University Hospitals of Leicester NHS
NHS Trust

Trust Board paper O

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 COMMITTEE MEETING: 29 September 2016

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

- **Minute 98/16 – Local Procurement Transformation Plan (this document was appended to the IFPIC meeting summary for the Board's approval on 6 October 2016).**

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

- **Minute 104/16/2 – Human Resources Services and Plans for the Future, and**
- **Minutes 106/16/1 to 106/16/4 – the Project Initiation Documents for the reconfiguration of beds, theatres and intensive care units.**

DATE OF NEXT COMMITTEE MEETING: 27 October 2016

Mr M Traynor
Non-Executive Director and Committee Chair

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE INTEGRATED FINANCE, PERFORMANCE AND INVESTMENT COMMITTEE (IFPIC), HELD ON THURSDAY 29 SEPTEMBER 2016 AT 9AM IN THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY

Voting Members Present:
Mr M Traynor – Non-Executive Director (Committee Chair)
Mr J Adler – Chief Executive
Colonel (Retired) I Crowe – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr R Moore – Non-Executive Director
Mr B Patel – Non-Executive Director
Mr K Singh – Trust Chairman
Mr P Traynor – Chief Financial Officer

In Attendance:
Mr S Barton – Director of CIP and Future Operating Model
Mr C Benham – Director of Operational Finance
Mr N Callow – Finance Director, Empath (for Minute 103/16/3)
Ms P Dunnan – Programme Assurance Manager, IM&T (for Minute 103/16/1)
Dr N Flint – Clinical Lead, Long Term ITU Project (for Minutes 106/16/1 to 106/16/4)
Mr D Kerr – Director of Estates and Facilities
Mr W Monaghan – Director of Performance and Information
Mrs K Rayns – Trust Administrator
Mr B Shaw – Head of Procurement and Supplies (for Minute 98/16)
Mr N Sone – Financial Controller (for Minute 102/16/2)
Ms L Tibbert – Director of Workforce and Organisational Development
Ms N Topham – Interim Reconfiguration Programme Director (for Minutes 106/16/1 to 106/16/4)

RECOMMENDED ITEM

ACTION

98/16 CARTER IMPLEMENTATION PROGRAMME: LOCAL PROCUREMENT TRANSFORMATION PLAN

Mr B Shaw, Head of Procurement and Supplies attended the meeting to introduce paper H and to seek the Committee's endorsement of the Local Procurement Transformation Plan for Trust Board approval (as required by the Department of Health by 31 October 2016).

In discussion on the report, members congratulated the Head of Procurement and Supplies on achieving all of the targets set out for procurement within Lord Carter's report. Confirmation was provided that the procurement related CIP target of £8m was expected to be delivered for 2016-17 and a similar target would be set for 2017-18. Discussion took place regarding opportunities to increase transparency within the national purchase price index by reducing the number of non-purchase order exceptions at UHL. IFPIC endorsed the UHL Procurement Transformation Plan for Trust Board approval on 6 October 2016.

Recommended – that the UHL Procurement Transformation Plan be endorsed and submitted to the Trust Board for approval on 6 October 2016 (as an appendix to the summary of this meeting). **IFPIC Chair**

RESOLVED ITEMS

99/16 APOLOGIES

Resolved – that apologies for absence from Mr A Furlong, Medical Director; Ms M Gordon, Patient Adviser; Mr R Mitchell, Chief Operating Officer, and

Ms J Smith, Chief Nurse were noted.

100/16 MINUTES

The Minutes of the meeting held on 25 August 2016 were confirmed as a correct record.

Resolved – that the Minutes of the 25 August 2016 IFPIC meeting (papers A1 and A2) be confirmed as a correct record.

