

Trust Board paper L3

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 5 December 2019

COMMITTEE: Finance and Investment Committee (FIC)

CHAIR: Mr M Traynor, Non-Executive Director and FIC Chair

DATE OF COMMITTEE MEETING: 31 October 2019

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

- None

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR NOTING BY THE PUBLIC TRUST BOARD:

- None

DATE OF NEXT COMMITTEE MEETING: 28 November 2019

Mr M Traynor, Non-Executive Director and FIC Chair

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE FINANCE AND INVESTMENT COMMITTEE (FIC), HELD ON THURSDAY 31 OCTOBER 2019 AT 8:30AM IN THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY

Voting Members Present:

Mr M Traynor – Non-Executive Director (Committee Chair)
Ms R Brown – Chief Operating Officer
Ms K Jenkins – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr K Singh – Trust Chairman (non-voting ex-officio)
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr M Archer – Head of Operations, Clinical Support and Imaging (for Minute 101/19)
Ms P Badyal – Procurement Category Specialist (for Minute 101/19)
Mr C Benham – Director of Operational Finance
Ms D Heads – Care Quality Commission (observing)
Mr D Kerr – Director of Estates and Facilities
Mr T Maton – Head of Finance, Clinical Support and Imaging (for Minute 101/19)
Mr A Middleton – Property Manager, Estates and Facilities (for Minutes 100/19, 106/19/7 and 106/19/8)
Mrs K Rayns – Corporate and Committee Services Officer
Mr B Shaw – Director of Productivity
Mr N Sone – Financial Controller
Mr M Wightman – Director of Strategy and Communications
Ms J Woods – Care Quality Commission (observing)

RECOMMENDED ITEMS

ACTION

100/19 CONFIDENTIAL REPORT BY THE DIRECTOR OF ESTATES AND FACILITIES

Recommended – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

101/19 CONFIDENTIAL REPORT BY THE CHIEF FINANCIAL OFFICER

Recommended – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

RESOLVED ITEMS

102/19 APOLOGIES FOR ABSENCE

An apology for absence was received from Mr J Adler, Chief Executive.

103/19 DECLARATIONS OF INTEREST

The Chief Financial Officer, the Director of Operational Finance and Mr A Johnson, Non-Executive Director declared their respective roles as a Non-Executive Director, Finance Director and Company Secretary and Non-Executive Chair of Trust Group Holdings Ltd. The Committee Chair also declared his role with the Cabinet Office as Small Business Crown Representative in relation to agenda item 106/19/3 below and the impact of delayed NHS payments to small businesses. As these were judged by the Committee to be non-prejudicial interests, they remained present at the meeting.

Resolved – that the declarations of interest be noted.

104/19 MINUTES

Resolved – that the Minutes of the 26 September 2019 Finance and Investment Committee meeting (papers A1 and A2) be confirmed as correct records.

105/19 MATTERS ARISING

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

106/19 KEY ISSUES FOR DISCUSSION/DECISION

106/19/1 2019/20 Month 6 Financial Performance

The Chief Financial Officer introduced paper C advising that the Trust had achieved a year-to-date financial deficit of £30.2m, excluding Provider Sustainability Funding (PSF), Financial Recovery Funding (FRF) and Marginal Rate Emergency Tariff (MRET). Including PSF/FRF/MRET, the Trust had achieved a year-to-date deficit of £15.8m which was in line with plan. Discussion took place regarding the key risks which included (a) delivery of the Clinical Management Group (CMG) control totals, (b) system imbalance, (c) Commissioner affordability, (d) identification of additional financial recovery actions to bridge the residual planning gap, and (e) the impact of emergency pressures upon elective capacity. Some additional ITU capacity was due to open on the LGH site during week commencing 4 November 2019, which would help to reduce the number of elective cancellations. Locum fill-rates were improving and they were starting to address the shortfall in the number of clinicians willing to undertake additional sessions as a result of national changes to pension tax allowance.

A high number of contractual challenges had been raised by Commissioners, but the Chief Financial Officer advised that there was genuine intent at a system level to ensure that the Trust was paid fairly for the clinical activity undertaken. Mr A Johnson, Non-Executive Director sought and received additional information regarding patient care income assumptions and the regular process for making adjustments or provision on the basis of judgement that the income would be received. Assurance was also provided that the level of overdue receivables from the Clinical Commissioning Groups (CCGs) was expected to reduce significantly once these contractual challenges were resolved. The Chief Financial Officer also briefed FIC on the nature of local discussion regarding contractual challenges and the availability of regional and national routes for formal arbitration if it became necessary to escalate any residual issues.

