

Trust Board paper P

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 6 April 2017

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr K Singh, Trust Chairman (on behalf of Mr M Traynor, Non-Executive Director)

DATE OF MEETING: 30 March 2017

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 May 2017.

SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:

- **Operational Plan 2017-19 Refresh** – the Head of Strategic Development tabled copies of paper H, providing a summary of the key changes required to UHL's Operational Plan in respect of activity, performance trajectories, finance and workforce. The proposed changes were in line with the relevant NHS Improvement guidance and a 1 page summary is attached to this meeting summary for ease of reference. IFPIC supported the proposed changes and recommended them for Trust Board approval on 6 April 2017, noting that the refreshed Operational Plan would be submitted by midday on 30 March 2017.

SPECIFIC DECISIONS:

- None

DISCUSSION AND ASSURANCE:

- **Empath Staff Engagement and Feedback** – paper C provided a short briefing on staff engagement within Pathology Services, noting the benefits of a face-to-face approach and that morale was unlikely to significantly improve until progress with the strategic transformation became more visible. It was suggested that the Empath Management Team might like to explore a Listening into Action approach for improving staff engagement within the Laboratory environment;
- **Month 11 financial performance 2016-17** – paper D advised the Committee of a year to date deficit position of £29.8m, which was noted to be £19.3m adverse to plan including £10m non-recognition of Sustainability and Transformation Funding (STF). The Chief Financial Officer expressed a high degree of confidence that the Trust would deliver a 2016-17 year end deficit of £27.2m including £11.4m of STF. Discussion took place regarding the continued trends relating to agency staffing costs and the impact of cancelled elective activity;
- **Cost Improvement Programme** – actual year to date CIP delivery for 2016-17 stood at £32.0m against the trajectory of £31.8m and the forecast outturn remained at £35.8m against the £35m target. 90% of the programme was recurrent. For 2017-18, £27.4m (83%) of the £33m target had been identified. Appropriate escalation measures were in place to address the CIP gaps within

Emergency and Specialist Medicine (£2m) and Women's and Children's (£2.7m). For 2017-18, the intention was to focus on a smaller number of schemes and the thematic areas for improving efficiency and removing surplus costs. The Chief Operating Officer acknowledged the significant achievements of the Director of CIP and Future Operating Model in delivering such a challenging CIP target for 2016-17. The Director of Estates and Facilities highlighted significant energy savings arising from a milder than expected winter and electricity generated by UHL's Combined Heat and Power plant. Paper F2 provided an overview of the cross-cutting Theatres CIP theme and paper F3 set out the maintenance strategy for the LRI operating theatres;

- **Update on UHL Financial Turnaround Programme** – paper G provided a progress report on the internal turnaround actions that were underway to minimise UHL's financial variance during 2016-17 and ensure that effective controls were in place to support the required reduction in run rates for 2017-18. Assurance was provided that all of the controls were now in place with the exception of the ban on use of agency staff for non-clinical roles. This control would be discharged at the Enhanced Recruitment Control Board meeting to be held w/c 3 April 2017. Discussion took place regarding opportunities to change the definition from non-clinical roles to non-operational roles, but the Chief Executive stated his preference to retain the former definition;
- **Update on the Organisation of Care Quality Commitment Workstreams** – the Chief Executive introduced paper J which summarised the latest position in terms of demand and capacity in 2017-18. Appendix 4 to paper J had been circulated separately and this set out the bed capacity bridge, timelines and proposed 2017-18 performance trajectories for RTT, 62 day cancer, diagnostics and ED. The Chief Operating Officer commented upon the strength of the capacity plans for the LRI site, but suggested that the plans for Glenfield Hospital would be harder to deliver once the Vascular Service moved to that site and occupied the additional capacity ward (ward 23). The Trust Chairman advised that a Trust Board thinking day session would be arranged to consider the demand and capacity plans and UHL performance trajectories;
- **Update on the Corporate Services Review** – further to Minute 116/16/2 of 27 October 2016, the Director of Workforce and Organisational Development introduced paper K providing a progress update on UHL's review of Corporate Services, noting that the LLR Sustainability and Transformation Plan back office review was yet to start. A limited project management resource had now been identified to shape the Project Initiation Document (PID) and a workshop was due to be held in May 2017. In addition to the CIP savings already identified by each area, a further £1.5m was required and this would be added to the 2017-18 CIP tracker upon completion of the May 2017 workshop;
- **Workforce update** – the Director of Workforce and Organisational Development introduced paper I, providing a comprehensive update on UHL's Workforce and Organisational Development Plan. A case-by-case review of individuals potentially affected by the new IR35 tax legislation was being undertaken, but appropriate guidance was in place and monitoring processes were underway. The report also provided updates relating to the new Workforce and OD Board, a focus on the medical workforce paybill, improved utilisation of the staff bank, reductions in vacancy rates, establishment level/budget reviews, the Junior Doctor contract, time to hire data, apprenticeship levy and Information Governance (IG) training. IFPIC commended progress in appointing 248 apprenticeships against the target of 334 for 2017. IG training compliance stood at 94%, which was just 150 people away from the target of 95% and there was a high degree of confidence that this figure would be met by the end of March 2017;
- **Month 11 Quality and Performance report** – the Head of Performance and Improvement briefed the Committee on recent diagnostics, Referral to Treatment (RTT), cancer, 52 week waits and cancelled operations performance. He particularly noted the impact of cancelled elective surgery during February and March 2017 and advised that RTT performance was expected to deteriorate again in April 2017, due to the Easter holiday period. The number of cancer patients being treated by UHL had remained broadly stable but urgent referrals for the 2 week wait pathway had increased by approximately 11%. The Chief Operating Officer recognised the challenges surrounding delivery of UHL's access standards in the light of the continued high levels of emergency activity and he acknowledged the significant contributions made by the Head of Performance and Improvement and his team in this respect;

