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UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 7 July 2016

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director

DATE OF MEETING: 30 June 2016

This report is provided for the Trust Board's information in the absence of the formal Minutes, which will be submitted to the Trust Board on 4 August 2016.

SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:

- **2016-17 Financial Plan** – 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 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 (monthly instead of quarterly), 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. IFPIC endorsed the revised 2016-17 Financial Plan for Trust Board approval.

SPECIFIC DECISIONS:

- **Draft Reference Cost Submission 2016** – the draft reference cost submission was approved and delegated responsibility was provided to the Chief Financial Officer to sign and return the Directors Statement of Responsibilities in advance of the final deadline submission on 27 July 2016. 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. However, the Chief Financial Officer commented upon opportunities to strengthen clinical engagement and improve utilisation of the data at service level;

DISCUSSION AND ASSURANCE:

- **Matters arising:-**
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);

- **Month 2 Financial Performance 2016-16** – the Committee considered a revised version of paper C, 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. A more robust year-end forecast would be available for the August 2016 IFPIC meeting (based on performance in quarter 1). Concerns were expressed regarding Better Payment Practice Code performance and the impact of delayed payments upon suppliers. Further discussion on this issue took place under the Working Capital Strategy item (see note below);
- **Working Capital Strategy/Cash Flow** – printed copies of paper E were circulated at the meeting, as this report had been circulated on the evening of 29 June 2016. The Financial Controller briefed the Committee on the particular challenges surrounding draw-down arrangements for external funding sources and the actions being taken to address these issues were detailed in section 6 of the report. Assurance was provided that the Trust was maintaining the required level of cash and was able to meet all its liabilities, although it had not been possible to pay all overdue creditor invoices within the 30 day standard. The Committee Chair reiterated his concern regarding the impact upon small and medium sized businesses and it was agreed to receive monthly updates on cash flow at future IFPIC meetings;
- **Cost Improvement Programme** – month 2 (May 2016) performance against the CIP target stood at £4.377m (favourable against the planned £4.327m). Some 257 schemes had now commenced and the unidentified gap stood 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 that 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. It was also 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.
- **IM&T Update** – the Chief Information Officer introduced paper H, briefing the Committee on IBM's performance against key indicators and the actions underway to strengthen the methodology for seeking customer satisfaction feedback and ensuring daily ETL data flows by 9am. Discussion took place regarding progress of the Electronic Patient Record project and the interim IT solution for the new Emergency Department. The Chief Information Officer was requested to arrange for a Trust Board awareness session to be provided on the preferred solution (Nerve Centre bundle) at 4pm on Thursday 28 July 2016 (immediately following the IFPIC and QAC meetings on that date);
- **Board Assurance Framework Principal Risk 12 – Estates Infrastructure Capacity** – the Head of Estates Transformation and Property 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. The Audit Committee Chair expressed his concern regarding delays in this workstream and the associated gaps in assurance and effectiveness of controls relating to the Trust's infrastructure. The Committee agreed to review the position again in July 2016 (once the Capita report became available);
- **Workforce Update** – the Committee received 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. 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 list of frequently asked questions was being developed for staff on the potential impact of the EU referendum. Discussion also took place regarding recruitment strategies, staff

sickness, health and wellbeing initiatives, flu vaccination rates, workforce diversity and the review of back-office functions (in line with the recommendations of the Lord Carter Review);

- **Demand and Capacity Modelling** – the Chief Operating Officer briefed the Committee on the impact of continued increases in emergency admissions and set out the key actions required to address the forecast imbalance between demand and capacity. Comments 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 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;
- **Month 2 Quality and Performance Report** – the Director of Performance and Information reported on diagnostics performance, referral to treatment, ENT outsourced activity, 52 week waits, cancer standards and fractured neck of femur performance;
- **Reports for Scrutiny and Information** – the Committee received and noted the following documents:-
 - IFPIC calendar of business;
 - Updated timetable for UHL Business Case Approvals;
 - Minutes of the Executive Performance Board meeting held on 24 May 2016;
 - Minutes of the Capital Monitoring and Investment Committee meeting held on 13 May 2016, and
 - Minutes of the Revenue Investment Committee meeting held on 13 May 2016;
- **Investment Business Cases** – none submitted for consideration at this meeting;
- **CMG Presentation (Renal, Respiratory and Cardio-Vascular)** – the Committee received initial observations from the new Clinical Director and Head of Operations who had now been in post for 8 weeks and 12 weeks (respectively). The following issues and challenges were highlighted during the presentation:-
 - Ambulatory Care Centre,
 - Clinical Decisions Unit,
 - relocation of Vascular services,
 - 7 day working for Cardiology,
 - 62 day lung cancer performance,
 - Cardiology referral patterns and the associated impact upon market share, and
 - 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.

- **Any Other Business** – none noted.

DATE OF NEXT COMMITTEE MEETING: 28 July 2016

Mr M Traynor – Committee Chair
30 June 2016