In respect of CMG-level financial performance, it was confirmed that each CMG had a clear set of actions required to deliver the best possible outturn in 2019/20 and that the two CMGs – Women's and Children's (W&C) and Intensive Therapy, Anaesthesia, Pain and Sleep (ITAPS) which had been identified as requiring 'special measures' under the Accountability Framework were receiving appropriate additional support to develop robust financial recovery plans. The Chief Operating Officer commented that she had been very impressed with the response from these two CMGs which were in 'special measures', advising that their recovery plans were robust and clinically owned. The Committee noted a seasonal activity trend in relation to the ECMO service which had adversely affected ITAPS financial performance. During a detailed discussion on CMG-level financial performance, the Committee requested a detailed briefing on the financial performance of the Cancer, Haematology, Urology, Gastroenterology, and General Surgery (CHUGGS) CMG for November 2019. It was also agreed that the impact of the recently implemented medical pay award would be reported on a separate line in the month 7 financial

performance report.

Ms K Jenkins, Non-Executive Director sought and received additional information about the level of contingency within the financial plan for 2019/20 and the rate at which it was being allocated throughout the year. In response, the Chief Financial Officer confirmed that due to the realistic and achievable budget setting process used for 2019/20, the quantum of the contingency allocation for 2019/20 had been relatively modest. This was being released in equal proportions throughout the year, but it had become necessary to re-phase some planned investments where it was safe to do so. The Chief Operating Officer clarified that the Chief Nurse and the Medical Director were required to sign-off a quality and safety impact assessment whenever a delay in investment might affect patient care. It was also noted that the Chief Nurse and the Medical Director were core members of the Financial Recovery Board.

Resolved – that the 2019/20 month 6 financial position be noted.

106/19/2 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

106/19/3 Confidential Report by the Financial Controller

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

106/19/4 Update on the 2019/20 Capital Programme

The Director of Operational Finance introduced paper F1, updating FIC on the Capital Programme for 2019/20 and advising that the Trust's bid for £10m of emergency capital had been approved verbally, but written confirmation was still awaited. The Chief Financial Officer and the Director of Strategy and Communications both agreed to write to NHSI/E seeking written confirmation of the emergency capital funding, noting that expenditure would need to be completed within the current financial year to qualify.

The Non-Executive Director Audit Committee Chair expressed concern that she was not currently sighted to the items which had not been prioritised for the 2019/20 Capital Programme. She requested that a short narrative be included in the next iteration of this report setting out the key risks surrounding those schemes which were not being funded for 2019/20. Discussion also took place regarding the 'State of the Nation' report on Estates Infrastructure which was scheduled for Trust Board consideration in February 2020.

Resolved – (A) that the update on the 2019/20 capital programme be received and noted as paper F1, and

(B) an updated version of the 2019/20 Capital Programme be submitted to FIC in November 2019, to include some narrative on the key risks surrounding any areas which were not being funded in 2019/20.

DOF

106/19/5 Draft Five Year Capital Programme 2019-2024

The Director of Operational Finance introduced paper F2, providing the second draft of UHL's five year capital programme which had been updated to include the £450m capital funding allocation and the additional £10m emergency capital funding. He highlighted the significant challenges for the 2020/21 financial year and the work that would be taking

place at the Capital Monitoring and Investment Committee to mitigate any cost pressures on UHL's internal CRL. FIC agreed to receive regular updates on the five year capital programme.

Resolved – that (A) the update on the draft Five Year Capital Programme capital programme be received and noted as paper F2, and

(B) regular updates on the development of the Five Year Capital Programme be provided to FIC.

DOF

106/19/6 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

106/19/7 Confidential Report by the Director of Estates and Facilities

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

106/19/8 Confidential Report by the Director of Estates and Facilities

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds that public consideration at this stage would be prejudicial to the effective conduct of public affairs.

