

Trust Board paper N

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 4 May 2017

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director)

DATE OF MEETING: 27 April 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 1 June 2017.

SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:

- **Final UHL Operational Plan 2017-19** – the Head of Strategic Development presented paper E, advising that the Trust's January 2017 and March 2017 Operational Plan submissions had not been accepted by NHS Improvement, due to non-compliance with the rules associated with the refresh process, ie no deterioration in the bottom line financial position. Consequently, the Trust had resubmitted the 2017-19 Operational Plan in line with the December 2016 plans (£26.7m deficit for 2017-18 and £21.7m deficit for 2018-19). In addition, new nationally mandated performance requirements had been reflected in the local performance trajectories and these did not align with the demand and capacity assumptions which created risks within the delivery plan. The Chief Operating Officer commented upon the movement in the ED trajectory and the cost pressures associated with a forthcoming Oncology business case to support compliance with the 62 day cancer performance target. It was agreed that a refreshed narrative on the Operational Plan 2017-19 would be presented to the Trust Board on 4 May 2017, and
- **2017-18 Financial Plan** – paper F updated the Committee on the development of the 2017-18 Financial Plan, particularly highlighting the methodology, financial run-rate, cost pressures, and key risks associated with the plan. A detailed discussion was held regarding the financial challenges faced by the Trust and the Unitary Board responsibility to identify and mitigate the key issues for the short, medium and longer term. Table 1 highlighted the recurrent and non-recurrent outturn for 2016-17 and table 2 identified the impact of not accepting the proposed control total and non-recognition of STF for 2017-18. A number of discretionary investments had been identified for 2017-18 which now required Executive level review and approval. These created potential cost pressures which would be managed via the Revenue Investment Committee (with additional senior level resource) and/or a separate 'Star Chamber' approvals process. Appendix 1 set out the proposals for delivering the required financial improvement between the 2016-17 outturn and the 2017-18 financial plan without creating a further CIP burden for the Trust. Assurance was provided that appropriate actions were underway to improve the effectiveness and efficiency of services (eg CIP delivery, Corporate cost improvements, continued delivery of performance trajectories, review of back office functions) and that patient safety, quality of care and statutory compliance would remain the paramount priorities. The 2017-18 Financial Plan was recommended for Trust Board approval on 4 May 2017 via this meeting summary. The Trust Chairman commented upon the opportunity to review the refreshed Financial Strategy and Long Term Financial Model at the 11 May 2017 Trust Board thinking day. In addition, the detailed Capital Programme for 2017-18 would be submitted to the Executive Performance Board and IFPIC on 23 and 25 May 2017 (respectively).

SPECIFIC DECISIONS:

- None

DISCUSSION AND ASSURANCE:

