University Hospitals of Leicester NHS
NHS Trust

Trust Board paper G

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 1 September 2011

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr I Reid, Non-Executive Director

DATE OF COMMITTEE MEETING: 28 July 2011. A covering sheet outlining the key issues discussed at this meeting was submitted to the Trust Board on 4 August 2011.

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

None.

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR PUBLIC CONSIDERATION/ RESOLUTION BY THE TRUST BOARD:

- **A potentially significant TCS tender opportunity (Minute 73/11/1).**

DATE OF NEXT COMMITTEE MEETING: 24 August 2011

Mr I Reid – Non-Executive Director
25 August 2011

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE HELD ON THURSDAY 28 JULY 2011 AT 9.15AM IN ROOMS 1A & 1B, GWENDOLEN HOUSE, LEICESTER GENERAL HOSPITAL SITE

Present:
Mr I Reid – Non-Executive Director (Committee Chair)
Mr R Kilner – Non-Executive Director
Mr M Lowe-Lauri – Chief Executive
Ms C Ribbins – Director of Nursing (on behalf of Mrs S Hinchliffe, Chief Operating Officer/Chief Nurse)
Mr A Seddon – Director of Finance and Procurement
Mr G Smith – Patient Adviser (non-voting member)
Dr A Tierney – Director of Strategy
Mrs J Wilson – Non-Executive Director

In Attendance:
Ms J Ball – Divisional Head of Nursing, Planned Care (for Minute 73/11/1)
Mr N Bond – Head of Facilities, Glenfield Hospital (for Minute 73/11/2)
Mr S Esat – Corporate Accountant (for Minute 73/11/2)
Mr A Furlong – Divisional Director, Planned Care (for Minute 73/11/1)
Mr R Gill – Assistant Divisional Accountant, Planned Care (for Minute 73/11/1)
Mr R Gillingwater – Associate Director (Supplies/Operations) (for Minute 74/11/5 and 74/11/6)
Mr N Kee – Divisional Manager, Planned Care (for Minute 73/11/1)
Mr C Oates – Planned Care (for Minute 73/11/1)
Mr A Powell – Acting Director of Facilities (for Minute 73/11/2)
Ms L Patel – HR Shared Services Team Leader (for Minute 74/11/5)
Mr M Starling – Head of Facilities, Leicester General Hospital (for Minute 73/11/2)
Mrs E Stevens – Deputy Director of Human Resources (for Minutes 74/11/5 and 74/11/6)
Ms H Stokes – Senior Trust Administrator
Mrs J Tyler-Fantom – Divisional HR Lead, Planned Care (for Minute 73/11/1)

RESOLVED ITEMS **ACTION**

70/11 APOLOGIES

Apologies for absence were received from Dr K Harris, Medical Director, Mrs S Hinchliffe, Chief Operating Officer/Chief Nurse, and Mr J Shuter, Deputy Director of Finance and Procurement.

71/11 MINUTES AND ACTION SHEET

Resolved – that the Minutes and action sheet of the Finance and Performance Committee meeting held on 29 June 2011 be approved as a correct record, subject to correction of a typographical error in Minute 58/11 [subparagraph (3)]. **STA**

72/11 MATTERS ARISING

In addition to the issues itemised on the agenda, members considered the report on matters arising from previous Finance and Performance Committee meetings (circulated as paper B).

72/11/1 Clarification on Staff Recruitment 2010-11 (Minute 57/11/1)

Resolved – it be noted that the information requested had been circulated accordingly to Finance and Performance Committee members.

72/11/2 Residential Accommodation (Minute 57/11/3)

Resolved – that the Director of Human Resources be requested to confirm the timescale for obtaining advice from external commercial agencies. **DHR**

72/11/3 Issues Arising from the Month 2 Quality, Finance and Performance Report (Minute 59/11/1)

It was agreed to seek an update from the Medical Director at the next meeting, regarding his discussions with NHS East Midlands on potentially extending the period during which CQUIN penalties would not be applied to UHL in respect of the recording of VTE risk assessments. **MD**

In response to a query from the Finance and Performance Committee Chair, the Director of Finance and Procurement advised that further detail on forecasting and on key expenditure lines would be included in the monthly quality finance and performance report from month 4 onwards (24 August 2011 Finance and Performance Committee and 1 September 2011 Trust Board onwards). **DFP**

Members also noted a briefing note previously circulated by the Director of Finance and Procurement regarding UHL's income and expenditure position, as requested at the June 2011 Finance and Performance Committee meeting. The Director of Finance and Procurement advised that he would provide a further detailed briefing following discussions with the Deputy Director of Finance and Procurement after 1 August 2011. In discussion, and noting the apparent distorting effect of the transformation monies, Mr R Kilner, Non-Executive Director, emphasised the need for a clear presentation of income and activity information. The Director of Finance and Procurement acknowledged the need for greater transparency, also taking appropriate account of Department of Health reporting requirements. In further discussion, the Chief Executive noted the need for this additional briefing to be circulated to Finance and Performance Committee members prior to the Acute Care Divisional presentation to the August 2011 meeting of this Committee. **DFP**

