested that the OPS Performance report should go to the Quality Committee or Quality Committee Well Led sub-committee such that additional oversight of the quality of operations was achieved. MME stated he would ensure this was considered by the Executive Team to determine the most appropriate committee for the quality aspects to be considered. **Item 11(a) from 13 September 2018 – IM&T**On agenda for a discussion; action complete. **Item 12(a) from 13 September 2018** - **Finance and Investment Committee annual report**Agreed amendments received at the last meeting had been actioned. | **HS****MME** |
| **4.**a | **Minutes of the meeting on 10 October – EXTRAORDINARY meeting**Minutes were approved as an accurate record of the meeting.  |  |
| **5.** abcdefg | **Minutes of the Warneford Redevelopment Steering Group**A presentation was given by the Director of Finance detailing the latest proposal with regard to the Warneford masterplan and the committee also noted paper FIC 62/2018. The proposal outlined the potential for 6 wards; 4 adult wards with a facility of 18 beds; an Adult PICU ward with up to 12 beds, and CYP - PICU ward with up to 9 beds. The plan set out the overall plans for the facility which integrated Healthcare, Research and Pharmacare. It was explained that the plan would continue to develop over time to include considerations such as car parking and the potential for affordable housing. An additional CAMHS ward was also part of the plan in order to aim to address better access for ages 18 to 21 years in light of the nationally recognised shortages in this area of healthcare. Negotiations would take place with NHS England concerning any extra capacity and income implications. The establishment of a Joint Venture was described covering the likely joint and equal ownership model between the 3 parties, Oxford Health, the new college and Oxford University. The planned commercial model operating as part of the Joint Venture to include rental space to the Pharmacare industry was described to include the ambition that all debt would be repaid in under 25 years. The variance between OHFT valuation and that of the University were explained, and the University’s latest offer to split the difference, offering to the Trust £23.2m. It was explained that negotiations and valuation activity was continuing and that nothing had been agreed. JA expressed concerns around limited car parking spaces, and MM assured that negotiations were to take place with the council and that as much parking space as was feasible would be sought.  The next step was to be ready to sign the MoU by 10th December 2018. The final draft was to be shared with members of the Board at the 30 November Board of Directors meeting. The MOU would not legally bind the Trust but would clarify intentions. without any financial commitments made at the time of signing. It was clarified that the intention of all parties was to conclude matters over the next few months such that all organisations were in a position to sign a legally binding agreement by the end of March/April 2019 which would formalise the phase 1 financial commitment and OH’s share of costs estimated to be approximately £0.5m to £1m. **The Committee noted the minutes and progress with the Warneford Foundation.**  |  |
| **6.** abc | **Estates Strategy – 6 monthly updates** The Director of Estates and Facilities presented paper FIC63/2018 providing an update against the revised Estates Strategy and specifically highlighted the Didcot Hub, the LD Low Secure unit and the PICU, describing each as major projects in this financial year. It was also recognised that the projects fell within the BoB STP funding bid, which at the time of meeting, had yet to be approved.Members of the Committee were reminded that the revised strategy outlined strategic intentions across the next 20 years and would reshape much of the estate, to include:* a 10 bed low secure unit for patients with learning disabilities;
* a focused forensic mental health campus, including additional low secure inpatient beds, and the provision of beds for patients with learning disabilities;
* an integrated research and health care campus;
* a single specialist eating disorders facility;
* the development of community hospital beds in the most appropriate locations;
* the development of new locality hubs, located to support the local population from which mental health and community services can be delivered; and
* the establishment of neighbourhood hubs.

 **The meeting acknowledged the progress made to date.** |  |
| **7.** abcdef | **Wantage Community Hospital – Water Installation** The Director of Estates presented paper FIC64/2018 and reminded the committee members of the background to the issue, explaining the series of positive legionella tests which had led to identification of the need for the water installation at Wantage Hospital to be replaced. A decision had previously been supported by the Board of Directors that due to the value of the investment required to replace the installations (initial estimates of £250K) the spend should be delayed until completion of the planned Phase 2 Oxfordshire Consultation, which was to include more clarity about the future of community hospitals.It was confirmed that, to date, no consultation had commenced but in light of the Trust’s intention to keep in reserve funds should the maintenance work be required, it was important to keep under review the cost for the works.Having liaised with a quantity surveyor, the Director of Estates and Facilities confirmed the revised estimates for the works to replace the heating and water installations:-* Estimated cost of works £407K (£339K plus VAT)
* Fees £51K
* **Total £458K**

