

Trust Board Paper Z

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 20 December 2012

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr I Reid, Non-Executive Director

DATE OF COMMITTEE MEETING: 28 November 2012.

PUBLIC RECOMMENDATIONS MADE BY THE COMMITTEE FOR CONSIDERATION BY THE TRUST BOARD:

None.

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR CONSIDERATION/ RESOLUTION BY THE PUBLIC TRUST BOARD:

- Financial Forecast and Recovery Plan (Minute 160/12/2) and
- Community Elective Activity Tender (Minute 164/12).

DATE OF NEXT COMMITTEE MEETING: 30 January 2013

**Mr I Reid – Non-Executive Director and Finance and Performance Committee Chair
12 December 2012**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST
MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD ON
WEDNESDAY 28 NOVEMBER 2012 AT 9.15AM IN THE BOARD ROOM, VICTORIA
BUILDING, LEICESTER ROYAL INFIRMARY

Present:

Mr I Reid – Non-Executive Director (Committee Chair)
Mr J Birrell – Interim Chief Executive
Dr K Harris – Medical Director (until Minute 162/12)
Mr R Kilner – Non-Executive Director
Mr A Seddon – Director of Finance and Business Services
Mr G Smith – Patient Adviser (non-voting member)
Mrs J Wilson – Non-Executive Director

In Attendance:

Mr J Clarke – Acting Director of IM&T (for Minute 155/12)
Mr R Gillingwater – Interim Associate Director (for Minute 155/12)
Mr S Leivers – Interim Director of Service Improvement (from part-Minute 159/12 to 160/12/6)
Mrs H Majeed – Trust Administrator
Mr S Sheppard – Acting Deputy Director of Finance and Procurement
Ms A Smith – Assistant Director of Procurement and Supply (from part-Minute 159/12 to 160/12/6)
Mr J Tozer – Interim Director of Operations (from part-Minute 155/12)

ACTION

RECOMMENDED ITEMS

155/12 REPORT BY THE DIRECTOR OF FINANCE AND BUSINESS SERVICES/ACTING DIRECTOR OF IM&T

Recommended – that this item be classed as confidential and taken in private accordingly.

156/12 REPORT BY THE DIRECTOR OF FINANCE AND BUSINESS SERVICES

Recommended – that this item be classed as confidential and taken in private accordingly.

RESOLVED ITEMS

157/12 APOLOGIES

Apologies for absence were received from Mrs S Hinchliffe, Chief Nurse/Deputy Chief Executive.

158/12 MINUTES

Resolved – that the Minutes of the Finance and Performance Committee held on 24 October 2012 (papers B&B1 refer) be confirmed as a correct record.

159/12 MATTERS ARISING FROM THE MINUTES

The following items were noted in respect of the matters arising report at paper C:-
(a) Minute 142/12/1 – in respect of non-compliance with the WHO surgical checklist, it was noted that the Governance and Risk Management Committee had discussed this at length at its meeting on 26 November 2012;

- (b) Minute 142/12/6 – the Director of Finance and Business Services agreed to seek a mentor from the private sector for the newly appointed Head of Lean and Service Improvement Programme, and
- (c) Minute 153/12/1 – in respect of the Executive Director membership of the Finance and Performance Committee (FPC), the Interim Chief Executive advised that he was preparing a report for the Trust Chairman in respect of Executive Director membership of the Trust Committees. He suggested that it would be appropriate for the Chief Executive, Interim Director of Operations and the Director of Finance and Business Services attended the FPC. Other Executive Directors would be available to attend the meeting, as required dependent on the items of business being discussed.

DFBS

Resolved – that the matters arising report and any associated actions above, be noted.

DFBS

159/12/1 Discussions with University of Leicester re: Occupation of Trust Premises (Minute 141/12/1)

The Director of Finance and Business Services advised that the issue in relation to the need for a transparent and appropriate business footing to be sought for 'landlord' elements of UHL's relationship with the University of Leicester (UoL) would be pursued with the University of Leicester Director of Finance and the Strategic Partnership Group with an update provided to the January 2013 Finance and Performance Committee. The Medical Director noted the need for UHL-UoL related embedded teaching space issues to be resolved. Consideration also to be given to improving the quality of the teaching space.

