


University Hospitals of Leicester   
NHS Trust

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

**DATE OF TRUST BOARD MEETING: 29 August 2013**

**COMMITTEE: Finance and Performance Committee**

**CHAIRMAN: Mr R Kilner, Non-Executive Director**

**DATE OF COMMITTEE MEETING: 24 July 2013**

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

None

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

- Minute 77/13/2 – month 3 financial performance, and
- Minute 77/13/3 – Divisional financial recovery plans.

**DATE OF NEXT COMMITTEE MEETING: 28 August 2013**

Mr R Kilner  
22 August 2013

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD  
ON WEDNESDAY 24 JULY 2013 AT 8.30AM IN SEMINAR ROOMS A & B, CLINICAL  
EDUCATION CENTRE, LEICESTER GENERAL HOSPITAL**

**Present:**

Mr R Kilner – Non-Executive Director (Committee Chair)  
Mr J Adler – Chief Executive  
Colonel (Retired) I Crowe – Non-Executive Director  
Mr R Mitchell – Chief Operating Officer  
Mr A Seddon – Director of Finance and Business Services  
Mr G Smith – Patient Adviser (non-voting member)  
Ms J Wilson – Non-Executive Director

**In Attendance:**

Mr P Burns – Head of Trust Cost Improvement Programme (for Minutes 77/13/4 and 77/13/5 only)  
Mrs K Rayns – Trust Administrator  
Ms C Ribbins – Acting Chief Nurse (for Minute 77/13/6 only)  
Mr S Sheppard – Deputy Director of Finance  
Ms A Smith – Assistant Director of Procurement and Supplies (for Minute 77/13/7 only)

**ACTION**

**RESOLVED ITEMS**

**74/13 APOLOGIES AND WELCOME**

The Committee Chairman welcomed Colonel (Retired) I Crowe, Non-Executive Director and Mr R Mitchell, Chief Operating Officer to the meeting.

Apologies for absence were received from Mr P Panchal, Non-Executive Director. Members noted that the Trust Board had endorsed the appointment of Mr Panchal to the membership of the Finance and Performance Committee on 27 June 2013.

**75/13 MINUTES**

**Resolved** – that the Minutes of the 26 June 2013 Finance and Performance Committee meeting (paper A) be confirmed as a correct record.

**76/13 MATTERS ARISING**

**76/13/1 Matters Arising Progress Report**

The Committee Chairman confirmed that the matters arising report provided at paper B detailed the status of all previous matters arising. Members commented positively upon the new format of the matters arising report which now featured the recently standardised RAG-rating methodology.

During a line-by-line review of the matters arising report, the Trust Administrator was requested to remove a number of lines where assurance had been provided that the actions were either complete, due to be considered during this meeting or being addressed via another governance route. Particular discussion took place in respect of the following items:-

- (a) action note 1.1 (Minute 61/13) – the Trust Administrator was requested to seek a date for the Audit Committee to consider the arrangements for a proposed Internal Audit of 2013-14 reference costs;
- (b) action note 3 (Minute 64/13/1) – following discussion with the Trust Chairman, it had been agreed that the appointment of an additional Non-Executive Director for the

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|     | Quality Assurance Committee would be taken forward once the current Non-Executive Director vacancy had been filled;  | <b>CHAIR MAN</b> |
| (c) | action note 4.4 (Minute 65/13/1) – the Improvement and Innovation Framework Board would be considering whether to reconvene the Readmissions Project Board and an update would be provided to the Finance and Performance Committee on 28 August 2013;   | <b>CE</b>        |
| (d) | action note 4.5 (Minute 65/13/1) – it was agreed that the Executive Team would oversee the action plan to support delivery of UHL’s Clostridium Difficile trajectory. The Committee Chairman noted that he had been approached by the Lead Infection Prevention Nurse with a view to joining a Clostridium Difficile working group, but the Committee agreed that Non-Executive Director membership of this group would not be appropriate due to its operational nature;  |                  |
| (e) | action note 4.6 (Minute 65/13/1) – clarity had been provided regarding the number of harmful patient falls reported by UHL and the number of these that had occurred within UHL. However, the Committee was still unclear of the reasons why UHL was reporting patient falls which had occurred prior to admission at UHL. The Trust Administrator agreed to seek further clarity from the Acting Chief Nurse on this point;   | <b>TA</b>        |
| (f) | action note 6.2 (Minute 65/13/3) – Ms J Wilson, Non-Executive Director and Quality Assurance Committee Chair advised that she had not yet received recent evidence of the robust quality and safety risk assessment process for CIPs:  | <b>HCIPD</b>     |
| (g) | action note 9.2 (Minute 67/13) – the Committee noted that a progress report on medical workforce CIP schemes would be presented to the 28 August 2013 Finance and Performance Committee meeting. The Chief Executive led a discussion on the reporting route between the Improvement and Innovation Framework Board and the Finance and Performance Committee. He highlighted the need for the reporting process to provide a comprehensive overview of the key issues and major projects in sufficient detail to assure the Finance and Performance Committee. The first iteration of this report would be presented to the Finance and Performance Committee on 28 August 2013 for comments; | <b>CE</b>        |
| (h) | action note 9.4 (Minute 67/13) – the Head of CIP Delivery had not yet circulated examples of clinical outcome metrics to Finance and Performance Committee members for information;  | <b>HCIPD</b>     |
| (i) | action note 11.2 (Minute 72/13/2) – the weekly Executive Team reporting metrics had been updated to align them with the TDA Accountability Framework and these reports would continue to be provided to the Non-Executive Director members of the Finance and Performance Committee for information purposes;  | <b>DFBS</b>      |
| (j) | Minute 39/13/2 of 24 April 2013 – the expected paper on nursing establishment and acuity had been deferred to 28 August 2013 pending completion of the ongoing review (due to be completed in the first week of August 2013) and the Acting Chief Nurse would be attending the meeting later to provide a verbal progress report on this work, and   | <b>ACN</b>       |
| (k) | Minute 40/13/5 of 24 April 2013 – the Director of Finance and Business Services assured the Committee that he would oversee the compilation of the consolidated financial report from Corporate Directorates (due to be presented to the 28 August 2013 meeting). Members agreed that the relevant Executive Directors would not be required to attend the meeting to present this item.   | <b>DFBS</b>      |

