

Trust Board Paper R

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST
REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 29 November 2012

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr I Reid, Non-Executive Director

DATE OF COMMITTEE MEETING: 24 October 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:

- **Financial Forecast and Recovery Plan (Minute 142/12/3), and**
- **Reducing Readmissions – External Report (Minute 144/12).**

DATE OF NEXT COMMITTEE MEETING: 28 November 2012

**Mr I Reid – Non-Executive Director and Finance and Performance Committee Chair
23 November 2012**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST
MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD ON
WEDNESDAY 24 OCTOBER 2012 AT 9.15AM IN THE CJ BOND ROOM, CLINICAL
EDUCATION CENTRE, LEICESTER ROYAL INFIRMARY

Present:

Mr I Reid – Non-Executive Director (Committee Chair)
Mr J Birrell – Interim Chief Executive (until and including minute 143/12/3)
Dr K Harris – Medical Director (until Minute 143/12/6 and for Minute 147/12)
Mr R Kilner – Non-Executive Director
Mr A Seddon – Director of Finance and Business Services
Mr G Smith – Patient Adviser (non-voting member)
Mrs J Wilson – Non-Executive Director

In Attendance:

Mrs H Majeed – Trust Administrator

ACTION

RECOMMENDED ITEM

138/12 REPORT BY THE DIRECTOR OF FINANCE AND BUSINESS SERVICES

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

RESOLVED ITEMS

139/12 APOLOGIES

Apologies for absence were received from Mrs S Hinchliffe, Chief Nurse/Deputy Chief Executive and Dr A Tierney, Director of Strategy.

140/12 MINUTES

Resolved – that the Minutes of the Finance and Performance Committee held on 26 September 2012 be confirmed as a correct record.

141/12 MATTERS ARISING FROM THE MINUTES

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

- (a) Minute 127/12 a – in respect of the actions to enhance Consultant-level input to ward rounds, the Medical Director advised that he co-chaired a meeting with the Divisional Director, Planned Care which had set standards for senior clinical review. This was based on best practice guidance provided by the Royal Colleges. This included time to initial review and time to a subsequent review once diagnostic tests became available in order to enable a diagnosis and management plan to be made. The standards were appropriately different according to whether the patient was in ED, AMU or base wards, with ED and AMU requiring a more rapid response. Audit of performance in respect of ED and AMU was generally good although there was still room for improvement. However performance on base wards was highly variable. Recognising the importance of improving the performance on base wards, it was essential that time for this activity was provided through the job-planning process and this was underway. The Medical Director recognised the challenge of ensuring that other “elective” activity which would otherwise have been undertaken at the time of base ward review could still be appropriately accommodated;
- (b) Minute 127/12/ c – the action in respect of the ENT transformation business case had been completed, and

- (c) Minute 128/12/2 – the Director of Finance and Business Services advised that UHL had recently joined a PLICS benchmarking group noting that this would provide a different dimension to the data in respect of the cost and length of stay. Mr R Kilner, Non-Executive Director suggested that income generation opportunities be considered given that UHL’s reference costs were significantly cheaper than the average costs. Responding to a query, it was noted that there were no restrictions to the licences available to access PLICS and all Consultants could therefore have access at any time.

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

141/12/1 Discussions with University of Leicester re: Occupation of Trust Premises

The Director of Finance and Business Services advised that the issue in relation to the need for a transparent and appropriate business footing to be sought for ‘landlord’ elements of UHL’s relationship with the University of Leicester would be pursued with the University of Leicester Director of Finance with an update provided to the November 2012 Finance and Performance Committee. In response to a suggestion from Mr R Kilner, Non-Executive Director, the Director of Finance and Business Services agreed to liaise with the Divisional Manager, Acute Care in respect of the office space used by the University of Leicester staff in UHL’s premises (noting that the Divisional Manager had already undertaken significant work in respect of this matter).

