

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD**

**DATE OF TRUST BOARD MEETING: 5 September 2019**

**COMMITTEE: FINANCE AND INVESTMENT COMMITTEE**

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

**DATE OF COMMITTEE MEETING: 25 July 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 TRUST BOARD:**

- None

**DATE OF NEXT COMMITTEE MEETING: 29 August 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 25 JULY 2019 AT 8:30AM 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  
Ms R Brown – Chief Operating Officer  
Mr A Johnson – Non-Executive Director

**In Attendance:**

Mr C Benham – Director of Operational Finance (on behalf of the Chief Financial Officer)  
Ms L Gale – Head of Financial Planning and Analysis (excluding Minutes 68/19 to 72/19/1)  
Mr D Kerr – Director of Estates and Facilities  
Mr N Sone – Financial Controller  
Ms K Rayns – Corporate and Committee Services Officer  
Mr M Wightman – Director of Strategy and Communications

**RECOMMENDED ITEMS**

**ACTION**

**67/19 CONFIDENTIAL REPORT BY THE FINANCIAL CONTROLLER**

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

**RESOLVED ITEMS**

**68/19 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Ms K Jenkins, Non-Executive Director; Mr B Shaw, Director of Productivity; Mr K Singh, Trust Chairman, and Mr P Traynor, Chief Financial Officer.

**69/19 DECLARATIONS OF INTEREST**

Mr A Johnson, Non-Executive Director and the Director of Operational Finance declared their respective roles as Chairman, and Finance Director and Company Secretary 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 67/19 above 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.

**70/19 MINUTES**

**Resolved** – that the Minutes of the 27 June 2019 Finance and Investment Committee meeting (papers A1 and A2) be confirmed as correct records.

**71/19 MATTERS ARISING**

Paper B provided a summary of the matters arising from previous FIC meetings. During discussion on the matters arising report, the following verbal updates were noted:-

- |   |             |
|---|-------------|
| (a) Item 3 (Minute 61/19/2 of 27 June 2019) – work was in progress to provide specific information on debts over 365 days and updates would be incorporated into the monthly cash reports to FIC;   | <b>CFO</b>  |
| (b) Item 3b (Minute 61/19/2 of 27 June 2019) – an update on wider balance sheet work was scheduled to be presented to the Audit Committee on 6 September 2019;  | <b>CFO</b>  |
| (c) Item 11 (Minute 51/19/1 of 30 May 2019) – the Corporate and Committee Services Officer was requested to seek an indicative date for a future Trust Board thinking day session on the changes in culture and behaviours that would be required between UHL and other healthcare partners in the event that a single LLR System control total was implemented;  | <b>CCSO</b> |
| (d) Item 16 (Minute 40/19/5 of 25 April 2019) – the Corporate and Committee Services Officer agreed to re-provide the Trust’s existing Intellectual Property Policy to Mr A Johnson, Non-Executive Director to provide him with a further opportunity to contribute towards the review of this document;  | <b>CCSO</b> |
| (e) Item 23 (Minute 1/19 of 31 January 2019) – FIC agreed that the action relating to the learning points arising from the pathology contract negotiations had been superseded and this item could be closed down and removed from future iterations of the progress log, and   | <b>CCSO</b> |
| (f) Item 25 (Minute 116/18/1 of 20 December 2019) – planning consent had now been provided for a joint multi-storey car park proposal with the Leicester Tigers, but it would be necessary for UHL to re-visit the financial modelling since some additional planning constraints had reduced the number of available spaces. An updated proposal was provisionally scheduled for the 29 August 2019 FIC meeting. | <b>DEF</b>  |

**Resolved – that the discussion on the matters arising log and any associated actions be noted.** **LEADS**

**72/19 KEY ISSUES FOR DISCUSSION/DECISION**

**72/19/1 2019/20 Month 3 Financial Performance**

The Director of Operational Finance introduced paper C, advising that the Trust had achieved a year-to-date financial deficit of £20m, 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 £13.6m which was in line with plan. The year-to-date position included release of £1.8m contingency funding which was £0.5m less than plan. Urgent and emergency care activity was over-performing against plan by £4.8m, although this was offset by the blended tariff adjustment of £1.7m and the cost of delivering this additional activity.

