

**MEETING OF THE COUNCIL OF GOVERNORS IN PUBLIC**  
**12 OCTOBER 2023**

A meeting of the Council of Governors in public will take place at 10am on Thursday 12 October 2023 in the Boardroom and/or by MS Teams – details at [www.nnuh.nhs.uk](http://www.nnuh.nhs.uk)

Non-Executive Directors scheduled to attend: Dr Chrispin

**AGENDA**

	<b>Item</b>	<b>Lead</b>	<b>Purpose</b>
1	Apologies and Declarations of Interest	Chair	Information
2	Chairman's Introduction	Chair	Information
3	Minutes of the meeting held in public on 13.07.23	Chair	Approval
4	Update on actions and matters arising	Chair	Discussion
5	Update on strategic projects – NANOC, Paed Theatres & DAC	SH	Information
6	Operational update & Winter Planning: - Ambulance handovers & elective waits - bed capacity plan	CC	Discussion
7	Transformation & delivery of Strategic Initiatives	AB	Discussion
8	Regular Finance Update	RC	Information
9	Any other business	Chair	Discussion

**Date and Time of next meeting in public:** The next Council of Governors meeting in public will be at 10am on Thursday 25 January 2024 in the Boardroom of the Norfolk and Norwich University Hospital

**Governors are reminded that copies of the Trust Board papers including minutes, integrated performance report and committee reports can be accessed on the Trust website at:**  
<http://www.nnuh.nhs.uk/?s=board+papers&searchSiteSubmit=Search+site>

**Distribution:** Council of Governors, Board of Directors and Trust website

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## **MINUTES OF COUNCIL OF GOVERNORS MEETING**

**HELD ON 13 JULY 2023**

<b>Present:</b>	Mr T Spink	- Chairman
	Ms S Asghar	- Volunteers/Contracted (staff)
	Mr B Baby	- Nursing & Midwifery (staff)
	Mrs E Bailey	- North Norfolk (public)
	Mrs E Betts	- Breckland (public)
	Mr P Bush	- Norwich (public)
	Mrs A Cook	- Norwich (public)
	Mrs N Duddleston	- Breckland (public)
	Mrs C Edwards	- North Norfolk (public)
	Dr D Epurescu	- Broadland (public)
	Dr B Fleming	- South Norfolk (public)
	Mrs I Grote	- Great Yarmouth/Waveney (public)
	Mrs J Hammond	- Broadland (public)
	Mr T How	- West Norfolk (public)
	Mrs G Lynch	- Admin & Clerical (staff)
<b>In attendance:</b>	Mrs J Bradfield	- Senior Communications & Membership Manager
	Mr R Clarke	- Chief Finance Officer (Item 23/030)
	Mr J P Garside	- Board Secretary
	Mr S Hackwell	- Director of Estates & Major Projects (Item 23/026)
	Mrs J Hannam	- Non-Executive Director
	Mr S Higginson	- Chief Executive
	Mr Prosser-Snelling	- Chief Digital Information Officer (Item 23/027)
	Ms V Rant	- Assistant to Board Secretary

23/022 **APOLOGIES, DECLARATIONS OF INTEREST AND CHAIRMAN'S INTRODUCTION**  
Apologies were received from Ms Haider, Mr Hind, Mr Moncur, Mrs Ricketts, Mr Smith, Mrs Stanley and Cllr Thomas. No conflicts of interest were declared in relation to matters for consideration by the Council.

23/023 **MINUTES OF PREVIOUS MEETING HELD ON 12 APRIL 2023**  
The minutes of the meeting held on 12 April 2023 were **agreed** as a true record and signed by the Chairman.

23/024 **MATTERS ARISING**  
There were no actions or matters arising from the last meeting.

23/025 **CEO REPORT**  
The Council received a report from Mr Higginson concerning the performance of the Trust in key areas and strategic developments with particular regard to:

- *Industrial Action* – involving both junior doctors and consultants. We are working on contingency arrangements to ensure that we have safe rotas but it is only possible to do so by cancelling elective patients. Unfortunately this will have a significant impact on waiting times and delays for patients;

