

Trust Board paper T

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 4 August 2016

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director

DATE OF COMMITTEE MEETING: 30 June 2016

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

- **Minute 61/16 – 2016-17 Financial Plan.**

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

- **Minute 66/16/2 – Working Capital/Cash Flow;**
- **Minute 67/16/1 – IM&T updates;**
- **Minute 68/16/1 – Workforce update;**
- **Minute 68/16/2 – update on Demand and Capacity Modelling, and**
- **Minute 71/16/1 – CMG presentation (RRCV).**

DATE OF NEXT COMMITTEE MEETING: 28 July 2016

**Mr M Traynor
Non-Executive Director and Committee Chair**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE INTEGRATED FINANCE, PERFORMANCE AND INVESTMENT COMMITTEE (IFPIC), HELD ON THURSDAY 30 JUNE 2016 AT 9AM IN THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY

Voting Members Present:

Mr M Traynor – Non-Executive Director (Committee Chair)
Mr J Adler – Chief Executive (excluding Minutes 68/16/14 and 71/16/1)
Colonel (Retired) I Crowe – Non-Executive Director
Dr S Dauncey – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr R Mitchell – Chief Operating Officer
Mr R Moore – Non-Executive Director
Mr K Singh – Trust Chairman
Mr P Traynor – Chief Financial Officer (up to and including Minute 70/16)

In Attendance:

Mr S Barton – Director of CIP and Future Operating Model
Mr C Benham – Director of Operational Finance
Mr J Clarke – Chief Information Officer (for Minute 67/16/1)
Ms M Gordon – Patient Adviser
Ms S Khalid – Clinical Director, Renal Respiratory and Cardiovascular CMG (for Minute 71/16/1)
Mr W Monaghan – Director of Performance and Information (up to and including Minute 70/16)
Mrs K Rayns – Trust Administrator
Mr N Sone – Financial Controller (up to and including Minute 66/16/2)
Ms S Taylor – Head of Operations, Renal Respiratory and Cardiovascular CMG (for Minute 71/16/1)
Ms L Tibbert – Director of Workforce and Organisational Development (from Minute 67/16/1)
Mr M Webster – Head of Estates Transformation and Property (on behalf of Mr D Kerr, Director of Estates and Facilities up to and including Minute 68/16/2)

RECOMMENDED ITEMS

ACTION

61/16 2016-17 FINANCIAL PLAN

In presenting paper F, the Chief Financial Officer briefed the Committee on the rationale behind the re-submission of UHL's Financial Plan to NHS Improvement on 29 June 2016, providing assurance that the Trust's 2016-17 control total had not changed. The revised plan now included adjustments in respect of the asset base revaluation, confirmed agency staffing ceiling, updated capital programme, re-phasing of Sustainability and Transformation Funding (STF) payments profile from quarterly to monthly, and better alignment with UHL's internal plans (eg the timing of CIP contributions).

Discussion took place regarding the arrangements for reducing temporary staffing costs in light of the EU referendum results and the need to maintain safe staffing levels. This subject was due to be considered in depth at that afternoon's QAC meeting. Mr R Moore, Non-Executive Director and Audit Committee Chair queried whether there were any 'grey areas' in relation to categories of agency staffing, noting in response that a coding issue had arisen in 2015-16 in relation to internal locum staffing and a potential issue relating to the treatment of outsourced clinical activity (eg endoscopy and ENT) would be resolved through the contractual mechanism. Finally, the Committee Chair commented upon the scale of potential savings that might be achieved through the implementation of an 'in-house' staffing agency and the Committee endorsed the revised 2016-17 Financial Plan for Trust Board approval on 7 July 2016.

Recommended – that the updated 2016-17 Financial Plan (paper F refers) be endorsed and recommended for Trust Board approval on 7 July 2016.

CFO

62/16 REPORT BY THE HEAD OF ESTATES TRANSFORMATION AND PROPERTY

Recommended – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

RESOLVED ITEMS

63/16 APOLOGIES

Resolved – that apologies for absence from Mr D Kerr, Director of Estates and Facilities and Professor A Goodall, Non-Executive Director were noted.

64/16 MINUTES

Resolved – that the Minutes of the 26 May 2016 IFPIC meeting (paper A) be confirmed as a correct record.