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

**77/13 2013-14**

**77/13/1 Month 3 Quality and Performance Report**

Paper C provided an overview of UHL’s quality, patient experience, operational targets and HR performance against national, regional and local indicators for the month ending 30 June 2013. A separate review of UHL’s month 3 financial performance for 2013-14 was provided at paper D (Minute 77/13/2 below refers). As previously agreed, detailed consideration of

UHL's Emergency Care performance would take place at the Trust Board meeting on 25 July 2013.

The Chief Operating Officer particularly highlighted the following aspects of UHL's month 3 operational performance, reporting by exception:-

- (1) ED 4 hour performance for June 2013 stood at 85.3% against the 95% target – recovery plans and the trajectory for improvement would be considered at the 25 July 2013 Trust Board meeting;
- (2) RTT 18 week performance – the admitted targets had not been delivered in 5 specialties – Ophthalmology, Adult ENT, Paediatric ENT, Orthopaedics and General Surgery. Improvement plans and trajectories were in the process of being agreed with the CCGs and other external partners and the Executive Performance Board and the Finance and Performance Committee would review these on 27 and 28 August 2013, respectively. Non-admitted RTT was broadly compliant (with the exception of Ophthalmology) and work was taking place to develop ways in which non-admitted performance could help to support admitted compliance; **COO**
- (3) Imaging 6 week wait performance had been met for May and June 2013 (0.7% and 0.5% respectively against the threshold of 1%);
- (4) 62 day cancer performance target for May 2013 (reported one month in arrears) stood at 80.4% against the 85% national target. However, the focus on detailed action plans appeared to be paying dividends and the June 2013 target had been met;
- (5) choose and book slot availability stood at 13% and was RAG rated as amber. Resolution of slot availability issues was a key component of the RTT recovery plan;
- (6) cancelled operations performance for June 2013 stood at 1.0% against the threshold of 0.8%. Non-compliance was linked to high levels of emergency activity and bed management issues. The Chief Operating Officer briefed the Committee on proposals to develop the role of the Site Team in respect of more dynamic bed allocation and winter planning processes. A detailed exception report was provided at appendix 4;
- (7) stroke performance stood at 79.3% for May 2013 (reported one month in arrears) against the target for 80% of stroke patients to spend 90% of their stay on a stroke ward. A remedial action plan had been submitted to Commissioners for consideration in response to their contract query. An exception report was provided at appendix 5.

Finance and Performance Committee members raised the following comments and queries arising from the Quality and Performance report (paper C):-

- (a) Ms J Wilson, Non-Executive Director requested that exception reports be provided for all areas of non-compliance, particularly those where a contract query had been issued. The Quality Assurance Committee had reviewed the improvement plan for 62 day cancer performance and the performance by tumour site would continue to be scrutinised by that Committee; **COO**
- (b) the Chief Executive clarified that Emergency Care performance exception reports would be presented to the Trust Board until a sustainable compliant position was reached and that the Finance and Performance Committee would receive reports on 'live' contract queries;
- (c) Ms J Wilson, Non-Executive Director queried the scope for a 'deep dive' into delayed discharges and noted (in response) that this was an integral component of the Emergency Care recovery plan. It was agreed that delayed discharges would be removed from the list of Quality Assurance Committee forward items of business; **QAC CHAIR/TA**
- (d) the Committee Chairman highlighted improvements in the number of cancelled operations, but noted that approximately 25% of cancellations on the day of surgery were attributed to lack of theatre time/list overruns. The Chief Operating Officer agreed to analyse this data further to explore the ratios and volumes of such cancellations, which might be subject to seasonal variation; **COO**
- (e) the Patient Adviser highlighted changes in the Friends and Family Test score (64.9 in June 2013 compared to 73.9 in May 2013) and queried how this was being followed up within the Trust. In response, it was noted that the Quality Assurance Committee had

