

Trust Board paper M3

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 4 July 2019

COMMITTEE: Finance and Investment Committee

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

DATE OF COMMITTEE MEETING: 30 May 2019

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 50/19/1 – financial performance for Month 1, and
- Minute 51/19/2 – National Cost Collection.

DATE OF NEXT COMMITTEE MEETING: 27 June 2019

**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 30 MAY 2019 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
Mr K Singh – Trust Chairman (non-voting ex-officio)
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr D Kerr – Director of Estates and Facilities
Mr S Lee – Head of Finance (Costing) (for Minute 51/19/2)
Mrs K Rayns – Corporate and Committee Services Officer
Ms L Wall – Head of Contracts (for Minute 51/19/1)
Mr M Wightman – Director of Strategy and Communications

RESOLVED ITEMS

ACTION

46/19 APOLOGIES AND ANNOUNCEMENTS

Apologies for this meeting were received from Mr J Adler, Chief Executive, Mr C Benham, Director of Operational Finance, Ms K Jenkins, Non-Executive Director, and Mr N Sone, Financial Controller.

The FIC Chair announced that under the revised Patient and Public Involvement Strategy, Patient Partners had been stood down from attending UHL's Board Committees. He advised that he would write to Mr K Allan, Patient Partner to thank him for his contribution to the Committee. Due to the late circulation of papers for this meeting, it was agreed that papers would not be taken as read and that the lead officers would provide a short overview of the salient points when introducing their reports.

Resolved – that (A) the apologies for absence were received, and

(B) the Committee Chair be requested to write to Mr K Allan, Patient Partner to thank him for his contribution to the Finance and Investment Committee.

47/19 DECLARATIONS OF INTEREST

The Chief Financial Officer and Mr A Johnson, Non-Executive Director declared their respective roles as Non-Executive Director and Non-Executive Chair of Trust Group Holdings Ltd. As these were judged by the Committee to be non-prejudicial interests, they remained present at the meeting.

Resolved – that the declarations of interest be noted.

48/19 MINUTES

Resolved – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 25 April 2019 (papers A1 and A2) be confirmed as correct records.

49/19/1 MATTERS ARISING

Paper B provided a summary of the matters arising from the 25 April 2019 and previous

FIC meetings. During a detailed discussion on the report, the following information was noted:-

- Item 3 (Minute 40/19/1 of 25 April 2019 refers) – the Chief Financial Officer advised that the previously-requested summary of 2018/19 balance sheet adjustments would be provided to Mr A Johnson, Non-Executive Director during week commencing 3 June 2019; **CFO**
- Item 22a (Minute 117/18/4 of 20 December 2018 refers) – the Chief Operating Officer noted that the formal Emergency Department (ED) Getting it Right First Time (GIRFT) visit was in the process of being rescheduled and she expressed her view that it would not be worthwhile arranging an internal GIRFT-type session. This action to be marked as complete and removed from the progress log, and **CCSO**
- Item 23 (Minute 85/18/6 of 27 September 2019 refers) – the Chief Financial Officer advised that the deadline for integrating UHL’s Long Term Financial Strategy (LTFS) with the System-wide LTFS would be in October 2019, but he was planning to present the draft version of UHL’s LTFS to FIC in June 2019. The FIC Chair noted his preference for this to be presented to FIC in July 2019, following the Committee’s consideration of the ‘State of the Nation’ report on UHL’s estates infrastructure. It was agreed that the Chief Financial Officer and the Director of Strategy and Communications would consider and agree the timetabling of this item (outside the meeting), noting that the Chief Financial Officer would not be present at the FIC meeting in July 2019. **CFO/DSC**

Resolved – that the discussion on the matters arising log and any associated actions be noted. **Leads**

50/19 KEY ISSUES FOR DISCUSSION/DECISION

50/19/1 2019/20 Month 1 Financial Performance

The Chief Financial Officer introduced paper C, advising that the Trust had achieved a year-to-date financial deficit of £10.3m, excluding Provider Sustainability Funding (PSF), Financial Recovery Funding (FRF) and Marginal Rate Emergency Tariff (MRET). Including PSF/FRF/MRET, the Trust had achieved a year-to-date deficit of £8.2m which was in line with plan. FIC members noted that the month 1 financial report was a reduced version, given the increased workload during the financial year end processes. However, assurance was provided that the planning and budget-setting processes for 2019/20 had all been signed off and appropriate governance arrangements were in place to monitor performance against the CMG and Corporate Directorate control totals, which were deemed to be realistic and achievable.