65/16 MATTERS ARISING

Paper B detailed the status of all outstanding matters arising from previous Integrated Finance, Performance and Investment Committee (IFPIC) meetings. The Committee particularly noted the updated information in respect of the following items:-

- (a) **Minute 51/16(h) of 26 May 2016** – the Trust Chairman advised that the arrangements for scheduling a Trust Board thinking day session on UHL's Outpatients Strategy would be considered at the 14 July 2016 thinking day (as part of the prioritisation process for future thinking day themes); Trust Chair
- (b) **Minute 52/16/3(a) of 26 May 2016** – opportunities to introduce apprenticeship opportunities within the Clinical Coding team would be considered later in the meeting (Minute 68/16/1 below refers); DWOD
- (c) **Minute 53/16/1(a) to 53/16/1(e) of 26 May 2016** – the Director of Workforce and Organisational Development would provide verbal progress reports on the actions arising from the May 2016 Workforce update, when she attended later in the meeting (Minute 68/16/1 below refers); DWOD
- (d) **Minute 39/16 of 28 April 2016** – an update on progress with the Capita survey would be provided later in the agenda (Minute 67/16/3 below refers); HETP
- (e) **Minute 40/16/2 of 28 April 2016** – the timetabling of a proposed Trust Board thinking day session on Lean techniques would be considered at the 14 July 2016 thinking day (as part of the prioritisation process for future thinking day themes), and Trust Chair
- (f) **Minute 17/16/3 of 25 February 2016** – a review of BAF Risk 12 was scheduled on the agenda for this meeting and this item could now be marked as complete (5) and removed from the progress log. TA

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

66/16 FINANCE AND PLANNING

66/16/1 Month 2 Financial Performance 2016-17

The Director of Operational Finance introduced the revised version of paper C, providing a summary of performance against the Trust's key financial duties, noting that all of the

statutory duties had been achieved and that amendments were required in future reports to the phasing of forecast agency staffing expenditure (in line with the prescribed approach). High levels of emergency activity continued to offset under-performance in elective activity. The forecast outturn was in line with plan (£8.3m deficit), but a number of risks were outlined in respect of CMG performance.

In discussion on the report, IFPIC members:-

- (a) expressed concern regarding Better Payment Practice Code (BPPC) performance and the impact of delayed payments upon suppliers. Further discussion on this issue took place under the Working Capital Strategy item (Minute 66/16/2 below refers);
- (b) queried the amount of any provisions released to date, noting that approximately £450k had been released of the £4.4m contingency; DOF
- (c) sought details of the £114k adverse stock adjustment detailed on page 5 of paper C. The Director of Operational Finance agreed to provide additional information on this point within the month 3 financial performance report to the 30 July 2016 IFPIC meeting; CFO
- (d) requested that a robust year-end forecast be made available for the August 2016 IFPIC meeting (based on performance in quarter 1), and CFO
- (e) suggested that it would be helpful to see income and expenditure data exclusive of payroll data in future iterations of the financial performance report.

Resolved – that (A) the month 2 Financial Performance report (revised paper C) and the subsequent discussion on this item be received and noted, and

(B) the Director of Operational Finance be requested to provide details of a reported £114k stock adjustment to the 30 July 2016 IFPIC meeting; DOF

(C) a robust year-end forecast be reported to the August 2016 IFPIC meeting, based on the month 1 outturn, and CFO

(D) consideration be given to providing income and expenditure data exclusive of the payroll data in future iterations of the financial performance report. CFO

66/16/2 Working Capital Strategy/Cash Flow

Paper E detailed UHL's performance against the five key objectives in relation to working capital (cash balances, working capital balances, BPPC performance, statutory targets and monitoring and reporting). Mr N Sone, Financial Controller attended for this item and printed copies of paper E were provided at the meeting (due to the late circulation on 29 June 2016).

The Financial Controller briefed the Committee on the particular challenges surrounding draw-down arrangements for external funding sources – the actions being taken to address these issues were detailed in section 6 of the report. Mr A Johnson, Non-Executive Director asked the Chief Financial Officer if in his view the Trust was able to meet its liabilities as they fall due. The Chief Financial Officer confirmed that the Trust was in a position to meet its liabilities as they fall due. The Committee Chair reiterated his concern regarding the impact of delayed payments upon small and medium sized businesses and it was agreed to receive monthly updates on cash flow at future IFPIC meetings. CFO

Resolved – that (A) progress reports on UHL's working capital strategy and cash flow be presented to the Committee on a monthly basis until further notice, and CFO

(B) an analysis of the payments profile for small and medium sized businesses be presented to the July 2016 IFPIC meeting. CFO

66/16/3 Cost Improvement Programme

The Director of CIP and Future Operating Model presented paper D1, providing the monthly update on progress of the CIP programme to achieve a £35m target during 2016-17. He commented upon the new format of this report and welcomed any feedback on presentational aspects of the report outside the meeting. Actual delivery of CIP savings stood at £4.377m (favourable against the planned £4.327m). Some 257 schemes had commenced and the unidentified gap had reduced to at £1.3m.

