

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

**Finance and Investment Committee**

BOD 101/2019

(Agenda item: 19(c))

Minutes of a meeting held on

Thursday, 09 July 2019 at 09:00

in the Boardroom, Warneford Hospital,

Warneford Lane, Headington, Oxford OX3 7JX

|  |  |
| --- | --- |
| **Present:** |  |
| Chris Hurst | Non-Executive Director (**CMH**) (the Chair) |
| John Allison | Non-Executive Director (**JA**) |
| Stuart Bell | Chief Executive (the **CEO/SB**) |
| Mike McEnaney | Director of Finance (the **DoF/MME**) |
| David Walker | Trust Chair (**DW**) – *part meeting* |
|  |  |
| **In attendance:** |  |
| Claire Dalley | Director of Estates & Facilities (the **DoE/CD**) – *part meeting* |
| Paul Dodd | Deputy Director of Finance (**PD**) |
| Alison Gordon | Head of Financial Management (**AG**) – *part meeting* |
| Dominic Hardisty | Chief Operating Officer (the **COO/DH**) |
| Kerry Rogers | Director of Corporate Affairs & Company Secretary (the **DoCA/CoSec/KR**) |
| Martyn Ward | Director of Strategy & Chief Information Officer (the **DoS/CIO/MW**) – *part meeting* |
| Hannah Smith | Assistant Trust Secretary (**HS**) (Minutes) |