Month 1 patient care activity levels had been higher than plan with £1.3m over-performance in Emergency, Day Case, Elective Inpatients and Outpatients. However, Emergency over-performance had been off-set by the application of a blended rate tariff adjustment, pass-through costs for drugs and devices and the cost of delivering this additional activity. Assurance was provided that there had been no use of contingency or reserves during April 2019, despite the reduced number of working days in the month. Discussion took place regarding the factors affecting service-level profit margins, and opportunities to improve value and drive out inefficiencies through the ‘Vital Few’ workstream and the CMG Performance Review meetings. Mr A Johnson, Non-Executive Director sought additional information regarding CMG financial management arrangements and their processes for interpreting data to calculate profit margins for each service. In response, the Director of Strategy and Communications and the Chief Financial Officer suggested that it would be helpful for FIC to see some examples of the analysis work being undertaken within the CMGs (once the year-end processes had been fully completed).

**DSC/
CFO**

Finally, the Chief Financial Officer particularly drew members' attention to the 2019/20 review of establishment and UHL's pay profile (as detailed on pages 10 and 11 of paper C), noting the need to model the impact of approximately 800 vacant posts within the context of the total pay bill in future iterations of the monthly financial performance report. The Chief Operating Officer commented upon the additional premium pay expenditure that was being incurred where recruitment to substantive vacancies was proving challenging. She also highlighted the actions being implemented under UHL's People Strategy to address these challenges.

CFO

Resolved – that (A) the 2019/20 Month 1 Financial Performance report be received and noted as paper C, and

(B) the Director of Strategy and Communications and the Chief Financial Officer be requested to arrange for some examples of service-level financial analysis work to be presented to a future FIC meeting, and

DSC/
CFO

(C) the Chief Financial Officer be requested to arrange for the impact of substantive vacant posts to be modelled within the context of the total pay bill in future iterations of the financial performance report.

CFO

50/19/2 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.

50/19/3 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.

50/19/4 UHL Productivity Improvement Programme – Deep Dive

The Chief Financial Officer introduced paper F, providing an overview of UHL's Productivity Improvement Programme, advising that savings of £25.0m had been identified against the 2019/20 target of £26.6m. In the absence of the Director of Productivity at this meeting, it was agreed that the deep-dive discussion would be re-scheduled for a future FIC meeting. However, a short discussion took place regarding the thematic approach to productivity improvements aligned to the Quality Strategy and the high level of confidence that the full 2019/20 target would be achieved. Members also considered opportunities to develop more ambitious productivity and efficiency savings schemes to create additional headroom within the financial plan and the scope for developing a future programme of System-wide efficiency schemes across the LLR health economy.

DP/CFO

Resolved – that (A) the monthly update on UHL's Productivity Improvement Programme be received and noted as paper F, and

(B) the planned deep-dive discussion on Productivity Improvements be deferred to a future FIC meeting.

DP/CFO

51/19 **ITEMS FOR ASSURANCE**

51/19/1 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.

51/19/2 Costing Update – National Cost Collection

Mr S Lee, Head of Finance (Costing) attended the meeting to introduce paper H, briefing the Committee on the arrangements for UHL's compliance with NHS Improvement's newly mandated National Cost Collection. Members noted that the level of collection had changed from average HRG costs to individual patient level and they commended this approach, noting the significant variance in treatment costs for a single procedure (such as a hip replacement) according to the patient's age, fitness, medical condition and the complexity of the fracture. It was noted that robust data for key demographic cohorts would then be used for benchmarking between organisations and to inform the Model Hospital and national tariff. As described in the detailed project plan (provided at appendix 2), the final submission would be presented to the 25 July 2019 FIC for approval ahead of submission to NHS improvement by 23 August 2019. Members noted that following the previous year's failed submission under the pilot scheme, the Trust had procured a replacement software solution and implementation was progressing well.

