University Hospitals of Leicester NHS
NHS Trust

Trust Board paper N

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 2 February 2017

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director

DATE OF MEETING: 26 January 2017

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 2 March 2017.

SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:

- None

SPECIFIC DECISIONS:

- None

DISCUSSION AND ASSURANCE:

- ***Month 9 financial performance 2016-17 (including 2016-17 year end forecast)*** – paper C advised the Committee of a further deterioration in UHL's financial performance during December 2016, resulting in a recorded deficit position of £21.0m (£12.7m adverse to plan). This position included non-recognition of £6.1m Sustainability and Transformation Funding (STF) in quarter 3 for being adverse to plan and non-delivery of cancer performance in quarter 2. Following careful consideration, it was now considered unlikely that the Trust would be able to deliver the year-end deficit target and the Trust was therefore re-forecasting the year-end position. As a consequence, the Trust was being subjected to increased scrutiny surrounding the drivers for this change. An open dialogue was being held with NHS Improvement and they were supporting the Trust in reviewing and validating the forecast outturn. Discussion took place regarding the implications upon the Trust's cash flow, future credibility and ability to access national capital to support the Strategic Reconfiguration Programme going forwards.

  Members explored the scope to recover the financial position throughout quarter 4, noting that quarter 3 STF funding would be recoverable in the event that the Trust met its original forecast outturn at the year end. The Chief Operating Officer highlighted the negative impact of increased volumes of emergency activity upon elective patient income and performance against key access standards, noting an inability to reduce elective resources due to the high number of medical outliers within the surgical bed base. Urgent action was required to address this imbalance between unprecedented demand and limited capacity. In addition, year to date agency staffing expenditure stood at £18.8m, which was £2.6m adverse to plan.

  An in-depth discussion took place regarding plans to deliver an internal 'turnaround' programme,

utilising some existing financial management resource in a different way to support a robust and disciplined approach to implement immediate and short-term controls to reduce costs and maximise income. This internal 'turnaround' programme would be less focussed on recurrent saving schemes (which were already being delivered through the Cost Improvement Programme). A weekly meeting would be held to review progress and these meetings would be chaired by the Chief Executive. Assurance was provided that due consideration would be given to maintaining patient safety and appropriate communications with staff and stakeholders;

- ***Cost Improvement Programme*** – actual year to date CIP delivery for 2016-17 stood at £25.3m against the trajectory of £25.2m. Slippage in some CMG-level schemes had arisen due to operational delivery challenges, but the impact of these had been mitigated by energy efficiency savings within the Estates and Facilities Directorate. Average length of stay was 6% lower than in 2015-16 and theatre productivity was improving. In respect of CIP scheme development for 2017-18, a total of £20m had been identified which was £5m behind plan. Four of the CMGs were in escalation measures and weekly meetings were being held with each one to identify additional opportunities. The Executive Performance Board had reviewed progress of the Corporate redesign workstreams and a refresh of the cross-cutting CIP themes was being undertaken to validate the expected outputs. The Patient Adviser provided positive feedback from a recent workshop on theatre efficiencies, noting the importance of good staff engagement and appropriate use of line-management resources to remove any barriers to service improvement. The Head of Procurement and Supplies provided a short overview of the non-pay cross-cutting CIP theme which was on track to deliver £6.8m savings in 2016-17;

- ***Reference Costs*** – paper F briefed the Committee on the outputs of the 2015-16 Reference Costs data and UHL's participation in the NHS Improvement Costing Assurance Programme. Members commented on the need to develop a greater understanding of the movement in the data and agreed that a further report would be provided to the Committee in April 2017 (to include outputs of the assurance programme review);

- ***Patient Level Information Costing System (PLICS) Strategy*** – paper G highlighted the requirements for further development of the PLICS strategy to improve clinical engagement and to integrate the strategy within the Trust's business decision making process going forwards. Discussion took place regarding the credibility of this data amongst clinicians and the need to invest additional time and resources in improving its accuracy. Members noted that there were pockets of good practice at UHL and that the accuracy of clinical coding was also key. It was agreed that a further report would be presented to the Committee in April 2017 and that this would include outline plans for embedding the strategy;

