

Trust Board paper I

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 2 FEBRUARY 2012

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr I Reid, Non-Executive Director

DATE OF COMMITTEE MEETING: 4 January 2012. A covering sheet outlining the key issues discussed at this meeting was submitted to the Trust Board on 5 January 2012.

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

None.

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

- **NONE**

DATE OF NEXT COMMITTEE MEETING: 25 January 2012

**Mr I Reid – Non-Executive Director
27 January 2012**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE
HELD ON WEDNESDAY 4 JANUARY 2012 AT 9.15AM IN CONFERENCE ROOMS
1A & 1B, GWENDOLEN HOUSE, LEICESTER GENERAL HOSPITAL SITE**

Present:

Mr I Reid – Non-Executive Director (Committee Chair)
Dr K Harris – Medical Director
Mrs S Hinchliffe – Chief Operating Officer/Chief Nurse (for part of Minute 4/12 only)
Mr R Kilner – Non-Executive Director
Mr M Lowe-Lauri – Chief Executive
Mr A Seddon – Director of Finance and Procurement
Mr J Shuter – Deputy Director of Finance and Procurement
Mr G Smith – Patient Adviser (non-voting member)
Dr A Tierney – Director of Strategy (up to and including Minute 6/12/2)
Ms J Wilson - Non-Executive Director

In Attendance:

Mrs K Bradley – Director of Human Resources
Mr N Doverty – Divisional Manager Clinical Support (for part of Minute 4/12)
Mr R Power – Consultant Orthopaedic Surgeon (for part of Minute 4/12)
Ms H Stokes – Senior Trust Administrator

RESOLVED ITEMS

ACTION

1/12 APOLOGIES FOR ABSENCE

There were no apologies for absence.

2/12 MINUTES AND ACTION SHEET

Resolved – that the Minutes and action sheet of the Finance and Performance Committee meeting held on 24 November 2011 be confirmed as a correct record, subject to an amendment to confidential Minute 142/11/2 to clarify that certain applications had been approved in-year (as now corrected by the Director of Human Resources).

STA

3/12 MATTERS ARISING

The following items were noted in respect of the matters arising report at paper B:-

- (a) Minute 138/11 – the monthly run rate for appraisals would be reported in the quality finance and performance report from the February 2012 Finance and Performance Committee onwards; **DHR**
- (b) Minute 139/11 – the Medical Director's analysis of the recent rise in spinal activity suggested that this was a random clinical variation; it did not appear therefore to result from any particular clinical practice nor pathological reason, and the trend level had now reduced. This item could now be removed from the matters arising report; **STA**
- (c) Minute 141/11/3 – it was confirmed that actions from the November 2011 Divisional presentations were being progressed. The Chief Executive suggested that the 25 January 2012 Finance and Performance Committee should receive an update on whether Executive level involvement had served to improve Consultant relations within the Acute Care Division; **MD**
- (d) Minute 142/11/5 – business planning issues were covered in the acute contracting update at paper H for this meeting – this would be a monthly update and would also include progress on clinical engagement in strategic initiatives; **DS**
- (e) Minute 103/11 – an update on the elective community activity tender would be provided to the Finance and Performance Committee on 25 January 2012, brought **DS**

- forward from the original April 2012 meeting;
- (f) Minute 103/11 – health and social care arrangements could now be removed from the matters arising log, as discussions would be pursued separately by the Chief Executive and other lead colleagues. It was noted that the meeting scheduled for 22 December 2011 had been cancelled, and
 - (g) Minute 47/11/2 – it was agreed to check the requirement for a separate update on this issue, as CQUIN was now reported monthly through the quality, finance and performance report.

STA

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

ALL

4/12 REPORT BY CLINICAL SUPPORT DIVISION

Resolved – that this item be classed as confidential and taken in private accordingly.

