

Cover report to the Trust Board meeting to be held on 10 January 2019

Trust Board paper L

Report Title:	Finance and Investment Committee – Committee Chair’s Report (formal Minutes will be presented to the next Trust Board meeting)
Author:	Kate Rayns, Corporate and Committee Services Officer
Reporting Committee:	Finance and Investment Committee
Chaired by:	Martin Traynor, Non-Executive Director
Lead Executive Director(s):	Paul Traynor, Chief Financial Officer Mark Wightman, Director of Strategy and Communications
Date of last meeting:	20 December 2018

Summary of key matters considered by the Committee and any related decisions made:

This report provides a summary of the following key issues considered at the Finance and Investment Committee on 20 December 2018:-

- **Matters arising report** – updates were noted in respect of the following entries on the matters arising log:-
 Item 4 – the Chief Financial Officer agreed to provide some contact details to the Director of Efficiency and CIP to assist him with compiling some benchmarking data from Frimley Park Hospital;
 Item 5 – consideration was being given to scheduling a financial improvement session (facilitated by McKinsey) at the February 2019 Trust Board thinking day, and
 Item 21 – arrangements were in hand to present the refreshed version of UHL’s Long Term Financial Strategy to the Trust Board in the final quarter of 2018/19;

- **2018/19 Month 8 Financial Performance** – paper E advised that the month 8 (November 2018) deficit of £46.9m excluding Provider Sustainability Funding (PSF) was £27.1m adverse to plan, driven by the cessation of the Facilities Management LLP (FM LLP) and the crystallisation of unmitigated risk within the Financial Recovery Board actions. Including Provider Sustainability Funding (PSF), the year to date deficit was £44.6m which was adverse to plan by £36.9m due to non-recognition of PSF within the Quarter 2 reporting period. Underlying performance was adverse to plan with over-performance in Emergency Care and Outpatients being offset by under-performance in elective activity and marginal costs to deliver activity and pay cost pressures. Agency expenditure remained below the threshold required by NHS Improvement which effectively mandated a 30% reduction on 2015/16 agency expenditure. CIP performance to date stood at £20.9m against the planned £23.2m and the forecast CIP outturn was £49.8m reflecting a gap of £1.7m (with £7.9m being driven by the cessation of the FM LLP). The forecast deficit financial outturn for 2018/19 stood at £51.8m, but there remained a further unmitigated risk of between £3m and £10m. This was being addressed through increased pay controls and proactive management of the risks and opportunities to ensure that the Trust achieved the best possible financial outturn without compromising patient quality and safety.

The Chief Financial Officer reported verbally on the release of in-month technical provisions that had been brought forward in relation to depreciation charges and treatment of VAT. He also expanded upon the arrangements for holding Corporate Directorates and Clinical Management Groups (CMGs) to account. All underperforming areas were being monitored through weekly financial recovery meetings and proactive arrangements for managing risks and mitigations were in place through the Financial Recovery Board. Executive-level financial support was also being provided to the General Managers of all underperforming Specialties and assurance was provided that performance was being monitored on a proactive and real-time basis, rather than waiting for the monthly data to be issued and then reacting to it accordingly;

- **UHL Productivity Improvement Programme (PIP)** – the Director of Efficiency and CIP introduced paper H providing an overview of the performance status of the programme, progress of the enabling workstreams, key performance indicators, risks and mitigations, cross-cutting workstream highlights, and CMG and Corporate Directorate productivity measures. The forecast outturn against the £51.5m CIP target for 2018/19 stood at £43.6m and the proportion of schemes that had been approved via the quality impact assessment process had increased from 58% to 67%. Two successful ‘Getting It Right First Time’ (GIRFT) visits had taken place in Dermatology and Radiology, but the expected GIRFT visit to the Emergency Department had been cancelled

again whilst the team was awaiting updated guidance. The Director of Strategy and Communications highlighted an opportunity for UHL to hold its own GIRFT-type visit within ED and apply the established methodology to delivering service improvements and reducing unnecessary costs whilst the formal GIRFT visit was awaited. The Director of Efficiency and CIP was requested to take this forward.

Discussion took place regarding the significant improvement in the amount of Clinical Coding that was undertaken using case notes and the increased accuracy of such coding. The Chief Executive commented upon his expectation to see robust monitoring of headcount reductions within the 2019/20 CIP programme. FIC members were encouraged to visit the Model Hospital website as the data had been recently refreshed. An update on Section 106 agreements was provided on the final slide of paper H. The Committee Chair commented on the cost of replacing a small IT accessory through the recognised procurement route, advising that it had proven cheaper to purchase the item elsewhere. In response, it was noted that alternative procurement solutions were being explored as part of the end user computer contract. Finally, members noted that the Productivity Improvement Strategy was planned to be presented to the FIC meeting on 31 January 2019;

- **Update on 2019/20 Business Planning Process** – Ms R Vyas, Head of Strategic Planning and the Director of Strategy and Communications introduced paper K, setting out the Trust’s progress in respect of delivering an integrated business planning cycle for 2019/20, leading to the construction of the Annual Operational Plan. Appendices 1 and 2 provided the correspondence received to date from NHS England and NHS Improvement on 16 October 2018 and 29 November 2018 (detailing the national approach to planning). However, the detailed Planning Guidance was still awaited. Appendix 3 detailed the draft LLR Commissioning Intentions for 2019/21. The first-cut draft 2019/20 Annual Operational Plan was due to be submitted to NHS Improvement on 14 January 2019, subject to sign-off by the Trust Board on 10 January 2019;
- **Quarterly Update on IBM Contract** – the Chief Information Officer attended the meeting to present paper L, detailing performance against the Managed Business Partner contract with IBM. The core of the contract was being delivered, and the majority of performance targets were being achieved. However, the Business Intelligence Team was currently reviewing its priorities to ensure that the service level agreements and key performance indicators were the most appropriate to support the Trust going forward. The GE PACS localisation go live event had gone particularly well some 48 days previously, with only 1 issue being logged and resolved within 15 minutes. Progress with replacement of older computer equipment was on track and the rollout was expected to gather pace over the coming months. Discussion took place regarding NHS Digital Funding and the development of NerveCentre and its position nationally as a Framework provider. Finally, the Committee Chair noted that the Chief Information Officer would be leaving UHL in the New Year and he thanked him for his significant contributions to UHL and wished him well for the future;
- **Leicester Business Festival Workshop held on 8 November 2018** – the FIC Chair briefed the Committee on the success of the above event which had been hosted by UHL at the Leicester General Hospital to focus upon the development of innovative medical products or services within the NHS. Some 54 companies had attended the event and follow-up meetings had been arranged with 7 companies. Two of these were now being followed up in relation to stents and oxygen therapy. The Committee Chair recommended that consideration be given to hosting another event in 2019 due to the modest costs involved and the significant scale of opportunities;
- **Items for scrutiny and information** – the Committee received and noted the following reports for information:-
 Paper N – Strategic Reconfiguration Programme Project Plan and Timetable for Business Cases;
 Paper O – FIC Calendar of Business 2018/19;
 Paper P – action notes from the Executive Performance Board meeting held on 27 November 2018, and
 Paper Q – Minutes of the Capital Monitoring and Investment Committee meeting held on 20 November 2018.

Matters requiring Trust Board consideration and/or approval:

Recommendations for approval

- None

Items highlighted to the Trust Board for information

- None

Matters referred to other Committees:

- **None**

Date of next meeting:	31 January 2019
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