101/16 MATTERS ARISING

Paper B detailed the status of all outstanding matters arising from previous Integrated Finance, Performance and Investment Committee (IFPIC) meetings. The Committee particularly noted the updated information in respect of the following items:-

(a) **Minute 89/16(d) of 25 August 2016** – IFPIC consideration of the Estates 'route map' had been deferred from October 2016 to November 2016, to allow sufficient time for analysis work to be undertaken of the report currently being produced by Capita; **DEF**

(b) **Minute 90/16/2 of 25 August 2016** – the Committee Chair confirmed that external advice was still being sought in relation to membership of the NHS Litigation Authority's Liability to Third Parties Scheme (LPTS) and whether this would apply to Directors and Officers of the Pharmacy Subsidiary. An update on this issue would be provided to the October 2016 IFPIC meeting; **DCLA**

(c) **Minute 94/16(a) of 25 August 2016** – the Trust Administrator was requested to ascertain whether the CHUGGS CMG had discussed the potential impact of the ESM CMG's nursing pay premium with the Chief Nurse and update the actions log for the October 2016 IFPIC meeting accordingly, and **TA**

(d) **Minute 65/16 of 30 June 2016** – the Trust Chairman advised that the Trust Board thinking day sessions on the Outpatients Strategy and Lean Techniques were now provisionally scheduled for 10 November 2016. The Chief Executive sought and received clarity regarding the types of issues to be covered during the Outpatients session and the expected balance between operational and strategic issues. In response, members suggested that discussion on centralisation, use of technology, improvements in patient experience, opportunities to appoint an OPD champion, improved communication processes, effective waiting list management and links with pharmacy would all be welcomed. In addition, it would be helpful to understand how incremental improvements would be delivered in parallel with existing operational pressures.

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

102/16 FINANCE AND PLANNING

102/16/1 Month 5 Financial Performance 2016-17

The Director of Operational Finance introduced paper C, providing the monthly summary of performance against the Trust's statutory duties, financial performance, cash flow and capital expenditure. IFPIC members noted that the Trust had delivered a £9.1m deficit for the year to date (£0.7m adverse to plan), including recognition of £9.8m Sustainability and Transformation Funding (STF) for assumed delivery of the quarter 2 targets. Contributory factors included underperformance in elective patient activity (mainly Orthopaedics and day case), and high levels of agency staffing expenditure.

Fortnightly performance meetings were being held with 4 CMGs (RRCV, W&C, ESM and MSS) and these CMGs were being held to account to deliver their forecast outturns.

However, assurance was provided that a robust CIP quality and safety monitoring process was in place. In addition, further work was taking place to clarify Estates and Facilities income flows and associated pay cost pressures (in terms of the number of hours worked).

The Chief Executive raised a query regarding the performance-related aspects of the STF assumptions, noting that full delivery had been assumed at month 5 (August 2016) for RTT, 4 hour ED and cancer performance, but actual compliance would not be confirmed until the end of quarter 2 (September 2016). Discussion took place regarding any adjustments that might be required in month 6 in the event of non-compliance with the performance trajectories, subject to subsequent recovery of the trajectories, the outcome of any appeals processes and the arrangements for demonstrating that the Trust had made its best endeavours to meet the challenging 4 hour ED trajectory.

Mr A Johnson, Non-Executive Director commented upon the helpful format of the financial performance report, noting the significance of the patient care income case mix variances provided on page 6 of the report. He also noted the need to focus upon EBITDA performance and reducing non-operating expenditure. In respect of the agency staffing expenditure adverse variance, he queried the scope to negotiate more favourable rates in return for a greater level of commitment with suppliers. In response, the Chief Financial Officer briefed the Committee on the regional and national arrangements already in place to reduce agency framework rates and assurance was provided that an agency nurse block booking was being implemented in order to establish the temporary winter capacity wards.

In terms of the forecast outturn for 2016-17, the Trust was still expecting to deliver a net deficit of £8.3m in line with plan, although a specific focus would be maintained on the delivery risks surrounding CMG recovery plans, agency staffing expenditure, winter capacity cost pressures, and better payment practice code compliance.

Resolved – that the month 5 Financial Performance report (paper C) and the subsequent discussion on this item be received and noted.

