

Trust Board paper R

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 COMMITTEE MEETING: 22 December 2016

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

- **to progress the co-location of the East Midlands Congenital Heart Centre (EMCHC) as a separate project, to be funded internally through UHL's Capital Resource Limit and thus meet the April 2019 deadline for the required co-location (Minute 137/16/1)**

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

- **NHS Pension levy draft consultation (Trust response) (Minute 142/16/1)** – the Director of Workforce and OD recommended that an increase of 0.08% to the Trust's employer's pension contributions (amounting to £285k per annum) was the preferred option for collection of the NHS Pension scheme administration levy – these administration costs were proposed to be met by employers as of 1 April 2017 (currently met by the Department of Health). The Director of Workforce and OD confirmed that UHL's Finance team was aware of this cost and had added it to the 2017-18 cost pressures. IFPIC supported this recommendation from the Director of Workforce and OD, who agreed to confirm UHL's response to the consultation document accordingly, by 9.1.17 as required.

DATE OF NEXT COMMITTEE MEETING: 26 January 2017

**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 22 DECEMBER 2016 AT 10AM 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 Mitchell – Chief Operating Officer
Mr R Moore – Non-Executive Director
Mr B Patel – Non-Executive Director
Mr K Singh – Trust Chairman
Mr P Traynor – Chief Financial Officer (for Minutes 138/16 – 141/16/2 inclusive)

In Attendance:

Mr S Barton – Director of CIP and Future Operating Model
Mr C Benham – Director of Operational Finance
Mr J Clarke – Chief Information Officer (for Minute 143/16/1)
Mr D Kerr – Director of Estates and Facilities
Mr W Monaghan – Director of Performance and Information
Ms A Morrell – Senior Project Manager (for Minute 137/16)
Mr N Sone – Financial Controller (for Minute 141/16/2)
Ms H Stokes – Senior Trust Administrator
Ms L Tibbert – Director of Workforce and Organisational Development
Mr M Wightman – Director of Marketing and Communications (for Minute 137/16)
Mr D Yeomanson – Head of Operations, Women's and Children's CMG (for Minute 137/16)

RECOMMENDED ITEMS

ACTION

137/16 INVESTMENT BUSINESS CASES

137/16/1 East Midlands Congenital Heart Centre (EMCHC) Co-Location Project Initiation Document (PID)

The Director of Marketing and Communications, the Head of Operations for the Women's and Children's CMG and the Senior Project Manager attended for discussion on the East Midlands Congenital Heart Centre (EMCHC) Co-Location Project Initiation Document (PID) as detailed in paper P. It was proposed to progress the co-location of the EMCHC as a separate project, to be funded internally through UHL's Capital Resource Limit and thus meet the April 2019 deadline for the required co-location. The capital cost of the EMCHC scheme was required to be delivered for less than £6m, and the project would sit under the management structure of the Children's Hospital project with the Director of Marketing and Communications as the Senior Responsible Officer.

IFPIC members reviewed the Project Initiation Document for the project, which had previously been encompassed within 3 other existing Reconfiguration Programme schemes (the Children's Hospital project, the Theatres project, and the Diagnostics project). IFPIC sought and received appropriate assurance that progressing the EMCHC co-location as a separate project would not increase costs, and that the works involved were required to be undertaken in any case. The Director of Estates and Facilities confirmed that the plans had been appropriately reviewed by the Estates team. In discussion, it was noted that the scheme would be visible to NHS Improvement through the Trust's capital plan.

Recommended – that the proposal to progress the co-location of the East Midlands Congenital Heart Centre (EMCHC) as a separate project, to be funded internally through UHL’s Capital Resource Limit and thus meet the April 2019 deadline for the required co-location be endorsed, and recommended accordingly for Trust Board approval.

CFO

RESOLVED ITEMS

138/16 APOLOGIES

Resolved – that apologies for absence be noted from Ms M Gordon, Patient Adviser.