DFBS

DFBS

Resolved – that (A) a more transparent and appropriate business footing be sought for ‘landlord’ elements of UHL’s relationship with the University of Leicester (e.g. occupation of premises) – this issue to be pursued with the University of Leicester Director of Finance and an update provided to the November 2012 Finance and Performance Committee, and

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(B) the Director of Finance and Business Services liaise with the Divisional Manager, Acute Care in respect of office space used by University staff in the Trust premises.

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142/12 2012-13

142/12/1 Quality and Performance Report – Month 6

Paper D provided an overview of UHL’s quality, patient experience, operational targets, HR and finance performance against national, regional and local indicators for the month ending 30 September 2012.

In discussion on the quality/patient experience/operational targets/HR aspects of the month 6 report (and Divisional heatmap) members:-

(a) queried progress on the compliance date of 2 November 2012 for the CQC’s warning notice in respect of outcome 16 (monitoring quality). The Medical Director advised that the CQC were expected to visit the Trust in November 2012 when it was anticipated that the warning notice would be lifted;

(b) queried the threshold for achieving the RTT target and whether achievement in each individual specialty was required – in response, the Director of Finance and Business Services outlined the position and commented on the 2% contract value penalty for breaching the RTT target;

(c) commented that it was unacceptable that compliance with the WHO checklist was not consistent. The Medical Director advised that audits were being undertaken but agreed to

provide clarification on the reasons for non-compliance with WHO surgical checklist;

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(d) queried the reason for the increase in the percentage of operations cancelled on/after the day of admissions of all elective activity for non-clinical reasons – it was noted that there were some estates issues in theatres;

(e) noted the low HSMR in two particular Trusts and whether any lessons could be learned by UHL – the Medical Director advised that this was dependent on the population served by any particular Trust. He noted that discussions had commenced with external advisers in relation to learning lessons and focusing attention on particular outliers to improve the HSMR. The Interim Chief Executive considered that those discussions had been very informative and that a significant improvement in numbers would be seen in the near future;

(f) suggested that a trend be included for the Net Promoter Score (NPS) – the Medical Director advised that the National Quality Board Quality Dashboard (when in place) would include a NPS trend accordingly;

(g) queried the reason for the rise in RIDDORs in the Acute Care Division and the Medical Director agreed to check this with the Division, and

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(h) noted that ED performance would be discussed at the October 2012 Trust Board meeting. Responding to a query, it was noted that ED penalties would be discussed at the escalation meeting on 29 October 2012. The Interim Chief Executive commented on the external work in respect of non-elective flows.

The Director of Business Services then reported on UHL's financial position for month 6, noting the ongoing very disappointing performance against plan (although in-month performance for month 6 was better than the previous month). In discussion on the month 6 position, the Finance and Performance Committee:-

(i) noted comments from the Director of Finance and Business Services, on how MRET accounted for a reduction in income of approximately £2.6m in the first 6 months of 2012-13. The MRET baseline was determined on a commissioner basis and so the concentration of additional emergency activity in the County and not the City had exacerbated the impact on UHL as a provider;

(ii) noted that the pay position reflected the continued use of extra capacity wards to meet emergency activity levels;

(iii) noted that the current level of non-contracted workforce was expected to fall as a result of the increased substantive recruitment. The variances in non-pay costs were particularly in relation to drugs and clinical supplies;

(iv) noted that at the confirm and challenge meeting on 17 October 2012, the Acute Care Division was confident of resolving issues in its area. The Clinical Support and Planned Care Divisions had been tasked to resolve issues with immediate effect in respect of theatre productivity and utilisation in certain specialties (ENT, Plastics, Gynaecology, Maxillo-Facial and Urology). The Committee requested the Director of Finance and Business Services to check progress on this work;

DFBS

(v) queried the variance in relation to the outpatient annual plan average tariff. The Director of Finance and Business Services advised that this was partly due to coding issues and agreed to provide the analysis outside the meeting;

DFBS

(vi) noted the variance in medical and dental expenditure in comparison to the year-to-date

position and queried if there was anything specific that was driving this – it was noted that junior doctor recruitment was the main factor;