This potential expenditure could be reduced by excluding works to the heating system. The work to replace the water is:-* Estimated cost of works £227K (£189K plus VAT)
* Fees £34K
* **Total £261K**

It was agreed that it remained appropriate to delay any decision with regard to incurring costs until such time as there was clarity about the future Community Hospital service model.  |  |
| **8.** a | **Minutes of the Capital Programme Sub Group** The Committee noted the minutes and the focus of the sub group meeting. |  |
| **9.** abcdef | **Capital Programme financial update** The Committee was provided with an update on the Trust’s Capital programme. Paper FIC67/2018 provided the year-to-date position for the period to 30th September 2018 and reminded members that the original FY19 capital programme for capital investment of £12.8m had been approved by the Board of Directors and submitted to NHS Improvement as part of the FY19 Financial Plan.As part of the Q2 re-forecast exercise that was undertaken and submitted to NHSI, the capital programme had been reviewed by Finance, Estates and IM&T. As a result, the forecast position was revised from £12.8m to £9.1m. The £3.7m reduction was mainly due to the LD LSU; the PICU and slippage/delays.Following the Q2 re-forecast, a further review had been undertaken by the Director of Estates and Facilities to consider the impact of any further reduction in capital spend and it was acknowledged this would be described in detail as part of a later agenda item and paper .Total spend across all schemes for the year-to-date was explained to be £2.5m, against the original plan of £7.0m, a variance of £4.5m. It was noted that the YTD Plan figures are based on the original plan of £12.8m and the monthly plan profile would be re-assessed to reflect the revised plan of £9.1m. As reported during FY18, the Trust secured PDC funding for the national GDE programme with FY19 being the second year of this programme and the capital programme including £2.0m of investment in relation to the GDE. Actual spend year-to-date is £0.7m, against planned spend of £1.0m.**The Committee noted the report, the update regarding the reforecast and the Trust’s position against it.**  |  |
| **10.** abcd ef ghi | **Capital Programme Sub Group report** In presenting paper FIC66/2018 the Director of Estates highlighted:* details of schemes approved by CPSC, and updated members regarding delivery;
* details of new works requiring capital investment considered for inclusion the FY19-FY23 Investment Plan; and
* changes to the planned investment levels.

It was reported that the investment plans had anticipated an available budget of £6.3m although subsequently a number of additional spend applications had been received as per the pipeline. The team anticipated a spending of approx. £6.5m against the £6.3m budget. The following schemes were reported to have been prioritised and approved during the period; Warneford development and Witney waiting area, MSK refurbishment. At the last Capital Programme subcommittee meeting two business cases were received for Community Hospital – Didcot Children’s Centre and for the Valley Centre. Both cases were reviewed and considered at the November CPSC meeting, however, it was supported by the COO that the required work should not be approved for FY19 spend and suggested to review the situation in FY20. It was confirmed that £5.9m of expenditure had been approved against the £6.3m budget. The progress report highlighted all FY19 projects approved/pending and presented 3 options for consideration to reduce capital spend in support of the financial recovery programme for consideration by the FIC.**Option 1** – results in the Trust retaining minimal risk resulting in a reduction of £1,480,000 to the FY19 capital expenditure plans**Option 2 –** results in the Trust retaining greater risk and result in a reduction of £2,489,000 to the FY19 capital expenditure plans**Option 3 –** all projects not yet committed are stopped which would result in a reduction of £3,110,000 to the FY19 capital expenditure plansIt was acknowledged that each option assumes that the works currently included on the pipeline report; for which a business case remains to be developed will not be undertaken in FY19, namely:* works to Didcot Hospital to accommodate displaced staff - reviewed and considered work can be reduced/omitted;
* relocation of CAMHS services from Des Roche, Witney to Slade – Service has severe pressure on clinical space; and
* additional funds to support IAPT expansion in Buckinghamshire (Peachtree Lodge) – service is increasing staff numbers.