102/16/2 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

102/16/3 2016-17 Discretionary Investment Prioritisation

The Chief Financial Officer introduced paper E, providing a summary of the discretional investment requirements submitted by CMGs and Corporate Directorates as part of the 2016-17 business planning process (for IFPIC members' information). The original report had been considered and approved at the 28 July 2016 Executive Performance Board. Table 1 set out the agreed list of approved essential developments, resulting in an in-year cost pressure of £3.9m. Table 2 provided the list of major investment schemes which had not been supported for 2016-17.

Discussion took place regarding the release of approximately £3m contingency funding for the approved schemes, and the impact of not supporting the 7 day services bid. The Trust Chairman sought and received additional clarity regarding the ESM management restructure, noting that these costs mainly related to additional dedicated nursing, medical and management posts to strengthen ED performance.

Resolved – that the summary of discretionary investments for 2016-17 be received and noted as paper E.

102/16/4 Cost Improvement Programme

The Director of CIP and Future Operating Model presented paper F1, providing the

monthly update on progress of the CIP programme to achieve a £35m target during 2016-17. Year to date CIP delivery stood at £13.5m (as at the end of August 2016) against the planned £12.3m – a favourable variance of £1.2m. However, there were some underlying concerns that 4 of the 7 CMGs had not met their year-to-date trajectories.

In discussion on paper F1, IFPIC members noted a positive level of confidence that the Trust's CIP target for 2016-17 would be delivered in full. The Trust Chairman sought and received additional information regarding the sharing of performance metrics throughout the Trust and the opportunities to improve transparency and instigate a greater sense of competition between the higher performing specialties. In response, the Director of CIP and Future Operating Model reported good progress with the process for sharing length of stay and theatre productivity data. However, the quality of Consultant-level performance data was not sufficiently robust to drive this forward at the current time, eg the patient's named Consultant surgeon did not always undertake the clinical activity personally.

The Director of CIP and Future Operating Model advised that a report on the 2017-18 CIP targets would be presented to the October 2016 IFPIC meeting, alongside a progress report on the initial build-rate. IFPIC also received and noted paper F2, providing a summary of the cross-cutting Theatres CIP theme. There were no questions raised in respect of this report.

Resolved – that (A) the CIP progress report and cross-cutting Theatres CIP update be received and noted as papers F1 and F2, and

(B) a summary of the 2017-18 CIP targets and the initial build-rate be presented to the 27 October 2016 IFPIC meeting. **DCIPFOM**

102/16/5 UHL's Selection for 2016-17 Costing Assurance Audit

Paper G advised IFPIC of UHL's participation in the 2016-17 costing assurance programme (as commissioned by NHS Improvement and being undertaken by Ernst Young). The audit of costing arrangements was expected to provide an assessment on whether the Trust's arrangements for recording cost information and its 2015-16 reference costs submission were in accordance with the relevant guidance and whether the Trust was making progress in implementing the changes which formed part of the costing transformation programme. The timescales for the programme were set out in section 4 of paper G and a summary of the outputs would be presented to IFPIC when available early in 2017.

Resolved – that a report on the outcome of the 2016-17 Costing Assurance Audit be presented to IFPIC in January 2017 (or when available). **CFO**

103/16 STRATEGIC MATTERS

103/16/1 Quarterly Update on IM&T Issues/IBM Contract

Ms P Dunnan, Programme Assurance Manager attended the meeting on behalf of the Chief Information Officer to introduce paper I, providing the usual quarterly update report on the IBM contract and updating IFPIC on developments with the EPR project and the IT solution for the new emergency floor. The 2 areas of failure against service level agreements continued to be extract, transform and load (ETL) data reporting and collection of customer satisfaction feedback.

Confirmation had been received that there were no outstanding queries on the EPR business case, but the Trust was seeking clarity regarding any additional approval stages that might be required once the business case had been approved by NHS Improvement. In the interim period, the Trust was spending valuable resources on necessary upgrades to legacy systems (eg Clinicom). The timescales for rolling out the NerveCentre solution in advance of opening the new emergency floor were welcomed.

