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UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 2 March 2017

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director

DATE OF COMMITTEE MEETING: 26 January 2017

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

- None

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

- Minute 4/17/1 – Month 9 financial performance and the year end forecast for 2016-17, and
- Minute 8/17/1 – Diagnostics and Clinical Support Project Initiation Document.

DATE OF NEXT COMMITTEE MEETING: 23 February 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 26 JANUARY 2017 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 (for part of Minute 4/17 and from Minute 6/17/1 to 11/17)
Colonel (Retired) I Crowe – Non-Executive Director
Dr S Crawshaw – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr R Mitchell – Chief Operating Officer
Mr B Patel – Non-Executive Director
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
Ms M Gordon – Patient Adviser
Mr S Jones – Senior Project Manager (for Minute 8/17/1)
Mr D Kerr – Director of Estates and Facilities
Ms H Mather – Alliance Director (for Minute 6/17/3)
Mr W Monaghan – Director of Performance and Information
Mrs K Rayns – Trust Administrator
Dr A Rickett – Clinical Director, CSI (for Minute 8/17/1)
Mr B Shaw – Head of Procurement and Supplies (from Minutes 4/17/3 to 5/17/1)
Mr N Sone – Financial Controller (up to and including Minute 4/17/2)
Ms L Tibbert – Director of Workforce and Organisational Development (excluding Minutes 4/17/3 to 4/17/5)
Ms N Topham – Reconfiguration Programme Director (for Minute 8/17/1)

RESOLVED ITEMS

ACTION

- 1/17 APOLOGIES**
- Resolved** – that apologies for absence from Mr R Moore, Non-Executive Director, and Mr K Singh, Trust Chairman were noted.
- 2/17 MINUTES**
- The Minutes of the meeting held on 22 December 2016 were confirmed as a correct record.
- Resolved** – that the Minutes of the 22 December 2016 IFPIC meeting (papers A1 and A2) be confirmed as correct records.
- 3/17 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 in respect of the following items:-
- (a) ***Item 5 (Minute 141/16/1(b) of 22 December 2016)*** – the proposal for UHL to consider the scope to become a market provider of agency staff through establishing its own employment agency had been referred to the Interim Commercial Manager for evaluation within the 2017-18 work programme. No further tracking would be required by IFPIC and the item could be removed from future iterations of the matters

arising log;

- (b) **Item 14 (Minute 143/16/3 of 22 December 2016)** – further assurance on the recruitment controls and the processes used to gauge the need to recruit to vacant posts would be included in the monthly Workforce and OD slide deck. This item could be removed from future iterations of the matters arising log, and
- (c) **Item 24 (Minute 89/16(d) of 25 August 2016)** – members noted the revised timescale for completion of the Development Control Plans and the associated delays in production of the estates ‘route map’ which would now be presented to the 27 April 2017 IFPIC meeting.

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

**NAMED
LEADS**

4/17 FINANCE AND PLANNING

4/17/1 Month 9 Financial Performance 2016-17 (Including the Year End Forecast)

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, advising 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 very careful consideration and financial analysis, it was now considered highly unlikely that the Trust would be able to deliver the year-end deficit target, therefore the Trust was currently in the process of re-forecasting the year-end position. As a consequence, the Trust was being subjected to increased scrutiny surrounding the drivers for this change, which included significant under-performance in elective and day case activity levels, due to the currently high levels of emergency activity. An open dialogue was being maintained with NHS Improvement and they were supporting the Trust in reviewing and validating the forecast outturn. Detailed discussion took place regarding the implications upon the Trust’s cash flow position, 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, noting the planned utilisation of some existing financial management resource. It was confirmed that these resources would be deployed in a very different way, that would fully support a robust and disciplined approach to implementing a standard checklist of 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 successfully delivered through the Cost Improvement Programme). A weekly Performance Improvement Executive meeting would be held to review overall progress and to avoid ‘silo’ working. 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.

In response to a query from the Patient Adviser, the Chief Operating Officer provided a briefing on the patient activity modelling for February 2017, highlighting the expected impact of the shorter number of working days, annual leave commitments during the half-term school holidays and increased incidence of emergency respiratory admissions.

Resolved – that the month 9 Financial Performance report (paper C) and the subsequent discussion on this item be received and noted.

4/17/2 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.

4/17/3 Cost Improvement Programme

The Director of CIP and Future Operating Model presented paper E1, 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 £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.