The suggested options paper shared with the meeting was to be reviewed at the next Executive Team meeting, seeking in particular the clinical support and sign off of the Medical Director and Director of Nursing. It was explained that Option 1 entailed a reduction in this year’s capital programme and slipping projects that the team identified involved the least amount of risk. These included:* Warneford Pathway
* Cornwallis House – Structural defects - to be carried out in FY20.
* Replacing pipelines Didcot Community Hospital
* Marlborough House – Not considered a major risk and working with Infection Control and management plan.
* Trust wide 6 Facet surveys
* May Davison – have contingency plans
* Plant room – in Contingency Plan and not inpatient unit
* Marlborough House, Wilts - Inpatient unit with a developed plan
* Trust wide pin alarms – Low risk and work to be carried out next year
* DVA around Warneford
* Fulbrook MT works – issues around ensuite bathrooms, plans to do energy savings next year
* Raglan House Boiler
* BMS replacement surveys – not to be carried out and to be managed in house
* Swindon toilets – can be managed
* Slade Step Down Unit

The chair queried if there was a particular scheme it would be preferable to bring back into the pipeline and CD suggested the Marlborough House Heating project and consideration of some works to improve Milton Keynes’ Showers.  *DK arrived at the meeting 10.15.* After considering all 3 options, the Committee recognised the works that needed prioritisation and those that it seemed could be slipped and approved the plans subject to Operational and Clinical sign off. It was accepted that all the requirements from the CQC inspection were being completed to plan.  |  |
| **11.**a b c d efghi | **CAMHS PICU Business Case** Donan Kelly joined the meeting and presented paper FIC68/2018 which incorporated a full business case seeking approval from the Committee for progression of the investment from NHS England of £3M to build a new build 8 bedded CAMHS Psychiatric Intensive Care Unit (PICU) adjacent to the existing Highfield general adolescent unit in Oxford. This was to include an additional place of calm suite which may provide an additional bed for temporary assessment/crisis facility or de-escalation area for a short period. NHS England had provided an additional £300K funding for the calm suite.The intention is to provide increased availability of PICU beds for young people in need across Oxfordshire, Buckinghamshire, Swindon, Wiltshire and Bath and North East Somerset and the wider region, where it is recognised as being under-resourced. The proposal complements the regional development of Oxford Health and partners’ wave two Tier 4 New Care Model (NCM) proposal with Oxford Health’s CAMHS Tier 4 NCM proposal wave two which is due to go live in February 2019.The overall total investment was estimated to cost over £4.3m. CD advised she believed there to be opportunities to reduce some of the issues and the team were revisiting the design and solution. Existing arrangements were described, explaining that OHFT is commissioned by NHSE to provide two general adolescent inpatient units (GAUs): the 18 bedded Highfield Unit, Oxford with an additional 2 HDU beds and 12 bedded Marlborough House, Swindon covering all five counties of the trust and providing a regional resource. OHFT is also commissioned to provide a range of CAMHS services including tier 2, tier 3 and a range of specialist CAMHS services including the crisis OSCA teams.Clinicians in all areas report an increased difficulty in getting PICU beds which presents issues for all CAMH services attempting to admit a young person particularly in times of crisis. An analysis of data for Oxford Health and Partners New Care Model Tier 4 proposal shows that over 17/18 44% of young people from CCG’s in the network were admitted to a PICU outside of the network due to lack of provision. Oxford Health currently has no CAMHS PICU provision which means it is having to access provision elsewhere for all young people within