DFBS

Resolved – that a more transparent and appropriate business footing be sought for 'landlord' elements of UHL's relationship with the University of Leicester (e.g. occupation of premises) – this issue to be pursued with the University of Leicester Director of Finance and an update provided to the January 2013 Finance and Performance Committee.

DFBS/
TA

160/12 2012-13

160/12/1 Quality and Performance Report – Month 7

Paper E provided an overview of UHL's quality, patient experience, operational targets, HR and finance performance against national, regional and local indicators for the month ending 31 October 2012.

In discussion on the quality/patient experience/operational targets/HR aspects of the month 7 report (and Divisional heatmap) members noted that:-

(a) there were no MRSA cases reported in October 2012. In respect of C Difficile figures, there were 13 cases resulting in a cumulative position of 55 for April to October 2012 against a target of 63;

(b) the ED performance for type 1&2 was 92.6% and 94.2% including the Urgent Care Centre. Mr R Kilner, Non-Executive Director commented that ED 4hr wait performance should be RAG rated 'red' instead of 'amber';

(c) RTT admitted performance (91.2%) had been achieved in all specialties with the exception of Ophthalmology. The Interim Director of Operations advised that issues in Ophthalmology had been resolved and performance was back on track;

(d) diagnostic imaging waiting times over 6 weeks continued to be below the 0.5% threshold;

(e) cancer targets – performance year to date would be recovered in November 2012. Responding to a query in respect of the fines for missing the 62 day urgent referral to treatment cancer target, it was noted that the penalty would be repaid retrospectively subject to CCG specified milestones. Previously, the Trust had agreed to achieve the year to date performance by September 2012, however as this had been unlikely, the Commissioners had been informed that the target would be achieved in November 2012;

(f) the percentage of operations cancelled on/after the day of admission of all elective activity for non-clinical reasons was 1.0% against a target of 0.8%;

(g) work was underway to streamline processes re. caring for patients following stroke;

(h) there were a combination of issues that needed to be addressed in order to ensure delivery against trajectory in respect of the choose and book availability issue. Responding to a query, the Interim Chief Executive advised that during July 2012, there were local and national IT system issues which impacted on the availability of slots at UHL. Action plans had been developed for those specialties with appointment slot issues in order to improve performance;

(i) the reason for delayed discharges was multi-factorial. The Interim Director of Operations advised that Mr D Yeomanson, Divisional Manager, Women's and Children's Division had been tasked to work with the Discharge team to resolve issues, and

(j) the improvement in the Net Promoter Score.

The Acting Deputy Director of Finance then reported on UHL's financial position for month 7, noting that there was a small surplus (£28k), £0.1m favourable against the October 2012 forecast. This position, however, was £1.0m adverse to the original planned surplus for October 2012. In discussion on the month 7 position, the Finance and Performance Committee:-

(i) noted that the year to date NHS patient care income was £4.6m (1.3%) favourable to plan;

(ii) noted that performance against plan was £0.8m adverse for pay and £1.8m adverse for non-pay;

(iii) highlighted that in spite of the controls in place, there was a lack of ability to control expenditure. The Committee Chairman re-iterated that the non-pay expenditure in month was 9% above plan. In relation to the controls for pay expenditure, members were advised that approval for a substantive recruitment was only required by the Division, however, recruitment of premium rate staff was undertaken through the staff bank office. The Acting Deputy Director of Finance noted the need for an increased focus on agency spend and the need for substantive appointments to be made. The Committee Chairman expressed concern that the Divisional forecasts did not indicate any reduction in non-pay and bank/agency spend. There were no appropriate controls in place to end bank/agency use of medical staff once the substantive junior doctor vacancies were filled. In discussion on this matter, the Acting Deputy Director of Finance agreed to circulate the pay trajectory from April-November 2012. The Interim Director of Service Improvement noted that every area that was under-utilised was over-spent and he noted the need for recruiting to a contingent level. He advised that establishment figures could be calculated in a fairly simple way and a tool was available which would indicate any over-spend. He advised that this tool could be provided to wards/department leads and he agreed to train staff to use this tool and also monitor it. An update on this would be provided on a monthly basis to the Finance and Performance Committee via the finance reports;

ADDF

IDSi

(iv) noted that the format of the confirm and challenge meetings had changed and Divisions were vigorously challenged on the in-month performance, and

(v) voiced concern on the non-pay expenditure.