5/12 2011-12

5/12/1 Quality Finance and Performance Report – Month 8

Paper D provided an overview of UHL’s operational, quality, HR and finance performance against national, regional and local indicators for the month ending 30 November 2011 (month 8). As per recommendations from External Audit, the narrative accompanying the report now differed between the Finance and Performance Committee and GRMC, focusing on finance issues and on quality issues respectively. In introducing paper D (and prior to discussion on its financial elements), lead Executive Directors noted the following issues by exception:-

- (1) a detailed review of the reasons for the amber performance on cancer 62-day waits. Although recognising that the numbers were small, the Finance and Performance Committee requested greater visibility on this issue – it was agreed therefore that the Trust’s plan to address the amber performance would come to the Finance and Performance Committee for information once approved by Commissioners;
- (2) further work to understand the mortality indicators, noting the impact of coding on the SHMI figures. Noting the very significant impact of accurate and appropriate coding on a range of key issues, the Finance and Performance Committee requested a detailed progress report on this transformation scheme at its February 2012 meeting – this update should also cover the relationship of coding to SHMI rates, acute contract negotiations, and ongoing discussions with Commissioners regarding end of life care [appropriate alternatives to acute admission];
- (3) UHL’s hope (with Commissioner support) to rectify the reported quarter 2 position on ED performance (issue relating to data coverage re: UCC attendances) and have it corrected in time for the quarter 3 publication, and
- (4) the suggestion (as now endorsed by members) that it would be useful for the Finance and Performance Committee to review UHL’s Staff Attitude and Opinion Survey results ahead of the February 2012 Trust Board, as a key performance issue. The Finance and Performance Committee requested that the results also be linked into the current review of managerial objectives.

COO/
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COO/
CN

DHR

In further discussion on the month 8 quality finance and performance report, the Finance and Performance Committee:-

- (a) queried the actions being taken to address cancelled operations and ensure they were managed in the best possible way for patients. The Chief Executive highlighted the importance of the 28-day indicator for cancelled patients to be rescheduled, and the Medical Director advised that cancelled operations were now approached internally in the same way as a ‘never event’, resulting in an appropriately rigorous review of the circumstances;
- (b) queried how UHL was preparing itself for the very challenging 2012-13 targets re: MRSA and Clostridium difficile cases – it was agreed to remit this issue to the

COO/

- Trust's Infection Prevention Committee accordingly. The Medical Director commented on the need to look at the level of community-acquired cases, and
- (c) queried whether the level of red ratings on the patient safety indicators was a cause for concern. The Medical Director confirmed that a report on 10x medication errors would be discussed at the 4 January 2012 GRMC meeting – an investigation had identified no common causes/trends in those errors. The implementation of an electronic prescribing system (EPR) would reduce errors further – in response to a query the Medical Director confirmed that EPR was now usable for children. In respect of the indicator on staffing levels being reported as incidents, the Medical Director advised that this related to the reporting of the same incident within Women's by multiple staff and was being pursued appropriately.

The Director of Finance and Procurement then reported on UHL's financial position for month 8 as detailed in paper D, noting a small in-month surplus for the first time in 2011-12 (expected to improve by approximately £0.5m once month end results were finalised). However, the achievement of a surplus was due primarily to income as a result of greater activity. Premium pay expenditure continued to reduce, which was welcomed. Discussions with Commissioners continued regarding the Trust's position against the 2008-09 baseline, and the Finance and Performance Committee briefly discussed whether to treat the specialised and non-specialised activity elements separately.

Potential risks persisted in terms of the year-end position, and the Director of Finance and Procurement noted the varying Divisional progress in terms of the further savings requested from them at the November 2011 Finance and Performance Committee. It was anticipated that more might potentially be available from Planned Care than initially thought, but the Women's CBU remained in a challenging position with a need for additional support. Despite an in-month improvement to the Medicine CBU's position, its underlying position remained of concern. As noted within paper D, the PLICS/SLR position was now reported monthly on a month-in-arrears basis, and the Director of Finance and Procurement particularly noted the increased in-year complexity of the new Emergency Department HRG and its potential implications for retrospective income. He also confirmed the month 9 report would include an overlay of the PLICS/SLR position if UHL's counting and coding changes were accepted in their entirety by Commissioners.