Resolved – that (A) the Medical Director be requested to provide a verbal update on his discussions with NHS East Midlands (re: extending the timeframe for the non-application of CQUIN penalties in respect of the VTE risk assessment recording), at the 24 August 2011 Finance and Performance Committee; **MD**

(B) the Director of Finance and Procurement be requested to include more detail on forecasting and on key lines of expenditure, in the monthly QFP report, from the 24 August 2011 Finance and Performance Committee and the 1 September 2011 Trust Board onwards, and **DFP**

(C) the Director and Deputy Director of Finance and Procurement be requested to circulate a more detailed briefing note to Finance and Performance Committee members, clarifying the Trust's income and expenditure position ahead of the Acute Care Divisional presentation to the 24 August 2011 Finance and Performance Committee. **DFP/ DDFP**

72/11/4 PLICS/SLR Service Positions (Minute 59/11/3)

The Finance and Performance Committee Chair queried the timescale for including actions to address non-profitable services in future PLICS/SLR reports. In response, the Chief Executive noted the need for further discussions with the Acute Care Division and advised revisiting this issue following that Division's performance presentation to the August 2011 Finance and Performance Committee. This overall issue would also be covered by UHL's Integrated Business Plan 2011-16. The Director of Finance and Procurement advised revisiting this issue in October 2011, thus linking into the timescale for developing an action plan to address the current £5m shortfall in the 2011-12 stabilisation to transformation plan. **DFP**

Resolved – that an update on addressing non-profitable services through **DFP**

PLICS/SLR be provided to the October 2011 Finance and Performance Committee.

72/11/5 LLR Emergency Care Transformation Programme (Minute 59/11/5)

Noting that some common LLR metrics were now available, the Chief Executive advised remitting this issue to himself and the Chief Operating Officer/Chief Nurse, to pursue discussions with the LLR Emergency Care Network accordingly. The Finance and Performance Committee Chair accepted this suggestion, noting the need for appropriate progress ahead of 2011 winter pressures. **CE/ COO/ CN**

The Chief Executive confirmed that he would advise the August 2011 Finance and Performance Committee on any continued need for a briefing note to be developed for the UHL Chairman, following a further scheduled meeting of the Emergency Care Network. **CE**

Resolved – that (A) discussions on developing common LLR metrics in respect of the emergency care transformation project be remitted to the Chief Executive and Chief Operating Officer/Chief Nurse, to pursue accordingly with the Emergency Care Network, and **CE/ COO/ CN**

(B) the Chief Executive be requested to advise the 24 August 2011 Finance and Performance Committee of any continuing need to develop a briefing note for the UHL Chairman, following discussions with the Emergency Care Network. **CE**

72/11/6 Future Contracting Arrangements with UHL Consultants (Minute 48/11/3 of 25 May 2011)

Mr R Kilner, Non-Executive Director, confirmed that he had met with the Director of Human Resources to discuss this issue. The Finance and Performance Committee accepted his suggestion that this issue should now be remitted to the Director of Human Resources as the appropriate Executive Director lead, and be removed accordingly from the Finance and Performance Committee matters arising report. **DHR**

Resolved – that this issue be remitted to the Director of Human Resources as the appropriate Executive Director lead and removed from the Finance and Performance Committee matters arising report accordingly. **DHR**

72/11/7 Impact on UHL of LLR Councils' Funding of Long-term Care (Minute 47/11/1 of 25 May 2011)

The Chief Executive outlined his discussions regarding Leicestershire county funding/provision of such care, noting an agreement to undertake some tracking. The position within Leicester City was more complex, and he agreed to provide a further verbal update to the next Finance and Performance Committee meeting, following discussions scheduled for August 2011 with Leicester City Council. **CE**

Resolved – that a further update be provided to the 24 August 2011 Finance and Performance Committee, following discussions with Leicester City Council. **CE**

73/11 PERFORMANCE PRESENTATIONS

73/11/1 Planned Care Division

The Divisional Director, Divisional Manager, Head of Nursing, HR Lead and Assistant Finance Lead, Planned Care, attended to present the Division's performance (slides as detailed in previously-circulated paper C). The Divisional Management Team was accompanied by Mr C Oates, who was providing additional support on a number of projects including clinical coding. The presentation briefly highlighted:-

(1) the current position of the Division, noting a £0.9m deficit against plan as at

month 3 and a year-end forecast deficit of £5.5m, although the latter was mitigated (to a £3.9m potential deficit) by apparent better-than-expected month 4 performance to date. This improved position also excluded any potential coding benefits (see (e) below). The Division was taking a more proactive approach to forecasting, noting a somewhat conservative approach by its CBUs previously. However, the remaining £2.6m shortfall in the Division's CIP target was proving challenging to identify. Scope to bring forward September 2011 bed reductions was being explored, as was a reconfiguration of Planned Care's Leicester General Hospital bedbase. All such plans were risk assessed and involved clinical input;

(2) a number of other pressures on the Division, including access targets. Despite month 3 pressures on the 62-day wait cancer target, the quarter figures had been delivered, as had referral to treatment (RTT) requirements;