(vii) noted that the Director of Finance and Business Services would discuss the comparison of pay and non-pay costs in H1 and H2 with Mr R Kilner, Non-Executive Director outside the meeting;

DFBS

(viii) queried the variance in activity against the headcount. The Interim Chief Executive commented that he would anticipate the increase in activity to be in the Emergency Department. The Committee Chair highlighted that the Committee had previously requested a report on the existence of appropriate controls to end bank/agency use of medical staff once the substantive junior doctor vacancies were filled and noted that an appropriate response had not been provided and requested that this be confirmed outside the meeting. In further discussion on this matter, the Interim Chief Executive advised that the Divisional Directors had regularly been challenged on the variance in activity against headcount and suggested that this would be further reviewed by the Executive Team, and

DFBS

ICE

(ix) noted an error on page 36 of the Quality and Performance report – the 365+days debtors in the Women's and Children's Division should read 48 and not 408.

Resolved – that (A) the month 6 quality and performance report (month ending 30 September 2012) be noted;

(B) the Medical Director:-

(1) provide clarification on the reasons for non-compliance with WHO surgical checklist;

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(2) check the reasons for the rise in RIDDORs in the Acute Care Division in September 2012;

(C) the Director of Finance and Business Services:-

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- **provide an analysis of the variance in relation to outpatient annual plan average tariff;**
- **check progress on theatre utilisation issues in certain specialties;**
- **discuss with Mr R Kilner, Non-Executive Director regarding comparison of pay and non-pay costs in H1 and H2, and**
- **confirm whether the appropriate controls were in place to end bank/agency use of medical staff once the substantive junior doctor vacancies were filled, and**

(D) the Interim Chief Executive ensure that the variance in activity vs. headcount was reviewed by the Executive Team.

ICE

142/12/2 Non-Pay and Procurement Controls

Paper E summarised the actions being taken by the Executive Team to address non-pay expenditure which had been consistently adverse to plan during 2012-13. Responding to a query, the Director of Finance and Business Services advised that Ms A Smith, the new Assistant Director of Procurement and Supply would be attending the November 2012 F&P meeting to provide a report on non-pay controls which would include an update on the outputs of the discussion with relevant parties in respect of accelerating procurement savings following appropriate detailed discussion with the Interim Chief Executive.

DFBS

The Director of Finance and Business Services updated the Committee on the management of change process in the procurement team and confirmed that all appropriate procedures

were being followed. The roll-out of the new procurement catalogue was expected to be completed by end of November 2012.

Ms J Wilson, Non-Executive Director expressed concern over the abilities of some Divisional and CBU Management Teams particularly relating to analysis of non-pay expenditure and suggested that it would be helpful if the Assistant Director of Procurement and Supply could offer support to those teams.

DFBS

Resolved – that (A) the report on the non-pay expenditure controls be received and noted;

(B) the Assistant Director of Procurement and Supply provide a report on non-pay controls, including an update on the outputs of the discussion with relevant parties, and

DFBS/
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(C) the Director of Finance and Business Services liaise with the Assistant Director of Procurement and Supply in respect of the support that could be provided to Divisional and CBU Management Teams re:analysis of non-pay expenditure.

DFBS

142/12/3

Financial Forecast and Recovery Plan

Paper F summarised the month 6 financial reforecast including any upsides/downsides (and their relative likelihood), and set out the action plans to address the year-to-date position and forecast year-end deficit. The revised forecast was set in the context of the cumulative September 2012 position of a £6.5m deficit (£6.9m adverse to plan), and the particularly poor in-month performances for July and August 2012. Month 6 performance was a £0.7m deficit, which although adverse to plan, was £0.5m better than the forecast deficit of £1.2m. The gross forecast reflected CIP shortfall against plan (£5.3m), a reduction in patient care income for the emergency rate threshold of £7.3m, the costs of extra capacity to meet the additional activity, particularly emergencies, readmission deductions (£5m) and in-year cost pressures. The Director of Finance and Business Services also reported the position of the unadjusted month 6 re-forecast and confirmed that a range of central activities were being pursued to deliver the Trust's full year financial position.