the referring CCGs. As a part of wave three of the STP, £3.3m funding was allocated and OHFT has requested an additional £1.6m. However, there are gaps in the capital requirements. NHSI have been fully supportive and are keen to see the supported BC. MME advised that the next step is to seek advice from NHSI. Dominic Hardisty, Chief Operating Officer and DK will liaise with specialised commissioners for advice before the BC is submitted. The Committee supported the BC and the direction the team is taking through engagement with NHS England and NHS Improvement. However, the Chair confirmed that **he would require further assurance around the financial implications as this became clearer.** *CD and DK left at 10.44.*  |  |
| **12.** abcdef g | **Financial Plan & Utilisation of Reserves** The Deputy Director of Finance gave a presentationandreported on the outline capital approach and baseline for the next financial year. The one-year Operational Plan includes three stages, the initial plan is for submission in January 2019, with a further draft in February 2019. The final approved plan is due at the beginning of April 2019 and later in the year systems are required to submit 5-year plans signed off by all organisations.The detailed planning guidance is due to be published in December 2018.  The I&E position included in the presentation represented the original plan for FY19 of a £1.8m surplus, illustrating the underlying deficit of £1.9m and the original planned deficit for FY20 of £3.3m. The initial assessment and likely pressures were illustrated, and concentrated mainly around residual pressures, CIP and MH standard contract contributions. Current estimates indicated a FY20 baseline deficit of £7.8m. In FY20 planning, the I&E position reflects the revised FY20 baseline plan of £7.8m deficit, capital expenditure of £6.5m and £1m PDC funding for PICU. It was highlighted that at the most recent NHSI meeting it had been recognised and accepted that the scale of the Mental Health underspend in Oxfordshire was significant and NHSI had assured the Trust of its support for addressing the current situation. Following the meeting with NHSI, a workshop had taken place on Monday 12 November around the Oxfordshire MH Service Model to review the available analysis, activity levels and flow. The CCG were also highlighted as recognising the underfunding of MH services in Oxfordshire.The Director of Finance informed the meeting that a priority for the budget setting process FY20 is to work on defining more accurately the workforce establishment, particularly around inpatient wards and safer staffing establishment. It was explained that Ros Alstead, Director of Nursing will support and sign off this activity before finalisation. The next step is to work on finalising the Service line directory to establish 0% base budgets constructed on the level of activity. The team is working to ensure improvements in accuracy and granularity of the financial reporting to support effectiveness including a better understanding of productivity. Systems upgrade were also reported to include a major upgrade to the e-financials and E-Procurement systems in order to improve smooth running, both reliant upon a new iCloud based solution. The amount of planning that was entailed in delivering this intensive piece of work was commended.  |  |
| **13.** ab cde | **Cash Flow Report** The Deputy Director of Finance presented paper FIC69/2018 which illustrated a cash flow position of £6.6m by the end of March 2019 before any actions are taken to manage capital. The following assumptions have supported determination of the cash forecast:* An Operating deficit (before finance costs and PDC dividend) of £2.2m, which reflects the Q2 re-forecast submitted to NHSI:
* Capital expenditure of £9.1m which reflects the Q2 re-forecast position.
* PDC receipts of £4.5m funding £2m Global Digital Exemplar, £2m Paediatric Intensive Care Unit and £0.5m Beyond Point of Safety Scheme.
* £0.4m from the sale of land and buildings for Hill Top Road forecast for March 2019;