(3) continuing work to foster a 'Divisional' culture rather than an individual service perspective. A number of service reviews were underway, with good levels of clinical buy-in. The Divisional Management Team had also taken steps to increase its own visibility across the Division's CBUs;

(4) a number of Divisional achievements, including the establishment of an interim DOSA, JAG accreditation for endoscopy and good fractured neck of femur audit results – UHL performance on the latter was good nationally, with 71% of patients meeting the target;

(5) the key importance of the risk, governance and quality portfolio within the Division. The presentation also noted certain pending CBU management appointments – the Division recognised, however, that management band width remained a challenge within CBUs;

(6) the Division's 2011-12 position and 2014-15 vision in respect of:-

- patients – noting a sustained improvement in performance on both the quality metrics and the patient survey results;
- people – medical engagement in recruitment was proving highly beneficial. There had been some slippage to date, however, on the planned headcount reductions for 2011-12;
- process;
- partnerships – improving the Division's involvement in contracting and commissioning was a key aim;
- profitability – PLICS/SLR was a key tool in understanding the Division's service positions. The Division recognised the need to reduce its cost base and was focusing accordingly on transformational CIP schemes. The Divisional Director noted his wish to move all Planned Care services to the upper quartile in terms of profitability. It was also intended to reduce Consultant/procedure variations, and

(7) an outline of the Division's current journey from 'good to great', via transformation.

In discussion on the Planned Care Divisional presentation, the Finance and Performance Committee:-

(a) queried how the Division would ensure that additional locum/agency costs were appropriately controlled in times of winter pressures, and were then curtailed once those pressures eased. The Divisional Management Team confirmed that control processes had been in place for some time (eg weekly authorisation meetings) and considered that appropriate challenge and responsiveness were both already used. The been Finance and Performance Committee Chair queried the extent to which the actual 2011-12 agency spend had been included in the Division's initial budgeted plan – in response, the Assistant Divisional Finance Lead advised that likely costs in 'hotspot' areas such as musculo-skeletal had been anticipated, as had initiatives then to reduce the level of locum/agency usage. The Divisional Director confirmed that locum/agency usage for rota gaps had been planned for, although not for short-notice additional capacity needs;

(b) congratulated the Division on its sickness absence and appraisal rates;

(c) queried how to address the rise in length of stay since January 2011 (approximate 0.5 day increase). In response, the Divisional Director commented on the complex nature of this issue, noting the potentially significant impact of a very small number of patients. Out of catchment patients had impacted in the hepatobiliary service, and the introduction of a triage system within the Division had also served to remove the lower acuity/shortstay patients resulting in a likely longer length of stay for remaining patients. Further service improvements such as the proposed 'hot gallbladder' service would also potentially affect length of stay. In response to a further query on this issue, the Planned Care Head of Nursing advised that the bed closure programme would be enabled by the Division's enhanced recovery service programme. In later discussion, and in light of the likely impact of service improvements, the Chief Executive suggested that 'throughput' might be a more meaningful metric than 'length of stay' for Planned Care;

(d) queried how the introduction of 4-hour theatre slots was being accelerated. Commenting that jobplans varied between services, the Divisional Director noted his preference for a more subtle, informal approach to moving to 4-hour slots for all, rather than risking additional potential cost pressures by adopting a more formal insistence. The Divisional Director was confident of managing the Divisional-wide move to 4-hour theatre slots, and his approach was supported by the Chief Executive. It was further expected that roll-out of the DOSA principle would address current issues with Surgeons reordering lists (which could lead to delays if patients were not ready), and discussions had also been held with certain specific individuals on that matter. The Divisional Director also noted the importance of scheduling operations at the appropriate time of day for the specific procedure. The Division also outlined measures taken to prevent daycase facilities being reopened as bedded areas;

(e) queried the Division's plans to address key profitability areas such as trauma, maxillo-facial, and gastro. Detailed work in musculo-skeletal had identified significant coding issues – these not only impacted adversely on the income received but also challenged the credibility of resulting PLICS/SLR information. Basic incorrect HRG allocation had been compounded by a certain degree of administrative error, and the former had already been raised with Commissioners. Consultant level discussions were being held in non-profitable services, and the current radiotherapy block contract was also being explored. In other measures, areas of declining market share were being scrutinised and clinical variations between HRGs were being explored. The Divisional Director recognised the need for further work on readmissions and advised that a proforma and a root cause analysis was now completed for all readmissions. The Chief Executive advised focusing on readmissions rather than pursuing significant additional income through coding;

(f) queried how far Planned Care was exploring a potentially significant tender opportunity in respect of community elective work. Although the timescale for the tender was still uncertain, the Divisional Manager, Planned Care recognised this as a key opportunity and advised that appropriate preparatory work was underway. Due diligence was needed to assess how far the work was currently profitable or could be made so in future, and it was likely that further discussion on the tender overall would be required at a future Finance and Performance Committee meeting. In general discussion, the Divisional Manager commented on the potential for conflicting interests where possible providers were involved in developing pathway specifications. It was agreed that the potential scope of the elective community work tender should be highlighted to the 4 August 2011 Trust Board by the Finance and Performance Committee Chair; **DS** **FPC CHAIR**