- reviewed this data on 23 July 2013 and that further work was taking place to analyse any hotspots, and
- (f) the Chief Operating Officer noted his intention to modify (fine tune) the Quality and Performance reporting template through an iterative process over the next few months. COO
- Resolved – that (A) the month 3 Quality and Performance report (paper C) be received and noted;**
- (B) detailed discussion on ED performance and emergency care issues be deferred to the public Trust Board meeting on 25 July 2013;** COO
- (C) improvement plans for RTT 18 weeks performance be provided to the 28 August 2013 Finance and Performance Committee meeting;** COO
- (D) performance exception reports be provided to the Finance and Performance Committee for all areas of non-compliance and live contract queries (excluding ED performance which was reported directly to the Trust Board);** COO
- (E) delayed discharges be removed from the Quality Assurance Committee forward agenda as this work was an integral component of the Emergency Care recovery plan, and** QAC  
CHAIR/  
TA
- (F) the Chief Operating Officer be requested to analyse cancelled operations attributed to lack of theatre time/overruns and provide an update within the month 4 Quality and Performance report.** COO

77/13/2 Month 3 Financial Performance 2013-14

Paper D summarised the Trust's month 3 financial position and the accompanying appendices provided the income and expenditure account, balance sheet, cash flow forecasts, capital programme, cost improvement programme, and breakdowns of financial performance and forecast positions by Division and CBU. The Deputy Director of Finance and Business Services drew members' attention to salient aspects of the report, particularly noting:-

- (a) an in-month deficit of £3.4m which was £3.2m adverse to plan. The year to date deficit stood at £6.9m which was £5.8m adverse to the planned deficit of £1.1m. In view of the Trust's unsustainable financial position, detailed recovery plans had been developed for the Acute Care and Planned Care Divisions and these featured later in the agenda (Minute 77/13/3 below refers);
- (b) year to date income was £0.8m favourable to plan and this was mainly attributed to over-performance in Outpatients and ED. Table 4 on page 3 provided an analysis of price and volume variances. Focused reviews of the most significant variances were underway at Divisional level and the outputs from this work would be included in the month 4 financial performance report; DFBS
- (c) that section 1.34 of paper D provided increased visibility surrounding penalties and fines for April, May and June 2013. The assumed year to date position (£0.35m) was based upon 95% of CQUIN targets being achieved and no provision had been made for any potential ambulance turnaround penalties;
- (d) year to date pay expenditure was £4.8m adverse to plan, reflecting continued use of extra capacity wards to meet emergency demand and the impact of the 1% pay award. A particular focus on premium payments and the ratio between bank and agency staff was being maintained and nursing incentive payments had ceased in all areas except ED, and
- (e) that the year to date non-pay variance to plan stood at £2.8m (4%) and this reflected £1m of activity related pressures, £0.6m of income backed costs (eg NICE and high cost therapy costs), £0.7m cost pressures (eg Consultancy costs and hire of mobile imaging van), and £0.6m undelivered CIP (see Minute 77/13/4 below).

The Director of Finance and Business Services updated the Committee on the Trust's Month 3 cash position (which stood at £19.1m) and the management actions planned to prevent the Trust's cash balance falling below the £2m minimum level (set by the Trust) in mid-September and mid-October 2013. He also provided feedback from a monthly review meeting with the NHS Trust Development Authority (TDA) advising that Mr N Ryan, TDA Senior Business Consultant would be visiting the Trust on 25 July 2013 and a follow-up meeting with the TDA was being arranged for late August or early September 2013 to consider and agree the actions required to return the Trust to a financially sustainable position.