- *Operational position* – we have been able to exit escalation from 7 in 6 and 3 in 2 accommodation. This was the primary issue of concern that had been raised in the Staff Survey due to its impact on the quality of care and staff and patient experience;
- *Increasing capacity* – exiting escalation beds has increased pressure on ambulance handover. Discussions are ongoing with system partners to create additional capacity at the Coleman Hospital (NCHC) which should help the position patients requiring transfer for community care;
- *Financial Recovery Plan* – as detailed in Mr Clarke's report on the financial position actions are being taken to get the financial position back on track.
- A *quality seminar* for Board members has been held with staff from the Maternity Department – to reflect on issues arising from national reports into maternity services and how we foster a culture of high-quality patient-centred care.
- Procurement for the *Electronic Patient Record* system is ongoing. Managers and clinicians are central to commissioning the EPR.
- *Increasing surgical capacity* – the Trust has been successful in applying for £25M in national capital funds for the extended N&N Orthopaedic Centre. We are working on the business case as quickly as possible in the hope that we can develop further elective capacity to reduce waiting times for patients.
- *Diagnostic Centre* – the DAC project amounts to a major investment in diagnostic capacity across Norfolk - with new buildings housing CT, MR and x-ray plain film imaging. Construction of the NRP DAC is due for completion in February 2025. This will be a significant increase in imaging capacity and it will require some 120 additional staff. The workforce strategy for the DAC will involve recruitment, upskilling existing staff and apprenticeships.

## 23/026 **CLINICAL STRATEGY**

The Council received a report from Mr Hackwell with regard to the Trust's Clinical Services Strategy to deliver the Trust's Vision of *The Best Care for Every Patient*. There are 4 NNUH Clinical Strategy Priorities:

- Achieve the right size and shape of essential on site services
- Support integration of services at scale with system partners to reduce on site demand
- Develop offsite models of care for our patients at scale
- Collaborate with hospital partners to improve access to acute care.

At the core of the Strategy is ensuring that the capacity for specialist hospital services is appropriate for a growing population of older patients with multiple co-morbidities and the Trust as the primary provider of specialist and tertiary services in Norfolk & Waveney. The Strategy provides a framework for discussion with staff and specialities about the appropriate capacity needed for their services and the necessary workforce for delivery.

Governors questioned whether it is realistic to anticipate that outpatient clinics might be moved away from NNUH.

Governors encouraged closer working with community and primary care colleagues in addition to the other N&W acute trusts – integrating services vertically in central Norfolk. Mr Hackwell explained that moving services 'closer to home' is a common aspiration but this mode of services can prove more expensive, because of the inefficiency associated with increased travel time for clinicians. It can also prove expensive to upgrade community space to the standard needed.

Governors noted that developments in practice appear to be at odds with the Strategy – for example difficulties with funding for chemotherapy chairs in Cromer & NCC closing Benjamin Court. Mr Higginson reflected that the ICS has not yet agreed a capacity and demand model for patients needing support in the community. Newton have been commissioned to look at that, including the geographical spread.

Mr Hackwell explained that the Clinical Services Strategy is intended to cover a 5-year period but will need to be aligned with national NHS priorities and spending decisions.

23/027 **DIGITAL MATTERS – STRATEGY, VIRTUAL WARD AND ELECTRONIC PATIENT RECORD**

The Council received a report from Mr Prosser-Snelling and Emily Wells (Chief Digital Information Nurse) with regard to the Trust's Digital Strategy and Cyber Security.

From 2018-2023 our digital strategy focussed on delivering infrastructure improvements. Our new digital strategy focusses on "making it easy" to deliver the best care for every patient, with digital technology that works for clinicians and patients.

We have innovated in Virtual Wards, implemented an electronic data management system (EDMS) and are focussing on Artificial Intelligence. Our OBC for the Electronic Patient Record has been approved by central government and we are in the middle of a procurement exercise for one single system for NNUH, JPUH and QEHL.

Our electronic patient record programme will transform hospital care across the acute hospital collaborative - improving patient care, improving staff experience and providing better information.

We will continue to try new ways of engaging with staff and patients but increasing cyber security risks mean that this must stay at the top of our agenda.

23/028 **MEMBERSHIP STRATEGY REVIEW**

The Council received a report from Mrs Bradfield with regard to implementation of the Membership Strategy:

- Training with NHS providers has been arranged for September
- There is a need to undertake recruitment of additional members and governor assistance is welcomed
- The annual Governor elections will be held from October
- Visits to Oncology and the Education Centre have been arranged.

Governors asked about the Trust website and whether there are plans to upgrade this. Mrs Bradfield explained that a new intranet has been introduced. Developing an external website would require support from Digital Health but our digital resources over the next couple of years will be focussed on the Electronic Patient Record.