(g) queried how quality and safety were being maintained and protected within the Division, in the context of nurse staffing vacancies. In response, the Divisional Head of Nursing outlined the various indicators used to measure safety and quality, which fed into the Division's risk assessment process. Certain deliberately-held vacancies would also provide scope for staff redeployment during the bed closure programme. A 'healthcheck' was also undertaken on Divisional services, and it was noted that some CIPs had been amended because of their potential impact;

(h) queried how far the 30% marginal rate impacted on the position of the trauma service, and asked what key 3 measures were needed. In response, the Divisional Director noted the recognised difficulty in running a profitable trauma service, and reiterated the importance of accurate and appropriate coding. He also commented that the Division would prefer relevant coding to be housed in Planned Care rather than centrally;

(i) congratulated the Division on its knowledge of its services and on the progress made in addressing its challenges. In making these comments, the Chief Executive also queried how the Executive Team could aid Planned Care in identifying its outstanding £2.6m CIP;

(j) queried how the Division could be brought back into balance and achieve a positive run-rate with the present service/site configuration, and

(k) suggested a need to consider how best to address Anaesthetic issues, given the Planned Care Division's necessary close working with the Clinical Support Division. **PCDMT**

Following the departure of the presenters, the Finance and Performance Committee commented favourably on the quality of the Planned Care Divisional Management Team, and suggested it would be useful to receive an update presentation in 4-5 months' time to gauge progress. The Committee also noted, however, that the query in point (j) above had not been answered, and commented on the need to revisit site configuration issues at a future meeting, particularly in light of the decision to reduce UHL's capital expenditure in 2011-12 (as agreed at the extraordinary Trust Board meeting of 21 July 2011 as part of the stabilisation to transformation plan). It was noted that the finalisation of the Integrated Business Plan would address service configuration issues, and the Chief Executive commented on a potential development in respect of the PCT cluster. The Director of Strategy advised that the results of the LLR space utilisation review (due September 2011) would also feed in appropriately to the UHL service configuration group led by the Planned Care Divisional Director. **FPC CHAIR** **DS**

<u>Resolved</u> – that (A) the presentation on the Planned Care Division's performance be noted;

(B) the Director of Strategy be requested to report to a future Finance and Performance Committee on a significant tender opportunity re: community elective work, with the Finance and Performance Committee Chair requested also to highlight this issue to the 4 August 2011 Trust Board via the Finance and Performance Committee minutes; **DS** **FPC CHAIR**

(C) the Planned Care Divisional Management Team be requested to consider how best to move forward re: anaesthetic issues; **PCDMT**

(D) the Director of Strategy be requested to give appropriate consideration to reconfiguration issues (particularly in the context of reduced capital expenditure), in finalising the 2011-16 IBP, and **DS**

(E) via Trust Administration, the Finance and Performance Committee Chair be requested to invite the Planned Care Division to re-attend the Finance and **FPC CHAIR/**

Performance Committee in 4-5 months' time (eg November/December 2011), in order to gauge progress. **STA**

73/11/2 Facilities Directorate

In addition to the Director of Strategy, the Heads of Facilities for the Leicester General and Glenfield Hospitals, and the Acting Director of Facilities attended the meeting to present the Facilities' Directorate performance (slides as previously circulated in paper D and accepted as read). Noting that this was currently a period of significant change for the Directorate, the slides had outlined:-

(1) the vision for the Facilities Directorate (as being "delivering estates and facilities services through efficiency and innovation to ensure provision of a first class patient service"). Facilities was the largest corporate Directorate, with a significant impact on patient and front-line services;
(2) key achievements, including formal positive PEAT inspections on all 3 UHL sites, successful CIP delivery for each of the previous 11 years, an appraisal rate of 97.8% and a sickness absence rate of 3.19% and retention of the Customer Services Excellence Award for a further year;
(3) areas for improvement; including increasing efficiency and productivity and improving SLA response times;
(4) the Directorate's baseline position, including a 2011-12 CIP of £1.833m;
(5) benchmark indicators for hard FM services, catering, cleaning, portering, and security, and
(6) financial plans (revenue and capital).

In discussion on the Facilities Directorate performance presentation, the Finance and Performance Committee:-

(a) noted the current position in respect of the OJEU advert for an LLR economy FM partner, as outlined by the Director of Strategy;

(b) noted a query from the Patient Adviser as to whether the benchmarking indicators showed a trend for improving/worsening performance. Noting that the benchmarks were based on comparable hospitals for each of UHL's 3 sites, the Director of Strategy then advised that the annual ERIC returns indicated that UHL's costs were competitive (and continued to reduce);

(c) noted (in response to a query) that the CIP figures in paper D did not yet include the 20% Corporate Directorate reduction agreed at the extraordinary 21 July 2011 Trust Board. The Director of Strategy commented that delivery of this 20% requirement was likely to be challenging, although all opportunities to bring-forward planned savings were being explored. Detailed proposals for the additional CIP would be developed during August 2011;

(d) recognised the complexity of developing the estates strategy, and queried therefore whether the Trust currently had access to the best external commercial advice/ expertise. The Director of Strategy recognised this need, and advised that the FM procurement had been structured into 2 phases, the second of which involved service transformation across LLR. An external company had previously been appointed to undertake the community-led LLR space utilisation survey, with some UHL-specific work also commissioned;