DFP

In discussion on the month 8 financial position, the Finance and Performance Committee:-

(i) voiced concern at, and sought assurance on, the Trust's ability to manage its costs, given the seeming reliance to date on income and in light of the significant cost savings required through to year-end;

(ii) noted that the first cut of the 2012-13 cost improvement programme (CIP) plans would be presented to the 25 January 2012 Finance and Performance Committee. The Committee Chair emphasised the need for members to be able to take confidence from those plans, and for granular-level supporting detail to be available at an appropriate future stage. This would in turn increase the Committee's assurance on UHL's ability to drive down costs. Divisional Confirm and challenge sessions in January 2012 would focus on the IBP/annual operating plan assumptions, for which a robust and consistent template had now been developed. In further discussion on this issue, Non-Executive Director members requested future clarity on how practices would change in 2012-13 to ensure delivery on financial issues including paycost reductions. It was also vital to review the Trust's workflows as well as its patient flows, and

DFP/
DS

(iii) (continuing from (ii) above) noted comments from the Chief Executive re: the three key strands to address, namely controls, management refresh and development, and changing practices through the transformational schemes. He also briefly outlined discussions planned with a commercial organisation re: transforming logistics, which would be fed into the 2012-13 proposals as appropriate. In discussion, the Finance and Performance Committee Chair reiterated the crucial importance of senior level management input and ownership of financial and performance issues.

Resolved – that (A) the quality finance and performance report for month 8 (month ending 30 November 2011) be noted;

(B) Trust proposals to address amber performance on the 62-day wait cancer target be provided to the Finance and Performance Committee for information, once approved by Commissioners;

COO/
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(C) the UHL Infection Prevention Committee be requested to review the preparatory steps being taken re: the 2012-13 CDT and MRSA targets;

COO/
CN

(D) a detailed update on the Coding transformation scheme be provided to the 22 February 2012 Finance and Performance Committee, also covering the issues outlined in discussion point (2) above;

COO/
CN

(E) the UHL staff attitude and opinion survey results be reported to the 25 January 2012 Finance and Performance Committee (including an update on work re: management objectives), ahead of the 2 February 2012 Trust Board;

DHR

(F) the month 9 quality finance and performance report include an overlay of how the Trust's PLICS/SLR position would look if UHL's counting and coding changes were accepted in their entirety by Commissioners, and

DFP

(G) the first cut report on the 2012-13 CIPs be presented to the 25 January 2012 Finance and Performance Committee, focusing also on how to assure the Committee of delivery.

DFP/
DS

5/12/2.1 Stabilisation to Transformation – Financial Recovery Update

Paper F from the Director of Finance and Procurement updated the Committee on the status of UHL's financial recovery plan and its supporting transformation initiatives. Following the Divisional month 7 reforecast process, work continued to address the residual £1.5m gap in the cost containment plans. Work underway included ongoing discussions with Commissioners regarding contractual issues, and actions to mitigate risks in the cost base. The capacity planning workstream outlined in section 4 of the report was key, and paper F also outlined the intention to establish a UHL 'Transformation Support Office'.

In discussion on paper F, members queried how the Finance and Performance Committee would gain adequate assurance of progress against the 9 key projects listed in section 4, and how performance would be tracked. The Committee Chair also sought greater clarity on how the Transformation Board would keep the Finance and Performance Committee sufficiently assured of progress on the transformational schemes – the Chief Executive agreed to bring reporting mechanism proposals to the 25 January 2012 Finance and Performance Committee accordingly, followed by a progress report on the work of the Transformation Board to the February 2012 Finance and Performance Committee (appropriately triangulating with other information sources such as the weekly metrics meetings). Members briefly discussed the possibility of a Finance and Performance Committee Non-Executive Director joining the Transformation Board, but this was subsequently considered not to be appropriate.

DFP

CE

Resolved – that (A) consideration be given to how best to keep the Finance and Performance Committee appropriately sighted of progress on the key additional workstreams for 2012-13;

DFP

(B) proposals on the reporting mechanism for the Transformation Board be presented to the 25 January 2012 Finance and Performance Committee, focusing also on (A) above, and

CE

(C) a further progress report on the work of the Transformation Board be provided to the February 2012 Finance and Performance Committee.

CE

5/12/2.2 Report by the Director of Finance and Procurement

Resolved – that this item be classed as confidential and taken in private accordingly.

5/12/3 Report by the Director of Human Resources

Resolved – that this item be classed as confidential and taken in private accordingly.