DCIP &
FOM

IFPIC also received and noted paper E2, providing a summary of the Non -Pay cross-cutting CIP theme. The Head of Procurement and Supplies provided a short overview of this cross-cutting CIP theme which was on track to deliver £6.8m savings in 2016-17. The CIP target for 2017-18 was £8m and the current work plan included 107 schemes with a projected total of £4.94m.

Resolved – that (A) the CIP progress report and cross-cutting Beds CIP update be received and noted as papers E1 and E2, and

(B) the Director of CIP and Future Operating Model be requested to explore the opportunities to refresh the cross-cutting CIP themes and validate the expected outputs for 2017-18.

DCIP &
FOM

4/17/4 Reference Costs

The Chief Financial Officer introduced paper F briefing the Committee on the 2015-16 Reference Cost data and UHL's participation in the NHS Improvement Costing Assurance Programme. UHL's Reference Cost Index had improved to 94 (from 99 in 2014-15) which suggested that Trust's costs compared more favourably against the national average. However, members commented on the need to develop a greater understanding of the movement in this data and agreed that a further report would be provided to the Committee in April 2017 (to include the final outputs of the assurance programme review).

CFO

Resolved – that (A) the update on 2015-16 Reference Costs be received and noted as paper F, and

(B) a further analysis of the Reference Cost Index data be provided to the April 2017 IFPIC meeting, to include the finalised report on the assurance programme review.

CFO

4/17/5 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. The proposed approach included redirecting the focus of PLICS reporting, increasing engagement through the re-establishment of a PLICS steering group and appointment of a clinical lead, and improving integration with other information sources. A copy of the Strategy was provided at appendix 1.

Discussion took place regarding the need to improve credibility of this data amongst clinicians and the need to invest additional time and resources in improving its accuracy. Members noted that there were some pockets of good practice at UHL and that the accuracy of clinical coding and calculations of overhead costs were key factors in improving the data. 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.

CFO

Resolved – that (A) the report on the PLICS Strategy be received and noted as paper G, and

(B) a further report be provided to the April 2017 IFPIC meeting, to include proposals for improving clinical engagement and integrating the PLICS Strategy within the Trust's business decision making process.

CFO

5/17 **STRATEGIC MATTERS**

5/17/1 Procurement Strategy

Further to Minute 52/16/1 of 26 May 2017, 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. One of the CIP opportunities currently being explored was to increase the use of telephone interpretation services instead of using face-to-face interpreters.

Members welcomed the excellent progress being made and thanked the Head of Procurement and Supplies on behalf of the Trust for his role in arranging sponsorship of Trust 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.

HPS/
CFO/
AJ, NED

Resolved – that (A) the progress update on the UHL Procurement Strategy be received and noted, and

(B) the Head of Procurement and Supplies to meet with the Chief Financial Officer and Mr A Johnson, Non-Executive Director to explore opportunities to increase the proportion of CAT-related savings relating to Trust Group Holdings Ltd.

HPS/
CFO/
AJ, NED

5/17/2 Timetable for UHL Business Case Approvals

Paper I detailed the 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.

Trust
Chairman
/DCLA

In addition, the Patient Adviser highlighted some potential capital availability from NHS Digital during 2016-17 and the Chief Operating Officer 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).

Resolved – that (A) the timetable for UHL Business Case Approvals be received and noted, and

(B) a discussion on the potential capital funding scenarios and alternative sources of capital funding to be held at the Trust Board thinking day on 10 February 2017.

Trust
Chairman
/DCLA

6/17 PERFORMANCE

6/17/1 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.

A detailed 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 Committee Chair queried whether it would be feasible to provide a breakdown of the clinical rota gaps by Hospital site in future iterations of the Workforce slides.

DWOD

The Patient Adviser advised that she had recently been provided with a copy of the 'Lean toolkit' following her attendance at a 'UHL Way' workshop. She commented upon the disappointing quality of this toolkit and agreed to forward a copy to the Director of Workforce and Organisational Development for her review (outside the meeting).

PA

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

(B) the Director of Workforce and Organisational Development to explore the feasibility of providing a site breakdown of the clinical rota gaps in future iterations of the Workforce slides, and

DWOD

(C) the Patient Adviser be requested to forward a copy of the 'Lean toolkit' to the Director of Workforce and Organisational Development for her review (outside the meeting).