Finance and Performance Committee members raised the following comments and queries on the Trust's financial performance:-

- 1) Ms J Wilson, Non-Executive Director sought views on the level of understanding amongst the CBU and Divisional teams regarding the scale of the financial deficit. The Chief Executive provided some assurance relating to the robust discussions taking place through the Divisional Confirm and Challenge meetings but he commented upon the size of the Divisions and opportunities to strengthen engagement in the Trust's overall performance. Discussion on the Acute Care and Planned Care financial recovery plans took place under Minute 77/13/3 below;
- 2) Ms J Wilson, Non-Executive Director sought assurance that the issues surrounding the patient care income variance against plan for the Women's CBU were being appropriately addressed. The Deputy Director of Finance advised that the Women's CBU had signed up to the plan for maternity activity in March 2013 and the Committee Chairman noted that the quarter 1 deficit against plan equated to a 12% variance. It was agreed that an update on maternity activity against plan would be provided to the 28 August 2013 meeting; **DFBS**
- 3) the Committee Chairman requested that a specific paper on management of the Trust's cash position be provided to the 28 August 2013 Finance and Performance Committee meeting; **DFBS**
- 4) the Committee Chairman welcomed the table provided in section 1.3.4 of paper D providing a breakdown of the financial penalties incurred for the first quarter of 2013-14. He requested that a further column be added to future iterations of this table providing an estimate of the quarter 2 penalties. The Director of Finance and Business Services advised that it might be prudent to report the gross and net position relating to penalties, as some of these were designated for reinvestment in improvements to UHL's services, and **DFBS**
- 5) the Committee Chairman sought additional assurance relating to the number of nursing vacancies within the Trust (between 250 and 270) and the number of additional capacity beds currently open. It was agreed that an analysis of nursing pay costs and bed capacity for quarter 1 2012-13 and quarter 1 2013-14 would be provided to the next Finance and Performance Committee meeting to enable a direct comparison to be drawn. **DFBS**

**Resolved – that (A) the month 3 Financial Performance report (paper D) be received and noted;**

**(B) the Director of Finance and Business Services be requested to provide the following information to the Finance and Performance Committee on 28 August 2013:-** **DFBS**

- an update on maternity activity against plan;
- a specific paper on management of the Trust's cash position;
- an additional quarter 2 forecast column on the table relating to penalties, and
- a comparison of nursing costs and bed capacity between quarter 1 2012-13 and quarter 1 2013-14.

The Chief Executive introduced paper E which provided a headline assessment of the Acute and Planned Care financial recovery plans, as considered by the Executive Performance Board on 23 July 2013. Papers E1 and E2 provided the respective recovery plans as presented to the Executive Performance Board. The Chief Executive apologised for the late circulation of these papers (due to the timing of the Executive Performance Board meeting) and members were given some time to review these reports prior to the discussion on this item.

During discussion on these reports, Finance and Performance Committee members particularly noted that:-

- (a) neither of the recovery plans had been signed off by the Executive Performance Board and instead of seeking revised submissions, it had been agreed that the Director of Finance and Business Services and the Chief Operating Officer would work intensively with the Divisions and selected CBUs to address the most significant issues which were driving the Trust's negative run-rate. Clarity was provided that the usual chains of accountability through the Divisional management teams would be maintained throughout this intensive work;
- (b) the Divisions had presented their recovery plans in different presentational formats and the Director of Finance and Business Services was producing a standardised template for future presentation of financial recovery plans to promote additional clarity and ease of interpretation;
- (c) the Acute Care recovery plan (paper E1 refers) had appeared to be over-reliant on generating additional income from a variety of sources including appropriate Commissioning arrangements for delayed transfers of care, bids for transformational funding, re-based nursing budgets (reflecting ward acuity levels and supernumerary status for ward managers) and budget increases to mitigate for those CIP schemes which had been negated by continued overheating of the emergency care system. There was an insufficient focus on controlling expenditure within the plan;
- (d) the Planned Care recovery plan (paper E2 refers) had appeared to be a stronger, well-balanced plan which might tackle elements of over-spending. However, when the Division had been challenged regarding additional income for RTT and cancer activity, they had been unable to specify whether the assumed additional funding was gross or net of service delivery costs and there were concerns about the veracity of patient numbers and the risk of double counting. The issues affecting the Acute Care Division relating to nursing acuity levels, supernumerary status and cancelled CIP schemes [point (b) above refers] also applied within the Planned Care Division. The Executive Performance Board had endorsed the proposal to return 2 bays on ward 19 to the Planned Care Division in order to increase productivity, support the RTT backlog clearance and reduce the number of cancelled operations;
- (e) the Committee was shown a graph depicting the increased use of agency nurses compared with bank nurses over the past 12 -18 months. Members noted the impact of block agency nursing contracts and overheating within the emergency care system upon bank fill rates generally. The Acute Care and Planned Care Divisions were noted to face quite different challenges and had responded with different approaches to management control. Some additional support for managing agency nursing expenditure within the Acute Care Division had been deemed appropriate. A Corporate workstream was underway (led by the Acting Chief Nurse and the Director of Human Resources) to develop a strategy for reducing agency nursing costs whilst protecting ward staffing levels. Initial improvement plans were due to be presented to the Executive Team on 30 July 2013 and an updated position would be reported to the 28 August 2013 Finance and Performance Committee meeting;
- (f) delays had been incurred in implementing the Theatre Improvements Project, where the Planned Care Division were still running between 46 and 47 theatres instead of progressing towards the identified optimum number of 35 theatres. Significant estates and theatre plant issues were also highlighted in section 5.4 of paper E2;
- (g) the Committee Chairman challenged the current level of management capability within some CBUs, noting that the under-performing CBUs were broadly the same ones that