139/16 MINUTES

Resolved – that the Minutes of the 24 November 2016 IFPIC meeting (papers A1 and A2) be confirmed as a correct record.

140/16 MATTERS ARISING

Paper B detailed the status of all outstanding matters arising from previous Integrated Finance, Performance and Investment Committee (IFPIC) meetings. The Committee Chair undertook a page by page review, particularly noting progress on the following items:-

- (a) ***confidential Minute 128/16/2 of 24 November 2016*** – the Financial Controller clarified the position re: the individual and outlined the remedial actions being taken;
- (b) ***Minute 114/16/2 of 27 October 2016*** – this issue would be covered in confidential Minute 141/16/2 below;
- (c) ***Minute 116/16/2 of 27 October 2016*** – an update on the corporate services review would be provided to the January 2017 IFPIC. The 6-week diagnostic exercise referred to in Minute 116/16/2(b) was not now being undertaken;
- (d) ***Minute 103/16/3 of 29 September 2016*** – the Chief Financial Officer advised that he was content with the way forward following a meeting with Nottingham University Hospitals NHS Trust and the Empath finance lead. He also noted the appointment of an Empath Clinical Director;
- (e) ***Minute 89/16(d) of 25 August 2016*** – as noted on the matters arising log, the estates route map was now scheduled for the February 2017 IFPIC;
- (f) ***Minute 40/16/2 of 28 April 2016*** – the Trust Chairman confirmed that the January 2017 Trust Board thinking day would be reviewing a forward programme of discussion topics for the thinking days, potentially including a session on Lean techniques. Although noting the potential merits of a visit to an existing Lean commercial site, IFPIC recognised the need for appropriate linkages to the healthcare environment. It was also noted, however, that Lean was in place at many other healthcare organisations already, with lessons available to be learned therefore. It was agreed to circulate an existing education pack re: Lean techniques to members for information, to consider inviting CMGs to attend any future Trust Board thinking day discussions on Lean, and to confirm what Lean elements were built into the UHL Way Academy and Toolkit, and
- (g) ***Minute 41/16/3(a) of 28 April 2016*** – this action had now been superseded by the confirmed lack of EPR funding.

DWOD

ICNED

DCLA

DWOD

NAMED

LEADS

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

The Chief Financial Officer and 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. Financial performance had worsened in November 2016 with a year to date deficit of £12.6m (£5m adverse to plan) – contributory factors included an increase in emergency pressures and a related decrease in elective activity, and the Director of Operational Finance confirmed that the agency spend cap continued to be breached. The remedial measures put in place in month 7 had achieved less traction than had been hoped. The Chief Financial Officer detailed the further actions being undertaken to understand the worsened position (including a line by line review of CMG positions and runrates), although it was too early to assess their impact. He confirmed that he had sighted NHS Improvement to UHL's month 8 financial position, with further discussions planned for January 2017 accordingly. The Chief Financial Officer also briefed IFPIC on an increase in the overall residual financial risk facing the Trust (now standing at £16m of which £8m was thought to be particularly challenging to address). During quarter 4 of 2016-17 he would be using some existing financial management resource in a different way, to provide additional support to CMGs and dovetail with the work of the Director of CIP and Future Operating Model.

The Chief Financial Officer advised that it now seemed unlikely that 2016-17 quarter 3 Sustainability and Transformation Funding (STF) would be achieved, and he noted that formal feedback on the Trust's quarter 2 STF appeal re: the operational improvement targets was still awaited. Members noted that receipt of STF operational improvement trajectory monies was contingent upon achieving the financial targets.

