

Trust Board paper M3

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 10 January 2019

COMMITTEE: Finance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director and FIC Chair.

DATE OF COMMITTEE MEETING: 29 November 2018

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

- None

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR NOTING BY THE TRUST BOARD:

- Minute 105/18/1 – financial performance for Month 7;
- Minute 105/18/3 – progress of the Productivity Improvement Programme, and
- Minute 105/18/7 – approach to 2019/20 Business Planning.

DATE OF NEXT COMMITTEE MEETING: 20 December 2018

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

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE FINANCE AND INVESTMENT COMMITTEE (FIC), HELD ON THURSDAY 29 NOVEMBER 2018 AT 8:30AM IN THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY

Voting Members Present:

Mr M Traynor – Non-Executive Director (Committee Chair)
Ms R Brown – Chief Operating Officer
Mr A Johnson – Non-Executive Director (from part of Minute 104/18)
Mr K Singh – Trust Chairman (non-voting ex-officio)
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr C Benham – Director of Operational Finance
Mr D Kerr – Director of Estates and Facilities (from part of Minute 105/18/1)
Mr W Monaghan – Director of Performance and Information
Mr T Pearce – Major Projects Finance Lead (for Minutes 104/18 and 105/18/5)
Mrs K Rayns – Corporate and Committee Services Officer
Mr N Sone – Financial Controller (up to and including Minute 105/18/4)
Ms R Vyas – Head of Strategic Development (for Minute 105/18/7)
Ms L Wall – Head of Contracts (for Minutes 105/18/4 and 105/18/6)
Mr M Wightman – Director of Strategy and Communications

RESOLVED ITEMS

ACTION

101/18 APOLOGIES

Apologies for absence were received from Mr J Adler, Chief Executive, Mr K Allen, Patient Partner, and Mr R Moore, Non-Executive Director.

Resolved – that the apologies for absence be noted.

102/18 MINUTES

Resolved – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 25 October 2018 (papers A1 and A2) be confirmed as correct records.

103/18 MATTERS ARISING

Paper B detailed the status of all matters arising from the 25 October 2018 FIC meeting and any outstanding matters arising from previous FIC meetings. Particular discussion took place regarding the following entries on the log:-

- Item 5 (Minute 95/18/1b of 25 October 2018 refers) – the Chief Financial Officer advised that a bridging chart (setting out the trajectory required by each area to deliver the Quarter 2 forecast outturn) would be included in the month 8 financial performance report, and
- Item 18 (Minute 86/18/1a of 27 September 2018 refers) – the Trust Chairman briefed FIC on a proposal to hold a session on the Digital Agenda at the 13 December 2018 thinking day, confirming that consideration would be given to scheduling a follow-up session with the Chief Information Officer and IBM at a subsequent meeting.

CFO

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

104/18 CONFIDENTIAL REPORT BY THE CHIEF FINANCIAL OFFICER

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

105/18 FINANCE AND PLANNING

105/18/1 2018/19 Month 7 Financial Performance

The Chief Financial Officer introduced paper D, detailing the Trust's financial performance for the period ending 31 October 2018 and advising that the month 7 deficit of £45.0m excluding Provider Sustainability Funding (PSF) was £23.6m adverse to plan. This was being 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 £42.7m which was adverse to plan by £31.1m due to non-recognition of PSF within the Quarter 2 reporting period.

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 £17.1m against the planned £18.7m and the forecast CIP outturn was £44m reflecting a gap of £7.5m (with £7.9m of the gap being driven by the cessation of the FM LLP). Assurance was provided that the CMGs and Corporate Directorates were being supported and held to account to deliver their planned positions and to improve upon them wherever possible. In addition, the Financial Recovery Board was overseeing a wide range of financial improvement activity and was now meeting on a weekly basis.

Resolved – that the Month 7 Financial Performance report be received and noted as paper D.

105/18/2 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

105/18/3 UHL Productivity Improvement Programme – Month 7

On behalf of the Director of Efficiency and CIP, the Director of Operational Finance introduced paper F 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 target for 2018-19 stood at £44.3m, but additional work was taking place to identify new schemes, and where practicable bring schemes forward from the 2019-20 financial year. Non-recurrent savings were also being utilised to bridge the gap. Further work was taking place to embed the Model Hospital and 'Vital Few' workstreams.

Members agreed that the identification of future productivity improvements usually became harder as any 'low hanging fruit' was removed. However, the Getting It Right the First Time (GIRFT) model was expected to be very helpful in supporting more fundamental transformation. FIC discussed some specific examples of areas for efficiency and productivity improvements, including reductions in the number of clinical 'hand-over' processes within Outpatient Services, the introduction of a 2-way SMS text messaging service for confirming Outpatient appointments and the clinical decision-making process surrounding use of full replacement hip prostheses or trauma stems.

Discussion also took place regarding the scope for productivity improvements within the Estates and Facilities Directorate; the lack of real investment in Estates and Facilities Management services since the early settlement of the Interserve Contract and the proportion of expenditure that could be directly influenced (recognising that approximately 85% of directly influenceable Estates and Facilities expenditure related to workforce costs). The Committee Chair also briefed the Committee on progress of Section 106 negotiations with Leicestershire County Council.

