

Trust Board paper L

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 3 November 2016

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director

DATE OF MEETING: 27 October 2016

This report is provided for the Trust Board's information in the absence of the formal Minutes, which will be submitted to the Trust Board on 1 December 2016.

SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:

- *None*

SPECIFIC DECISIONS:

- *None*

DISCUSSION AND ASSURANCE:

- **Matters arising:-**
 - **Estates Route Map** – the revised date for IFPIC consideration of the Estates Route Map was noted to be 23 February 2017. However, assurance was provided that a high-level summary of the outputs from the Capita site survey would be submitted to the 24 November 2016 IFPIC meeting, and
 - **Wakerley Lodge Neurology Rehabilitation Unit** – this refurbishment scheme had now been delayed until the early part of 2017-18 due to financial constraints within the Trust's 2016-17 capital programme;
- **Month 6 Financial Performance 2016-17** – the Trust had delivered a £7.9m deficit for the year to date (£17k favourable to plan), including £11.7m of Sustainability and Transformation Funding (STF) and some advanced use of central reserves. IFPIC members noted the underlying run-rate and the recovery actions which would be required to deliver the planned year-end deficit of £8.3m. Particular discussion took place regarding an estates and facilities overspend arising from the service integration, high cost drug expenditure, volume based fluctuations in patient care income and agency staffing expenditure;
- **Working Capital Strategy/Cash Flow** – paper D1 provided the monthly briefing report on the arrangements in place to manage the Trust's current cash position and draw down from the Interim

Revolving Working Capital (IRWC) facility, based on the Trust's planned deficit. Assurance was provided that the Trust was implementing the recommendations from a recent PwC review of the cash forecasting process and that a detailed application for further revenue support was being finalised for submission to the Department of Health. The Financial Controller provided a position statement in respect of the number of invoices that were awaiting processing and the number of suppliers that had escalated payment issues. Responding to a query from the Committee Chair, the Financial Controller commented upon the time-consuming nature of the supplier escalation process, but advised that there was currently no requirement for additional financial services temporary resources. In addition, an appropriate focus was being maintained in respect of debtor invoices and stock levels;

- **Review of the 2016-17 Capital Programme** – at the end of September 2016, the Trust had spent £28.3m (against the current annual plan of £82.0m). This plan included £37.7m of external capital loan financing, £21.7m of which had been approved for completion of the Emergency Floor and £16.0m for the remainder of the plan. Subject to clarification over the value and timing of any additional loan funding, the proposed arrangements for managing the second half of the financial year would be submitted to the Executive Quality Board on 1 November 2016;
- **Cost Improvement Programme** – year to date CIP delivery stood at £16m (as at the end of September 2016) against the planned £15.4m – a favourable variance of £0.6m. The Committee commended the progress to date, recognising the amount of work that had been involved. The indicative CIP target for 2017-18 was £33.0m and the value of identified schemes currently stood at £1.2m. Discussion took place on the arrangements for reducing clinical variation and the intention to showcase the clinical variation tool at the Yule meeting of the Clinical Senate. Paper F2 provided a summary of progress with the Workforce cross-cutting CIP theme;
- **Underlying Principles for Developing Business Cases** – members congratulated Ms N Topham on her appointment as the Trust's substantive Reconfiguration Programme Director. The financial and operating principles for the future development of business cases (as detailed in paper J) were supported for inclusion in the revised business case template. It was agreed that information on space utilisation (site footprint) and research and innovation implications arising from the business cases would also be incorporated into the new template;
- **Workforce Update** – the Committee received the monthly update on key workforce metrics, and the corrective actions underway to address adverse trends in pay expenditure and agency staffing costs. The report also focused upon the cost of staff absence through sickness, diversity data (including a deep dive on gender), paybill inflation, workforce increases and recruitment. Particular scrutiny was being applied to non-compliance with the ceiling for agency staffing expenditure and more granular reporting was being implemented at a shift level, in addition to the existing weekly returns. The Committee Chair also noted encouraging progress with the apprenticeship programme and improving staff turnover trends. The Audit Committee Chair commented that UHL appeared to be an outlier in respect of not including a Workforce and OD Committee within its current governance structure. The Trust Chairman invited an open discussion on this point at the December 2016 Trust Board thinking day (when the Trust's Committee structure was due to be considered);
- **Corporate Services Review** – the Director of Workforce and OD introduced paper L, outlining the drivers for the review of UHL's corporate services and the likely resources that would be required to achieve the required outputs. Members discussed the scope for a 6-week diagnostic exercise to be undertaken by EY and it was agreed that a case of need would be submitted to a future meeting of the Revenue Investment Committee;
- **Month 6 Quality and Performance Report** – the Committee Chair highlighted a recent article in the Leicester Mercury in respect of radiology reporting delays and the Director of Performance and Information responded by briefing the Committee on the short-term impact of broken links within the new Emrad system. Assurance was provided that good progress had been made with recruiting radiologists and that performance would soon be back on track. In the meantime, some UK outsourced reporting was taking place. The Director of Performance and Information also briefed the Committee on non-compliance with the RTT incomplete target and the 6 week

diagnostics target. Improvements in 62 day cancer performance were noted and the backlog was now at the lowest point for some 2 years. HDU and ICU bed capacity remained a critical issue for improving cancer performance and reducing cancellations;

- **2017-18 Beds Capacity Plan** – paper N provided a briefing on the process to understand the bed capacity that would be required to provide patients with timely access to care in 2017-18. The outcomes from the scenario based approach highlighted bed capacity deficits ranging between 51 and 261 (dependent upon the occupancy level, demand assumptions, volumes of activity and the access standards to be agreed within the STF for 2017-18);
- **Reports for Scrutiny and Information** – the Committee received and noted the following documents:-
 - IFPIC calendar of business;
 - Updated timetable for UHL Business Case Approvals;
 - Minutes of the Executive Performance Board meeting held on 27 September;
 - Minutes of the Capital Monitoring and Investment Committee meeting held on 16 September 2016;
 - Minutes of the Revenue Investment Committee meeting held on 16 September 2016;
- **Investment Business Cases** – further to a recent meeting with the Vascular Service, paper T set out the impact of changes in the timescale for moving Vascular surgery to Glenfield Hospital in May 2017 (ahead of the planned HPB move). The report also advised of additional middle-grade and junior doctor costs (approximately £320k per annum) which had not been included in the original business case. The Committee received and noted this updated information;
- **CMG Presentation (Musculoskeletal and Specialist Surgery)** – the Committee received a presentation on the CMG's financial and operational performance, biggest achievements and proposed strategic changes. In addition, the CMG outlined developments in respect of new roles, autonomous teams, theatre utilisation, the impact of a protected bed base for elective surgery, proposed changes in the clinical model for Ophthalmology and competing priorities for operating theatre capacity between fractured neck of femur and spinal cases.
- **Any Other Business** – none noted.

DATE OF NEXT COMMITTEE MEETING: 24 November 2016

Mr M Traynor – Non-Executive Director and Committee Chair
27 October 2016