107/19 ITEMS FOR ASSURANCE

107/19/1 Reconfiguration Programme Update and Timetable for Business Case Approvals

The Director of Estates and Facilities introduced paper L, providing a high level overview of the next steps following the announcement of the £450m capital allocation and the approvals process for the pre-consultation business case. Mr A Johnson, Non-Executive Director noted the need for a wider project plan taking into account the consultation periods, noting that the Development Control Plan included only the construction periods. In response, the Director of Estates and Facilities confirmed that this wider project plan was available, but the document appended to the report was intended to demonstrate how the schemes would be broken down into manageable projects.

Resolved – that the update on the Reconfiguration Programme and the proposed timetable for business case approvals be received and noted as paper L.

107/19/2 Alliance Quarterly Contract Update

Paper M provided the quarterly update on operational and financial performance within the Alliance Contract. The report was received and noted and the Chief Financial Officer advised FIC that this model of working was likely to be replicated in future as part of system-wide changes.

Resolved – that the Alliance quarterly contract update be received and noted as paper M.

107/19/3 Use of Resources Self-Assessment Update

The Chief Financial Officer introduced paper N, briefing the Committee on the Trust's Use of Resources Assessment which was held on 15 October 2019. The follow-up letter had

since been received and the Trust was in the process of compiling the requested evidence for submission to NHSI/E. The outcome of the assessment would be issued by the Care Quality Commission, alongside their main report when it was presented to the Trust for factual accuracy checking.

Resolved – that the briefing on the Trust’s Use of Resources Assessment be received and noted as paper N.

107/19/4 UHL Productivity Improvement Programme (PIP)

The Director of Productivity introduced paper O providing an overview of UHL’s Productivity Improvement Programme, and advising that savings of £27.0m had been identified against the 2019/20 target of £26.6m. Subject to availability, the Director of Productivity was planning to arrange for presentations on the Outpatients and Coding Improvement productivity themes to be provided at the November 2019 FIC meeting. This item would therefore feature in the ‘for exploration’ section of the FIC agenda for that meeting.

DoP

Resolved – that (A) the monthly update on UHL’s Productivity Improvement Programme be received and noted as paper O, and

(B) the Director of Productivity be requested to arrange for a presentation on the themes of Outpatients and Coding Improvements to be provided at the November 2019 FIC meeting.

DoP

107/19/5 Review of Board Assurance Framework (BAF) 2019/20 – Principal Risk 9

The Chief Financial Officer presented paper P, providing the latest iteration of BAF Principal Risk 9 (relating to the risk of failing to meet the financial control total including through improved productivity). For September 2019, the actual risk score rating was 16 and the target rating was 12, but members noted that these ratings had been accidentally transposed within the report. In addition, the Chief Financial Officer and the Director of Operational Finance were invited to review whether the target ratings of 8 in December 2019 and March 2020 were likely to be achievable.

**CFO/
DOF**

Resolved – that (A) the update on BAF Principal Risk 9 be received and noted as paper P, and

(B) the Chief Financial Officer and the Director of Operational Finance be requested to update the September 2019 risk score to 16 and consider whether the target risk score of 8 was likely to be achievable in December 2019 and March 2020.

**CFO/
DOF**

108/19 **ITEMS FOR NOTING**

Resolved – that the following items be received for noting, at papers Q and R respectively:-

- (1) FIC calendar of business 2019/20, and**
- (2) Executive Performance Board action notes – 24 September 2019.**

109/19 **ANY OTHER BUSINESS**

109/19/1 Mr P Traynor – Chief Financial Officer

Noting that this would be the Chief Financial Officer’s final FIC meeting before he left the Trust, the Committee Chair expressed his gratitude to Mr P Traynor for his contributions to the Trust over the last 5 years and wished him well in the future.

Resolved – that the position be noted.

110/19 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that a summary of the business considered at this meeting be presented to the Trust Board meeting on 7 November 2019, and

**FIC
Chair**

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

- the recommended items at Minute 100/19 and 101/19 above.

**FIC
Chair**

111/19 DATE OF NEXT MEETING AND SCHEDULE OF MEETING DATES IN 2020/21

Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 28 November 2019 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11.36am

Kate Rayns
Corporate and Committee Services Officer

FIC Attendance Record 2019/20

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	7	7	100	A Johnson	7	6	86
J Adler	7	5	71	K Singh (Ex-officio)	7	6	86
R Brown	7	6	86	P Traynor (until 31.10.19)	7	6	86
K Jenkins	7	4	57				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner) until 30.5.19	1	0	0	D Kerr	7	7	100
C Benham	7	6	86	M Wightman	7	6	86