The Chief Financial Officer also noted that once the month 9 financial position was known, a view could be taken on any need for further IFPIC/Audit Committee/Trust Board discussions regarding the year end forecast, and the timing of those discussions (taking account of NHSI requirements) if needed – an appropriate process for this would be developed by the Chief Financial Officer accordingly. The position had also been flagged to NHSI, as appropriate. As detailed in the month 8 financial performance report, the Trust continued to forecast delivery of the £8.3m deficit, although this was not without risk. In discussion, IFPIC members:-

CFO

- (a) queried whether the central stance on STF monies was becoming more stringent;
- (b) noted (in response to a query from the Audit Committee Non-Executive Director Chair) that although financial forecasts were submitted each month by Trusts to NHS England [NHSE], it was the quarterly returns which were discussed in the public domain by NHSE;
- (c) noted concerns expressed by the Trust Chairman re: agency spending. In response, the Director of Workforce and OD outlined the proactive work undertaken by UHL to draft a regional agreement for medical locum and bank rates, which it was hoped would be signed regionally in January 2017. The Chief Financial Officer also clarified that UHL had reduced its agency spend, but he reiterated his view that the blanket requirement for a year-on-year 1/3 reduction was not achievable for the Trust. In further discussion – and recognising the likely continued need for agency staff – the Trust Chairman queried the scope to explore UHL entering the market for provision of agency staff itself;
- (d) noted Non-Executive Director comments cautioning against an overly-optimistic financial forecast. In response, the Chief Financial Officer recognised and supported the need for an appropriately robust forecast, and
- (e) noted (in response to Non-Executive Director comments on the need to understand the impact of Lean techniques) that the red 2 green initiative was currently aimed primarily at reducing system delays rather than being a Lean initiative.

DWOD

Resolved – that (A) the month 8 financial performance position be noted;

(B) consideration be given to an appropriate process for updating IFPIC/Audit Committee/Trust Board during January/February 2017 on the position re: delivery of the end of year forecast, taking account of relevant NHSI timescales, and

CFO

(C) consideration be given to the potential scope for the Trust to become a market provider of agency staff.

DWOD

141/16/2 Confidential Reports by the Chief Financial Officer

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

141/16/3 Cost Improvement Programme (CIP) 2016-17 and 2017-18

Paper E1 updated IFPIC on progress on the 2-16-17 CIP, and on the development of the 2017-18 programme. At £22.1m, month 8 2016-17 CIP delivery was £0.1m favourable to plan, with a £36.2m forecast against the £35m target. 88% of the 2016-17 programme was recurrent. IFPIC noted the risks associated with the Emergency and Specialist Medicine and the Musculoskeletal and Specialist Surgery CMGs, and the Director of CIP and Future Operating Model outlined contingency plans relating to the potential bring forward of possibly up to £1m of 2017-18 procurement cost improvement schemes.

Although approximately £15m of the 2017-18 CIP had been identified to date, the Director of CIP and Future Operating Model noted the need to shift towards 'cost out' schemes and changes to workforce/working practices in order to achieve a sustainable CIP. The IFPIC Non-Executive Director Chair also commented on the cost to productivity of inefficient IT systems.

The Quality Assurance Committee Non-Executive Director Chair queried progress on theatres productivity, given the key impact of that workstream. Although more theatre sessions were being run than previously (which could have a pay impact), progress continued to be affected by the activity/capacity imbalance. In response to a specific question from the Chief Operating Officer, it was agreed to confirm whether more baseline theatre sessions were being run Monday – Friday.

DCIP&
FOM

IFPIC also sought assurance on the ability to carry out planned preventive maintenance within theatres (in the context of reduced theatre availability for such work due to more sessions being run), and the Director of Estates and Facilities outlined work in hand with the relevant CMG to finalise an appropriate programme. He did not consider this to be a particular risk, and he confirmed that deep cleaning and testing work was being undertaken. The Charitable Funds Committee Non-Executive Director Chair commented on the value of swab maps as an early warning measure. IFPIC requested an update on the theatres planned preventive maintenance issue at an appropriate future point.

DEF

IFPIC also received paper E2, providing an update on the outpatients cross-cutting CIP workstream.