Weekly Cash Flow meetings are taking place to review the cash position with the focus of the meetings concentrating on debtor management and cash flow and through reviewing line by line Receipts in order to tightly manage cash. A Payment cash flow report has been developed and reviewed, and weekly debtor reviews and follow ups are taking place. With regard to creditor payments, which are more directly in the Trust’s control to manage, the initial assessment indicates that by holding the last payment run in March (considering the associated impact on creditors) we would defer £2.5m of payments to April, thereby releasing £2.5m of cash at year-end. It was agreed that the cash flow plan rather than the cash flow forecast will be reviewed frequently by the Committee to track the progress. *Benjamin Cahill left at 11.15.* **The Committee noted the report and the actions within it to safeguard the Trust’s cash position but maintain good practice in creditor management.** |  |
| **14.** abcdef | **Cost Improvement Programme Report** Paper FIC79/2018 provided the Committee with a highlight report illustrating the Trust’s position against its planned Cost Improvement Programme. At the end of Month 6, the Trust delivered £2.1m of savings (including £0.9m for mitigations) and is forecasting £5.7m (including £0.9m for mitigations) by the end of the financial year.It was explained that the forecast is predicated on assumptions regarding savings made against agency spend and productivity gains with forecasts being updated as ongoing plans and analysis in these areas develop. Nevertheless, the Committee acknowledged that the overall realisation of benefits will be less than the original target with responses indicating that additional resource to drive this through may, to a certain extent, act in mitigation.Responding to questioning, the Director of Finance confirmed that reducing non-pay expenditure continues to be a priority and has thus far posted £133k savings in Month 6 and is forecast to deliver a further £48k for postage. Other activity is ongoing in the core areas of printing, photocopying, telephony, mileage, medication and IT hardware costs which may realise further savings downstream. This is all in addition to the ongoing drive for efficiencies across all the directorate structures.Potential longer-term savings opportunities were described to be within the Trust’s IT network configuration; and the use of technology to change the way in which the Trust works and manages such as postage. It is likely that the majority of the savings will be over the period FY 19/20 - FY20/21.Members of the meeting reflected that the projected planned target figure in the report was different to the figure in the report presented at the last BoD meeting, recalling that figure to be £6m. The Committee suggested simplification of the report to include further clarification around productivity and it was also agreed that MM would work with the team to achieve this for the report to the BoD and to ensure clarity regarding projections.  | **MME** |
| **15.**ab cde | **IM&T Status Report** MW introduced paper FIC 72/2018 and highlighted that the report reflects all the developments around IM&T and particularly illustrates the impact of the GDE funding. The funds to upgrade servers and networks were allocated at the beginning of the year and the upgrade takes place frequently to maintain systems such as CareNotes and Adastra. The GDE related funding is ring fenced for other schemes such as EHR enhancement, records sharing, business analysis, patient facing technologies and infrastructure. To align the infrastructure plan the I&MT team are working with the Finance team to work through the budget and to identify where in the Trust, technology capital has been invested. For the Electronic prescribing and medicine administration system, £750k has been set aside from the GDE funding, however the total bill is likely to be more and MW advised he would present a paper in due course to provide an overview of the established financial position. The paper to the committee provided a significant amount of detail across a wide spectrum of activities providing members with clarity regarding milestones, finance and risks.**The Committee noted the report and the significant progress across a number of workstreams.***MW left 11.40* |  |
| **16.** abc | **Budgetary Control policy** The Director of Finance referred to paper FIC71/2017 highlighting that the Budgetary Control Policy had been reviewed as part of the annual update process. He confirmed that no significant changes were proposed, only minor changes and updated references to key documents had been made. Members of the Committee had been provided both a clean and tracked change version to facilitate easy comparison.It was confirmed that a more comprehensive review of the policy will be undertaken next year following the FY20 zero-based budgeting exercise.**The committee approved the revised policy.**  |  |
| **17.** abcd | **Oxford Pharmacy Storey (OPS) Performance Report** Paper FIC30/2018 provided the Committee with the financial results for OPS as at October 2018, showing a cumulative surplus at £84.3k, which was £47.7k below the FY19 plan for month 7. However, the OPS SMT remain confident that the full year target will be reached by the year end. Turnover is down by £529.1k against Plan to date however there appears to have been a slippage in seasonal sales from October to November. It was highlighted that the stronger performance against the forecast for two key product ranges should assist in the recovery by the year end. The Finance Director highlighted that the team is under pressure and in the process of rationalising the overhead cost of the quality systems.**The committee noted the report and the performance against plan.** |  |
| **18.** a | **Any Other Business** There being no further business the meeting was closed by the Chair of the Committee at: **11:30**. |  |
|  | **Date of Next Meeting: Monday, 21 January 2019 09:00 – 12:00 in the Boardroom, Warneford Hospital, Headington, OX3 7JX** |  |

**Attendance 2018 - 2019**

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|  | **May 2018** | **July 2018** | **Sept 2018** | **Nov 2018** | **Jan 2019** | **Mar 2019** |
| Chris Hurst  |  |  | *✓* |  |  |  |
| John Allison  |  |  |  |  |  |  |
| Martin Howell  |  |  | *✓* |  |  |  |
| Stuart Bell  |  |  | *✓* | *x* |  |  |
| Mike McEnaney  |  |  | *✓* |  |  |  |
| Kerry Rogers  |  | *x* | *x* | *✓* |  |  |
|  |  |  |  |  |  |  |
| Dominic Hardisty |  | *✓* | *✓* | *x* |  |  |
| Paul Dodd |  | *x* | *x* | *✓* |  |  |
| Claire Dalley  |  | *✓* | *Deputy* | *✓* |  |  |
| Hannah Smith  |  | *✓* | *✓* | *x* |  |  |