**DFBS**

**ACN/  
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- had been under-performing 2 years previously. He requested that a focused discussion on CBU management capability be held at the 28 August 2013 Finance and Performance Committee meeting;
- (h) the Divisional recovery plans did not yet have agreed trajectories for improvement and that consideration was being given to re-introducing the weekly Divisional metrics meetings which had proved helpful during 2011-12 in increasing the focus on staffing controls. In view of the potential impact upon patient safety and quality of care, it was not felt appropriate to implement centralised staffing controls at the current time, but all of the Divisions and CBUs had been requested to implement enhanced controls in respect of premium cost staff bookings whilst maintaining safe staffing levels, and
  - (i) in response to a query from the Patient Adviser regarding the arrangements for communicating key messages to staff regarding financial performance, it was confirmed that an update on the Divisional recovery plans would be presented to the Trust Board on 25 July 2013 and that the Trust's month 3 financial performance would feature strongly in the next Chief Executive's staff briefing.

**FPC  
CHAIR/  
TA**

**Resolved – that (A) the financial recovery plans for the Acute and Planned Care Division and the Chief Executive's accompanying summary be received and noted;**

**(B) the Director of Finance and Business Services and the Chief Operating Officer undertake intensive support work with identified CBUs to address the most significant issues driving the Trust's negative run-rate and provide an update to the Committee in August 2013;**

**DFBS/  
COO**

**(C) a standardised template be introduced for future presentation of UHL financial recovery plans;**

**DFBS**

**(D) an update on the corporate workstream to improve the ratio between agency and bank nursing expenditure be provided to the 28 August 2013 Finance and Performance Committee meeting, and**

**ACN/  
DHR**

**(E) a focused discussion on CBU management capability be scheduled on the Finance and Performance Committee agenda for 28 August 2013.**

**FPC  
CHAIR/  
TA**

77/13/4 Cost Improvement Programme (CIP)

Mr P Burns, Head of Trust Cost Improvement Programme attended the meeting to present paper F which updated the Committee on the current status of the Trust's 2013-14 Cost Improvement Programme. There were 325 schemes with an in-year delivery value of £36.2m against the revised target of £37.7m. Table 4 on page 5 of paper F provided the RAG-rating profiles. The percentage of schemes RAG-rated as red now stood at 0.2% of identified schemes and 4.1% of unidentified CIP schemes – the latter category mainly related to a shortfall in the development of IM&T related schemes.

In discussion on paper F the Finance and Performance Committee particularly noted:-

- (a) that a number of Trust-wide CIP schemes were not yet fully accounted for within the CIP – these included consistent inclusion of e-rostering savings and the outputs from some work currently being undertaken within the Trust by Accenture (expected to deliver in the region of £420k);
- (b) a suggestion that the reimbursements expected to arise from discussions with the University of Leicester might be less robust than previously anticipated. The Director of Finance and Business Services refuted this suggestion indicating that the negotiations regarding academic job plans were progressing well, but the landlord elements of Trust accommodation allocated for University use might deliver less than expected;
- (c) that a detailed review of procurement savings schemes had been undertaken and the risk of any double-counting with other schemes had been removed. The business case for a Trust-wide stock management control system was due to be presented to the Trust



- Board on 25 July 2013;
- (d) that amber RAG-rated schemes all had appropriate delivery plans in place, but there was not yet sufficient available assurance to progress these to green RAG-ratings – these schemes included (1) medical productivity, (2) specialist nurse review, (3) theatre programme and (4) outpatients. The Committee Chairman requested that a proactive review of these 4 schemes be scheduled on the Finance and Performance Committee agenda for 28 August 2013. This was agreed with the exception of outpatients which would be deferred to the September 2013 Finance and Performance Committee meeting pending completion of a significant piece of work in outpatients in September 2013;
  - (e) a query raised by Ms J Wilson, Non-Executive Director regarding the current forecast for workforce related CIP schemes stood at £14.6m and which income and expenditure budget lines would reflect these savings when they were delivered. In response, the Deputy Director of Finance agreed to provide a breakdown of these forecast savings to the 28 August 2013 Finance and Performance Committee meeting (eg split by headcount reductions, premium pay reductions and productivity gains);
  - (f) a request by the Committee Chairman for additional information regarding the average savings by whole time equivalent. It was agreed that a breakdown of premium and substantive staffing cost reductions would be incorporated into the next iteration of this report, and
  - (g) assurance provided (in response to a query by the Committee Chairman) that the opportunities for clinical procurement savings relating to sutures were being fully explored within the work currently being undertaken by Accenture.