A material risk had been reported to the Executive Performance Board (EPB) in respect of unidentified CIP schemes in Women's and Children's and assurance was provided that this CMG would be providing a detailed plan to the July 2016 EPB meeting. Women's and Children's services was noted to be a challenging area (nationally) to identify suitable CIP schemes, but the CIP target had already been adjusted by 40% to factor this into account. A further risk was highlighted in respect of the CIP scheme to increase the average number of cases per theatre list and it was confirmed that the Director of CIP and Future Operating Model had assumed the role of Theatre Programme Board Chair, since Mr P Walmsley had left the Trust.

IFPIC also received and noted paper D2, providing a summary of the cross-cutting Outpatients CIP theme. There were no questions raised in respect of this report.

Resolved – that the CIP progress report and cross-cutting Outpatients CIP update be received and noted as papers D1 and D2.

66/16/4 Draft Reference Cost Submission 2016

Paper G reported on the Trust's position against the sign-off requirements for the draft reference cost submission and sought delegated responsibility for the Chief Financial Officer to sign and return the Directors Statement of Responsibilities in advance of the final deadline submission on 27 July 2016. During discussion on this item, assurance was provided regarding UHL's adherence to guidance, internal controls, level of confidence in the accuracy of the data and the resilience of the team responsible for compiling it. The Chief Financial Officer commented upon future opportunities to strengthen clinical engagement and improve utilisation of this data at service level.

Resolved – that (A) delegated responsibility be provided to the Chief Financial Officer to sign-off and return the finalised Reference Costs submission and Directors Statement of Responsibilities ahead of the 27 July 2016 deadline, and

CFO

(B) a copy of the finalised Reference Costs submission be presented to IFPIC on 30 July 2016.

CFO

67/16 **STRATEGIC MATTERS**

67/16/1 IM&T Updates

The Chief Information Officer introduced paper H, briefing the Committee on IBM's performance against key indicators and the actions underway to strengthen performance in the 2 current areas of failure against the service level agreement:-

- (a) the methodology for seeking customer satisfaction feedback – an option was being explored to implement a 1 to 5 star-rated approach (as used by Amazon and E-Bay) with an option to provide further narrative against the star-rating if required, and
- (b) ensuring daily extract, transform and load (ETL) data flows to the Business Intelligence team by 9am – a recent PAS upgrade had caused a deterioration in this service and it was argued that this issue should have been noticed during IBM's testing phase.

Performance over the last 30 days had become more stable but was still less than optimal. Weekly meetings were being held to monitor the position and assurance was provided that IBM were prioritising this work appropriately.

Discussion took place regarding progress of the Electronic Patient Record (EPR) business case and the interim IT solution for the new Emergency Department – the business case for the latter item was appended to paper H. The Committee Chair sought and received information on the level of preparedness to implement the EPR solution, once formal approval was obtained.

Responding to a query by Colonel (Retired) I Crowe, Non-Executive Director, the Chief Information Officer agreed to provide a Trust Board awareness session on the preferred solution (Nerve Centre bundle) at 4pm on Thursday 28 July 2016 (immediately following the IFPIC and QAC meetings on that date).

CIO

Ms M Gordon, Patient Partner sought and received confirmation that IBM were continuing to provide the additional desktop and network resources to sustain areas where improvement was required (at no additional cost to the Trust). IBM's longer term aim was to fix the basics in order to free up such additional resources. The Chief Executive confirmed that he met regularly with the IBM lead partners and he was satisfied with the speed of response to issues raised and their positive attitude towards development of timely action plans to address any concerns.

Resolved – that (A) the quarterly update on IM&T issues and performance against the IBM contract be received and noted, and

(B) the Chief Information Officer be requested to provide a Trust Board awareness session on the preferred interim IT solution for the Emergency Floor on 28 July 2016 at 4pm.

