

## **MEETING OF THE COUNCIL OF GOVERNORS IN PUBLIC** **25 JANUARY 2024**

A meeting of the Council of Governors in public will take place at 10am on Thursday 25 January 2024 in the Boardroom and/or by MS Teams – details at [www.nnuh.nhs.uk](http://www.nnuh.nhs.uk)

### **AGENDA**

	Item	Lead	Purpose
1	Apologies and Declarations of Interest	Chair	Information
2	Chairman's Introduction	Chair	Information
3	Minutes of the meeting held in public on 12.10.23	Chair	Approval
4	Update on actions and matters arising	Chair	Discussion
5	Chief Executive's update	NH - CEO	Discussion
6	Major Projects -: - JLCH paediatric theatre complex - N&N Orthopaedic Centre	SH – Director of Strategy & Major Projects	Discussion
7	Finance update (M8) – <b>paper attached</b>	RC – Chief Finance Officer	Discussion
8	The Electronic Patient Record (EPR)	EPS – Chief Digital Information Officer	Discussion
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 April 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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Our Values **P**eople focused **R**espect **I**ntegrity **D**edication **E**xcellence

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

**HELD ON 12 OCTOBER 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)
	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 C Hind	- South Norfolk (public)
	Mr T How	- West Norfolk (public)
	Mrs G Lynch	- Admin & Clerical (staff)
	Mr D Moncur	- Norwich (public)
	Mr R Smith	- Medical (staff)
<b>In attendance:</b>	Mrs A Berry	- Director of Transformation – for Item 23/038
	Dr B Brett	- Acting Medical Director
	Dr P Chrispin	- Non-Executive Director
	Mr R Clarke	- Chief Finance Officer – for Item 23/039
	Mr C Cobb	- Chief Operating Officer – for Item 23/037(ii)
	Mr J P Garside	- Board Secretary
	Mr A Gretton	- Communications Department
	Mr S Hackwell	- Director of Strategy & Major Projects – for Item 23/036
	Mr N Hulme	- Interim Chief Executive – for Item 23/037(i)

### 23/033 **APOLOGIES, DECLARATIONS OF INTEREST AND CHAIRMAN'S INTRODUCTION**

Apologies were received from Cllr A Thomas, Mrs J Stanley, Mrs S Ricketts, Ms C Haider and Mr P Bush.

No conflicts of interest were declared in relation to matters for consideration by the Council.

### 23/034 **MINUTES OF PREVIOUS MEETING HELD ON 13 JULY 2023**

The minutes of the meeting held on 13 July 2023 were agreed as a true record for signing by the Chairman.

### 23/035 **MATTERS ARISING**

There were no matters arising.

### 23/036 **UPDATE ON STRATEGIC PROJECTS – NANOC, PAED THEATRES & DAC**

The Council received a report from Mr Hackwell with regard to major capital projects underway in the Trust, in particular the N&N orthopaedic centre, paediatric theatres and the Diagnostic & Assessment Centre.

The Council was updated on progress in construction and the benefits that are expected to result for patients waiting for treatment.

Mr Hackwell also outlined headline elements of this year's capital programme. In addition to the 3 very major construction projects, this year we are:

- refurbishing Cath Lab 2 to accommodate some new equipment.
- replacing 2 CT scanners in the main hospital building
- investing in some new staff facilities and
- we will spend about £3 million on clinical equipment replacement.

Governors questioned whether it will be possible to recruit the staff necessary for the developments under construction. Mr Hackwell explained that this is recognised as a challenge particularly for the DAC. There are a number of approaches to preparing to meet this, including enhanced training for some existing staff. Additional training places have been secured for radiographers and sonographers, with a guaranteed job on qualification. There will also need to be some external recruitment, with the assistance of specialist recruitment agents and an internal working group. This is in the context of growing demand generally and the need to ensure that our clinical pathways are consistent and efficient and this is being considered as a system across the 3 acute hospitals in the ICS.

Mr Clarke explained that we are looking at even further expansion, with another two theatres (known as 'NANOC 2') in addition to the four already in construction (2 x paediatric & 2 x in NANOC 1). This is however subject to the availability of national funding and business case approval.

#### 23/037 **OPERATIONAL UPDATE & WINTER PLANNING**

##### *i) Introduction to Interim CEO:*

Mr Hulme was welcomed to the Council for the first time. Mr Hulme explained that he expects to be working with the Trust as Interim CEO for six months and relishes the opportunity. There are some significant operational challenges and a key focus over coming months will be to stabilise and improve that position with regard to our care of emergency, elective and cancer patients.