HTCIP/  
TA

**Resolved – that (A) the 2013-14 CIP update (paper F) be received and noted;**

**(B) a review of the Improvement and Innovation Framework projects relating to medical productivity, specialist nurse review and theatre improvements be scheduled on the Finance and Performance Committee agenda for 28 August 2013;**

HTCIP/  
TA

**(C) a review of the Outpatients project be presented to the Finance and Performance Committee in September 2013, and**

HTCIP/  
TA

**(D) the Deputy Director of Finance be requested to provide a breakdown of the workforce related CIP savings (eg split by headcount reductions, premium pay reductions and productivity gains) in the next update to the Committee on CIP progress.**

DDF

77/13/5 5 Year Cost Improvement Programme and 2014-15 Planning Process

The Deputy Director of Finance introduced paper G, summarising the proposed approach to 5 year CIP planning and the arrangements for alignment with UHL's 2014-15 plans and Long Term Financial Model (LTFM). The proposals had already been reviewed by the Executive Team and were due to be presented to the first meeting of the Improvement and Innovation Framework Board on 30 July 2013.

Members noted that the proposed methodology would commence with providing the CBUs and Divisions with indicative CIP targets broken down into business as usual schemes, and Improvement and Innovation Support Office (IISO) enabled schemes using the Service Line Reporting (SLR) data and other high level metrics. The individual 2 year CIP targets for CBUs and Corporate Directorates and Trust-wide 5 year targets would be confirmed by 31 August 2013 and granular 2 year CIP plans would then be required for submission by 16 December 2013.

The Director of Finance and Business Services confirmed that the Listening into Action (LiA) approach would be utilised to enable the organisation to deliver smaller scale cost improvements and efficiency savings. It was agreed that the Finance and Performance Committee would receive progress reports on the 5 year CIP planning process in September and December 2013.

DFBS

**Resolved – that (A) the report on UHL’s 5 year CIP planning process be received and noted, and**

**(B) progress reports on the 5 year CIP planning process be provided to the Finance and Performance Committee in September and December 2013.**

**DFBS**

77/13/6 2013-14 Capital Programme and Future Capital Requirements for Reconfiguration

Paper H updated the Committee on progress against UHL’s 2013-14 Capital Programme as at the end of quarter 1 (30 June 2013). Appendix A provided the detailed capital expenditure report and appendices B1 and B2 provided the refreshed Capital Programme which had increased from £37.781m to £41.986m reflecting an increase of £4.2m which was covered by Department of Health funding for combined heat and power units at Glenfield and the LRI and the LRI emergency floor development. Members noted that (subject to approval by the Commercial Executive) the revised Capital Programme would be presented to the 29 August 2013 Trust Board meeting for approval.

**DFBS**

Finance and Performance Committee members commented upon delayed timescales relating to several key projects and noted (in response) the strengthened project management resources now available through the Interserve lot 2 contract. Some concern was raised regarding delays with the MES installation work which might result in additional expenditure being incurred for mobile imaging units. The Director of Finance and Business Services was requested to seek clarity regarding any additional costs attributable to this delay. It was also agreed that future reports on the Capital Programme would be RAG-rated according to progress using the standard UHL 5 colour RAG-rating system.

**DFBS**

**DFBS**

**Resolved – that (A) the update on progress against UHL’s 2013-14 Capital Programme be received and noted;**

**(B) the Director of Finance and Business Services be requested to seek clarity regarding any additional expenditure incurred on hire of mobile imaging equipment as a result of delays with MES installation work;**

**DFBS**

**(C) the Director of Finance and Business Services be requested to arrange for future reports on the Trust’s Capital Programme to be RAG-rated, and**

**DFBS**

**(D) subject to approval by the Commercial Executive, the revised 2013-14 Capital Programme be presented to the Trust Board for approval on 29 August 2013.**

**DFBS**

77/13/7 Review of Nursing Establishment – Right Sizing

The Acting Chief Nurse attended the meeting to provide a verbal update on progress with the ongoing review of UHL’s nursing establishment to determine nursing acuity levels and build in the agreed 2 days per week of supernumerary status for ward managers. The Committee received assurance that a “bottom-up” review of approximately 92 clinical areas within the Trust was progressing according to schedule and would be completed by the end of July 2013. It was noted that the review complemented the education sessions being rolled out with ward sisters, to promote engagement in ward budget setting and harmonised with the Trust-wide management of change process to implement E-rostering. Theatres had been excluded from this review due to the ongoing transformation work which was already underway. Members also noted that approximately 99% of research nurse posts were externally funded.