CIO

67/16/2 Report by the Head of Estates Transformation and Property

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

67/16/3 Board Assurance Framework (BAF) Review of Principal Risk 12 – Estates Infrastructure Capacity

The Head of Estates Transformation and Property introduced paper K, providing an update of the assurance and controls in place to address UHL's principal risk 12 (insufficient estates infrastructure capacity may adversely affect major estates transformation programme). He briefed the Committee on progress of the Capita site survey, noting that the current phase would be completed in July 2016, but this would not identify the expected gaps in the electrical infrastructure to support the Trust's reconfiguration programme. A further phase would then be required to confirm the future infrastructure investment requirement.

Mr R Moore, Non-Executive Director and Audit Committee Chair expressed his concern regarding delays in the Capita site survey process and the associated gaps in assurance and effectiveness of controls relating to the Trust's infrastructure. The Committee agreed to review the position again (once the Capita report became available).

Resolved – that a further review of Principal Risk 12 be scheduled on the IFPIC agenda once the outputs from the Capita site survey were available.

DEF

68/16 **PERFORMANCE**

68/16/1 Workforce Update

The Director of Workforce and Organisational Development presented paper L, providing the monthly update on key workforce metrics, noting that a performance notice had been issued in respect of the payroll contract. Updates were provided on future procurement processes for the new payroll contract and the Trust's recruitment advertising contract. A correction was noted in respect of the agency expenditure cap (now confirmed as £20.6m instead of £21.7m). CMG-level trajectories had been set for reducing agency staffing costs and CMGs were being held to account for any breaches.

The Committee reviewed the data relating to vacancy levels, staff turnover, sickness absence, staff health and wellbeing and flu vaccination rates. Colonel (Retired) I Crowe, Non-Executive Director commented upon the adverse trend in flu vaccination rates and the need for revised guidance to be issued on the effective use of staff well-being funding. A report on safe staffing levels was due to be considered at that afternoon's QAC meeting. In respect of equality and diversity issues, CMGs and Corporate Directorates had been issued with individual targets to improve compliance and a detailed report was scheduled to be presented to the 4 August 2016 Trust Board meeting.

Since the outcome of the EU referendum had been announced, a small number of EU employees had resigned and the position was being monitored closely (including any inappropriate staff behaviours towards EU workers). A press statement and a list of frequently asked questions were being developed on the potential impact of the EU referendum.

DWOD

Discussion also took place regarding the review of back-office functions within the LLR healthcare system (in line with the recommendations of the Lord Carter Review). Mr A Johnson, Non-Executive Director commented that it would be helpful to review workforce data broken down by clinical and non-clinical staff groups (where possible).

DWOD

Resolved – that (A) the Workforce Update report (paper L) and the subsequent discussion be noted;

(B) the Director of Workforce and Organisational Development be requested to produce a press statement and a list of frequently asked questions in relation to the EU referendum, and

DWOD

(C) a breakdown of workforce data be provided between clinical and non-clinical staff groups within future iterations of the report (where possible).

DWOD

68/16/2 Update on Demand and Capacity Modelling

The Chief Operating Officer introduced paper M, briefing the Committee on the impact of continued increases in emergency admissions and setting out the key actions required to address the forecast imbalance between demand and capacity. Concerns were raised about an apparent lack of progress in addressing this issue and assurance was provided that this remained the Trust's number one priority, although UHL had limited availability to influence admissions. Average length of stay had reduced by 9%, but this had not kept pace with growing demand.

The Committee noted the Chief Operating Officer's on-going concerns about the Trust's ability to deliver operational flow whilst accommodating rising demand for urgent and emergency care and agreed that an in-depth and robust internal discussion would take place at the 14 July 2016 Trust Board thinking day with input from the relevant CMGs. A summary of outputs arising from this Trust Board thinking day would then be considered at the 28 July 2016 IFPIC meeting.

COO

Resolved – that (A) the update report on demand and capacity modelling be received and noted as paper M, and

COO

(B) the Chief Operating Officer be requested to present a summary of the Trust Board thinking day outputs to the 28 July 2016 IFPIC meeting.

68/16/3 Month 2 Quality and Performance Report

Paper N provided an overview of UHL's quality, patient experience, operational targets, and HR performance against national, regional and local indicators for the month ending 31 May 2016. The Director of Performance and Information updated the Committee on diagnostics performance, referral to treatment, ENT outsourced activity, 52 week waits, cancer standards and fractured neck of femur performance.