Mr Hulme explained that he has already met many amazing staff at the Trust who are committed to their patients. One reflection is that there may be a need to have greater awareness of the broader context of risk to patients in the community, particularly regarding those patients who are experiencing delays waiting for ambulances that are waiting at the hospital.

##### *ii) Briefing from Chief Operating Officer*

The Council received an update from Mr Cobb with regard to emergency activity, elective waiting times and cancer performance.

Mr Cobb explained that the Trust's operational position is heavily regulated and in the last few weeks we have received 5 separate regulatory visits focussed around different aspects of our non-elective activity and the emergency pathway. There are therefore multiple offers of support as we aim to learn from peers and national best practice, within the context of our local challenges.

Mr Cobb outlined steps taken to address emergency waiting, with a task-force approach to improve flow in the hospital established following a multi-disciplinary workshop. This will be focussed on increasing the rate of discharge earlier in the day and this forms a key part of our Winter Planning. This will be supplemented by some additional community bed capacity being built by NCHC (Community Trust).

The additional surgical capacity in paediatrics and orthopaedics will help address elective waiting times, but the position has been very adversely affected by industrial action over national pay negotiations. The impact of industrial action is not just on the day of strikes but

also in the period that it takes to recover lost activity and also for staff to recover having worked additional cover shifts.

Mr Cobb explained that unfortunately, the impact of industrial action extends not only to long-waiting elective patients but also to patients waiting for cancer treatments. There is particular concern in dermatology, gynaecology and breast cancer and clinical staff have agreed to work extra shifts at weekends and to provide cross-speciality cover where appropriate (eg plastic surgeons assisting with dermatology workload). The position is worrying but it is being closely monitored to establish what further mitigations can be implemented. It is however unknown how long the industrial action may continue and therefore what further challenges this will generate.

#### 23/038 **TRANSFORMATION & DELIVERY OF STRATEGIC INITIATIVES**

The Council received a report from Mrs Berry with regard to transformation activity in the Trust. The Transformation Programme is focussed on achieving improvement in efficiency, productivity and quality of the Trust's services.

An important element of this work involves applying a consistent methodology, with clarity over responsibilities and objectives. There are good examples in the Trust, but there is also a challenge to develop this as standard practice, clinically-led and with staff empowered to make appropriate changes supported by management and the Transformation Team.

Mrs Berry outlined key Strategic Initiatives that form the core of transformation activity, particularly with regard to:

- Reducing Length of Stay
- Business Process Automation
- Outpatient Transformation (remote consultation, Patient Initiated Follow-Up (PIFU), reduced DNA rates, digital communication etc)
- Theatre utilisation
- Virtual Ward
- Diagnostic Utilisation

Governors asked about the provision that is being made for those patients who may find it difficult to manage digital systems, through unfamiliarity or infirmity. Mrs Berry confirmed that we have not forgotten about these groups of patients and processes are in place to provide alternative routes for communication and connection with teams.

Mrs Berry was asked about our aspiration to increase rates of PIFU and explained that this will vary between specialities and circumstances. The new process has been introduced incrementally, to ensure safety and learning as it is extended. There is a real appetite to increase our use of digital solutions to optimise efficiency and the national Model Health data provides useful indication of what is achievable in best practice.

#### 23/039 **FINANCE UPDATE**

The Council received a report from Mr Clarke concerning financial performance in the year to date.

Governors asked about the cost improvement programmes and it was explained that there is benefit to implementing these as early as possible, to get full effect across the financial year. We have a structured, robust approach to managing the approval and implementation of these schemes – so that there is assurance regarding quality safeguards and likelihood of delivery in practice.

The full impact of industrial action is still to be quantified, in terms of increased costs and lost or displaced activity. Governors asked about the financial recovery plan and it was explained that there is a freeze on avoidable recruitment in corporate areas. There is a structure to enable exceptional approval to be given. More broadly there is a focus on

reducing expensive agency and locum spend and filling vacancies with substantive appointments.

23/040 **ANY OTHER BUSINESS**  
There was no other business.

