

Trust Board paper F

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 5 APRIL 2012

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr I Reid, Non-Executive Director

DATE OF COMMITTEE MEETING: 22 February 2012. A covering sheet outlining the key issues discussed at this meeting was submitted to the Trust Board on 1 March 2012.

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

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

- NONE

DATE OF NEXT COMMITTEE MEETING: 28 March 2012

Mr I Reid – Non-Executive Director and Finance and Performance Committee Chair
29 March 2012

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD ON
WEDNESDAY 22 FEBRUARY 2012 AT 8.15AM IN THE BOARD ROOM,
VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY**

Present:

Mr I Reid – Non-Executive Director (Committee Chair)
Mr R Kilner – Non-Executive Director
Mrs S Hinchliffe – Chief Operating Officer/Chief Nurse
Mr M Lowe-Lauri – Chief Executive
Mr A Seddon – Director of Finance and Procurement
Mr G Smith – Patient Adviser (non-voting member)
Dr A Tierney – Director of Strategy (from Minute 30/12/4)
Mrs J Wilson – Non-Executive Director

In Attendance:

Mr I Baxter – PwC (for Minute 29/12 [part])
Ms K Bradley – Director of Human Resources
Mr N Doverty – Divisional Manager, Clinical Support (for Minute 30/12/1)
Dr S Campbell – Divisional Director, Clinical Support (for Minute 30/12)
Mr W Greenwood – Finnermore (for Minute 31/12/4)
Mr O Pritchard – Browne Jacobson (for Minute 29/12 [part])
Dr P Rabey – Acting Medical Director
Mr T Scrivens – General Manager, Empath project (for Minute 29/12 [part])
Dr P Shaw – Clinical Director, Empath project (for Minute 29/12)
Mr C Stirling – Deloitte (for Minute 31/12/4)
Ms H Stokes – Senior Trust Administrator

ACTION

26/12 APOLOGIES AND WELCOME

Apologies for absence were received from Dr K Harris, Medical Director. The Committee Chair welcomed Dr P Rabey, Divisional Director Women's and Children's, to the meeting in the capacity of Acting Medical Director.

27/12 MINUTES

Resolved – that the Minutes of the Finance and Performance Committee meeting held on 25 January 2012 be confirmed as a correct record.

28/12 MATTERS ARISING FROM THE MINUTES

The following items were noted in respect of the matters arising report at paper B:-

- (a) Minute 18/12/2 – it was planned to discuss the staff attitude and opinion survey findings at the 1 March 2012 Trust Board development session (which had not been possible on 2 February 2012 as originally intended). The 6 March 2012 Executive Team meeting would then focus on an organisational development workshop, and
- (b) Minute 14/11/2 – this could be removed from the outstanding log, as good practice models and KPIs for the transformational schemes were being progressed through the Transformation Board.

DHR

STA

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

**EDs/
STA**

28/12/1 Report from the Director of Finance and Procurement (Minute 16/12/1)

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

29/12 **PATHOLOGY JOINT VENTURE**

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

30/12 **2011-12**

30/12/1 Report from Clinical Support Division

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

30/12/2 Quality Finance and Performance Report – Month 10

Paper E provided an overview of UHL's operational, quality, HR and finance performance against national, regional and local indicators for the month ending 31 January 2012 (month 10). As per recommendations from External Audit, the narrative accompanying the report now differed between the Finance and Performance Committee and the GRMC, focusing on finance issues and quality issues respectively. In introducing paper E (and prior to discussion on its financial elements) lead Directors noted the following points by exception:-