Key performance risks related to gaps in operating theatre capacity and lack of ITU capacity for 62-day cancer pathways. Dr S Dauncey, Non-Executive Director and QAC Chair commented upon the achievement of the fractured neck of femur performance for the second consecutive month, noting that month 3 (June 2016) performance was also expected to be compliant. Some tactical changes had been implemented within this service and the Medical Director was chairing a wider review of UHL's fragility fracture service. An update on this workstream would be presented to QAC in September 2016.

Resolved – that (A) the month 2 Quality and Performance report (paper N) and the subsequent discussion be noted as paper H.

68/16/4 Report by the Chief Operating Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

69/16 **SCRUTINY AND INFORMATION**

69/16/1 IFPIC Calendar of Business 2016-17

Resolved – that the updated IFPIC calendar of business be received and noted as paper P.

69/16/2 Updated Timetable for UHL Business Case Approvals

Resolved – that the updated timetable for Strategic Business Case Approvals be received and noted as paper Q.

69/16/3 Executive Performance Board

Resolved – that the notes of the 24 May 2016 Executive Performance Board meeting be received and noted as paper R.

69/16/4 Capital Monitoring and Investment Committee

Resolved – that the notes of the 13 May 2016 Capital Monitoring and Investment Committee meeting be received and noted as paper S.

69/16/5 Revenue Investment Committee

Resolved – that the notes of the 13 May 2016 Revenue Investment Committee meeting be received and noted as paper T.

70/16 **INVESTMENT BUSINESS CASES**

Resolved – that no business cases were submitted for consideration at the 30 June

2016 IFPIC meeting.

71/16 CLINICAL MANAGEMENT GROUP PRESENTATION

71/16/1 Renal, Respiratory and Cardio-Vascular (RRCV)

Following an informal discussion over the lunchtime period, the Clinical Director and the Head of Operations attended from the Renal, Respiratory and Cardiovascular CMG to introduce a slide presentation (previously circulated as paper U), providing an overview of their current financial and operational performance, key risks, achievements and areas where additional Trust Board support would be welcomed. The presentation slides were taken as read and the Committee received initial observations from the new Clinical Director and Head of Operations who had been in post for 8 weeks and 12 weeks (respectively). The following issues and challenges were particularly highlighted during the presentation:-

- (a) Ambulatory Care Centre – new ways of working were being implemented, eg Glenfield Outreach (GO) project;
- (b) Clinical Decisions Unit – the risk of overcrowding in this unit had been scored as a 20 on the risk register;
- (c) relocation of Vascular services from the LRI to Glenfield – a timescale for this development had not yet been agreed;
- (d) 7 day working for Cardiology base wards – Consultants were fully engaged in designing the optimum solution;
- (e) 62 day lung cancer performance – multi-factorial issues were mostly within the CMG's own control to resolve (including active patient tracking, confirmation of the next steps, reducing cancelled operations and breaches associated with patient trials);
- (f) Cardiology referral patterns and the potential market share impact arising from the development of a new Spire unit at Tollington (near Loughborough), and
- (g) the CMG's 2016-17 financial performance to date (including arrangements to mitigate the month 1 deficit against plan).

The CMG also requested additional clarity from the Trust Board in respect of the CDU vision, the final decision on relocation of Vascular services and whether this would be uncoupled from the ITU reconfiguration.

Resolved – that the CMG presentation (paper U) and the subsequent discussion be noted.

72/16 ANY OTHER BUSINESS

Resolved – that no items of other business were noted.

73/16 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that (A) a summary of the business considered at this meeting be presented to the Trust Board meeting on 7 July 2016, and

TA/
Chair

(B) the following items be particularly highlighted for the Trust Board's attention:-

- Minute 61/16 – 2016-17 Financial Plan;
- Minute 66/16/2 – Working Capital/Cash Flow;
- Minute 67/16/1 – IM&T updates;
- Minute 68/16/1 – Workforce update;
- Minute 68/16/2 – update on Demand and Capacity Modelling, and
- Minute 71/16/1 – CMG presentation (RRCV).

74/16 DATE OF NEXT MEETING

Resolved – that the next meeting of the Integrated Finance, Performance and Investment Committee be held on Thursday 28 July 2016 from 9am to 1pm in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 12.54pm

Kate Rayns, **Trust Administrator**

Attendance Record 2016-17

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	3	3	100	R Mitchell	3	3	100
J Adler	3	2	67	R Moore	3	3	100
I Crowe	3	3	100	K Singh	3	3	100
S Dauncey	3	3	100	P Traynor	3	3	100
A Johnson	3	3	100				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Gordon	3	3	100	L Tibbert	3	3	100
D Kerr	3	2	67				