Resolved – that the quarterly update on IM&T issues and the IBM contract be received and noted as paper I.

103/16/2 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

103/16/3 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

104/16 PERFORMANCE

104/16/1 Workforce Update

The Director of Workforce and Organisational Development presented paper L, providing 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 CMG-level targets, sickness, vacancy rates, international nurse turnover, apprenticeships, sexual orientation data, a new Disability Equality Scheme (DES), new roles and the development of 7 day services. IFPIC members welcomed the presentational format of this report and particular discussion took place regarding Friends and Family Test (FFT) feedback on the number of staff who would recommend the Trust as a place to work, or a place to be treated. It was agreed that additional narrative on the FFT score trends and actions underway to improve them would be included in the next iteration of the report. **DWOD**

In respect of staff sickness, AMICA had reported a nationally increasing trend in the number of staff taking time off due to stress, a proportion of which was attributed to personal issues such as relationship breakdowns or difficulties with personal debts. In the context of an overall increase in the vacancy rates, the exit survey process continued to be improved. However, the Trust needed to focus more upon any 'flight risks' and take appropriate mitigating action before staff decided to leave the Trust. The Director of Workforce and Organisational Development had recently become an Enterprise Adviser to a local school and she highlighted opportunities to improve the information flows for signposting students towards the variety of NHS careers that were currently available. The workforce plan for the emergency floor was almost complete and a progress update was provided on the development of the workforce elements of the LLR Sustainability and Transformation Plan.

Resolved – that (A) the Workforce Update report (paper L) and the subsequent discussion be noted, and

(B) additional narrative on the Friends and Family Test (FFT) score trends and actions underway to improve them be included in the next iteration of this report. **DWOD**

104/16/2 Human Resources Services and Plans for the Future

The Director of Workforce and Organisational Development presented paper M, providing a series of presentation slides on the high-level outputs of a review of the HR service and opportunities for service improvement and transformation. The key areas of focus were noted to be payroll, recruitment, case management, business partners and organisational development. Under the current management structure, the bank and agency staffing function was managed by the Corporate Nursing Directorate, but this was currently being reviewed in consultation with the Chief Nurse. It was agreed that an overview of the HR review would be included in the next Chief Executive's briefing session. **DWOD**

Following a suggestion from the Committee Chair, a discussion took place regarding the scope to create an internal staffing agency in order to reduce the cost of temporary staffing. The Chief Executive advised that he had undertaken a similar initiative at his previous Trust. The Director of Workforce and Organisational Development noted the significant resource implications of an internal staffing agency model, and noted her preference to increase the capacity of the UHL staff bank, but she agreed to explore this further (outside the meeting). The Committee Chair noted that the Trust would be interviewing for an Interim Commercial Manager on 7 October 2016, and he suggested that this might be a suitable project for them to develop further. **DWOD**

Finally, IFPIC members noted that a Project Initiation Document (PID) on the wider review of corporate services was scheduled to be presented to the October 2016 IFPIC meeting. **DWOD**

<u>Resolved</u> – that (A) an overview of the HR services review be included in the next Chief Executive's briefing session; **DWOD**

(B) the Director of Workforce and Organisational Development be requested to explore the options around establishment of an internal staffing agency at UHL (outside the meeting), and **DWOD**

(C) the PID arising from the review of UHL Corporate services be presented to the 27 October 2016 IFPIC meeting. **DWOD**

104/16/3 <u>Month 5 Quality and Performance Report</u>

Paper N provided an overview of UHL's quality, patient experience, operational targets, and HR performance against national, regional and local indicators for the month ending 31 August 2016. Due to the limited time available, the Committee agreed to review the performance-related aspects of the report only, as the qualitative aspects were due to be reviewed at that afternoon's meeting of the Quality Assurance Committee.