- (1) progress on the issues for which Flory activity monies had been received by UHL (including endoscopy waits, which were now on target);
- (2) UHL was now managing planned waiting lists on behalf of all LLR GPs;
- (3) progress on addressing 52-week wait requirements; all 3 patients had now been allocated a date and the Trust was now working on a 40-week stretch target. In respect of the 26-week target all patients were due to be listed (General Surgery);
- (4) UHL was already now meeting the new diagnostic waits which would come into force as of 1 April 2012;
- (5) the addition of appropriate Provider Management Regime (PMR) elements into the monthly quality finance and performance report, noting slight differences between the PMR and Monitor in terms of the number of indicators requiring to be achieved;
- (6) UHL had met the 62-day cancer target in January 2012;
- (7) the continuing work underway to understand UHL's SHMI rating more fully (including the adverse impact of inaccurate coding), which would be discussed further by the 23 February 2012 GRMC, and
- (8) that Divisional presentations to the Workforce and Organisational Development Committee from March 2012 onwards would include sickness absence and appraisal issues – in response to a query the Workforce and Organisational Development Committee Chair considered that March 2012 was probably too early to include an assessment of the quality of appraisals (work in progress).

In discussion on the operational/quality/HR aspects of the month 10 report members:-

(a) queried how payments for additional winter activity were calculated (eg whether this was done on a formula basis), and noted continuing dialogue with the PCT Cluster regarding the disappointing outcome of UHL's Flory bids for funding of the additional winter activity beds incurred by the Trust;

(b) noted the 3-year trajectories to reduce both outpatient patient DNA (Did Not Attend) and

hospital cancellation rates in line with Better Care Better Value indicators. Specialties already achieving the trajectory reductions would be given more challenging stretch targets. In further discussion, the Acting Medical Director clarified that not all hospital cancellations adversely affected patients (eg those which brought appointments forward, for example), and he advised differentiating between those which did and those which didn't;

COO/
CN

(c) noted a query from Ms J Wilson Non-Executive Director and Workforce and Organisational Development Committee Chair, as to progress on theatre utilisation, which she felt had plateau'd. The Chief Operating Officer/Chief Nurse outlined plans to refresh and refocus the direction/terms of reference of the Theatres Board, ensuring an appropriate feed-in to capacity planning work. Current metrics were also being reviewed to ensure they were as meaningful as possible. Members requested a further update on work to progress theatre utilisation (as part of the transformation work) in 3-6 months' time;

COO/
CN

(d) noted a query from Ms J Wilson Non-Executive Director and Workforce and Organisational Development Committee Chair, as to progress in embedding 'Releasing Time to Care' on UHL wards, which she would discuss further with the Chief Operating Officer/Chief Nurse outside the meeting. Members noted links to overall 'lean' working initiatives, which had been discussed further by the Executive Team on 21 February 2012, and

JWNED/
COO/
CN

(e) noted (in response to a query) that the month 10 increase in Planned Care readmissions was linked to increased winter activity levels – as noted by the Acting Medical Director, this illustrated the real need to have appropriate primary care alternatives in place to avert unnecessary admissions and readmissions. The Director of Finance and Procurement confirmed that recently-issued Payment by Results guidance had helpfully clarified the readmissions penalty position.

The Director of Finance and Procurement then reported on UHL's financial position for month 10 as detailed in paper E, welcoming the continued reduction in pay expenditure which was now below plan for the first time in 2011-12. However, the in-month position was adversely affected by income falls affecting ECMO (£0.7m adverse to plan in January 2012, reflecting very low activity levels nationally – ECMO support was now being discussed with Commissioners), and Medicine (due to a significant and unexpected tariff drop; on investigation, approximately 1/3 of in-month activity had not been coded – addressing this was expected to recoup between £0.5m-£1m. In response to a query from the Finance and Performance Committee Chair, it was confirmed that an appropriate metric had now been identified to flag coding backlogs, noting also that from April 2012 Trusts would have only 15 days to address in-month coding errors). In discussion on the month 10 financial position, the Finance and Performance Committee:-