(e) queried the extent to which the Trust was at risk of 2011-12 energy cost rises. In response, the Corporate Accountant noted that prices had stabilised in recent months and commented that energy was purchased significantly in advance. No significant unbudgeted risk was therefore anticipated;

(f) queried how the carbon management/carbon reduction scheme benefits were measured (eg whether this was through the Commercial Executive). The Director of

Strategy outlined the fines for non-compliance and advised that UHL had a dedicated member of facilities staff working on carbon management issues. Commercial Executive input was not required for all aspects, although the Director of Strategy recognised the need for further work on CHPs (combined heat and power facilities). In response to a further query from the Director of Finance and Procurement, the Director of Strategy outlined the number of CHPs on each of UHL's sites and confirmed that it had not been obligatory to include them in the OJEU specification;

(g) queried the practicality of lowering ward temperatures by 0.5 degrees C. The Director of Strategy recognised that heating/lighting/energy/recycling issues (and associated savings) were of key interest to staff, and agreed to review the suggestions put forward by staff on the Trust's 'money-saving ideas' forum accordingly; **DS**

(h) queried how far potential additional carparking savings were included in the current CIP plan (eg part-year effect);

(i) queried the nature of possible income generation activities (once explained it was clarified that these related primarily to income recovery). The Director of Strategy also noted that a significant amount of the Directorate's 2010-11 CIP had been linked to the clinical closure of additional capacity – as this had not occurred the related Facilities CIP had needed to be carried forward into 2011-12. The Chief Executive commented that appropriate alternative plans had apparently been identified, as the Facilities Directorate had delivered its 2010-11 CIP target;

(j) queried how the 35% reduction in assaults on staff had been achieved – in response (in his capacity as UHL's Local Security Management Specialist) the Head of Facilities Glenfield Hospital advised that the figure could vary significantly from year to year, although the underlying trend was downwards (from the baseline figure in 2004). Conflict resolution training was mandatory for frontline staff and proactive measures such as the introduction of a Police presence at the LRI had also contributed to the (welcomed) reduction in assaults on staff, and

(k) noted a request from the Chief Executive that thought be given as to how to enhance UHL's various site entrance points. This was recognised as an issue, particularly at the LRI with its very significant daily footfall. **DS/ HOF**

<u>Resolved</u> – that the performance presentation from the Facilities Directorate be noted, and

(B) the Director of Strategy be requested to:- **DS**
(1) review the staff money-saving suggestions in respect of heating/lighting/ recycling/energy costs, to assess the scope for savings, and
(2) (with the site Heads of Facilities) review the scope to enhance UHL's site entrances.

74/11 2011-12

74/11/1 <u>Quality, Finance and Performance Report – Month 3</u>

Members noted the quality, finance and performance report for month 3 (month ending 30 June 2011), as detailed in paper E. The Director of Nursing particularly drew members' attention to ED staffing and improving ED performance (latter now over 95% for the year) which was welcomed by the Committee. The financial elements of the month 3 report were covered in Minutes 74/11/2 and 74/11/3 below.

<u>Resolved</u> – that the quality finance and performance report for month 3 be noted.

74/11/2 <u>Actions to Ensure 2011-12 Financial Turnaround</u>

Members noted the stability to transformation financial recovery action plan presented to

the Trust Board on 21 July 2011 (paper F). The Finance and Performance Committee Chair noted the need to understand why the Finance and Performance Committee had seemingly failed to alert the Trust Board to the 2011-12 quarter 1 trading position. With hindsight, he considered that it had been a mistake to cancel the March 2011 Finance and Performance Committee meeting (cancelled to allow an extraordinary Trust Board meeting), and he noted that there had been no forecast presented to the April 2011 Finance and Performance Committee meeting. Early sight of the Divisional positions had then been discussed in the confidential section of the Finance and Performance Committee May 2011 meeting, with concerns flagged accordingly to the early June 2011 Trust Board. The Finance and Performance Committee Chair reiterated his previously-expressed view that a forecast must be presented to each monthly Finance and Performance Committee meeting. **DFP**

In discussion on the issue raised by the Finance and Performance Committee Chair, the Patient Adviser noted that he too had also been reviewing past Committee papers to understand the history. He queried whether the in-month timing of the Finance and Performance Committee meeting needed reviewing, and whether meeting earlier in the month would have allowed more timely scrutiny. The rationale for setting the meetings was outlined, including the relationship to the Trust Board meeting and the need to review the most-recently available performance information. The Patient Adviser also considered that 2011-12 Divisional CIP plans had not been realistic – the Finance and Performance Committee Chair echoed this point and emphasised that the CIP position declared at the start of the financial year must reflect only that element of CIPs which had been definitely identified. In terms of process, the Finance and Performance Committee Chair also noted the need for measured, accountable plans against which the Divisional CIP assertions could be robustly checked.