|  |  |  |
| --- | --- | --- |
| **1.**  a | **Apologies for Absence**  No apologies for absence were received. | **Action** |
| **2.**  a | **Declarations of Interest**  No interests were declared pertinent to matters on the agenda. |  |
| **3.**  a  b  c | **Minutes of the meeting on 09 May 2019 and Matters Arising**  The Minutes were approved as a true and accurate record of the meeting.  ***Matters Arising***  The Committee confirmed that the following action had been completed: 4(k) to present a calendarised approach on the Cost Improvement Programme position to the Board.  The Committee noted that the following actions were to be progressed:   * 12(a) - Finance & Investment Committee annual report; * 5(c) – Information Management & Technology (**IM&T**) updates including upon the minimum level of investment which may be required to ensure business continuity over the coming 12 months; and * 7(d) – to receive more detail in order to understand the order of prioritisation for capital investment and establish clear capital priorities for the Trust (for both Estates and IM&T matters). |  |
| **4.**  a  b  c  d  e | **FY20 Capital Programme and NHS England/Improvement (NHSE/I) update**  The DoF presented: (i) the report FIC 36/2019 on the FY20 capital programme comprised of transformational projects, operational Estates projects and IM&T schemes (including Global Digital Exemplar (**GDE**) investment); and (ii) the letter from NHSE/I sent to all Sustainability & Transformation Partnership (**STP**) leaders and NHS provider trust chief executives on 02 July 2019. The meeting discussed the NHSE/I letter and the national direction to reduce capital expenditure and to work within STP/ICS (Integrated Care System) footprints in order to prioritise capital expenditure consistent with the limit set by the Department of Health and Social Care (**DHSC**). The DoF clarified that the issue was not around cash but around releasing book value and controlling overall DHSC spend. The meeting noted that updated capital plans were to be submitted by STP leads to regional teams by 15 July 2019.  The DoE confirmed that the Estates’ operational capital programme had been reviewed and items of potential slippage identified; she noted that the operational capital programme had been assessed on high/medium/low risks and that any projects which were identified as high risk would not be delayed. She noted that she was not comfortable with slipping operational projects and that the Estates team had worked hard to maintain the Trust’s estate so as to avoid backlog maintenance issues or unplanned major breakdowns. The meeting noted the importance of maintaining flexibility in the Trust’s capital programme in order to be able to deal with emergencies or pressing matters. The CEO emphasised that whilst there may be some discretion around the timing with which to proceed with new capital developments, this should not impact upon the safe maintenance of the current estate.  The meeting considered the wider context of prioritising capital expenditure within STP/ICS footprints. The Trust Chair emphasised that the Trust should not permit mental health needs to become secondary to the acute sector. The DoE noted that organisations which had managed their estate less well over the years also should not benefit at the expense of the Trust’s backlog maintenance.  The Chair summarised that reviewing the start date on some of the Trust’s strategic capital projects may be a suitable contribution to the reduction in capital expenditure which had been requested. John Allison agreed but noted his concern about slippage/delays to operational capital projects generally.  **The Committee noted the report and the discussion on the NHSE/I letter.** |  |
| **5.**  a  b  c  d | **STP Wave 5 + bid submissions**  The DoE presented the report FIC 37/2019 on: (i) the reprofiling of investment plans submitted for inclusion in the STP Estates Strategy (across the Buckinghamshire, Oxfordshire and Berkshire West (**BOB**) footprint); and (ii) the schemes that wave 5 funding would be applied for, should this become available. She highlighted Appendix C in the report which set out the revised Trust plans for submission to the STP Estates Strategy, noting slippage which was anticipated. However, she emphasised that there were sites which would need redevelopment if they were to support community hospitals in the future or provide the option to be used for key worker housing.  John Allison commented upon community hospitals, in particular stroke care, and suggested that the sites may be better developed as community hubs. The meeting discussed and the COO noted that whilst there could be challenges with medical cover, this was not the case for nursing cover or equipment. The Chair added that whilst historically community hospitals may have relied upon GP cover, the increasing workload faced by GPs had impacted upon this. The CEO confirmed that community sites such as Abingdon and Witney were viable to provide inpatient care. John Allison noted that he still felt that community hospitals were less able to access support quickly.  The meeting discussed options for sites such as the Slade to be used for key worker housing. The Trust Chair referred to recently announced plans by the university to provide housing for staff and asked about the potential for collaboration. The DoE replied that she had recently attended a joint meeting with the university and with Oxford University Hospitals NHS FT to discuss the prospect of more joint work. The DoF added that joint development of transport solutions would also be considered.  **The Committee APPROVED the reprofiling of the investment plans and the proposed wave 5 submission schemes**. |  |