Governors asked about attendance of governors at Council meetings and it was confirmed that attendance records are reported in the Trust Annual Report.

23/029 **ANNUAL REPORT AND ACCOUNTS 2022/23**

The Council was reminded that one of its statutory duties is to receive the Trust's Annual Report and Accounts. The format and content of the Annual Report is heavily prescribed by national guidance and the accounts have been audited by the External Auditors (KPMG).

The Council's attention was drawn specifically to the Report from the Auditors to the Governors. It was noted that this constitutes a 'clean' audit.

The Council **received** the Trust's Annual Report & Accounts 2022/23.

23/030 **FINANCE UPDATE**

The Council received the regular update report from Mr Clarke with regard to the Trust's financial position in the year to date. The Trust is forecasting achievement of its breakeven financial plan. There are however pressures associated with the impact of industrial action, use of the independent sector to address waiting times and shortfall in the CIP programme. Mitigating actions are being taken to rectify the position.

23/031 **ANY OTHER BUSINESS**  
Council members offered Mr Higginson their thanks for his work in the Trust and best wishes for his secondment position with NHSE.

23/032 **DATE AND TIME OF NEXT MEETING**  
The next meeting of the Council of Governors will be at 10am on 12 October 2023 in the Boardroom of the Norfolk and Norwich University Hospital

Signed by the Chairman: ..... Date: .....  
Confirmed as a true record by the Council on 12 October 2023 [TBC]

**Decisions Taken:**

23/023 – minutes of last meeting	The minutes of the meeting held on 12 April 2023 were <b>agreed</b> as a true record and signed by the Chairman.
23/029 – Annual Report and Accounts	The Council <b>received</b> the Trust’s Annual Report & Accounts 2022/23

**Action Points Arising:**

There were no formal actions to record.

## REPORT TO THE GOVERNORS

Date	12 <sup>th</sup> October 2023		
Title	Month 5 IPR - Finance		
Author & Exec lead	Roy Clarke (Chief Finance Officer)		
Purpose	For Information		
Relevant Strategic Objective	5. To deliver our financial plan and recovery programme, supporting the Trust's return to financial sustainability		
Are there any quality, operational, workforce or financial implications of the decision requested by this report?	Quality	Yes✓ No□	These are discussed throughout the document.
	Operational	Yes✓ No□	
	Workforce	Yes✓ No□	
	Financial	Yes✓ No□	

**Context:** This paper outlines the Trust's financial performance for August 2023 within the context of the current financial regime the NHS is operating under.

The Trust Finance Report Executive Dashboard for August 2023 is attached for the information of the Council of Governors. The dashboard summary outlines the key financial metrics for the Trust including:

- Income and Expenditure – with the Year to Date showing a net deficit position of £7.5m.
- Capital – the Year to Date Capital delivery is underspent against the plan by £4.7m.
- Patient activity against plan is measured using the Payment By Results methodology to understand the financial risk associated with the actual delivery of activity, compared to the planned activity. This would show a Year to Date financial gap of £2.4m if the Trust were only paid for the activity that had been delivered. This has been offset by an additional £3.5m of income due to a 2% adjustment to ERF
- Efficiency savings Year to Date are behind plan, with £4.2m of delivered efficiency against a plan of £9.2m
- Key strategic financial risks are captured in the Trusts detailed Costed Risk Register. The aim of identifying the risks and associated financial implications is to ensure that there is visibility of the risks and mitigations inherent in the delivery of the Trusts financial plan. These are plotted on the 5 x 5 matrix to show a risk map. Where risks have crystallised, these are included in the narrative, along with the reference in the risk matrix.

The Council of Governors is requested to read the attached summary and present any questions to the Chief Finance Officer

# Finance Report August 2023

12 October 2023

Roy Clarke, Chief Finance Officer

## 1.1 Executive Dashboard

The Trust operational plan for FY23/24 as outlined in Cycle 4 of the 2023/24 planning process is breakeven.

**For August 2023, the Trust delivered a £1.1m deficit, which on a control total basis is £0.2m adverse to plan.** This includes additional income of £3.5m due to the 2% adjustment to ERF offset by a reduction to income of £1.6m due under performance over April - July. **The underlying in month adverse variance to plan of £2.1m** is due to underperformance against activity of £0.8m and direct costs as a result of industrial action of £0.4m. CIP under delivery was £1.0m and the net drugs position was £1.0m adverse. This adverse variance was offset by mitigations agreed in the recovery plan of £1.1m.