The Chief Executive advised that Executive Directors had reviewed sub-Corporate Committee level procedures, and noted that the financial challenges lay primarily in one specific clinical Division. He also considered that assurances to Committees of action had not been pursued. Due to fluctuating positions, it had, he acknowledged, proved difficult to track the true position and thus give robust Executive advice to Committees such as the Finance and Performance Committee. The Finance and Performance Committee Chair noted his assumption that Executive Directors would revise the way in which they gathered their own assurances and in turn provided information onwards to Trust Board Committees.

Mr R Kilner, Non-Executive Director, considered that the current situation had been potentially detectable from February/March 2011 and accepted that it had not been realised. He also commented that there appeared to be a fundamental disconnect between the level of Divisional/CBU understanding of their services' business. He suggested that robust and informed management must focus on key factors such as bed numbers, staff WTEs and bank/agency use.

The Director of Finance and Procurement acknowledged that certain signals had existed (eg runrate issues, transformation and CIP slippage), which had not been raised sufficiently explicitly with the Finance and Performance Committee or Trust Board. He noted, however, that even when these issues had been flagged throughout the organisation, the actual financial position had continued to worsen.

Ms J Wilson, Non-Executive Director, sought assurance on the robustness of the current recovery measures, and questioned how best the Finance and Performance Committee should review progress and advise the Trust Board accordingly. She also noted her continuing concerns regarding the 2011-12 CIP deliverability. The Finance and Performance Committee Chair reiterated the need for its Non-Executive Directors (including himself) to test the Executive Directors' own confidence in the recovery plans, and sought assurances from the Director of Finance and Procurement that the month 4 iteration of the quality, finance and performance report would include both a Divisional and CBU-level forecast (it would). **DFP**

The Chief Executive also advised the Finance and Performance Committee that certain performance management issues would need to be progressed.

In further discussion, Mr R Kilner, Non-Executive Director, suggested that the Finance and Performance Committee needed to be kept specifically informed of progress on three individual workstreams – the identified CIP of £26m, the additional £15m of measures identified to the 21 July 2011 Trust Board, and cash management – being particularly careful to ensure that the first two of these were not merged into a single update. He queried how far the external support being procured would assist in this and he suggested a need for Executive Directors to challenge Divisions on a more frequent basis. The Director of Strategy commented that a recent visit to Addenbrookes NHS Foundation Trust had highlighted that Trust's tight governance structure in respect of CIPs – she confirmed that appropriate issues of good practice would be identified and applied within UHL accordingly. The Chief Executive also commented on the absolute need for a positive runrate by September 2011. In response to a query from the Finance and Performance Committee Chair, the Director of Finance and Procurement advised that a Transformation Board meeting fortnightly would be established to review progress on all transformation and cross-cutting CIP schemes. The monthly quality, finance and performance report would then include an update on that progress, to keep the Finance and Performance Committee assured on progress. In further discussion on governance issues, the Chief Executive advised that the Executive Team would use its Tuesday meetings to reflect on the findings from the weekly Monday discussions with Divisions/CBUs – Executive Team involvement in the Confirm and Challenge meetings would also be strengthened and these more robust processes would then serve to inform and shape discussion at the weekly informal Executive Team meetings. An HR cluster would also be formed, to address any workforce issues arising from any of the discussions.

DFP **DFP/DS** **DFP**

<u>Resolved</u> – that (A) the discussions on the 2011-12 financial position be noted;

(B) the Director of Finance and Procurement be requested to:- **DFP**

(1) ensure that a forecast was provided to each monthly Finance and Performance Committee meeting, noting that both a Divisional and a CBU-level forecast would feature in the monthly QFP report from month 4 onwards;

(2) ensure appropriately individual reporting of progress on the 2 CIP streams (the current £26m identified plus the additional £15m outlined to the extraordinary Trust Board meeting on 21 July 2011), and of progress on cash management, to future Finance and Performance Committee meetings;

(3) include an update on the cross-cutting CIP schemes in the quality finance and performance report from month 4 onwards, and

(C) the Director of Strategy and the Director of Finance and Procurement be requested to apply appropriate good practice lessons (in respect of the governance of CIP delivery) from other Trusts, within UHL. **DS/DFP**

74/11/3 <u>Efficiency Update</u>

Paper G from the Director of Finance and Procurement updated the Finance and Performance Committee on the 2011-12 cost improvement programme, noting the current shortfall in the CIP plans identified. The Director of Finance and Procurement noted his intention to increase the granularity of future such reports. He also took note of the Finance and Performance Committee Chair's request that future updates should provide additional assurance on the allocated responsibilities for, and risk rating of, the individual CIP schemes, with greater detail therefore on their actual position.

DFP

In response to a query from Ms J Wilson, Non-Executive Director and Workforce and Organisational Development Committee Chair, the Director of Finance and Procurement advised that any workforce cost implications of the Corporate Directorate 20% CIP

requirement would be discussed with the Deputy Director of Human Resources, noting the potential impact of the voluntary severance scheme (scheduled for Trust Board discussion on 4 August 2011). Due to the various approvals required, it was not expected that any voluntary severance scheme would be implemented before mid-September 2011 at the earliest.