| **6.**  a  b | **One Public Estates project update**  The DoE presented the report FIC 38/2019 on the One Public Estate projects for: (i) Didcot; and (ii) East Oxford. The One Public Estate programme had been established by HM Treasury to foster collaboration between public agencies (including district, city and county councils as well as the police and local health providers) with a focus on delivering new housing development and income from the sale of surplus property assets. The report set out the context for future discussion on collaboration with other public agencies and the potential for the Trust to play a more pivotal role in becoming the main project sponsor on both projects. The DoE explained that the One Public Estate projects would allow the Trust to apply for different sources of funding, outside of NHS funding.  **The Committee considered the report and supported the continuing work towards collaboration.** |  |
| **7.**  a  b  c  d | **Key Worker Housing at the Slade site – viability study**  The DoE presented the report FIC 39/2019 on the potential impact to the Trust, including the outcome of financial modelling, of seeking to develop the Slade site for key worker housing. She noted that more work may need to be done on the potential benefits and longer-term impact and that the non-financial case may need more evidence. The meeting discussed the potential impact upon recruitment and retention, cost of travel for staff, cost to the environment and economies of scale which could be achieved through collaboration with other public agencies. The DoF reminded the meeting that development upon just the Slade site would still only provide for a relatively small number of units and even if these were developed, they could not be a permanent solution for people who would need to be supported to move on.  The Trust Chair asked whether the Trust was having more strategic discussions with the city council about housing, not just project by project. The DoE explained that the Trust was subject to some restrictions under the Estate Code as it was an NHS organisation rather than a housing developer.  The CEO noted that whilst it may not be feasible to provide accommodation to large numbers of staff, it was still critical to consider the wider issue of how to attract and incentivise the best new staff. Part of this may need to include facilitating new joiners to be able to enter the local housing economy. The DoE commented that a relocation package may also be attractive.  **The Committee noted the report and that it had provided a useful concentration of the challenges.** |  |
| **8.**  a  b | **Capital Projects update report**  The DoE presented the report FIC 40/2019 on progress in relation to operational (Estates) capital projects. She highlighted that the spreadsheet on the FY20 Operational Capital Plan as at Month 3 now included a risk allocation column as well as start and completion dates. Three projects had been completed, no projects were pending and no additional projects had been approved. Those projects which could be slipped had been identified and later start dates had been allocated against them but no final decisions had yet been taken to remove them.  **The Committee noted the report.** |  |
| **9.**  a  b  c | **Capital Programme Sub-Committee (CPSC) annual report 2018/19**  The DoE presented the report FIC 41/2019 on the performance and work programme of the CPSC, highlighting the focus upon operational risk reduction engineering/building projects and environmental safety/improvement works, for example through the Manchester Tool (Ligature Reduction) Works and the works to the Witney Hospital waiting area.  The Trust Chair asked how the capital programme responded to the challenge of environmental sustainability and the wider world in which the Trust needed to operate. The DoE replied that there was a separate Sustainability Group which had also developed a Sustainability Plan; she confirmed that sustainability was also part of considerations for capital investment or when designing a new build. The Trust Chair noted that he would also be meeting with the Compliance & Sustainability Manager from the Estates team.  **The Committee received the CPSC annual report, noting that in the future more consideration may need to be given as to how to bridge gaps around sustainability.** |  |
| **10.**  a  b | **CPSC minutes**  The DoE presented the minutes of the CPSC meetings on 05 March 2019, 03 April 2019 and 08 May 2019 at papers FIC 42(i)-(iii)/2019.  **The Committee received the minutes.** |  |
| **11.**  a  b  c  d  e  f  g | **Warneford Foundation Steering Group minutes**  The DoF presented the minutes of the Warneford Foundation Steering Group meetings on 21 March 2019, 08 April 2019, 23 May 2019 and 10 June 2019 at papers FIC 43(i)-(iv)/2019. He brought the meeting up-to-date on the current position in relation to agreeing the details of the options agreement and emphasised the importance of establishing controlled change processes in the event of any need to deviate from the original concept. He confirmed that NHSE/I were also being kept informed.  The meeting confirmed the importance of being able to demonstrate clear justification as to:   * why the development was proposed for this site and not for another location, including outside the ring road; * if starting from a clean slate, whether the Trust would choose to have the new facility on this site; and * demonstrating Value For Money.   John Allison expressed concern about the vision for the site which had been presented by the architects to the Board workshop in private on 27 June 2019. In particular he queried: (i) whether this could achieve Value For Money or whether the vision was too self-indulgent; and (ii) the viability of building any new facility in this location which could add further inconvenience given the transport difficulties in the city. He noted that there were potential benefits from the further academic partnership which the development of the site could support but queried whether these could outweigh the economic and transport concerns.  The CEO welcomed the challenge and noted that it was important to avoid group-think and it was timely to challenge plans before final decisions had been made as to whether to proceed or not. The DoF added that the Board would be provided with the opportunity to review/be reminded of all options and he agreed that the development of the Warneford site needed to demonstrate that it was economically viable and practical.  The CEO emphasised that the Trust must achieve a working hospital of good quality and which could provide a therapeutic environment.  *The DoS/CIO joined the meeting*.  The COO added that this could also be the time to try to develop different ways to support staff to travel to sites. He cited the positive example of Cotswold House, Marlborough which provided a park and ride system.  **The meeting received the minutes and noted that the Board would also receive an update at its meeting in private session on 24 July 2019.** | **MME**  **MME**  **MME** |