- ***Procurement Strategy*** – the Head of Procurement and Supplies attended the meeting to present an overview of progress with implementation of the 3 year strategy and delivery against the performance targets. Since the last update, 5 of the Carter metrics had been incorporated into the scorecard. IFPIC members noted good progress with the management of change process, planned staff engagement events to improve morale, the development of the Model Hospital Portal and engagement in national procurement initiatives. Cost improvement schemes for 2016-17 were already delivering above plan and some additional support was being provided to identify additional areas of improvement for 2017-18. Members welcomed the support provided by the Head of Procurement and Supplies in arranging for sponsorship on behalf of the Trust in supporting our events and staff awards. In response to a query, Mr A Johnson, Non-Executive Director agreed to meet with the Head of Procurement and the Chief Financial Officer outside the meeting to explore opportunities to increase the proportion of VAT-related savings relating to Trust Group Holdings Ltd;

- ***Timetable for UHL Business Case Approvals*** – paper I detailed 3 potential funding scenarios and the key assumptions used to develop an indicative programme for the Trust's Strategic Reconfiguration Programme during 2017-18. Further discussion on the potential funding scenarios was planned for the 10 February 2017 Trust Board thinking day and members highlighted opportunities to explore working with councils and local authorities to develop the Trust's estate. The Patient Adviser highlighted some potential capital availability from NHS Digital during 2016-17 and it was confirmed that UHL would be submitting an application for progressing the alternative IT solution within the new Emergency Floor (in the absence of an approved

Electronic Patient Record system);

- ***Workforce update*** – the Director of Workforce and Organisational Development introduced paper J, providing a comprehensive update on UHL's Workforce and Organisational Development Plan, including the key metrics for agency staffing, vacancies, recruitment, apprenticeships, staff health and wellbeing and the strategic workforce changes required for emergency and urgent care. Particular discussion took place regarding a regional Memorandum of Understanding on agency rates, the outputs of the Recruitment Control Board, apprenticeship opportunities, staff recognition schemes and a re-prioritisation of CIP targets for 2017-18. The Patient Adviser commented upon the disappointing quality of a 'Lean' toolkit which she had received following a UHL Way workshop. She agreed to forward a copy of the toolkit to the Director of Workforce and Organisational Development for her review (outside the meeting);

- ***Month 9 Quality and Performance report*** – the Head of Performance and Improvement briefed the Committee on RTT performance, 52 week waits, activity trends, cancer performance, and ambulance handovers. The Chief Executive also provided verbal feedback from his media interviews relating to the Care Quality Commission's publication of the report arising from the June 2016 inspection. The Patient Adviser sought and received additional information relating to access to diagnostic images from the theatres setting and it was confirmed that this issue would be discussed as part of a wider report included on that afternoon's Quality Assurance Committee agenda;

- ***Alliance Contract*** – Ms H Mather, Alliance Director attended the meeting to present an overview of current issues relating to the Alliance Contract, including financial and operational performance, progress made towards transferring elective care services into the community setting and workforce issues (paper L refers). The forecast income and expenditure deficit for 2016-17 was £251,000. The Alliance was in the process of developing its Operational Plan for 2017-19 and the contract negotiations were almost complete. A summary of the 10 key priorities for the next 2 years would be circulated with the next update report (scheduled for April 2017);

- ***Reports for Scrutiny and Information*** – the Committee received and noted the following documents:-
  - IFPIC calendar of business;
  - Minutes of the Executive Performance Board meeting held on 20 December 2016;
  - Minutes of the Capital Monitoring and Investment Committee meeting held on 9 December 2016;
  - Minutes of the Revenue Investment Committee meeting held on 9 December 2016, and

- ***Diagnostics and Clinical Support Project Initiation Document (PID)*** – the Committee received and noted the PID (as detailed in paper Q), noting the heavy reliance upon capital funding for diagnostic imaging equipment and the need to ensure that any gaps identified from the service strategy were confirmed and developed within the respective business cases. The Clinical Director, Clinical Support and Imaging commented upon the volume of patients that would be attending UHL premises from their home addresses and it was suggested that an option might be required to retain some non-acute imaging functionality within the Development Control Plan for the Leicester General Hospital site. Responding to a query raised by the Patient Adviser, the Reconfiguration Programme Director provided assurance that appropriate arrangements were in hand to include patient and public involvement in each of the Trust's reconfiguration schemes, and

- ***Any Other Business*** – none noted.

DATE OF NEXT COMMITTEE MEETING: 23 February 2017

Mr M Traynor – Committee Chair
26 January 2017