Resolved – that (A) confirmation be provided on whether more baseline theatre sessions were being run Monday – Friday, and

DCIP&
FOM

(B) an update on the theatres planned preventive maintenance work programme be provided to a future IFPIC.

DEF

142/16 **STRATEGIC MATTERS**

142/16/1 NHS Pension Levy – Draft Consultation Response

Paper F outlined the Trust's proposed response to the consultation in respect of the NHS Pension Scheme administration levy being introduced nationally from 1 April 2017. The Department of Health currently met the Scheme administration costs but was proposing that these be met by employers from that date. As detailed in paper F, the Director of Workforce and OD recommended that an increase of 0.08% to the Trust's employer's pension contributions (amounting to £285k per annum) was the preferred option for collection of the NHS Pension scheme administration levy. The Director of Workforce and OD confirmed that UHL's Finance team was aware of this cost and had added it to the 2017-18 cost pressures. IFPIC supported this recommendation from the Director of Workforce and OD, who agreed to confirm UHL's response to the consultation document accordingly, by 9 January 2017 as required. It was also agreed to highlight this issue to the 5 January 2017 public Trust Board through the usual IFPIC meeting summary.

DWOD

IFPIC
CHAIR

Resolved – that (A) UHL's response to the NHS Pension Levy consultation document be agreed as per paper F and submitted to the Department of Health by 9 January 2017 as required, and

DWOD

(B) this issue be drawn to the attention of the January 2017 Trust Board through the public IFPIC meeting summary.

IFPIC
CHAIR

143/16 PERFORMANCE

143/16/1 IBM Contract Performance

The Chief Information Officer attended for the quarterly report on IBM contract performance, as per paper G. Although contract performance had improved, IFPIC noted the scope for greater progress on innovative working and solutions from IBM, and the Chief Information Officer outlined the plans in place to move this forward accordingly (including a team resourcing change). The Chief Information Officer also noted IFPIC comments about the costs of lost productivity due to IM&T systems, and confirmed that these issues had featured appropriately in the Trust's EPR business case. In response to Non-Executive Director comments however, he provided assurance that there was no issue with server capacity. In terms of system hotspots, he commented that this would likely depend on the age of the equipment and the use of the Windows operating system.

In response to further comments, the Chief Information Officer provided assurance that appropriate competitive arrangements were in place for the provision of new technological solutions to the Trust.

Resolved – that the quarterly update on IBM contract performance be noted.

143/16/2 Workforce Update

Paper H provided the monthly update on key workforce metrics including vacancy rates, recruitment plans, flu vaccination rates (74% against the 31 December 2016 target of 75% for patient-facing staff), gender pay gap, the Leadership Development Programme, staff sickness and development of the STP workforce plan. An enhanced recruitment control board had been introduced on 22 November 2016, and the Director of Workforce and OD noted good progress overall on Registered Nurse and HCA recruitment. A new recruitment system was also now in place (TRAC), leading to increased transparency. However, work was required to review the nature of the overall increase in UHL headcount. In further discussion, the Trust Chairman noted the crucial need to plan appropriately for forthcoming staff retirements, as this constituted a key reason for staff leaving employment. The Director of Workforce and OD acknowledged this point and advised that it was factored into workforce planning. Mr B Patel Non-Executive Director also noted the need for a local, organic approach to workforce diversity.

The report also updated IFPIC on the 2017-18 apprenticeship targets levy, noting the

required increase in the numbers of apprentices. In response to a Non-Executive Director comment, the Director of Workforce and OD advised that reports to the 17 January 2017 Executive Workforce Board (and the February 2017 Trust Board as appropriate) would cover the recognised need for apprentices to be of an appropriate quality. **DWOD**

Resolved – that a report to the January 2017 Executive Workforce Board (and February 2017 Trust Board if required) cover the issue of needing an appropriate quality of apprentices. **DWOD**