The Director of Finance and Business Services highlighted that the Independent Review Panel report on the clinically based review of UHL emergency readmissions noted the potential for Commissioners to reinvest financial penalties of up to £5m in UHL's services to prevent avoidable re-admissions.

In discussion on this paper, members:-

- (a) expressed concern that certain Divisions were under-performing and queried at what point the Committee could be confident of Divisional abilities to enact and deliver the actions described in the recovery plans. The Committee Chairman also queried how the revised forecast would be monitored. The Interim Chief Executive and the Director of Finance and Business Services acknowledged these concerns and advised that this had been discussed by the Executive Team and at the Divisional confirm and challenge sessions and a series of actions had been put in place. In further discussion on this issue, the Director of Finance and Business Services advised that in order to ensure delivery of the 2012-13 financial plan, the actions taken to deliver cost savings be monitored through the Executive Team and any variance in position to the monthly run-rate would be reported to the Finance and Performance Committee with an explanation on the further actions that would be taken to resolve issues;

DFBS

- (b) noted that in respect of bridging the CIP shortfall, the newly appointed Director of Service Improvement would identify at least £1.5m of savings to impact in 2012-13. Members requested that Mr S Leivers, Director of Service Improvement be invited to attend the November 2012 Finance and Performance Committee to provide an update on progress made to-date in achieving UHL's CIPs; DFBS
- (c) expressed concern over some Divisions'/CBUs' understanding/analysis of day to day spend. In further discussion, the Director of Finance and Business Services agreed to offer support to the Divisional/CBU teams, and DFBS
- (d) requested that the Director of Finance and Business Services discuss the Committee's concerns in relation to financial/managerial capabilities in the operation of budgets of some CBU Leads/Managers and Divisional capability of some Divisions in managing CBUs, with his Executive Director colleagues. DFBS

Resolved – that (A) the 2012-13 financial recovery plan be received and noted;

(B) the Director of Finance and Business Services ensure that actions listed in (a) to (d) above were completed, and DFBS/
TA

(C) the financial forecast be highlighted verbally to the public 25 October 2012 Trust Board. FPC
Chair

142/12/4 Impact of Financial Penalties on UHL

Paper F1 updated the Committee on zero day length of stay and marginal rate emergency threshold issues. The Director of Finance and Business Services advised that the Trust was potentially at risk of a £7.5m MRET penalty. The over-activity for emergency patients was being delivered at premium rates. This interim single year solution would decrease the penalty and increase income. Responding to a query from Mr R Kilner, Non-Executive Director in respect of the increased emergency referrals particularly relevant to two GP cluster areas, it was noted that discussion was on-going with Commissioners to understand the pathway changes in West Leicestershire CCG which impacted on increased cancer referrals.

Resolved – that the contents of paper F1 be received and noted.

142/12/5 2012-13 CIPs Update

Paper G from the Director of Finance and Procurement briefed the Committee on CIP performance for 2012-13. He commented that there was a year to date under performance in delivery of cost improvement of £1.8m and year end forecast under-delivery of £5.3m.

Resolved – that the 2012-13 CIP update be received and noted.

142/12/6 Transformation Board Update

Paper H updated the Committee on progress made on transformation projects, proposed future workstreams to meet financial challenges in the next 5 years, delivery structure and governance and roll-out of lean/service improvement. The Transformation Board had been re-established and now met on a fortnightly basis with an enhanced focus on programme development and delivery. The expected savings from the current transformation projects were detailed in section 2 of the paper.

The table in section 3 set out the range of opportunities for meeting the financial challenge and was divided into the following schemes: - Grip (within the Trust's control), modernise

(mostly within the Trust's control) and transform and change shape (required full collaboration with health partners). The LLR Better Care Together Programme had funded a number of project managers to work on the 'Transform and Change Shape' element of the efficiency programme. Responding to a query, it was noted that achieving the opportunities in the 'grip' and parts of the 'modernise' section was largely placed within the Divisions and Corporate structures. Regular meetings with the Transformation team and the CBUs had re-started in respect of CIP development and delivery which would assist to map the bottom-up mini IBPs with the LTFM.