PA

6/17/2 Month 9 Quality and Performance Report

Paper K 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 December 2016. The Director of Performance and Information briefed the Committee on Referral to Treatment 52 week waits (32 patients), elective activity trends, bed capacity, cancer performance, and ambulance handovers. The Chief Operating Officer noted significant concerns about the current scale of cancelled elective procedures and identified an opportunity to review the way that the Trust used its bed base on the LRI site. Proposals were due to be considered by the Executive Team in February 2017 and an

COO

update would be provided to the 23 February 2017 IFPIC meeting.

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 meeting agenda.

Resolved – that (A) the December 2016 Quality and Performance report be received and noted as paper K, and

(B) proposals for improving the way that UHL used the LRI bed base be considered by the Executive Team and an update be provided to the February 2017 IFPIC meeting.

COO

6/17/3

Alliance Contract – Review of Financial and Operational Performance

Ms H Mather, Alliance Director attended the meeting to present paper L, providing 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. The forecast income and expenditure deficit for 2016-17 was £251,000. Section 4 of paper L detailed the progress of the individual business cases for transferring activity from the Acute setting into the Community setting within the 2016-17 financial year. 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).

AD

Particular discussion took place regarding cancelled operations performance (1.2% against the target of 0.8%) and DNA rates (7.7% against the target of 5%) and assurance was provided that appropriate incident reporting processes and escalation measures were in place. Workforce planning within the Alliance was closely aligned to the 5 year future view, the Sustainability and Transformation Plan and the Better Care Together Programme and an appropriate focus was being maintained in respect of developing new roles, rotational posts and recruitment and retention of staff. Staff turnover stood at 13.6% in November 2016 which partly reflected the average age of employees and a slight reluctance amongst nursing staff to undertake the revalidation process.

Mr A Johnson, Non-Executive Director sought a view regarding the forecast outturn for the Alliance in 2017-18, noting in response that the contract had not yet been finalised, but the contract was expected to deliver a surplus position. The Chief Operating Officer sought and received confirmation that the contract would be based upon a Payment by Results (PbR) model. He also highlighted the shorter waiting times between referral and treatment for community provided services and suggested that consideration be given to raising awareness of this fact amongst GP practices.

AD

Resolved – that (A) the quarterly update on Alliance financial and operational performance be received and noted as paper L;

(B) a summary of the Alliance Key Priorities for 2017-19 be circulated with the next iteration of the Alliance report (in April 2017), and

AD

(C) consideration be given to raising awareness of GPs that the length of time between referral and treatment was generally shorter when referring to a community provided service.

AD

7/17

SCRUTINY AND INFORMATION

7/17/1 Draft IFPIC Calendar of Business 2017-18

Resolved – that the draft IFPIC calendar of business for 2017-18 be approved as paper M.

7/17/2 Executive Performance Board

Resolved – that the notes of the 20 December 2016 Executive Performance Board meeting be received and noted as paper N.

7/17/3 Capital Monitoring and Investment Committee

Resolved – that the notes of the 9 December 2016 Capital Monitoring and Investment Committee meeting be received and noted as paper O.

7/17/4 Revenue Investment Committee

Resolved – that the notes of the 9 December 2016 Revenue Investment Committee meeting be received and noted as paper P.

8/17 INVESTMENT BUSINESS CASES

8/17/1 Diagnostics and Clinical Support Project Initiation Document (PID)

The Clinical Director for the Clinical Support and Imaging CMG, the Reconfiguration Programme Director and the Senior Project Manager attended the meeting to introduce paper Q, providing an overview of the Diagnostics and Clinical Support Services Project and the associated assumptions relating to configuration of these services.

In discussion on the PID, IFPIC members noted 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.

Resolved – that the Diagnostics and Clinical Support PID be received and noted as paper Q.

9/17 ANY OTHER BUSINESS

Resolved – that no items of other business were noted.

10/17 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 2 February 2017, and

TA/
Chair

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

- Minute 4/17/1 – Month 9 financial performance and the year end forecast for 2016-17, and
- Minute 8/17/1 – Diagnostics and Clinical Support Project Initiation Document.

11/17 DATE OF NEXT MEETING

Resolved – that the next meeting of the Integrated Finance, Performance and

Investment Committee be held on Thursday 23 February 2017 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)	10	10	100	R Mitchell	10	9	90
J Adler	10	9	90	R Moore	10	9	90
P Baker	7	0	0	B Patel	7	6	86
I Crowe	10	9	90	K Singh	10	8	80
S Dauncey	3	3	100	P Traynor	10	9	90
A Johnson	10	10	100				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Gordon	10	6	60	L Tibbert	10	9	90
D Kerr	10	9	90				