23/041 **DATE AND TIME OF NEXT MEETING**  
The next meeting of the Council of Governors will be at 10am on 25 January 2024 in the Boardroom of the Norfolk and Norwich University Hospital

Signed by the Chairman: ..... Date: .....  
Confirmed as a true record and approved by the Council for signature on 25.01.2024 **TBC**

**Decisions Taken:**

23/034 – minutes of last meeting	The minutes of the meeting held on 13 July 2023 were <b>agreed</b> as a true record for signing by the Chairman.
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**Action Points Arising:**

There were no formal actions to record.

## REPORT TO THE GOVERNORS

Date	25 <sup>th</sup> January 2024		
Title	Month 8 IPR - Finance		
Author & Exec Lead	Roy Clarke, Chief Finance Officer		
Purpose	For Information		
Relevant Strategic Commitment	5. To deliver our financial plan and recovery programme, supporting the Trust's return to financial sustainability		
Are there any quality, operational, workforce and financial implications of the decision requested by this report? If so explain where these are/will be addressed.	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 November 2023 within the context of the current financial regime the NHS is operating under.

The Trust Finance Report Executive Dashboard for November 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 £2.9m.
- Capital – the Year to Date Capital delivery is underspent against the plan by £6.7m.
- 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. In line with National Guidance issued on 8th November further easing of the elective targets has been applied. At Month 8 a 4% adjustment has been made to provide ERF values which results in a £3.4m decrease in the value-based income target. Year to date performance is £1.1 favourable against the revised ERF target.
- Efficiency savings Year to Date are behind plan, with £8.2m of delivered efficiency against a plan of £15.7m
- 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 November 2023

25 January 2024

Roy Clarke, Chief Finance Officer

# 1.1 Executive Dashboard

The Trust operational plan for FY23/24 as outlined in Cycle 5 of the 2023/24 planning process is breakeven.

**For November 2023, the Trust delivered a £5.1m surplus, which on a control total basis is £4.8m favourable to plan. In month £4.6m net of H2 'reset' amendments were included.**

The £4.6m of H2 'Reset' adjustments include £6.7m of additional support funding offset by £1.1m adjustment for depreciation funding and a £1.0m VAT provision for energy costs due to HMRC enquiry into PFI contracting arrangement. The underlying adverse variance of £0.2m is as a result if a £1.1m favourable case mix adjustment for October activity and £0.3m of financial recover mitigations offset by £0.7m CIP under delivery and £0.5m on additional IS & UEC capacity.

**Year to date, position is a £2.9m deficit on a control total basis, which is £0.1m adverse to plan.**

Year to date CIP Under delivery is £7.5m and adverse adjustments of £1.1m for depreciation funding and a £1.0m VAT provision for energy costs due to HMRC enquiry into PFI contracting arrangement, are offset by £1.1m over performance of activity and £7.4m of non-recurrent mitigations with £3.0m of interest income, reduced PDC charge of £0.9m and non-recurrent underspends of £2.6m, of which the Financial Recovery Plan has contributed £1.4m. £7.8m of costs relating to Industrial Action offset by £7.8m Additional Funding provided through the 'H2 Reset'.

**ERF Income:** In line with National Guidance issued on 8<sup>th</sup> November further easing of the elective targets has been applied. At Month 8 a 4% adjustment has been made to provide ERF values which results in a £3.4m decrease in the value-based income target. Year to date performance is £1.1 favourable against the revised ERF target.

**Forecast Outturn: The Trust Forecast Outturn remains breakeven with £36.2m of Crystallised Risk offset by £36.2m of mitigations. The Month 8 FOT is dependent on delivery of the H2 'reset' plan and mitigation of expenditure associated with future notified Industrial Action.**

**Cash:** Cash held at 30<sup>th</sup> November 2023 was £103.3m, £31.9m higher than the FY23/24 submitted forecast as a result of the phasing to the capital programme and SoFP movements. Cash balances are forecast to remain favourable in 2023/24.