DFBS

Successful delivery of the efficiency programme needed to be underpinned by robust service improvement expertise, resource and training. Members suggested that the Director of Finance and Business Services seek a mentor from the private sector for the newly appointed Head of Lean and Service Improvement Programme.

Resolved – that the Director of Finance and Business Services seek a mentor from the private sector for the newly appointed Head of Lean and Service Improvement Programme.

DFBS

142/12/7 Report from the Director of Finance and Business Services

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

143/12 2013-14

143/12/1 Counting and Coding Update

Paper J detailed findings from Capita's review of coding in the Emergency Department. In summary, it was noted that the activity within ED was subject to a capped level of income based on previous years. This cap restricted the Trust from recouping the income that correct coding would indicate as being appropriate.

The Committee Chairman queried whether there was a link between paper J and paper P (clinical coding update) noting that there were different messages in both the papers – in response, the Director of Finance and Business Services confirmed that there was no read across between both these papers.

Responding to queries, the Director of Finance and Business Services suggested that Mr J Tozer, Interim Director of Operations be invited to attend the Finance and Performance Committee in November 2012 to provide an update on the Trust's response to the Capita review of coding in ED particularly relating to the high number of errors identified within recording of investigations and treatments in all attendances.

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Resolved – that Mr J Tozer, Interim Director of Operations be invited to attend the Finance and Performance Committee in November 2012 to provide an update on the Trust's response to the Capita review of coding in ED.

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144/12 **REDUCING READMISSIONS – EXTERNAL REPORT**

The results of the review of UHL readmissions occurring during 2011-12 were detailed in appendix A of paper K. 337 re-admitted patient pathways were reviewed and 72 were found to be avoidable which equated to 21.4%. Of the 72 avoidable readmissions, 3 were found not to be the fault of UHL and opinion was divided on a further 8. The Director of Finance and Business Services advised that discussion with Commissioners was required to ascertain the level of penalty following the review. He noted the potential for Commissioners to

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DFBS

reinvest financial penalties of up to £5m in UHL's services to prevent avoidable re-admissions.

Ms J Wilson, Non-Executive Director noted that the discussion mainly focused on the financial penalties and queried whether actions had been put in place to address the recommendations by the independent review panel – in response, it was noted that this would be taken forward by the Readmissions Programme Board which was to be re-started. Mr R Kilner, Non-Executive Director also noted the need for an analysis of the themes arising from the review and action plans to address the issues. In further discussion, it was suggested that it would be appropriate if GRMC reviewed progress with reducing avoidable re-admissions and the Finance and Performance Committee monitored the re-admission penalties.

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Mr R Kilner, Non-Executive Director commented that readmissions had previously been included on the Trust's strategic risk register, however as the Executive Directors had confirmed that the actions had been completed, this risk had been removed from the risk register and the Readmissions Programme Board had been dis-banded. The Director of Finance and Business Services acknowledged these concerns and noted that this matter had been discussed by the Executive Team highlighting that this was a difficult area to benchmark, however the root causes needed to be analysed. The Committee Chairman suggested that as a starting point, the 2 or 3 areas with the biggest proportion of readmissions be focused on to reduce avoidable readmissions.

Resolved – that (A) the Governance and Risk Management Committee be invited to review progress on reducing avoidable re-admissions (Finance and Performance Committee to monitor the re-admission penalties), and

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DFBS

(B) this item be highlighted verbally to the public 25 October 2012 Trust Board.

FPC
Chair

145/12 SPECIALTY PRODUCTIVITY ASSUMPTIONS AND PLICS POSITION

Paper L provided a brief update on the continued development and roll-out of Patient Level Information & Costing System (PLICS) and Service Line Reporting (SLR). It also outlined the productivity assumptions and opportunities which had been highlighted as part of the capacity planning work. It was noted that there were very small number of high volume users of PLICS and Consultant access rates were poor.