- (i) voiced concern (in light of the issue above) over progress in improving coding, and queried who was leading this work. Although noting the coding update included on this agenda for information, the Finance and Performance Committee Chair requested that appropriate metrics be developed to measure the accuracy of the coding being done. He further requested that these metrics be submitted to the March 2012 Finance and Performance Committee to provide greater assurance, together with the overarching coding action plan. In further discussion on this matter, the Chief Operating Officer/Chief Nurse outlined the work already underway to address UHL's relatively low starting point on coding, and agreed to circulate the individual specialty-level progress plans to members for information. Members also noted recent communication to Clinicians from the Medical Director, reiterating the need to update medical records (following ward rounds) to include a diagnosis and co-morbidities (which would also therefore improve the accuracy of

COO/
CN

- the coding);
- (ii) voiced concern over the income position of the ECMO service, with losses in both December 2011 and January 2012. The Chief Executive advised that he would be leading work (with Acute Care) to develop an ECMO Strategy focusing on ensuring flexibility and variability of the service cost-base, in addition to work to reduce that overall cost-base; CE
 - (iii) voiced disappointment that the report did not contain an April 2012 forecast, and DFP
 - (iv) queried how to interpret the 2011-12 CIP delivery forecast in light of the amount still RAG rated as 'red'. The Director of Finance and Procurement considered that a significant amount of that would be delivered, and the Finance and Performance Committee Chair reiterated the need for the RAG ratings to be truly reflective of the likelihood of delivery.

Resolved – that (A) the month 10 quality finance and performance report (month ending 31 January 2012) be noted;

(B) consideration be given to differentiating between those hospital outpatient appointment cancellations which adversely impacted on patients, and those which did not; COO/
CN

(C) an update on theatres utilisation work be provided to the Finance and Performance Committee in 3-6 months' time (May – August 2012); COO/
CN

(D) ward-based progress on Releasing Time to Care be discussed outside the meeting; COO/
CN/
JWNED

(E) development of an 'ECMO strategy' be reported to the March 2012 Finance and Performance Committee, covering both plans to reduce the service cost-base and making that cost-base more flexible; CE

(F) a full quarterly forecast on a month-by-month basis be included in all future quality finance and performance monthly reports; DFP

(G) metrics be developed re: the accuracy of coding, and received at the Finance and Performance Committee with the overarching coding action plan, and COO/
CN

(H) specialty-level project plans re: the clinical coding transformation scheme be circulated to Finance and Performance Committee members for information. COO/
CN

30/12/2.1 CBU Issue

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

30/12/3 Stabilisation to Transformation

30/12/3.1 Financial Recovery Plan Progress

Paper F updated the Finance and Performance Committee on progress against the Trust's 2011-12 financial recovery plan and on the additional actions being taken to mitigate the financial risks. The report outlined a range of potential year-end outcomes, noting the risk rating ascribed to each of the listed actions. UHL had discussed its financial position with Commissioners, and a further meeting was planned for the week beginning 27 February 2012 to clarify certain assumptions and resolve the year-end position. The Director of Finance and

Procurement noted his confidence that UHL's 2011-12 financial requirements would be achieved with Commissioner support. In discussion, members queried therefore what messaging would be provided to UHL staff at year-end to explain the achievement of 2011-12 financial requirements. The Director of Finance and Procurement noted ongoing work by the Executive Team to improve staff communications more generally, particularly in very challenging times such as currently. The Chief Operating Officer/Chief Nurse suggested that any communication should emphasise the scope to make efficiencies through changes in practice, and also recognise the crucial need for staff buy-in, given that 2012-13 was likely to be more challenging still.

Resolved – that the update on progress against UHL's 2011-12 financial recovery plan be noted, and highlighted accordingly to the 1 March 2012 Trust Board (item already scheduled).

**FPC
CHAIR**

30/12/3.2 Report by the Director of Human Resources

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

30/12/4 PLICS/Reference Costs

Paper F1 outlined progress in embedding the Patient Level Information Costing System (PLICs) within UHL and also detailed the recently-issued national results for the 2010-11 reference costing round. In brief discussion on the reference cost table within the report, the Finance and Performance Committee Chair noted the position of two specific large FTs with reference costs in excess of 100.