Resolved – that the Director of Finance and Procurement be requested to include the following additional information in respect of each individual CIP scheme, in all future efficiency update reports to the Finance and Performance Committee:- **DFP**

(1) further assurance on progress;
(2) information on allocated responsibilities, and
(3) a risk-rated current position each month.

74/11/4 Liquidity Plan Update

Paper H advised the Finance and Performance Committee of progress in respect of the Trust's plan to improve UHL's liquidity, noting that the Director of Finance and Procurement received weekly updates on the Trust's cash position. The Trust's liquidity plan had also been discussed with UHL's External Auditor in February 2011. The report noted that a block advance payment from PCTs had proved helpful, and the Director of Finance and Procurement also drew members' attention to continuing discussions regarding an external LLR liquidity plan. The correct process for overseas visitors also continued to be reiterated to staff. In discussion, the Director of Strategy noted a need for appropriate clarity on asset ownership, particularly in the context of moves towards clusters and GP consortia.

Resolved – that the update on UHL's liquidity plan be noted.

74/11/5 Medical Vacancies post-August 2011 Intake

The Deputy Director of Human Resources, the Associate Director (Supplies/Operations) and the HR Shared Services Team Leader attended for discussion on paper I, which advised the Finance and Performance Committee of vacancy fill rates for trainee level posts commencing in August 2011, the actions being taken to fill those gaps, and the associated costs for unfilled posts. The report also outlined the 3 key areas open to UHL in terms of recruiting to fill its 80 core rotas. The gaps in filled rotas had now reduced (from 76) to 22 training and 21 non-training posts, and actions continued to try and fill these remaining posts. In response to a query, the Deputy Director of Human Resources clarified that the costs outlined in paper I were in fact broadly applicable to that reduced gap of 43, as they had been based on an initial assumption of 50% fill for the original 76 gaps. Dependent on the level to which locums were required, the cost of the gaps was estimated at a minimum of £2.3m.

In discussion, the Finance and Performance Committee noted queries from:-

(a) Mr R Kilner, Non-Executive Director, regarding the extent of any discretion to fill the posts, eg depending on the true need for junior doctors. The Deputy Director of Human Resources confirmed that rotas were regularly reviewed, and noted initiatives such as sharing FY1s across disciplines – this broader worksktream was part of the transformational CIP schemes;

(b) Ms J Wilson, Non-Executive Director and Workforce and Organisational Development Committee Chair, as to what assumptions were being used by Divisions when forecasting – she also sought assurance on the accuracy of Divisions' medical locum trajectories through to September 2011 (as required by HR by 5 August 2011). In response, the Deputy Director of Human Resources advised that as all Divisions were aware of their medical vacancy positions, the resulting forecasts on medical locum use should be accurate;

(c) the Finance and Performance Committee Chair, as to how many medical vacancies

were included in Divisional financial plans and the degree to which this information was still accurate, noting that he had found it challenging to understand how far this was reflected in their plans. The Chief Executive advised that these issues were covered at the Monday meetings with CBUs, and commented also on the positive involvement of medical clinicians in recruitment processes, and

(d) Ms J Wilson, Non-Executive Director and Workforce and Organisational Development Committee Chair, as to the amount of assistance available from the East Midlands Workforce Deanery. The Deputy Director of Human Resources outlined ongoing discussions with the Deanery regarding active rota gap management, and also noted proposed work across the region to improve the perceived attractiveness of the East Midlands to junior doctors. The Chief Executive advised that it would be useful to contact the Director of Communications and External Relations to discuss Divisions' marketing of the Trust to prospective junior doctors, noting that the Workforce and Organisational Development Committee was also looking in to this issue. **DDHR**

Resolved – that the Deputy Director of Human Resources be requested to contact the Director of Communications and External Relations, to discuss improving Divisions' marketing of UHL/Leicester to junior doctors. **DDHR**

74/11/6 Medical Locum Expenditure Update

Further to Minute 5/11/1 of 27 January 2011, paper J updated the Finance and Performance Committee on work to reduce medical locum expenditure across UHL. The Associate Director (Supplies/Operations) and reiterated the need to adhere to using framework agencies, noting that non-framework agencies had accounted for approximately 21% of medical locum expenditure in the previous quarter. In discussion on the report, the Finance and Performance Committee:-

(a) noted the key importance of workforce planning, and suggested therefore that medical locum expenditure and the item in Minute 74/11/5 above be linked in all future updates, with a common action plan taking appropriate account of the linkages between the two issues; **DDHR/ AD(S/O)**

(b) noted (in response to a query) that very few locums were in place for 3 months or longer. The Associate Director (Supplies/Operations) also noted the intention to standardise internal and external locum rates, and

(c) queried the reason for the continued use of non-framework agencies – in some cases this reflected the availability of specific clinical requirements (particularly within Imaging services), in others it was due to historic practice (which must end). In further discussion, the Chief Executive commented that the recent centralisation of the Junior Doctor Administrator function had met with some local opposition. In response to a further query, it was considered that non-framework agency spend should account for no more than 5% of the overall total, rather than the current 21%. Members also reiterated the need for appropriate thought to be given to the actual need to use a locum, in any given circumstance.