The Director of Performance and Information drew members' attention to 6 week diagnostics performance, RTT performance, cancer performance, and 52 week waits. In respect of RTT performance, an issue had come to light within the Alliance which related to non-timely processing of GP referrals sent by letter. Until e-referrals were made mandatory, it was proving difficult to legislate against such weaknesses in the system. A lightning strike at Glenfield Hospital had adversely impacted upon the MRI service and the performance standard for September 2016 was not expected to be delivered. An activity query notice had been raised with Commissioners in respect of cancer referral rates which were significantly in excess of plan.

<u>Resolved</u> – that the month 5 Quality and Performance report (paper N) and the subsequent discussion be noted.

104/16/4 <u>Update on Demand and Capacity and Plans to Manage Winter Pressures</u>

Paper O provided an update on the mismatch between clinical demand and hospital capacity and set out the plans to open 2 additional winter capacity wards (ward 7 at the LRI and ward 23a at Glenfield). Paper O1 provided a copy of the October 2016 Trust Board report on UHL's emergency performance (for information purposes). Due to the limited time available at this meeting, both reports were received and noted. It was agreed that an in-depth discussion on these items would now be held at the Trust Board meeting on 6 October 2016 and the Trust Board thinking day on 13 October 2016. **COO**

<u>Resolved</u> – that (A) the updates on demand and capacity, winter pressures and emergency care be received and noted as papers O and O1 (respectively), and

(B) detailed discussion on demand and capacity, winter pressures and emergency

care performance be held at the October 2016 Trust Board meeting and Trust Board thinking day. **COO**

105/16 SCRUTINY AND INFORMATION

105/16/1 IFPIC Calendar of Business 2016-17

Resolved – that the updated IFPIC calendar of business be received and noted as paper P.

105/16/2 Updated Timetable for UHL Business Case Approvals

Resolved – that the updated timetable for Strategic Business Case Approvals be received and noted as paper Q.

105/16/3 Executive Performance Board

Resolved – that the notes of the 23 August 2016 Executive Performance Board meeting be received and noted as paper R.

105/16/4 Capital Monitoring and Investment Committee

Resolved – that the notes of the 12 August 2016 Capital Monitoring and Investment Committee meeting be received and noted as paper S.

105/16/5 Revenue Investment Committee

Resolved – that the notes of the 16 August 2016 Revenue Investment Committee meeting be received and noted as paper T.

106/16 INVESTMENT BUSINESS CASES

106/16/1 Ms N Topham, Interim Reconfiguration Programme Director set the context for the Committee's consideration of the following 3 major Reconfiguration Project Initiation Documents (PIDs), advising that the intention was to agree the vision, benefits, scope, policies and models of care in relation to each project, in the hope that the national landscape on capital availability would improve in order for the projects to progress during 2017-18. The Medical Director and the Chief Nurse had been invited to attend for these items, but unfortunately they had both submitted their apologies for this meeting.

Resolved – that the position be noted.

106/16/2 Beds – Project Initiation Document (PID)

Paper U set out the proposals to create cost effective ward capacity at the LRI and Glenfield Hospital to support the reconfiguration of clinical services as part of the future strategy to deliver UHL's acute services from 2 sites. Indicative capital requirements were noted to be £20.9m at the LRI and £16.1m (TBC) at the GH. Assurance was provided that the new ward accommodation would be generic by design and this would future-proof the ward capacity against any changes in scope. Members noted the complex nature of this work stream to align specialty-level bed capacity with planned LLR Better Care Together bed reductions and the STP bed numbers. Discussion took place regarding the adjacencies required between this scheme, the theatres scheme and the children's hospital scheme.

In response to a query from Colonel (Retired) I Crowe, Non-Executive Director it was confirmed that the Beds Project was one of the highest scoring risks within UHL's Reconfiguration Programme due to the ability to align with regional LLR and STP bed numbers. The Committee Chair suggested that it would be helpful to focus on the risk assessment for this project as part of the discussions on the outline business case **IRPD**

(provisionally scheduled for September 2017).