Resolved – that the update be noted.

31/12 2012-13

31/12/1 2012-13 Annual Operational Plan (AOP)

Paper G from the Director of Strategy outlined the proposed timetable for, and content of, UHL's 2012-13 Annual Operational Plan (in line with recent SHA guidance), and also noted the various governance and lead responsibilities. This issue had also been discussed by the UHL Executive Team on 21 February 2012. With its development being managed through a dedicated task and finish group, the 2012-13 Annual Operational Plan would be presented to the Trust Board for approval on 30 March 2012 (additional extraordinary public meeting), following further Finance and Performance Committee consideration on 28 March 2012. Development of the finance section and linkages to workforce issues would be a key focus, as the most challenging requirements. A draft version of the AOP would be discussed at the 1 March 2012 Trust Board development session.

DS

In response to a query from Ms J Wilson Non-Executive Director and Workforce and Organisational Development Committee Chair, it was advised that high-level principles of service reconfiguration would feature in the Annual Operational Plan, as well as being progressed through the Trust's 5-year Integrated Business Plan. Mr G Smith, Patient Adviser, voiced disappointment that the SHA template for the Annual Operational Plan contained no reference to patient and public involvement (PPI) – in response, the Trust confirmed that PPI would nonetheless be included in UHL's AOP.

Resolved – that (A) the timetable for development and approval of the 2012-13 UHL Annual Operational Plan be noted, and

(B) the 2012-13 Annual Operational Plan be discussed further at the 28 March 2012 Finance and Performance Committee, prior to being presented for approval at the additional public Trust Board meeting on 30 March 2012.

DS

31/12/2 2012-13 Acute Contract Negotiations

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

31/12/3 2012-13 Cost Improvement Programmes and Transformation Support Office Update

Paper I updated the Committee on the progress of the Transformational Support Office (TSO), and on the identification of cost improvement programme plans (CIPs) for 2012-13. In introducing the report, the Director of Finance and Procurement voiced concern that Divisional/Directorate CIPs did not fully reflect either appropriate headcount implications or the impact of the current capacity planning work. In discussion on paper I, the Finance and Performance Committee:-

- (a) advised splitting the 'value of CIPs' column in future iterations, to differentiate between 'direct costs' and 'pay costs';
- (b) noted confirmation that the CIP schemes were true 'cost reduction' schemes rather than relying on additional income;
- (c) noted that the workforce assumptions of each CIP (as set out in the project initiation document for each scheme) would be robustly challenged through the Transformation Board and the Confirm and Challenge process;
- (d) reiterated the need for CBUs to take appropriate ownership of their CIPs and ensure that the plans were robust and realistic. Services must also recognise the need (where appropriate) for headcount reductions;
- (e) queried whether internal examples of good CIP practice were being appropriately shared, and whether sufficient resource was being invested in CIP planning;
- (f) voiced concern and a degree of frustration at the level of progress on the Trust-wide transformational schemes. The Finance and Performance Committee Chair also queried the outcomes obtained from the involvement of external resource;
- (g) noted that the level of CIP detail expected at the March 2012 CBU confirm and challenge sessions would be discussed by the 22 February 2012 Transformation Board;
- (h) received assurance (in response to a query) that the process for developing and challenging the 2012-13 CIPs was more rigorous than in previous years. Ms J Wilson Non-Executive Director and Workforce and Organisational Development Committee Chair, requested that Divisional views also be sought on this new approach;
- (i) queried whether sufficient senior-level resource was dedicated within the Transformation Support Office, noting discussions underway to strengthen this and
- (j) agreed that an update on the TSO and the development of 2012-13 CIPs should be provided to the 1 March 2012 Trust Board.

**COO/
CN**

**CE/
DFP**

Resolved – that (A) future iterations of the CIP report differentiate between 'direct costs' and 'pay costs' when stating the value of each CIP scheme;

DFP

(B) Divisional perceptions of the different approach to developing/confirming and challenging 2012-13 CIPs be sought, and

**COO/
CN**

(C) an update on the Transformation Support Office and progress in identifying 2012-13 CIPs be reported to the 1 March 2012 Trust Board.