The Executive Performance Board had set a deadline of 9 August 2013 for the nurse to bed ratios, skill mix and consequent budgets to be signed off by Ward Managers, Heads of Nursing, Divisional Managers, the Acting Chief Nurse and the Director of Finance and Business Services. The Acting Chief Nurse had made arrangements to meet with

Ms R Overfield, the Trust's incoming Chief Nurse to seek her views on the outputs from the review. Divisional management teams would also be given the opportunity to confirm and challenge the agreed acuity and staffing levels for their own clinical areas.

The Acting Chief Nurse reported on the development of a spreadsheet by the Deputy Director of Finance which was being populated by Ms M McAuley, Head of Nursing, Releasing Time to Care through meetings with lead nurses, ward sisters and matrons to agree numbers of clinical shifts and allowances for annual leave and sick leave. Separately, the data was also being collated for non-clinical staff as the absence of a ward clerk or a housekeeper was noted to have a significant impact upon ward staffing levels. The Committee commended the work of Ms McAuley and suggested that she be invited to attend the 28 August 2013 meeting alongside the Acting Chief Nurse to present the outputs of the review.

ACN/  
TA

During the discussion on this item, Ms J Wilson queried whether any external benchmarking would be undertaken to compare the nurse to bed ratios at other Trusts and noted in response that nationally available data from AUKUH, DoH and CQC would be used for this purpose alongside the "fresh eyes" approach of the Trust's new Chief Nurse.

In response to a further query from Ms J Wilson, Non-Executive Director, the Acting Chief Nurse advised that the current configuration/distribution of high dependency unit (HDU) capacity was being used as the baseline for the purposes of this review process. The Director of Finance and Business Services briefed members on the flexible arrangements for HDU capacity within Children's Services and members noted that the mid-point of expected occupancy levels was being used to inform this review.

**Resolved – that (A) the verbal progress report on the review of nursing acuity and setting of ward budgets be received and noted, and**

**(B) a report on the findings of the review be presented to the 28 August 2013 Finance and Performance Committee meeting and Ms M McAuley, Head of Nursing, be invited to attend to present this item alongside the Acting Chief Nurse.**

ACN/  
TA

## 78/13 NON-PAY EXPENDITURE FRAMEWORK UPDATE

As requested by the Finance and Performance Committee on 26 June 2013 (Minute 65/13/4 refers), paper I provided an update on the key risks to delivery of the non-pay expenditure framework, provided high level performance metrics, and set out the allocated leads and timescales for each project.

Ms A Smith, Assistant Director of Procurement and Supplies attended the meeting to present this item, highlighting the progress of key projects within the framework and advising that the Department of Health Strategy for Procurement was about to be launched which was likely to highlight the need for stronger Non-Executive Director engagement within procurement workstream. In particular, a Non-Executive Director sponsor was being sought to Chair UHL's Clinical Procurement Group. The Committee Chairman advised that he had Chaired this group previously for an interim period of approximately 6 months and he agreed to discuss this proposal with the Trust Chairman before responding to the request.

FPC  
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MAN

The Chief Executive commended the progress being made following the Procurement Listening into Action (LiA) event held on 4 July 2013 and sought additional information on the themes likely to emerge from the DoH Procurement Strategy. In response, the Assistant Director of Procurement and Supplies briefed members on the requirement to increase collaboration, strengthen training and leadership (including Non-Executive Director engagement), joint procurement initiatives with other Trusts and develop metrics for national reporting dashboards.

Members received assurance that good clinical engagement was taking place within the

procurement workstreams and that the Divisional Board meetings received regular updates on clinical procurement issues. Following a query raised by the Committee Chairman regarding the timescale for a follow-up report, it was agreed that the Improvement and Innovation Framework Board would oversee the integrated framework for non-pay expenditure and provide assurance to the Finance and Performance Committee in this respect.

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**Resolved** – that (A) the updated report on the Integrated Framework for Non-Pay Expenditure Controls (paper I) be received and noted;

(B) the Committee Chairman seek the Trust Chairman’s views regarding the request for a Non-Executive Director to chair the Clinical Procurement Group, and

FPC  
CHAIR  
MAN

(C) the Improvement and Innovation Framework Board be requested to oversee the implementation and progress of the Integrated Framework for Non-Pay Expenditure Controls and provide assurance to the Finance and Performance Committee accordingly.

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**79/13 REVIEW OF PATIENT LEVEL INFORMATION COSTING SYSTEM (PLICS)/SERVICE LINE REPORTING (SLR) AND REFERENCE COSTS**

Further to Minute 61/13 of 26 June 2013, paper J confirmed the submission of UHL’s 2012-13 reference cost submission in line with the mandatory deadline of 12 July 2013 and a subsequent resubmission made on 17 July 2013. The table in section 3.1 of paper J provided the 2013-14 month 1 PLICS data broken down by CBU and members particularly noted the negative margins reported within Specialist Surgery and Women’s Services.