**Capital Expenditure:** In month the core programme was underspent by £0.3m. The current forecast outturn of £16.9m results in an adverse variance of £1.3m. **There is a high risk of a system CDEL overspend following the IFRS16 policy announcement during month 8, estimated at c. £4.1m.**

	Actual	In Month Plan	Variance	Actual	Year to date Plan	Variance
<b>SOCI</b>	£m	£m	£m	£m	£m	£m
Clinical Income	70.7	64.2	6.5	510.5	501.6	8.9
Other Income	9.7	8.4	1.3	72.1	66.8	5.3
<b>TOTAL INCOME</b>	<b>80.4</b>	<b>72.6</b>	<b>7.8</b>	<b>582.6</b>	<b>568.4</b>	<b>14.1</b>
Pay	(43.1)	(43.2)	0.0	(345.6)	(343.8)	(1.7)
Non Pay	(22.6)	(19.5)	(3.1)	(165.5)	(152.8)	(12.8)
Drugs (Net Expenditure)	(3.4)	(2.8)	(0.6)	(25.8)	(21.6)	(4.3)
<b>TOTAL EXPENDITURE</b>	<b>(69.1)</b>	<b>(65.4)</b>	<b>(3.7)</b>	<b>(536.9)</b>	<b>(518.2)</b>	<b>(18.8)</b>
Non Opex	(6.2)	(6.9)	0.6	(48.6)	(53.1)	4.5
<b>Reported Surplus / (Deficit)</b>	<b>5.1</b>	<b>0.3</b>	<b>4.8</b>	<b>(2.9)</b>	<b>(2.8)</b>	<b>(0.1)</b>
<b>Other Financial Metrics</b>	£m	£m	£m	£m	£m	£m
Cash at Bank (before support funding)	103.3	71.4	31.9	103.3	71.4	31.9
Capital Programme Expenditure	2.8	4.1	(1.4)	19.5	26.2	(6.7)
CIP Delivery	1.4	2.1	(0.6)	8.2	15.7	(7.5)
<b>Activity Metrics*</b>	%	%	%	%	%	%
Day Case*	100%		0%	115%		15%
Elective Inpatient*	72%		(28%)	85%		(15%)
Outpatients - New & Procedures*	108%		8%	102%		2%
Activity performance v baseline*	105%		5%	104%		4%
Value based Activity performance v baseline**	99%		(1%)	104%		4%

\* Activity count as a % of 23/24 Planned Delivery and not adjusted for the reduction in API

\*\* Adjusted for the reduction to ERF

## 1.2 Executive Dashboard

### Risk

As part of the monthly review of Financial Risk Register, one risk has increased in value from 20 to 25, Risk 1725 – Capital Programme Delivery. The risk has increased due to the national IFRS16 CDEL policy announcement and its likely impact on the Trust's ability to deliver the capital programme.

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 nine risks rated as 'Extreme' on the risk register which have a potential risk assessed financial impact of £46.6m, of which £19.8m has crystallised Year to Date. A further £16.4m is forecast to crystallise.

The Year to Date crystallised risks are:

**CIP Under Delivery (Risk B)** is £7.5m adverse year to date - £8.2m delivered against the budgeted plan of £15.7m, comprising of a planning variance of £7.4m and an adverse performance variance of £0.1m, which equates to an underperformance of c. 48%. The risk adjusted forecast outturn CIP delivery is currently £16.2m against a target of £28.0m presenting a significant risk to achievement.

**Failure to control expenditure in line with plan (Risk C)** has a crystallised impact of £9.1m year to date, comprising £2.6m of spend to cover year to date Industrial Action and overspends in Divisional Pay and Drugs. Industrial Support funding of £7.8m has been received mitigating the risk associated with Industrial action. The risk remains extreme due to the future notified Industrial Action in Dec & Jan.

**The Trust creating additional capacity at additional cost beyond the level allowed for in the plan (Risk G)** has a crystallised impact of £3.1m year to date. This is as a result of having to bring forward the use of the Independent Sector to deliver activity lost due to Industrial Action. Industrial Support funding of £7.8m has been received mitigating the risk associated with Industrial action.

**Financial Recovery Plan (FRP):** Performance against the agreed mitigations in Month 8 was £0.3m against a planned £0.7m. The main drivers of the variance was failure to implement mitigations. The revised Forecast Outturn results in the change control movements identified in the updated recovery intervention table in Appendix E.

Risk Rating		Risks	Financial Impact FY23/24 (Cycle 4) £m	Financial Impact FY23/24 (Revised) £m	YTD Crystallised Impact £m
Extreme	15+	B, C, D, E, F, G, J, K, M	45.4	46.6	19.8
High	9-14	A, H, I, L	15.3	15.3	0.0
Moderate	5-8	-	-	0.0	0.0
Low	1-4	-	-	0.0	0.0
Total			60.7	61.9	19.8
Risk mitigated through Non Recurrent YTD underspends & Release of Expenditure Reserves					(19.7)
Total			60.7	61.9	0.1