**Year to date, position is a £7.5m deficit on a control total basis. This is £4.8m adverse to plan.** £3.8m relates to Industrial Action, £2.8m of this being direct pay costs, £2.1m due to increased use of independent sector capacity to maintain activity levels and a £2.4m reduction in income due to under delivery, offset by increased income of £3.5m due to the 2% ERF reduction. CIP delivery is £5.0m adverse. This adverse variance is offset by additional interest income of £1.8m, forecast reduction in PDC of £0.6m and non-recurrent underspends of £1.6m.

**ERF Income:** As a result of Industrial Action in April and May a 2% adjustment has been made to provider ERF values, and results in an increase in income of £3.5m. This additional income offset the YTD activity based under performance of £2.4m and contributes a favourable £1.1m to the Trust's financial position. In line with guidance the adjustments are reflected in the year-to-date position.

**Forecast Outturn:** Risks totalling £15.4m and mitigations totalling £10.6m have crystallised year to date, a net impact of £4.8m adverse variance. Further crystallisation of these risks is forecast at £18.1m in year, requiring a further £21.1m of mitigation (via a Recovery Intervention) to achieve the breakeven plan.

**Cash:** Cash held at 31st August 2023 was £99.9m, £14.5m higher than the FY23/24 submitted forecast as result of the phasing to the capital programme and higher than planned creditors and accruals. Cash balances are forecasted to remain positive in 2023/24 thus no revenue support will be required.

**Capital Expenditure:** In month the core programme was underspent by £0.3m. The current forecast outturn of £16.6m results in an adverse variance of £2.0m. **This requires immediate management action to bring the programme back in line with plan.** The total programme is underspent by £4.7m Year to Date.

	In Month			Year to date		
	Actual	Plan	Variance	Actual	Plan	Variance
<b>SOCI</b>						
	£m	£m	£m	£m	£m	£m
Clinical Income	65.1	64.5	0.6	312.8	311.0	1.8
Other Income	8.4	7.9	0.5	42.6	39.3	3.3
<b>TOTAL INCOME</b>	<b>73.6</b>	<b>72.4</b>	<b>1.2</b>	<b>355.3</b>	<b>350.2</b>	<b>5.1</b>
Pay	(45.0)	(44.7)	(0.3)	(215.5)	(213.0)	(2.5)
Non Pay	(20.1)	(19.4)	(0.8)	(101.1)	(93.7)	(7.4)
Drugs (Net Expenditure)	(3.6)	(2.7)	(0.9)	(16.1)	(13.4)	(2.7)
<b>TOTAL EXPENDITURE</b>	<b>(68.7)</b>	<b>(66.8)</b>	<b>(1.9)</b>	<b>(332.7)</b>	<b>(320.1)</b>	<b>(12.6)</b>
Non Opex	(6.0)	(6.6)	0.6	(30.2)	(32.8)	2.6
<b>Reported Surplus / (Deficit)</b>	<b>(1.1)</b>	<b>(0.9)</b>	<b>(0.2)</b>	<b>(7.5)</b>	<b>(2.7)</b>	<b>(4.8)</b>

Other Financial Metrics						
	£m	£m	£m	£m	£m	£m
Cash at Bank (before support funding)	99.9	85.4	14.5	99.9	85.4	14.5
Capital Programme Expenditure	2.7	4.3	(1.7)	10.0	14.7	(4.7)
CIP Delivery	1.0	2.0	(1.0)	4.2	9.2	(5.0)

Activity Metrics*						
	%	%	%	%	%	%
Day Case*	96%		(4%)	96%		(4%)
Elective Inpatient*	84%		(16%)	88%		(12%)
Outpatients - New & Procedures*	100%		(0%)	97%		(3%)
Activity performance v baseline*	98%		(2%)	96%		(4%)
Value based Activity performance v baseline**	95%		(5%)	101%		1%

\* Activity count as a % of 23/24 Planned Delivery and not adjusted for the 2% as the adjustment impacts the fixed and variable financial value and not the contracted activity plan

\*\* Adjusted for the 2% reduction to ERF



## 1.2 Executive Dashboard

### Risk

The strategic financial risks remain the same as Cycle 4 Business planning Process in nature. The Risks will remain beyond tolerable levels should the underlying issues not be resolved.