Resolved – that the contents of paper L be received and noted.

146/12 NHSLA LEVEL 2 ACCREDITATION – PREPAREDNESS REPORT

Paper M provided the Committee with an update on progress with the preparation for assessment at level 2 of NHSLA ARMS. The report also informed the Committee of NHSLA's intention to revise its risk management standards and assessment processes (following the appointment of a new NHSLA Chief Executive) to focus on outcomes rather than processes.

Resolved – that the contents of paper M be received and noted.

147/12 DEFERRAL OF RESEARCH INCOME ACROSS YEARS

Members noted that paper N had been withdrawn and this item was now a verbal update. The Director of Finance and Business Services advised members that R&D deferrals at 2011-12 year-end had been reviewed and verified with budget holders. The National

Institute of Health Research (NIHR) had conducted a major national exercise to reconcile Trust and Network deferrals with research financial monitoring returns. The response from this exercise would be factored into the overall deferral review as there would be an in-year financial impact.

Resolved – that the verbal update be received and noted.

148/12 COMMUNITY ELECTIVE ACTIVITY TENDER

The Director of Finance and Business Services updated members on the elective care tender initiated by East Leicester CCG, which (as previously reported) was currently on hold. The 3 Leicester(shire) CCGs had met in October 2012 and the feedback received was that the CCG would progress this work on a collaborative basis. However, clarity regarding the details of the collaborative approach was currently being sought. The Clinical Business Units continued to work with the CCG project managers under the remit of the LLR Better Care Together programme.

Resolved – that the verbal update be received and noted.

149/12 ITEMS FOR INFORMATION

149/12/1 Roll Out of Internal Trading

Resolved – that the update on internal trading (paper O) be received and noted.

149/12/2 Clinical Coding Scheme Update

Resolved – that the counting and coding update be noted (paper P).

150/12 MINUTES FOR INFORMATION

Resolved – that the Minutes of the 24 September 2012 GRMC meeting (paper Q) be received and noted.

151/12 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE

Paper R comprised a draft agenda for the 28 November 2012 Finance and Performance Committee. Members suggested that the following items be included on the agenda for the November 2012 meeting (1) a brief update on the facilities management business case (2) financial elements of the LTFM/IBP (3) early views on the scale of likely 2013-14 CIPs and (4) verbal update on MRET.

Resolved – that the 28 November 2012 Finance and Performance Committee agenda be approved, subject to any additional items identified through these Minutes.

FPC
CHAIR

152/12 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that the issues in Minute 142/2/3 and Minute 144/12 be highlighted verbally to the public Trust Board meeting on 25 October 2012.

FPC
CHAIR

153/12 ANY OTHER BUSINESS

153/12/1 Attendance at F&P meetings

Resolved – that the Finance and Performance Committee Chairman raise the Committee’s concerns regarding Executive Director representation on the Finance and Performance Committee with the Trust Chairman.

FPC
Chair

153/12/2 F&P Paper Distribution Dates

The F&P Chairman requested that the agreed distribution date for papers be adhered to. He requested that an initial paper be submitted wherever possible and if there were any further updates then a short update paper could be sent ‘to follow’.

Resolved – that the position be noted.

154/12 DATE OF NEXT MEETING

Resolved – that the next Finance and Performance Committee be held on Wednesday 28 November 2012 from 9.15am – 12.15pm in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 12:15pm

Hina Majeed
Trust Administrator

Attendance Record

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
I Reid (Chair)	7	7	100%	M Lowe-Lauri	3	2	67%
J Birrell	2	2	100%	A Seddon	7	7	100%
K Harris	7	3	43%	G Smith *	7	7	100%
S Hinchliffe	7	5	71%	A Tierney	4	3	75%
R Kilner	7	7	100%	J Wilson	7	7	100%

* non-voting members