Resolved – that (A) the PID for the Beds Project be supported (as presented in paper U), and

(B) a review of the risk assessment process for the Beds Project be undertaken as part of the consideration of the OBC (provisionally scheduled for September 2017). **IRPD**

106/16/3 Theatres Reconfiguration – Project Initiation Document (PID)

Paper V outlined the project to enhance the central operating departments at the LRI and GH, enabling the move of surgical specialties from the LGH site as part of the future strategy to deliver acute care from 2 hospital sites. Indicative capital costs were in the region of £11m at the LRI but the costs for the GH theatres were yet to be confirmed. The Director of Workforce and Organisational Development was noted to be the SRO for this project and she briefed the Committee on the intention to create a quality environment to facilitate technological advances in the surgical management of patients. Particular attention had been given to the future mapping of patients and the clinical adjacencies required.

Mr R Moore, Non-Executive Director and Audit Committee Chair queried at what point any Gateway reviews would be undertaken, noting in response that clinical peer reviews would be undertaken in the first instance and then Gateway reviews 2 and 3 would be undertaken at the OBC and FBC stages (respectively) – as set out in the timetable for business case approvals (paper Q refers).

Colonel (Retired) I Crowe, Non-Executive Director noted that Urology and Gynaecology services currently had shared use of the Da Vinci Robot and that these services were likely to be located at different sites under the new configuration of services. The Interim Reconfiguration Programme Director confirmed that the project team was aware of this issue and advised that the activity levels were being explored with a view to purchasing a second robot, subject to efficient utilisation rates being demonstrated.

Resolved – that the Theatres Reconfiguration PID be supported (as presented in paper V).

106/16/4 Long Term Intensive Care Unit (ICU) – Project Initiation Document (PID)

Mr N Flint, Clinical Lead attended the meeting to present paper W, outlining the long term ICU capacity requirements to support clinical activity at the LRI and GH sites, taking into account the move of level 2 ICU facilities off the LGH site, as part of the future strategy to deliver UHL's acute services from 2 sites. Indicative capital costs were in the region of £16m at the LRI but the costs for the GH ICU were yet to be confirmed.

The Chief Executive commented upon the essential nature of this central component of acute care clinical pathways and the importance of robust medical workforce planning. This scheme was noted to be of a high operational imperative, due to its impact upon elective activity levels. The Chief Financial Officer clarified that all of the business cases would be drawn together within a Strategic Outline Case (SOC) as none of them would be progressed in isolation.

Resolved – that the Long Term ICU PID be supported (as presented in paper W).

107/16 ANY OTHER BUSINESS

Resolved – that no items of other business were noted.

108/16 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

TA/

Resolved – that (A) a summary of the business considered at this meeting be presented to the Trust Board meeting on 6 October 2016, and **Chair**

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

- **Minute 98/16 – Local Procurement Transformation Plan (this document was appended to the IFPIC meeting summary for the Board's approval on 6 October 2016);**
- **Confidential Minutes 102/16/2, 103/16/2 and 103/16/3 – reports by the Chief Financial Officer;**
- **Minute 104/16/2 – Human Resources Services and Plans for the Future, and**
- **Minutes 106/16/1 to 106/16/4 – the Project Initiation Documents for the reconfiguration of beds, theatres and intensive care units.**

109/16 **DATE OF NEXT MEETING**

Resolved – that the next meeting of the Integrated Finance, Performance and Investment Committee be held on Thursday 27 October 2016 from 9am to 1pm in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 12.27pm

Kate Rayns,
Trust Administrator

Attendance Record 2016-17

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	6	6	100	R Mitchell	6	5	83
J Adler	6	5	83	R Moore	6	6	100
P Baker	3	0	0	B Patel	3	3	100
I Crowe	6	5	83	K Singh	6	6	100
S Dauncey	3	3	100	P Traynor	6	5	83
A Johnson	6	6	100				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Gordon	6	4	67	L Tibbert	6	5	83
D Kerr	6	5	83				