| **12.**  a  b  c  d | **Information Management & Technology (IM&T) status report**  The DoS/CIO presented the report FIC 44/2019 on IM&T activity during Q1 FY20 including updates on: GDE activity; the electronic health record; IT operational service; IT infrastructure projects; Information Governance; Business Intelligence; financial management systems; risks and issues; and the Cost Improvement Programme scheme on re-procurement of the network infrastructure. There remained no capital budget and there had been no capital expenditure this financial year; funding which had been received through GDE was accounted for separately. The majority of workstreams were progressing well but he highlighted delays around: (i) match-funding for e-prescribing; and (ii) the health and social care network migration (due to supplier engagement in this national process; issues had been escalated through NHS Digital).  The next major Carenotes update was scheduled for next month and the DoS/CIO noted that he had asked for district and community nursing services to be highlighted to demonstrate the difference from the update. The Chair referred to a Board site visit which he, John Allison and the DoCA/CoSec had conducted and noted that staff had reported a significant amount of double-entry and duplication being required in record keeping; he noted that there could be opportunities to increase operational efficiency and reduce clinical risk around accuracy of record keeping. The DoCA/CoSec added that this was also supported by feedback from a community hospital visit where staff had commented upon duplication in the number of different places where pain management needed to be recorded. The DoS/CIO noted that the demand and capacity assessment work which was taking place would help to highlight service issues, such as dealing with multiple systems, and then consideration could take place as to how to support staff to work more efficiently.  The CEO referred to the risks and issues set out in the report, in particular in relation to the provider of the electronic health record and asked how these had been escalated and whether more could be done. The DoS/CIO replied that these had been escalated to the managing director and were discussed through a joint session with other user-trusts which had led to the development of a work programme (jointly agreed with the other user-trusts). The CEO supported taking this collective approach, rather than the Trust escalating its issues in isolation, noting that it may achieve more traction.  **The Committee noted the report.**  *The DoE and the DoS/CIO left the meeting*. |  |
| **13.**  a  b  c  d | **Financial position (and utilisation of reserves)**  The DoF provided an oral update and reported that although the Trust was still off plan as at Month 3, the situation had improved since Month 2. The Trust had achieved its control total for Q1 and, therefore, Provider Sustainability Funding for Q1.  *Alison Gordon joined the meeting*.  In relation to cost pressures, he noted that the overarching themes remained: Out of Area Placements; and residential care.  The Chair highlighted that it would also be important to understand risks and any flexibility around Cost Improvement Programme delivery.  **The Committee noted the oral update.** |  |
| **14.**  a  b  c  d  e  f | **Productivity Improvement Programme (formerly Cost Improvement Programme)**  The COO presented the report FIC 45/2019 on the status of the Productivity Improvement Programme. He took the meeting through the phased approach to delivery set out in the report. He confirmed work had been taking place on the Phase 1 projects, in particular upon the project to reduce reliance on high cost and off-framework agencies. The meeting discussed ideas to increase contracted hours or pay staff overtime (and the Chair commented upon staff feedback from a Board site visit around lack of incentives for substantive staff to work extra time); however, it was noted that these ideas had not yet been evaluated and their impact would need to be considered. The CEO cautioned that self-regulation and control systems would need to be built into any process to allow overtime so as to mitigate any risks of, for example: showing favouritism in the allocation of shifts; or miscalculating annual leave. The Trust Chair asked whether it would be possible to institute a ban on use of high cost agency staff. The COO replied that this would then put pressure upon: (i) wards who would be managing the risk to maintain safe staffing levels; and (ii) service delivery.  *The Trust Chair left the meeting.*  John Allison expressed concern about the cautious pace of progress; whilst he noted that it was important to avoid mistakes, the timescale and implementation of plans to date might indicate that other ways of meeting targets in the Productivity/Cost Improvement Programme may be needed. The COO replied that although there could be other options, after evaluation the plans which were currently included in the programme were the most likely to deliver. He noted that the challenge to the Committee was whether to continue to pursue the current course under the Productivity Improvement Programme or alter the approach.  