Resolved – that (A) the month 7 quality and performance report (month ending 31 October 2012) be noted;

(B) the Assistant Deputy Director of Finance circulate the pay trajectory from April-November 2012, and

ADDF

(C) the Interim Director of Service Improvement provide monthly updates (via finance reports) to the Finance and Performance Committee in respect of progress with the tool to reduce spends.

IDSi

160/12/2 Financial Forecast and Recovery Plan

Paper F summarised the month 7 financial reforecast including any upsides/downsides (and their relative likelihood), and set out the action plans to address the year-to-date position and forecast year-end deficit. The revised forecast was set in the context of the cumulative October 2012 position of a £6.4m deficit (£7.9m adverse to plan). Month 7 performance was a small surplus (£28k), which although adverse to plan of £1m surplus, was £0.1m better than the forecast. The gross forecast reflected CIP shortfall against plan (£5.5m), a reduction in patient care income for the emergency rate threshold of £7.0m, the costs of extra capacity to meet the additional activity, particularly emergencies, readmission deductions (£5m) and in-year cost pressures. The Director of Finance and Business Services also reported the position of the unadjusted month 7 re-forecast and confirmed that a range of central activities was being pursued to deliver the Trust's full year financial position. Those initiatives, together with the related upside opportunities and downside risks were summarised in table 2 of the report.

In discussion on this paper, members noted that the divisions' month 7 re-forecast had been overlaid with the recovery plan. Members discussed the consolidated plan and noted that it plotted a trajectory back to a £1.7m deficit compared to the £46k planned surplus. Responding to a query on the bed bureau activity, the Acting Deputy Director of Finance advised that this related to the patients who were admitted through the bed bureau but had not been counted before. There was a need to enact and deliver the actions described in the Divisions' recovery plans. Discussion was to be held with the CCGs around the review of the changes in emergency activity levels seen in 2012-13, including the impact of MRET and re-admission penalties.

Resolved – that (A) the 2012-13 financial recovery plan be received and noted;

(B) the financial forecast be highlighted verbally to the public 29 November 2012 Trust Board.

FPC
Chair

160/12/3 2012-13 CIPs Update

Paper G from the Director of Finance and Procurement briefed the Committee on CIP performance for 2012-13. At month 7, delivery of 83% of the CIP target was forecast to be delivered by March 2013. This amounted to £26.5m, leaving an outstanding shortfall of £5.5m. Outstanding forecast delivery of CIP had been RAG rated by the CBUs and was reflected in the CIP doughnuts within the report.

Responding to a query from Mr R Kilner, Non-Executive Director in respect of the status of the transformation projects not being included in the report, the Interim Director of Service Improvement advised that most of the transformation projects had not been delivering as expected. However, progress with the 'outpatient project' was good.

Resolved – that the 2012-13 CIP update be received and noted.

160/12/4

Transformation Board Update and Early Views on Scale of Potential 2013-14 CIP Savings

The Interim Director of Service Improvement tabled an updated version of paper H, draft terms of reference of the CIP Programme Board and Delivery Board. The CIP Programme Board would monitor high level delivery against strict criteria, using a RAG rating methodology to produce a dashboard style report to monitor delivery, identifying schemes which were delivering and highlighting schemes which were not delivering the predicted level of savings. It would also review the clinical risk assessment of CIPs, specifically those schemes that had been given a 'high-risk' rating. The process of managing the schemes which comprise the CIP Plan would be co-ordinated by the CIP Delivery Board. The Divisions and CBUs would be responsible for delivering the individual CIP schemes and sub-schemes. Each Divisional CIP scheme would need to be signed-off by the respective Divisional Director. The Director of Service Improvement would meet with the Divisional Manager, Finance Managers and Heads of Nursing of each Division every two weeks to undertake an intense level of scrutiny of achieving the CIPs.

The Project Management Tracking tool would draw together in one place the various strands of the process to:

- clearly state the objectives and targets of the financial sustainability process;
- set out the systems and processes that govern the process including decision making, accountability and performance management arrangements;
- ensure the individual savings projects and plans build up into a coherent and co-ordinated overall plan which delivered the stated objectives, and
- provide internal and external assurance that the plan and process were robust, coherent, realistic and deliverable.