**CE/
DFP**

31/12/4 Phase II Workstreams – Update

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

31/12/5 Salary Sacrifice Scheme Update

The Director of Strategy confirmed the 20 February 2012 receipt by all staff of letters in respect of the carparking charges salary sacrifice scheme. Of the 29 letters returned as undeliverable, 27 had been redirected on the same day. A helpline had been set up to respond to staff queries, and points raised via the Ask the Boss facility had been addressed. In discussion, the Director of Human Resources commented on the somewhat challenging reception received at the Local Negotiating Committee in respect of the proposals.

Resolved – that the verbal update be noted.

31/12/6 Community Elective Activity Tender – Update

Further discussion had taken place at the 14 and 21 February 2012 Executive Team meetings, noting the different approaches between the Clinical Commissioning Groups and a forthcoming Bidder Day.

Resolved – that the Finance and Performance Committee continue to receive monthly updates on progress re: the community elective activity tender.

DS

32/12 CONSULTANT JOB PLANNING

The Acting Medical Director provided a verbal update on progress re: Consultant jobplanning, noting that a more detailed written report was scheduled for the 28 March 2012 Finance and Performance Committee. Despite progress to date, jobplanning was inconsistently implemented across the Trust and the Acting Medical Director considered that there were further gains to be made. An IT tool was now available to support jobplanning and the Acting Medical Director noted the need for all SPA activities to be clearly defined, for clearer objective-setting, and for productivity and efficiency gains to be identified through jobplanning. It was planned to develop appropriate productivity and capacity metrics, and the Acting Medical Director advised that although jobplanning would be progressed through the Transformation Board its impact would also be felt within other cross-cutting schemes such as theatre utilisation and outpatients.

(A)MD

(A)MD

All Consultants had also been reminded that jobplanning must be undertaken in order to progress any clinical excellence awards. The Director of Human Resources voiced her support for the actions taken by the Medical Director and Acting Medical Director, and recognised the need for appropriate training to be offered to CBU/medical leads/heads of service. The Chief Executive also commented on the issue of NHS-funding of academic clinicians.

Resolved – that the Consultant jobplanning workstream be progressed through the Transformation Board, noting the further update scheduled for the 28 March 2012 Finance and Performance Committee.

(A)MD

33/12 ITEMS FOR INFORMATION

**Resolved – that the following items be noted for information:-
(1) update on the coding transformational scheme;**

- (2) cost-benefit analysis of the ANP role, and
- (3) CQUIN reconciliation (quarter 2).

34/12 MINUTES FOR INFORMATION

Resolved – that the following items be noted for information:-

- (1) 18 January 2012 Confirm and Challenge action notes;
- (2) 26 January 2012 GRMC Minutes, and
- (3) 11 January 2012 QPMG action notes.

35/12 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE

Paper Q comprised a draft agenda for the 28 March 2012 Finance and Performance Committee – this was approved with the following additional items:-

- the issue within confidential Minute 30/12/1 above;
- coding action plan and metrics;
- internal trading update;
- the issue in confidential Minute 30/12/2.1 above, and
- development of an ECMO Strategy.

Resolved – that the 28 March 2012 Finance and Performance Committee agenda be approved subject to the additions outlined above.

STA

36/12 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that the following item be highlighted to the Trust Board through these Minutes:-

- (A) progress against the 2011-12 financial recovery plan (Minute 30/12/3.1).

**FPC
CHAIR**

37/12 ANY OTHER BUSINESS

None.

38/12 DATE OF NEXT MEETING

Resolved – that the next Finance and Performance Committee be held on Wednesday 28 March 2012 from 8.15am in the Board Room, Victoria Building, LRI.

The meeting closed at 12.30pm

Helen Stokes
Senior Trust Administrator