CFO

A detailed discussion took place regarding the powerful nature of the data being collated and the importance of robust clinical engagement in the data going forwards. Through the implementation of an 'engagement tracker' the level of clinician engagement had improved from 30% in April 2018 to 52% in March 2019 and this trend was expected to continue during 2019/20. The Chief Operating Officer provided assurance that the Trust had recently invested in some specialist software (Click Sense) which would provide clinicians with access to the relevant data and equip them with the tools to interpret the data appropriately. The Director of Strategy and Communications added that it was also important for clinicians to have confidence that any potential improvements in patient pathways identified from the data analysis would be supported going forwards. He cited the Cystic Fibrosis pathway as a pertinent example where potential improvements in care pathways had not yet been implemented, due to contractual aspects

The FIC Chair sought and received assurance that there were sufficient resources within the Costing Team to deliver the project plan as set out in appendix 2. Finally, Mr A Johnson, Non-Executive Director queried the organisation's Business Intelligence capability to access the costing data and re-format it for use in other reporting mediums, noting in response that the Click Sense software was easy for clinicians to use and ideally suited for this purpose.

Resolved – that (A) the update on the arrangements for the National Cost Collection be received and noted as paper H, and

(B) the final National Cost Collection submission be presented to the July 2019 FIC meeting for approval (ahead of the 23 August 2019 deadline).

CFO

51/19/3 6 Monthly Update on the Pathology Network

Further to Minute 106/18/1 of 29 November 2018, the Chief Financial Officer reported verbally, advising that there was nothing significant to report on the development of the Pathology Network at the current time.

Resolved – that the position be noted and the next 6 monthly update on the Pathology Network be scheduled for the November 2019 FIC meeting.

CFO

51/19/4 CQC Use of Resource Update

Paper I, the expected briefing note on preparations for the CQC Use of Resources Assessment had been deferred from this agenda due to the additional workload associated with the financial year-end. The Chief Financial Officer reported verbally, advising that UHL's assessment of compliance with CQC Standards for Use of Resources would

encompass a number of key lines of enquiry including financial performance, budgetary management, efficiency programmes and interactions with CMGs and Corporate Directorates. In response to a query from Mr A Johnson, Non-Executive Director it was confirmed that External Audit's Value for Money opinion was expected to have a bearing on the Trust's overall CQC assessment, but it was also important for UHL to demonstrate that it was operating as effectively as possible within the current funding constraints. Assurance was provided that the Trust was preparing and planning appropriately for this CQC assessment. A further briefing on this subject would be presented to the June 2019 FIC meeting.

CFO

Resolved – that the verbal information on CQC Use of Resources be noted and a written report be scheduled for the June 2019 FIC meeting.

CFO

51/19/5 Briefing on Potential Reforms to Simplify VAT Rules on Contracted Out Services

Paper J, the expected briefing note on the above subject had been deferred from this agenda due to the workload associated with the financial year-end. The FIC Chair sought and received assurance from the Chief Financial Officer that the proposed reforms would not present a significant financial risk to UHL, providing that the appropriate tariff adjustments were enacted alongside any changes to the NHS financial architecture. A briefing note on this subject would be presented to the June 2019 FIC meeting.

CFO

Resolved – that a briefing note on the potential reforms to simplify the VAT rules on contracted out services be presented to the June 2019 FIC meeting.

CFO

52/19 ITEMS FOR NOTING

52/19/1 Timetable for Business Case Approvals

Resolved – that the Timetable for UHL Business Case Approvals be received and noted as paper K.

52/19/2 FIC Calendar of Business 2019/20

Resolved – that the FIC calendar of business for 2019/20 be received and noted as paper L.

52/19/3 Executive Performance Board

Resolved – that the notes of the 23 April 2019 Executive Performance Board meeting be received and noted as paper M.

52/19/4 Capital Monitoring and Investment Committee (CMIC)

Resolved – that the action notes of the CMIC meeting held on 19 March 2019 be received and noted as paper N.

52/19/5 Revenue Investment Committee (RIC)

Resolved – that the action notes of the RIC meeting held on 19 March 2019 be presented to FIC in May 2019.

CFO

53/19 ANY OTHER BUSINESS

Resolved – that no items of any other business were raised.

54/19 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 June 2019, and

CCSO/
Chair

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

- Minute 50/19/1 – financial performance for Month 1, and
- Minute 51/19/2 – National Cost Collection.

55/19 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Investment Committee be held on **Thursday 27 June 2019 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.**

The meeting closed at 10.50am

Kate Rayns
Corporate and Committee Services Officer

FIC Attendance Record 2019/20

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	2	2	100	A Johnson	2	2	100
J Adler	2	1	50	K Singh (Ex-officio)	2	2	100
R Brown	2	2	100	P Traynor	2	2	100
K Jenkins	2	1	50				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner) until 30.5.19	1	0	0	D Kerr	2	2	100
C Benham	2	1	50	M Wightman	2	2	100