As part of FY23/24 annual planning there were 13 key strategic and operational risks identified with an initial score of  $\geq 9$ . The Finance Directorate continues to formally review the Financial Risk Register on a monthly basis, reviewing the risks and adding new risks which have been identified across the finance portfolio.

There are seven risks rated as 'High' or 'Extreme' on the risk register which have a potential risk assessed financial impact of £45.7m, of which £15.4m has crystallised YTD. A further £21.1m is forecast to crystallise.

The YTD crystallised risks are:

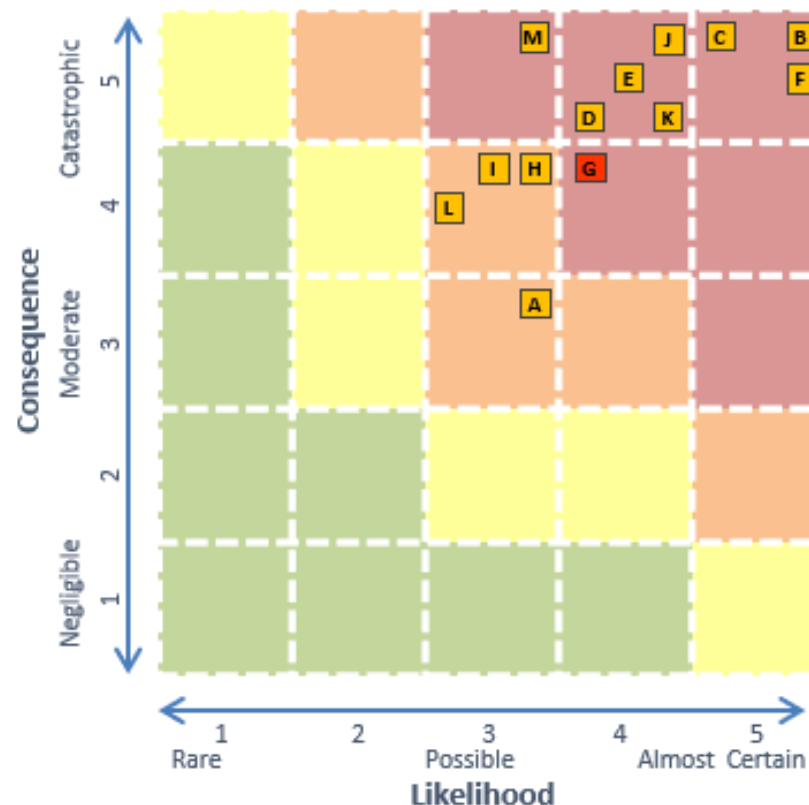
**CIP Delivery (Risk B)** is £4.2m year to date - £5.0m adverse to the budgeted plan of £9.2m, comprising of a planning variance of £5.1m and a performance variance of £0.1m, the equates to an underperformance of c. 55%. The risk adjusted forecast outturn CIP delivery is currently £16.5m against a CIP target of £28.0m presenting a significant risk to achievement of the target.

**Failure to control expenditure in line with plan (Risk C)** has a crystallised impact of £5.7m YTD, comprising £2.8m of spend to cover Industrial Action in April, June, July & August and overspends in Pay and Drugs.

**The Trust creating additional capacity at additional cost to the Trust beyond the level allowed for in the plan (Risk G)** has a crystallised impact of £2.3m YTD. This is as a result of having to bring forward the use of the Independent Sector to deliver activity lost as a result of Industrial Action.

**Financial Recovery Plan (FRP):** Performance against the agreed mitigations in Month 5 was £0.2m against a planned £0.8m. The main drivers of the variance were as result of failure to implement mitigations.

Risk Rating	Risks	Financial Impact	Financial Impact	YTD Crystallised	
		FY23/24 (Cycle 4)	FY23/24 (Revised)	Impact	
		£m	£m	£m	
Extreme	15+	B, C, D, E, F, G, J, K, M	45.4	46.6	15.4
High	9-14	A, H, I, L	15.3	15.3	0.0
Moderate	5-8	-	0.0	0.0	0.0
Low	1-4	-	0.0	0.0	0.0
Total			60.7	61.9	15.4
Risk mitigated through Non Recurrent YTD underspends & Release of Expenditure Reserves					(10.6)
Total			60.7	61.9	4.8



X Worsening Risk  
 X Stable Risk  
 X Improving Risk  
 X New Risk