143/16/3 Proposals for Modernising HR Systems

Paper I from the Director of Workforce and OD outlined the key principles of UHL's HR 'Fit for the Future' transformation programme to realign and improve organisational development, HR and occupational health services and reduce costs. Although the programme was UHL-focused, there was strong scope to work collaboratively with partners such as LPT on workforce challenges and service delivery. The Director of Workforce and OD noted her wish to focus on the automation of appropriate HR processes, and she outlined plans for moving towards 'e-HR' services such as ESR self-service. A new version of e-UHL was also being launched in May 2017. In discussion, IFPIC noted the potential need for further assurance on the processes used to gauge the need to recruit to vacant posts. **DWOD**

The report also provided an update on discussions re: NHSI HR benchmarking, UHL-LPT HR joint working, and on support services consolidation, noting the phased nature of (and key milestones for) this latter aspect. The Chief Executive clarified however that no additional project resource would be available for this consolidation work. He also considered that provision of HR services to other organisations was not a core function.

Resolved – that consideration be given to how to provide further assurance on the processes used to gauge the need to recruit to vacant posts, and inform IFPIC accordingly. **DWOD**

143/16/4 Month 8 Quality and Performance Report

Paper J provided an overview of UHL's quality, patient experience, operational targets, and HR performance against national, regional and local indicators for the month ending 30 November 2016. Although welcoming the Trust's achievement of the RTT incomplete performance in November 2016, the Director of Performance and Information noted that performance historically tended to deteriorate during the month of December. He advised however that the Trust was on track to deliver the diagnostics 6-week wait targets in December 2016 (December compliance not having been achieved in previous years), which was welcomed. The cancelled operations position had deteriorated further during November 2016, and the Director of Performance and Information noted continuing pressures on the 62-day cancer wait target (although the backlog continued to reduce), and on 52-week waits in ENT. The cancer 2-week wait target was expected to remain compliant in November 2016, but the Director of Performance and Information noted a significant drop in the number of patients attending endoscopy.

IFPIC was also advised of a likely significant increase in the number of same sex accommodation breaches reported (following discussions with CCGs regarding eye theatre), and members noted that the Chief Nurse was now reviewing remedial actions as a matter of urgency.

Resolved – that the month 8 quality and performance report be noted.

144/16 **SCRUTINY AND INFORMATION**

144/16/1 IFPIC Calendar of Business 2016-17

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

144/16/2 Updated Timetable for UHL Business Case Approvals

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

144/16/3 Executive Performance Board

Resolved – that the notes of the 22 November 2016 Executive Performance Board meeting be received and noted as paper M.

144/16/4 Capital Monitoring and Investment Committee

Resolved – that the notes of the 11 November 2016 Capital Monitoring and Investment Committee meeting be received and noted as paper N.

144/16/5 Revenue Investment Committee

Resolved – that the notes of the 11 November 2016 Revenue Investment Committee meeting be received and noted as paper O.

145/16 ANY OTHER BUSINESS

There were no items of Any Other Business.

146/16 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that (A) a summary of the business considered at this meeting be presented to the Trust Board meeting on 5 January 2017, and

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

- Minute 137/16 – recommended approval of the EMCHC co-location PID, and
- Minute 142/16/1 – proposed Trust response to the NHS Pension levy consultation.

STA/
IFPIC
Chair

147/16 DATE OF NEXT MEETING

Resolved – that the next meeting of the Integrated Finance, Performance and Investment Committee be held on Thursday 26 January 2017 from 9am to 12.30pm in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 12.40pm

Helen Stokes – Senior Trust Administrator

Attendance Record 2016-17

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	9	9	100	R Mitchell	9	8	89
J Adler	9	8	89	R Moore	9	9	100
P Baker	6	0	0	B Patel	6	5	83
I Crowe	9	8	89	K Singh	9	8	89
S Dauncey	3	3	100	P Traynor	9	8	89
A Johnson	9	9	100				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Gordon	9	5	56	L Tibbert	9	8	89
D Kerr	9	8	89				