5/12/4 Emergency Care Update

Paper G provided a summary of emergency care performance for November 2011, noting the positive impact of the 'Right Place Right Time' initiative introduced within UHL's Emergency Department in November 2011. The flash report on LLR emergency/urgent care systems was also appended to the report. In discussion on paper G, the Finance and Performance Committee:-

(a) welcomed the marked benefits of the Right Place Right Time process and recognised the significant efforts made by all involved to deliver the new approach. It was crucial now to 'normalise' this approach, and the Chief Executive also noted the need to address any tensions created elsewhere in the Trust as a result. It would be helpful, it was suggested, for future such reports also to include internal metrics for the flow through medical departments;

COO/
CN

(b) queried whether the attendance level at board rounds was high enough – in response, the Medical Director acknowledged the scope for improvement in certain disciplines and noted that targets had been set in some areas, and

(c) welcomed the LLR flash report, although noting that only one page of it related to non-UHL LLR performance indicators. It would be helpful to have end targets for all indicators, and it was agreed to pursue this issue with partner organisations. The Patient Adviser suggested including a patient experience indicator on the flash report, as a key driver behind the need for improvements.

COO/
CN

Resolved – that (A) in respect of the LLR urgent/emergency care flash report:-

(1) consideration be given to including patient experience indicators;
(2) inclusion of appropriate 'end targets' for all elements of the flash report be pursued with LLR partners, and

COO/
CN

(B) appropriate internal metrics be identified re: flow through UHL's medical departments.

COO/
CN

5/12/5 Scope to Accelerate Actions to Reduce Readmissions

The Director of Finance and Procurement and the Medical Director reported verbally on this issue, noting that a dedicated project manager was now in place. Four readmission categories had been identified (with varying application of financial penalty), and the scope of a clinical audit to categorise the individual patients was now being discussed with Commissioners. This would enable the Trust to identify how many readmissions were potentially attributable to sub-optimal initial clinical care. The Medical Director noted national research, however, which indicated that fewer than 20% of readmissions were due to failings in an initial acute episode. In discussion, Mr R Kilner, Non-Executive Director, queried the level of discharges shown within the month 8 quality finance and performance report (approximately 18,000) – the Medical Director agreed to review this figure and advise accordingly outside the meeting.

MD

Resolved – that the accuracy of the discharge figure within the month 8 quality finance and performance report be confirmed to Mr R Kilner, Non-Executive Director, outside the meeting.

MD

5/12/6 Implementation of the UHL Staff Salary Sacrifice Scheme

The Director of Strategy reported verbally, noting the increase in income since the revised public carparking charges had been introduced at UHL, coupled with a very significant rise in public uptake of the various saver tickets options. In respect of the salary sacrifice scheme for staff, the project plan was now being finalised with a proposed (revised) implementation date therefore of 1 April 2012 – this slippage of 1 month would enable very focused communication with those categories of staff who would potentially not benefit from the salary sacrifice scheme, as well as the more generalised communication with other staff groups. A formal 30-day consultation period was also required on the mechanics of the scheme, as this constituted a change to terms and conditions. In discussion, the Finance and Performance Committee noted the need for clear terminology to be used in this exercise, to manage staff expectations and avoid any inference that further consultation was taking place on the principle of implementing the salary sacrifice scheme. A further update on the carparking charges and the salary sacrifice scheme would be provided to either the 25 January or 22 February 2012 Finance and Performance Committee.

DS

Resolved – that (A) appropriate consideration to be given to the wording of the staff communication exercise re: the operational mechanics of the salary sacrifice scheme (revised start date of 1 April 2012), and

DS

(B) a further update on impact of increased carpark charges, and progress on implementing the staff salary sacrifice scheme, be provided to the 25 January or 22 February 2012 Finance and Performance Committee.

DS

6/12 2012-13

6/12/1 **NHSLA Level 2 Accreditation Process**

Further to Minute 142/11/4 of 24 November 2011, the Medical Director confirmed that UHL had successfully achieved NHSLA level 1 accreditation in December 2011, thus securing a 10% discount on its 'Clinical Negligence Scheme for Trusts' (CNST) insurance premium. 12 months' of evidence was required to support level 2 accreditation, and progress would be monitored internally on a monthly basis with any non-compliant policies escalated to the Executive Team on a by exception basis. It remained UHL's ambition to achieve NHSLA level 2 by 31 March 2013, and the Medical Director noted that any significant organisational changes would affect the 12-month time period for supporting policies (as amendment would be required). Finalised NHSLA level 2 guidance was not yet available, so the proforma being used for the monthly internal monitoring might itself alter. The Medical Director agreed to provide a further update in April 2012.