Responding to a query from the Committee Chairman, the Interim Director of Service Improvement advised that the project management tracking tool reports would be available on a shared drive and would be used as the basis of project progress discussions through which programme updates would be reported to the CIP Board.

Paper H1 aimed at stimulating discussion and raising awareness of the recent reports from the National Quality Board (NQB) and in doing so assess UHL's governance system and processes for managing the CIP. The Interim Director of Service Improvement advised that the NQB recently published a set of guides to support health systems to assess, assure and intervene in the management of risk. This was of the highest importance for the Trust and was being considered within the context of the 'Francis Report' which was due to be published in 2013, as well as the changing landscape of the new health system. The Finance and Performance Committee noted the draft self-assessment against the NQB framework. It was suggested that this report be discussed by the Governance and Risk Management Committee in January 2013 and subsequently reported to the Trust Board, for information.

IDSI

Resolved – that the Interim Director of Service Improvement present the proposals for the management of clinical risk within CIPs at the GRMC meeting in January 2012 and the outcome be reported to the subsequent Trust Board, for information.

IDSI/TA

160/12/5

Report from the Director of Finance and Business Services

Resolved – that this Minute be classed as confidential and taken in private accordingly.

160/12/6 Non-Pay Spend Controls

Ms A Smith, Assistant Director of Procurement and Supplies attended to present paper J, a report which summarised the key actions to address spend control on non-pay over the next 15 months. She advised that the Department of Health had published two documents relating to procurement practice and also set out key actions for Trusts including measures of performance. Procurement was on track with the non-pay savings plan. However these savings could only be fully realised if improvements were made to process and compliance. There was a need to review all procurement systems and processes to ensure value for money was achieved in getting the right product. New procurement processes were to be implemented to ensure contracts were competitive, benchmarked and managed. She noted the need for a data analysis tool to be procured to assist with identifying areas for savings opportunity and highlight any non-compliance.

In response to a query from the Interim Chief Executive, it was noted that a desktop assessment of the recommendations and standards had been undertaken and the Assistant Director of Procurement and Supplies agreed to provide a spreadsheet (with the Finance reports) for the Committee to monitor compliance.

ADPS

Responding to a query from Mr R Kilner, Non-Executive Director, it was noted that some non-pay spend control projects undertaken in individual CBUs had not been included in this report. In discussion on whether further engagement had taken place with an external party to accelerate procurement savings, it was noted that though this company would be able to assist the Trust in achieving savings, in-year savings was not anticipated. The Committee agreed that this work be taken forward subject to further discussion on the proposal for payment to be made upfront on savings.

DFBS/
ADPS/
IDSI

In discussion on the need for clinical engagement, members were advised that Clinical Procurement Group had been established, however there was a need to strengthen this Group and provide appropriate data to this Group in order that decisions could be taken.

Health Logistics had been appointed to re-engineer the catalogue process and manage the catalogue. Their target was to make 25 catalogues live by end of December 2012, 100 by end of January 2013 and 250 by end of March 2013. In response to a query from Ms J Wilson, Non-Executive Director, the Assistant Director of Procurement and Supplies advised that a review of cedar orders indicated that 21% of orders were catalogue and 79% were free text. In discussion, it was suggested that a further update on progress with the actions planned to control non-pay spend be provided to the Finance and Performance Committee in June 2013.

ADPS

Resolved – that (A) the Assistant Director of Procurement and Supplies include a spreadsheet within the finance reports in order that the Finance and Performance Committee could monitor procurement compliance;

ADPS

(B) the services of an external party be used to accelerate procurement savings subject to the discussion on their proposal for payment to be made upfront, and

DFBS/
ADPS/
IDSI

(C) an update on progress with achieving the actions planned to control non-pay spend be provided to the Finance and Procurement Committee in June 2013.

ADPS

161/12 **PLICS POSITION MONTH 6 AND REFERENCE COSTS UPDATE**

Paper G provided a brief update on the continued development and roll-out of PLICS and Service Line Reporting (SLR) including results of the 2011-12 reference cost submission released by the Department of Health on 8 November 2012.

The Trust had received the final outputs from the 2011-12 reference cost submission which confirmed that the index for the FCE submission had fallen from 102 to 97. UHL's Reference Cost Index (RCI) score was 96.5 for 2011-12. Members noted that the table on page 3 indicated that UHL was better than average in comparison with peer Trusts in relation to RCI scores. Appendix 3 provided the 2011-12 RCI scores summary by Division and CBU.