The Director of Finance and Business Services highlighted the success of the financial and business awareness workshops led by Dr S Agrawal, Assistant Medical Director and Mr S Sheppard, Deputy Director of Finance. Over 100 Consultants and 60 SpRs had attended these workshops and the sessions had received national recognition as exemplar practice. The training sessions were not mandated and attendance appeared to be driven by a genuine enthusiasm to understand the NHS business regime and learn how to manage changes in activity and market share. In addition, members noted that Dr Agrawal was a compelling and enthusiastic presenter on this subject.

The Deputy Director of Finance advised that a financial “road map” had been requested by clinicians and that a 2-3 page guidance note was being prepared to brief clinicians on a variety of financial issues including appropriate access to charitable funding.

**Resolved** – that (A) the update on PLICS/SLR and Reference Costs (paper J) be received and noted, and

(B) Financial “road map” briefing note to be finalised and circulated to UHL clinicians (as requested during the Consultant financial and business awareness workshops).

**80/13 NHS/SHARED BUSINESS SERVICES OPERATIONS – FEEDBACK FROM VISIT BY THE DIRECTOR OF FINANCE AND BUSINESS SERVICES IN MAY 2013**

The Director of Finance and Business Services reported orally on his fact finding trip to India between 13 and 17 May 2013. The trip had been hosted by NHS Shared Business Services (SBS) and SBS had funded all travel, accommodation and visa expenses. Six Finance Directors from other large Acute NHS Trusts had also participated in the visit.

Members noted the value of the networking opportunities provided and the benefits of seeing the operational bases for SBS back office support services provided from Delhi, Pune and Mumbai. In addition there had been a timely opportunity to visit the IBM offices in Punah on the first day of transition relating to one of UHL’s services. Discussion took place

regarding the concept of UHL outsourcing back office transactional financial processing work at some point in the future, but for the time being the Trust was reviewing the impact of outsourcing its IM&T and Facilities Management services. Members noted that SBS were actively seeking a number of UK Acute Trusts to join their portfolio. The Director of Finance and Business Services offered to share some presentation slides, notes and photographs from the trip with any interested parties upon request.

**Resolved** – the verbal information provided by the Director of Finance and Business Services be noted.

#### **81/13 REPORTS FOR INFORMATION**

81/13/1 Review of Capita Coding in ED

**Resolved** – that the update on Capita Coding in ED (paper L) be received and noted.

#### **82/13 MINUTES FOR INFORMATION**

82/13/1 Divisional Confirm and Challenge

**Resolved** – that the notes of the 19 June 2013 Divisional Confirm and Challenge meeting (paper M) be received and noted.

82/13/2 Executive Performance Board

**Resolved** – that the notes of the 25 June 2013 Executive Performance Board meeting (paper N) be received and noted.

82/13/3 Quality Assurance Committee (QAC)

**Resolved** – that the Minutes of the 18 June 2013 QAC meeting (paper O) be received and noted.

82/13/4 Quality and Performance Management Group (QPMG)

**Resolved** – that the notes of the 5 June 2013 QPMG meeting (paper P) be received and noted.

#### **83/13 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE**

Paper Q provided a draft agenda for the 28 August 2013 meeting.

**Resolved** – that the items for consideration at the Finance and Performance Committee meeting on 28 August 2013 (paper Q) be noted.

#### **84/13 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD**

**Resolved** – that the following issues be highlighted verbally to the Trust Board meeting on 25 July 2013:-

- Minute 77/13/2 – month 3 financial performance, and
- Minute 77/13/3 – Divisional financial recovery plans.

**FPC  
CHAIR**

#### **85/13 ANY OTHER BUSINESS**

**Resolved** – that there were no items of any other business.

#### **86/13 DATE OF NEXT MEETING**

**Resolved** – that the next Finance and Performance Committee be held on Wednesday 28 August 2013 from 8.30am – 11.30am in the C J Bond Room, Clinical Education Centre, Leicester Royal Infirmary site.

The meeting closed at 11.07am

Kate Rayns,  
Trust Administrator

**Attendance Record**

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
R Kilner (Chair from 1.7.13)	4	4	100%	I Reid (Chair until 30.6.13)	3	3	100%
J Adler	4	4	100%	A Seddon	4	4	100%
I Crowe	1	1	100%	G Smith *	4	3	75%
R Mitchell	1	1	100%	J Tozer *	2	2	100%
P Panchal	1	0	0%	J Wilson	4	3	75%

\* non-voting members