MD

Resolved – that a further update on UHL's progress towards NHSLA level 2 accreditation be provided to the 25 April 2012 Finance and Performance Committee.

MD

6/12/2 **2012-13 Financial Planning and Acute Contract Negotiations**

Paper H from the Director of Finance and Procurement and the Director of Strategy updated members on the progress of the 2012-13 business plan process, including negotiations on the 2012-13 acute services contract. In discussion on the update, the Finance and Performance Committee:-

- (a) queried the scope for differential outcomes between the 3 Clinical Commissioning Groups (CCGs) – in response, the Director of Finance and Procurement considered that this was a possibility, reflecting the differential patient profile and health needs of the county and the city. He emphasised the need, however, to avoid moving to a purely transactional approach and confirmed that Commissioner intentions had not yet been received. The Medical Director also noted that CCGs had undertaken to commission together where practicable;
- (b) queried whether actions were behind schedule in respect of 'November 2011' timescales, and sought clarity on the extent to which all parties were being equally

held to account, and

- (c) noted (in response to a query) advice from the Director of Finance and Procurement that UHL had not given formal notice on any further services beyond those issues identified in the report.

Resolved – it be noted that a monthly update on business planning and acute contract negotiations would be provided to future Finance and Performance Committee meetings.

DFP/
DS

7/12 RESIDENTIAL ACCOMMODATION – UPDATE

Paper I from the Director of Human Resources outlined progress on the internal review of UHL's residential accommodation facilities on all 3 sites, and advised of next steps including a proposed refresh of a previous external option analysis (outline cost as noted in paper I). The Head of Facilities would oversee the commissioning and progress of this analysis, with further detail hoped to be available by the end of March 2012. It was agreed to receive a further report on this issue at the April 2012 Finance and Performance Committee.

DHR/
DS

Resolved – that an update on the residential accommodation option appraisal be provided to the 25 April 2012 Finance and Performance Committee.

DHR/
DS

8/12 REPORTS FOR NOTING

8/12/1 Vacancy Management Update

Resolved – that the vacancy management update be noted for information (paper J).

9/12 MINUTES FOR INFORMATION

9/12/1 Confirm and Challenge

Resolved – that the action notes of the 21 December 2011 Confirm and Challenge meeting be provided to the 25 January 2012 Finance and Performance Committee.

STA

9/12/2 Governance and Risk Management Committee

Resolved – that the Minutes of the Governance and Risk Management Committee meeting held on 25 November 2011 (paper K) be received for information.

9/12/3 Quality and Performance Management Group

In response to a query from the Finance and Performance Committee Chair, the Medical Director advised that the Trust's current review of its Committee structure and governance arrangements would inform discussions on the most appropriate forum for quality issues.

Resolved – that the action notes of the Quality and Performance Management Group meeting held on 2 November 2011 (paper L) be received for information.

10/12 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE MEETING

Paper M comprised a draft agenda for the Finance and Performance Committee meeting due to be held on 25 January 2012. This was approved, subject to additional updates on the following (as agreed above):-

- staff attitude and opinion survey results;
- first cut of 2012-13 CIPs;
- Transformation Board reporting proposals;

STA

- Elective community work tender, and
- Issues from confidential Minute 5/12/3 above.

Resolved – that the Finance and Performance Committee agenda for 25 January 2012 be approved, subject to the additional updates agreed above.

STA

11/12 **ANY OTHER BUSINESS**

There were no items of Any Other Business.

12/12 **IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD**

It was agreed to highlight the issues discussed in confidential Minutes 4/12 and 5/12/3 to the confidential Trust Board session on 5 January 2012.

FPC
CHAIR

Resolved – that the Chair of the Finance and Performance Committee be requested to bring the above referenced confidential matters to the attention of the private Trust Board at its meeting on 5 January 2012.

FPC
CHAIR

13/12 **DATE OF NEXT MEETING**

Resolved – that the next Finance and Performance Committee meeting be held on Wednesday 25 January 2012 at 9.15am in the Board Room, Victoria Building, Leicester Royal Infirmary.***

*** *please note the venue of this meeting*

The meeting closed at 12.30pm

Helen Stokes
Senior Trust Administrator