Responding to a query from Mr R Kilner, Non-Executive Director, it was noted that in respect of the Emergency Department, attendances had dropped from a score of 136.1 to 118.2 which was due to a reduction in costs between the years and the improvement in coding of the more complex activity. Mr R Kilner highlighted that three CBUs had a RCI score of above 100, in response, the Acting Deputy Director of Finance advised that the scale of the focus was smaller. Although the Trust now reported an index score below the national average, analysis of the data highlighted that long stay patients, Radiotherapy, Diagnostic Imaging and Accident & Emergency as being particularly expensive. These were areas that the Trust would pay particular attention to in preparation for the 2012-13 submission.

Resolved – that the contents of paper G be received and noted.

162/12 CAPITA REVIEW OF CODING IN ED – UHL RESPONSE

Paper L provided an update on progress against the action plan which had been developed following the review of coding in the Emergency Department by Capita. Responding to a query on the level of coding inaccuracies, the Interim Director of Operations advised that it might be due to the volume of patients. He agreed to provide a quarterly update on the progress against the action plan.

IDOI

Resolved – that the Interim Director of Operations to provide a quarterly update on the progress against the action plan in respect of the Coding review.

IDOI

163/12 2013-14 ACUTE CONTRACT NEGOTIATIONS

Paper M provided an update on the progress of the 2013-14 contract negotiations for the Acute Services Contract. The Trust had submitted a high quantum of counting and coding proposals for 2013-14 which reflected the growing level of clinical engagement in UHL's financial management during 2012-13 (specifically in the use of PLICS data) and the on-going financial challenges faced by CBUs. Through the 2012-13 process, the Trust was successful in agreeing a significant number of proposed counting and coding submissions, however transacting some of the proposals during the year had proved challenging. The Director of Finance and Business Services advised that this had led Commissioners to take the stance that they would only agree a change if it could be demonstrated that the Trust was able to make the change ahead of 1 April 2013. He noted the need for a negotiation process to be undertaken.

Resolved – that the contents of paper M be received and noted.

164/12 COMMUNITY ELECTIVE ACTIVITY TENDER

The Director of Finance and Business Services updated members on the elective care tender initiated by East Leicester CCG, which (as previously reported) was currently on hold. The 3 Leicester(shire) CCGs had met in October 2012 and the feedback received was that the CCGs would progress this work on a collaborative basis. However, clarity regarding the details of the collaborative approach was currently being sought and update would be provided to the Finance and Performance Committee in January 2013.

DFBS

Resolved – that (A) the Director of Finance and Business Services provide an update on the community elective activity tender at the Finance and Performance Committee in January 2013, and

DFBS

(B) an update on the community elective activity tender be highlighted verbally to the public 29 November 2012 Trust Board.

FPC
CHAIR

165/12 MINUTES FOR INFORMATION

165/12/1 Confirm and Challenge Meetings

Resolved – that the Minutes of the 17 October 2012 Confirm and Challenge meeting (paper N) be received and noted.

165/12/2 Governance and Risk Management Committee

Resolved – that the Minutes of the 22 October 2012 GRMC meeting (paper O) be received and noted.

166/12 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE

Resolved – that the cancellation of the next Finance and Performance Committee meeting on 20 December 2012 be noted.

167/12 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that the issues in Minute 160/12/2 and Minute 164/12 be highlighted verbally to the public Trust Board meeting on 29 November 2012.

FPC
CHAIR

168/12 ANY OTHER BUSINESS

There were no items of any other business.

169/12 DATE OF NEXT MEETING

Resolved – that the next Finance and Performance Committee be held on Wednesday 30 January 2013 from 9.15am – 12.15pm in Rooms A&B, Clinical Education Centre, Leicester General Hospital site.

The meeting closed at 12:25pm
Hina Majeed, Trust Administrator

Attendance Record

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
I Reid (Chair)	8	8	100%	M Lowe-Lauri	3	2	67%
J Birrell	3	3	100%	A Seddon	8	8	100%
K Harris	8	4	50%	G Smith *	8	8	100%
S Hinchliffe	7	5	71%	A Tierney	4	3	75%
R Kilner	8	8	100%	J Wilson	8	8	100%

* non-voting members