The Chair noted that when the Board came to evaluate the Productivity Improvement Programme, it would be helpful to be able to:   * measure change in: (i) financial risk; and (ii) financial flexibility; * challenge on whether the outlook for delivery could be improved upon this year – including through investing in project or consultancy resource, given how busy teams already were; and * set aside specific time at the upcoming Board Development/Strategy Day on 26 July 2019 to review the Productivity/Cost Improvement Programme.   The CEO cautioned that buying in consultancy support did not necessarily lead to generation of a sensible list of potential savings. In relation to the project to deliver savings on high cost agency spend, he noted that the Chief Nurse had joined the Trust with prior experience in this area and would be able to take Executive leadership of this specific project. The COO added that, rather than buying in consultants, the projects in Phase 2b might benefit from additional project resource at a management level in order to avoid exhausting existing management capacity.  The meeting discussed the impact of the historic underfunding of mental health services in Oxfordshire, especially during a period of increasing demand for services, and acknowledged the pressure which this had put upon the Trust’s funding position. The DoF emphasised that reducing activity levels was also key to helping to achieve Cost/Productivity Improvement targets. The Chair noted that the good strategic work which had taken place to highlight and address the strategic funding gap should be recognised; the Trust was running its business well despite funding difficulties outside its immediate control. However, it was also important to protect against failing to deliver against plans/targets and, if necessary, this may require taking stock of difficulties early and developing revised approaches.  **The Committee noted the report and that there would be further consideration of the Productivity/Cost Improvement Programme at the Board Development/Strategy Day on 26 July 2019.** | **MME** |
| **15.**  a  b  c | **Cash Management report – cashflow and working capital**  Paul Dodd presented the report FIC 46/2019 and confirmed that cashflow was relatively strong and that the forecast to 31 March 2020 of £13.4 million was close to plan. The key assumptions used for the cash forecast were as set out in the report.  In relation to working capital, he highlighted the increase in trade receivables during Month 2; in large part this was due to starting to invoice commissioners earlier in the month for contract payments. He also highlighted table 3.2 which set out the ageing of outstanding trade receivable debt and the larger outstanding balances. He reported that there was increased focus on debt recovery and tighter cash management arrangements; he noted that discussions were taking place with NHS England in relation to payments for New Care Models which had not yet been received.  **The Committee noted the report.** |  |
| **16.**  a  b  c | **Procurement report**  Paul Dodd presented the report FIC 47/2019 which provided an update on operational and strategic procurement work, as well as key performance indicators and national and local developments. He highlighted the transition to a new more user-friendly e-Procurement system. He also noted staffing challenges within the team and the need for agency support within the team; even if at full complement, the team would be stretched by the current high number of projects and tenders. The meeting discussed whether there would be options to share resources with other local providers; Paul Dodd explained that this had been considered previously but that it might be challenging due to the diverse nature of the work involved.  John Allison referred to the strategic projects which were due to start and asked about the cafeterias/social enterprise project. The COO replied that the mental health directorates were keen to be able to provide not just a cafeteria service but also an opportunity for meaningful employment for service users.  **The Committee noted the report.** |  |
| **17.**  a  b | **Treasury Management annual report and Treasury Management Policy**  Paul Dodd presented the Treasury Management annual report at paper FIC 48/2019 and the updated Treasury Management Policy at paper FIC 49/2019.  **The Committee noted the report and APPROVED the updated policy.** |  |
| **18.**  a  b | **Budgetary Control Policy**  Paul Dodd presented the updated Budgetary Control Policy at paper FIC 50/2019 and noted that although changes were minor, these had involved strengthening controls (as set out in the coversheet to the updated policy). Alison Gordon highlighted the revised rules on approval for budget virements and noted that the section was significantly more detailed.  **The Committee APPROVED the updated policy.** |  |
| **19.**  a  b | **Oxford Pharmacy Store (OPS) report**  The DoF presented the report FIC 51/2019 and highlighted that performance for the year to date FY20 was better than plan even though sales were slightly behind plan (but margins were favourable).  **The Committee noted the report.** |  |
| **20.**  a  b | **Any Other Business**  The Chair noted that this was one of the COO’s final meetings and he thanked him for his contribution and wished him well for the future.  There being no further business the meeting was closed at: 11:43. |  |
|  | **Date of Next Meeting: Tuesday, 17 September 2019 09:00 – 12:00 in the Boardroom, Warneford Hospital, Headington, Oxford OX3 7JX** |  |

**Attendance 2019-20**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **May 2019** | **July 2019** | **Sept 2019** | **Nov 2019** | **Jan 2020** | **Mar 2020** |
| *Committee members – counted in the quorum* | | | | | | |
| Chris Hurst |  | *✓* |  |  |  |  |
| John Allison | ✓ | *✓* |  |  |  |  |
| Stuart Bell | ✓ | ✓ |  |  |  |  |
| Mike McEnaney |  | ✓ |  |  |  |  |
| David Walker |  | ✓ |  |  |  |  |
|  |  |  |  |  |  |  |
| *Regular attendees* | | | | | | |
| Claire Dalley | *Deputised* | *✓* |  |  |  |  |
| Paul Dodd | *x* | *✓* |  |  |  |  |
| Dominic Hardisty |  | *✓* | *N/A* | *N/A* | *N/A* | *N/A* |
| Kerry Rogers |  | *✓* |  |  |  |  |
| Martyn Ward |  | *✓* |  |  |  |  |
| Hannah Smith |  | *✓* |  |  |  |  |