

Trust Board paper O

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 5 January 2017

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director

DATE OF MEETING: 22 December 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 2 February 2017.

SPECIFIC RECOMMENDATIONS FOR THE PUBLIC TRUST BOARD:

- **Approval of the proposal to progress the co-location of the East Midlands Congenital Heart Centre (EMCHC) as a separate project, to be funded internally through UHL's Capital Resource Limit and thus meet the April 2019 deadline for the required co-location.** IFPIC members reviewed the Project Initiation Document for the project, which had previously been encompassed within 3 other existing reconfiguration schemes. IFPIC also received appropriate assurance that progressing the EMCHC co-location as a separate project would not increase costs, and that the works involved were required to be undertaken in any case. The Director of Estates and Facilities confirmed that the plans had been appropriately reviewed by the Estates team. In discussion, it was noted that the scheme would be visible to NHS Improvement through the Trust's capital plan.

SPECIFIC DECISIONS:

- **NHS Pension levy draft consultation (Trust response)** – the Director of Workforce and OD recommended that an increase of 0.08% to the Trust's employer's pension contributions (amounting to £285k per annum) was the preferred option for collection of the NHS Pension scheme administration levy – these administration costs were proposed to be met by employers as of 1 April 2017 (currently met by the Department of Health). The Director of Workforce and OD confirmed that UHL's Finance team was aware of this cost and had added it to the 2017-18 cost pressures. IFPIC supported this recommendation from the Director of Workforce and OD, who agreed to confirm UHL's response to the consultation document accordingly, by 9.1.17 as required.

PUBLIC DISCUSSION AND ASSURANCE:

- **Month 8 financial performance 2016-17** – the financial position had worsened during November 2016 to a deficit position of £12.6m (£5m adverse to plan), and the Chief Financial Officer detailed the further actions being undertaken to understand this, including a line by line review of CMG positions and runrates. He also confirmed that he had sighted NHS Improvement to UHL's month 8 financial position. He advised that it now seemed unlikely that quarter 3 Sustainability and Transformation Funding (STF) would be achieved, and he noted that formal feedback on the Trust's quarter 2 STF appeal re: the operational improvement targets was still awaited. The Chief Financial Officer also noted that once the month 9 financial position was known, a view could be taken on any need for further IFPIC/ Audit Committee/Trust Board discussions regarding the year end forecast, and the timing of those discussions if required. As detailed in the month 8 financial performance report, the Trust continued to forecast delivery of the £8.3m deficit, although this was not without risk. In discussion, the Chief Financial Officer endorsed comments on the need for an

appropriately robust forecast;

- **Cost Improvement Programme 2016-17** – as at November 2016, year to date CIP delivery stood at £22.1m against the planned £22m – a favourable variance of £0.1m. IFPIC noted the risks associated with the Emergency and Specialist Medicine and the Musculoskeletal and Specialist Surgery CMGs, and the Director of CIP and Future Operating Model outlined contingency plans relating to the potential bring forward of some 2017-18 procurement cost improvement schemes. IFPIC sought assurance on the ability to carry out planned preventive maintenance within theatres (in the context of theatre availability due to more sessions being run), and the Director of Estates and Facilities outlined work in hand with the relevant CMG to finalise an appropriate programme. He did not consider this to be a particular risk, and he confirmed that deep cleaning and testing work was being undertaken. IFPIC requested an update on the theatres planned preventive maintenance issue at an appropriate future point. IFPIC also received an update on the outpatients cross-cutting CIP workstream;
- **IBM contract quarterly review** – the Chief Information Officer attended the meeting to introduce the quarterly review of the Trust's contract with IBM. Although contract performance had improved, the Chief Information Officer noted the scope for greater progress on innovative working and solutions from IBM, and he outlined the plans in place to move this forward. In response to a query, he clarified that appropriate competitive arrangements were in place for the provision of new technological solutions to the Trust;
- **Workforce update December 2016** – IFPIC received its monthly update on key workforce metrics, including vacancy rates, recruitment plans, flu vaccination rates (74% against the 75% target for patient-facing staff), gender pay gap, the Leadership Development Programme, staff sickness and development of the STP workforce plan. The Director of Workforce and OD advised that a new recruitment system had been introduced (TRAC), leading to increased transparency. In response to a Non-Executive Director comment, the Director of Workforce and OD advised that reports to the January 2017 Executive Workforce Board (and the February 2017 Trust Board as appropriate) would cover the need for appropriate quality of apprentices;
- **Proposals for modernising HR systems** – the report outlined the key principles of UHL's HR 'Fit for the Future' transformation programme to realign and improve organisational development, HR and occupational health services and reduce costs. Although the programme was UHL-focused, there was strong scope to work collaboratively with partners such as LPT on workforce challenges and service delivery. The Director of Workforce and OD noted her wish to focus on the automation of appropriate HR processes, and she outlined plans for moving towards 'e-HR' services such as ESR self-service. In discussion, IFPIC noted the potential need for further assurance on the processes used to gauge the need to recruit to vacant posts. The report also provided an update on discussions re: support services consolidation, noting the phased nature of such work and the inclusion of key milestones. The Chief Executive clarified however that no additional project resource would be available for this work;
- **Month 8 quality and performance report** – although welcoming the Trust's achievement of the RTT incomplete performance in November 2016, the Director of Performance and Information noted that performance historically tended to deteriorate during the month of December. He advised however that the Trust was on track to deliver the diagnostics 6-week wait targets in December 2016 (December compliance not having been achieved in previous years). The cancelled operations position had deteriorated further during November 2016, and the Director of Performance and Information noted continuing pressures on the 62-day cancer wait target (although the backlog continued to reduce). IFPIC was also advised of a likely significant increase in the number of same sex accommodation breaches reported (following discussions with CCGs regarding eye theatre), and members noted that the Chief Nurse was now reviewing remedial actions as a matter of urgency;
- **Reports for scrutiny and information** – IFPIC received and noted the following documents:-
 - IFPIC calendar of business;
 - Updated timetable for UHL Business Case Approvals;
 - Minutes of the 22.11.16 Executive Performance Board;
 - Minutes of the 11.11.16 Capital Monitoring and Investment Committee, and
 - Minutes of the 11.11.16 Revenue Investment Committee.

DATE OF NEXT COMMITTEE MEETING: 26 January 2017

Mr M Traynor – Non-Executive Director and Committee Chair
22 December 2016