- **EMRAD Clinical Responsible Owner** – the Chief Executive briefed IFPIC on a potential nomination for the role of Clinical Responsible Owner, which would be confirmed following discussion with the Chief Information Officer and the Clinical Director, CSI;
- **2016-17 Month 12 and Year End Financial Performance** – paper C advised the Committee of the Trust's delivery of the revised forecast deficit of £38.6m, £6.9m adverse to plan, excluding Sustainability and Transformation Funding (STF). The draft Annual Accounts had been submitted to the External Auditors on 26 April 2017 as planned and they were scheduled for consideration by the Audit Committee on 24 May 2017. For 2016-17, there was a new requirement to notify NHS Improvement of any movement over the value of £10,000 which was well below the usual level of materiality. The Audit Committee Chair sought and received assurance that robust communications processes were in place between UHL and the External Auditors to avoid any short notice clarification requests which might delay the audit process. An additional step had also been built into the process for sense-checking Trust Board and Senior Managers' remuneration data, prior to publication;
- **Carter Efficiency Programme** – the Director of Operational Finance introduced paper G, providing an overview of progress with the 25 actions identified for UHL in response to Lord Carter's Review of Operational Efficiency in NHS Providers. The Pathology, Pharmacy and Procurement workstreams were progressing well, but some additional focus was required on the Model Hospital workstream. The Director of Estates and Facilities also briefed the Committee on the arrangements for addressing some of the data anomalies within the Estates and Facilities Dashboard (appended to paper G) and the impact of vacant buildings which had recently transferred back to UHL's estate;
- **Cost Improvement Programme** – in the absence of the Director of CIP and Future Operating Model, the Chief Operating Officer introduced paper H1, confirming actual year end CIP delivery of £36.2m (against the target of £35.0m). In terms of 2017-18 CIP scheme development to deliver the indicative target of £33.0m, appropriate actions were underway to address the gap of £5.891m. The Director of Workforce and Organisational Development introduced paper H2 providing an overview of the cross-cutting Workforce CIP theme, with an emphasis on controlling recruitment, agency staffing costs, waiting list initiatives and overtime payments;
- **Outputs of the Reference Costs Assurance Programme Review** – paper I briefed the Committee on the outputs of the 2015-16 costing assurance review findings and sought approval of the timetable for the 2016-17 reference costs submission, noting that a report would be presented to the 29 June 2017 IFPIC meeting ahead of the 31 July 2017 submission date to NHS Improvement;
- **Update on the arrangements for improving Clinical Engagement in the Patient Level Costing Information System (PLICS) data** – paper J provided a progress report on the appointment of a clinical lead for the above project and the implementation of a Steering Group to oversee the key workstreams to facilitate better comparisons of clinical practice and identification of unwarranted variation. The report was received and noted;
- **Organisation of Care Quality Commitment Demand and Capacity Workstream** – the Chief Operating Officer introduced paper L providing a progress report on the interventions underway to balance demand and capacity in 2017-18, advising that a Programme Director was due to be appointed within the next 7 days to run this programme;
- **Alliance Quarterly Update** – Miss H Mather, Alliance Director attended the meeting to present paper M, advising that the Alliance had delivered the 2016-17 forecast year-end financial deficit of £251k. Contract negotiations for 2017-18 were almost complete and confirmation had recently

been received that performance penalties would not be applied within the contract. However, a range of formal key performance indicators was being developed which would be monitored closely. Discussion took place regarding Referral to Treatment (RTT) performance for the whole health economy, cancelled operations performance, pre-assessment clinics, DNA rates, friends and family feedback, electronic staff appraisals, and workforce development. The Chief Operating Officer sought and received additional information regarding Diagnostics performance and the impact of Coventry and Warwickshire pulling out of the Alliance contract;

- **Workforce Update** – the Director of Workforce and Organisational Development introduced paper N, providing a comprehensive update on UHL's Workforce and Organisational Development Plan. IFPIC noted that the average time to hire stood at 61.9 days (against the 47 day target) and this performance had deteriorated as a result of some bulk recruitment exercises. The target to appoint 334 apprentices was on track to be delivered with 100 new posts and 245 existing staff, subject to resolution of any budget pressures. Confirmation was provided that the new Payroll Contract had been awarded to Equiniti following a competitive tendering exercise and completion of the 10 day standstill period;
- **Month 12 Quality and Performance Report** – the Head of Performance and Improvement briefed the Committee on recent performance for cancer 2 week waits, 62 day cancer, 52 week waits, diagnostics performance and RTT performance. The Chief Executive noted the limited time available for consideration of the Quality and Performance report and requested that it be given a higher priority on the IFPIC agenda at future meetings;
- **Reports for Scrutiny and Information** – the Committee received and noted the following documents:-
 - NHS Improvement Deep Dive Feedback;
 - Timetable for UHL Business Case Approvals;
 - IFPIC calendar of business;
 - Minutes of the Executive Performance Board meeting held on 28 March 2017;
 - Minutes of the Capital Monitoring and Investment Committee meeting held on 10 March 2017;
 - Minutes of the Revenue Investment Committee meeting held on 10 March 2017.
- **Any Other Business** – none noted.

DATE OF NEXT COMMITTEE MEETING: 25 May 2017

Mr M Traynor – Committee Chair
27 April 2017