Resolved – that the Deputy Director of Human Resources and the Associate Director (Supplies/Operations) be requested to ensure that all future updates on the medical locum expenditure project were appropriately linked to the medical workforce issues highlighted in Minute 74/11/5 above, with a joint action plan developed accordingly. **DDHR/ AD(S/O)**

75/11 2012-13

75/11/1 CIP Planning 2012-13 and 2013-14

Paper K from the Director of Finance and Procurement outlined the status of UHL's CIP planning for 2012-13 and 2013-14, noting that detailed work on the former would

commence in September 2011. The Director of Finance and Procurement noted his view that the external support being commissioned by the Trust (as reported to the extraordinary Trust Board meeting on 21 July 2011) would also greatly assist with UHL's CIP planning. The Finance and Performance Committee Chair noted that the HDD2 timeframe (part of the FT application process) was a key issue informing the CIPs – the Director of Strategy confirmed that these were issues for future discussion, and noted also the possibility that repeating some earlier steps might be required.

Resolved – that the update on CIP planning 2012-13 and 2013-14 be noted.

76/11 TRACKING OF UHL MARKET SHARE

Resolved – it be noted that this item had been deferred to the 24 August 2011 Finance and Performance Committee. **DCER**

77/11 4-MONTHLY REPORTING ON THEATRES MODERNISATION

Further to Minute 38/11 of 27 April 2011, members received an update on the Theatres Modernisation Programme (TMP – paper M), noting that the same report would also be considered by the GRMC later on 28 July 2011. The Director of Nursing highlighted a number of points within the report, including:-

(i) the fact that no waiting list initiatives had been undertaken since 30 June 2011;
(ii) the request that surgical specialties adhere strictly to the new 4-hour theatre session duration;
(iii) the weekly theatre activity meeting established to review the week's activity and ensure that lists were fully utilised for the coming 2 weeks, and
(iv) a review of all late theatre starts, with a resulting report delivered to the weekly Monday CBU meetings with Executive Directors and presented monthly to the Theatre Project Board.

The Director of Nursing also noted plans to deepen and accelerate the theatres shutdown programme, and to take a more robust line with Surgeons and Anaesthetists on non-compliance. As a member of the Theatres Project Board, Mr R Kilner, Non-Executive Director, noted that recovery blockages continued to impact on theatres throughput, although this was being pursued and escalated through appropriate processes. He also considered that paper M slightly overstated the position re: utilisation of the 4-hour slots, and he reiterated the Project Board's robust stance on theatre closures.

Resolved – that the 4-monthly update on the theatres modernisation programme be noted.

78/11 PLICS/SLR UPDATE

Paper N updated the Finance and Performance Committee on progress in embedding PLICS/SLR within UHL, noting a significant increase in clinical interest in this issue.

Resolved – that the PLICS/SLR update be noted.

79/11 REPORTS FOR INFORMATION

79/11/1 Vacancy Management Update

Resolved – that the update on vacancy management be received for information, particularly noting the impact of non-closure of wards.

80/11 MINUTES FOR INFORMATION

80/11/1 Divisional Confirm and Challenge Meeting

Resolved – that the notes of the Divisional Confirm and Challenge meeting held on 15 June 2011 be received for information.

80/11/2 Governance and Risk Management Committee

Resolved – that the Minutes of the Governance and Risk Management Committee meeting held on 30 June 2011 be received for information.

80/11/3 Quality and Performance Management Group

Resolved – that the notes of the Quality and Performance Management Group meeting held on 1 June 2011 be received for information.

81/11 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE MEETING

Further to Minute 52/11/1 of 25 May 2011, paper S comprised a draft agenda for the 24 August 2011 Finance and Performance Committee meeting. The Finance and Performance Committee Chair noted that neither Mr R Kilner, Non-Executive Director nor Ms J Wilson, Non-Executive Director, were available for the August 2011 Finance and Performance Committee meeting, and advised that Mr D Tracy would be attending on that date to provide additional Non-Executive Director perspective.

Resolved – that the draft Finance and Performance Committee agenda for 24 August 2011 be approved.

82/11 ANY OTHER BUSINESS

82/11/1 2012 Finance and Performance Committee Meeting Dates

Subject to appropriate integration with the 2012 Trust Board meeting dates, Finance and Performance Committee members agreed that they were content to continue meeting in 2012 in broadly the same pattern as for 2011. Proposed dates would be circulated accordingly. **STA**

Resolved – that 2012 meeting dates be circulated to Finance and Performance Committee members, based on the broad pattern for 2011, for ratification on 24 August 2011. **STA**

83/11 IDENTIFICATION OF KEY ISSUES THAT THE COMMITTEE WISHES TO DRAW TO THE ATTENTION OF THE TRUST BOARD

It was agreed to bring the following issue to the attention of the Trust Board on 4 August 2011:- **FPC CHAIR**

- The potential tender opportunity in respect of community elective work (Minute 73/11/1).

84/11 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Performance Committee be held on Wednesday 24 August 2011 from 9.15am – 12.15pm in rooms 1A & 1B, Gwendolen House, Leicester General Hospital site.

The meeting closed at 12.40pm

Helen Stokes

Senior Trust Administrator