Resolved – that the month 7 update on UHL’s Productivity Improvement Programme (PIP) be received and noted as paper F.

105/18/4 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

105/18/5 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

105/18/6 Quarterly Contract Update

Ms L Wall, Head of Contracts attended the meeting to introduce paper I, briefing the Committee on contractual performance against the NHS Standard Contracts for Acute and Specialised Services as at the end of Quarter 2 (September 2018), noting over-performance against plan of £5.0m for Acute services and a slight under-performance (£0.1m) for Specialised. Since the report had been prepared, the level of outstanding contractual challenges had increased significantly and a series of escalation meetings had been held with Commissioners. The Committee Chair commented upon the need to factor in this deterioration within the modelling arrangements for UHL’s cash flow. He also sought and received assurance regarding the governance arrangements for the outstanding amounts.

Discussion took place regarding the extent to which increases in clinical acuity and complexity had affected clinical coding as some of the more straightforward cases had been outsourced to other providers. In general, the Trust was required to provide its Commissioners with 18 months’ notice of any stepped changes in the counting and coding of clinical activity. Finally, the FIC Chair sought and received assurance regarding the nature of the Trust’s relationships with its Commissioners going forwards.

Resolved – that the Quarterly Contract Update be received and noted as paper I.

105/18/7 Approach to 2019/20 Business Planning

Ms R Vyas, Head of Strategic Planning and the Director of Strategy and Communications introduced paper J, setting out the process, methodology and the proposed timetable for the development of UHL’s 2019/20 Annual Operational Plan ahead of the 4 April 2019 submission deadline. During the discussion on this item, FIC noted the intention to focus upon 2019/20 as Year 1 of the 5 Year Plan, the arrangements for learning from the 2018/19 planning cycle, the proposed principles, parameters and process; and received assurance that the proposed timelines (as set out in a table on page 9 of the report) would be finalised once further clarity was received from NHS Improvement and NHS England.

Assurance was provided that the business planning process was an iterative process which was co-created by the CMGs with Executive-level support within the agreed

planning parameters. The Executive-level responsibilities were set out in section 11 of paper J. Members of the Executive team would also sponsor the work of the individual CMGs, acting as a resource and a critical friend and bringing in other expertise from the group as required by the CMGs. The CMG Performance Review meetings and the Operational Management Group meeting would also be utilised as vehicles to support the Business Planning Process. FIC supported the direction of travel, noting that further progress reports would be presented to the December 2018 and January 2019 FIC meetings.

DSC

Resolved – that (A) the update on the Approach to 2019/20 Business Planning be received and noted as paper J, and

(B) further updates on the 2019/20 Business Planning Process be presented to the Committee in December 2018 and January 2019.

DSC

106/18 STRATEGIC ISSUES

106/18/1 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

106/18/2 Confidential Report by the Director of Estates and Facilities

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

106/18/3 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

107/18 SCRUTINY AND INFORMATION

107/18/1 Strategic Reconfiguration Programme – Project Plan and Timetable for Business Cases

Paper M provided a briefing on the approval process and timescales for the Pre Consultation Business Case (PCBC) and set out the proposed phasing of specific projects within the UHL Strategic Reconfiguration Programme. The Chief Financial Officer advised of some changes to the PCBC timetable, noting that the National NHSE Assurance Panel would now meet in January 2019 (instead of 4 December 2018), and the deadline for responding to feedback from the National Panel would be amended accordingly. The NHSI Resources Committee was still expected to consider the PCBC at its meeting on 12 March 2019.

Resolved – that the update on the Strategic Reconfiguration Programme be received and noted as paper M.

107/18/2 Finance and Investment Committee Calendar of Business 2018/19

Resolved – that the FIC calendar of business for 2018/19 be received and noted as paper N.

107/18/3 Executive Performance Board

Resolved – that the notes of the 23 October 2018 Executive Performance Board

meeting be received and noted as paper O.

107/18/4 Capital Monitoring and Investment Committee (CMIC)

Resolved – that (A) the notes of the CMIC meetings held on 13 July 2018 and 29 October 2018 be presented to FIC on 20 December 2018, and

(B) the cancellation of the August and September 2018 CMIC meetings be noted.

107/18/5 Revenue Investment Committee (RIC)

Resolved – that (A) the cancellation of the August 2018 RIC meeting be noted, and

(B) the notes of the RIC meetings held on 21 September and 18 October 2018 be received and noted as papers P1 and P2 (respectively).

108/18 ANY OTHER BUSINESS

Resolved – that no items of other business were noted.

109/18 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 6 December 2018, and

CCSO/
Chair

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

- Minute 105/18/1 – financial performance for Month 7;
- Minute 105/18/3 – progress of the Productivity Improvement Programme, and
- Minute 105/18/7 – approach to 2019/20 Business Planning.

110/18 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 20 December 2018 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11:08am

Kate Rayns
Corporate and Committee Services Officer

FIC Attendance Record 2018-19

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	8	8	100	A Johnson	8	7	88
J Adler	8	6	75	R Moore (to 29.11.18)	8	5	63
R Brown (from 28.6.18)	6	5	83	K Singh (Ex-officio)	8	6	75
E Doyle	2	2	100	P Traynor	8	7	88

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	8	4	50	D Kerr	8	6	75
C Benham	8	8	100	M Wightman	8	8	100