- **UHL Peer Comparison Summary Trend Data** – paper Q provided a monthly and trend peer group analysis for key performance data for members' information. The report had also been reviewed at this week's Executive Performance Board. UHL appeared to be an outlier in respect of 31 day cancer performance. Following a visit to Newcastle NHS Foundation Trust, a range of learning points were detailed in section 5 of the report;
- **IBM Contract Performance** – paper R provided an overview of IBM contractual performance, noting improvements in the customer satisfaction scores (95% for February 2017) and daily ETL reporting (relating to the process for extracting, transforming and loading data). ETL performance stood at 95% against the 98% target and further actions were being undertaken to drive up performance in March 2017. In respect of the Emergency Floor development, the infrastructure works were on track and some additional Nerve Centre software was due to be released on 12 April 2017. A number of parallel discussions were underway to identify the optimum IT solution in the absence of an approved Electronic Patient Record project and proposals would be presented to the 4 May 2017 Trust Board meeting for approval. In addition, the Chief Executive reported on the exploration of opportunities to phase in the replacement of outdated IT hardware via a type of managed equipment arrangement;
- **Reports for Scrutiny and Information** – the Committee received and noted the following documents:-
 - Timetable for UHL Business Case Approvals;
 - IFPIC calendar of business;
 - Minutes of the Executive Performance Board meeting held on 21 February 2017;
 - Minutes of the Capital Monitoring and Investment Committee meeting held on 9 February 2017;
 - Minutes of the Revenue Investment Committee meeting held on 9 February 2017.
- **Any Other Business** – none noted.

DATE OF NEXT COMMITTEE MEETING: 27 April 2017

Mr K Singh – Acting Committee Chair
30 March 2017

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

Operational Plans for 2017/18 and 2018/19 – March 2017 Refresh

Context

On the 15th March 2017, NHSI offered provider Trusts the opportunity to refresh operational plans for 17-19 to correct any errors, ensure our planning assumptions reflect our most recent thinking and to ensure NHSI in-year monitoring is against the right set of figures. This paper provides a 1 page summary of the key changes, which was also requested by NHSI.

Introduction

UHL actually refreshed and submitted a revised plan in January 2017 – the main changes (to the December 2016 submission) related to our financial plan for 17/18 and 18/19 due to our revised forecast for 16/17 (which is worse than we had planned) and in light of our contract settlement. Despite these changes, our planned improvement remains similar to before, in line with our LTFM, but the planned year end deficit position for 17/18 and 18/19 is higher than first envisaged / as submitted in December. Our amended financial plan shows year end positions of £29.8m and £24.9m for 17/18 and 18/19 respectively.

Summary of Changes – March Refresh

In line with NHSI instructions, we have updated those parts of our plan where mandatory refreshes are required, namely, activity, performance trajectories, finance and workforce (as well as triangulation) but within the confines of the planned financial deficit of 17/18 and 18/19 that we put forward in January.

The full and final version of our Operational Plan will go to the May 2017 Trust Board.

Downside Scenario

As discussed with NHSI during the Operational Planning Deep Dive Meetings in March, we have now aligned all assumptions to what we refer to as the 'downside scenario' i.e. more demand coming into the Trust than stated within the contract plan with commissioners. This is what we feel is the most likely scenario and what we need to plan for (in our capacity assumptions) given the direct relationship between demand, capacity, quality and performance.

However, due to the level of information available to us at the time, previous submissions for activity and performance were based on the contract plan (so assumed full QIPP delivery). Our finance and workforce submissions *did* reflect the downside scenario as we were able to make some high level assumptions about how much income activity above contract would generate and how this impacted on pay and non-pay. Our latest submission now ensures all elements align to the downside scenario, which has resulted in some changes to our plans, outlined below.

Summary of Key Changes (all of which were agreed and signed off by IFPIC on 30th March 2017)

Activity	Now based on downside, so only 50% of QIPP delivery is assumed, resulting in a higher activity plan. The demand assumptions to be submitted as part of this refresh are the same assumptions used for internal demand and capacity planning for beds and theatres as well as the recent system wide STP refresh.
Performance	Our trajectories fully align with our final activity / demand and capacity assumptions, including the timing of additional capacity coming on board throughout the year. As a result, RTT will be non-compliant in Q1 but ED is expected to improve compared to the previous submitted trajectory.
Finance	Our income plan is slightly lower in this submission as a result of the final (costed) activity plan but this has been balanced back through pay and non-pay in order to keep the bottom line number the same as before / January.
Workforce	Due to the relationship between activity and income, we do now have a slightly lower envelope for our pay bill going into 17/18 than previously envisaged but this is still higher than our current workforce bill (in 16/17) in light of increasing demand on services.