Elective activity was beginning to under-perform against plan and this was partly due to changes in the pension tax annual allowance. These national changes meant that some higher-salaried clinicians were financially dis-incentivised to undertake discretionary additional sessions. The Chief Operating Officer reported that some 34 operating lists had been lost at UHL as a result of this issue, noting that UHL was reliant upon these additional sessions in some specialties to deliver its core activity plans. Discussion took place regarding the national context surrounding the pension tax changes, opportunities to explore potential solutions and an expectation that the position might deteriorate further as more individual clinicians became affected. A formal consultation had been launched, but there was no confidence that the Government would be able to address this issue in a timely manner. In addition, FIC noted that it might be challenging to change staff behaviours (once they had given up the additional sessions) in the event of the tax allowance threshold being raised again under future legislation.

Four of the CMGs and the Estates and Facilities Directorate were now reporting a variance against plan in month 3 and an in-depth analysis would be undertaken during the forthcoming Performance Review Meetings to establish the drivers for their variances. The Director of Operational Finance confirmed that UHL would qualify to access the quarter 1

2019/20 PSF allocation, although it was not yet clear when this funding would be made available to Trusts.

Performance against the mandated agency staffing expenditure cap remained strong, although the Chief Operating Officer advised that agency staffing costs were likely to increase in the near future as external locums would be required to cover a proportion of the waiting list initiative sessions which were being declined by UHL's own clinicians as a result of the previously-mentioned pension tax changes. Finally, the Director of Operational Finance highlighted the Trust's receipt of an Activity Query Notice from the CCGs in respect of contractual over-performance, advising that Commissioners had expressed their concerns regarding affordability of this additional activity and the impact upon the forecast financial outturn for the System in 2019/20.

In response to a query from Mr A Johnson, Non-Executive Director, the Director of Operational Finance confirmed that the level of central contingency funding used for the year to date stood at £1.8m – of which £0.8m related to work in progress calculations. Overall, the total level of contingency funding released to date was noted to be £0.5m lower than the amount planned at this point in the financial year.

**Resolved – that the 2019/20 month 3 financial position be noted.**

72/19/2 Confidential Report by the Director of Operational Finance

**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.**

72/19/3 Confidential Report by the Director of Operational Finance

**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.**

72/19/4 Update on the 2019/20 Capital Programme

Paper F1 updated the Committee on UHL's draft Capital Programme for 2019/20 which had been constructed on the basis that no external funding would be made available. As requested at the 27 June 2019 FIC, this report now included a reconciliation analysis between the initial draft programme of £89m and the current programme of £40.5m. The table in section 2.5 identified the key movements between the initial draft and the current iteration and identified the main areas of risk.

It was reported that the Board Assurance Framework had been updated to ensure that the risk profiles associated with the constrained capital programme, the 'State of the Nation' review of UHL's estate and infrastructure and the level of obsolescence within the medical equipment programme were all appropriately reflected. Members also noted that appropriate emergency capital bids had been submitted for up to £10m and a further £8.6m of emergency capital funding had been sought for the decontamination scheme. NHS emergency capital bids were being considered at a regional level, and it was hoped that UHL would be successful in achieving at least some of this additional funding.

**Resolved – that the update on the 2019-20 capital programme be received and noted as paper F1.**

72/19/5 Confidential Report by the Director of Operational Finance

**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.**

72/19/6 UHL Productivity Improvement Programme (PIP)

In the absence of the Director of Productivity, the Director of Operational Finance presented paper G, providing an overview of UHL's Productivity Improvement Programme, advising that savings of £26.7m had been identified against the 2019/20 target of £26.6m. The report was taken as read, but the Director of Operational Finance particularly highlighted the risks surrounding income schemes, Commissioner affordability and the proposed implementation of an additional £3m CIP target. As discussed at the June 2019 FIC meeting, a presentation on the patient level information costing system (PLICS) had been provisionally scheduled for the October 2019 FIC meeting.

**CFO**

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

**(B) a presentation on PLICS be scheduled for the October 2019 FIC meeting.**

**CFO**

73/19 **ITEMS FOR ASSURANCE**

73/19/1 Update on UHL's Commercial Strategy and Intellectual Property Policy

The Director of Operational Finance advised that some further Non-Executive Director comments on the original version of the IP Policy were awaited prior to the formal review of this document. The Corporate and Committee Services Officer agreed to send a further reminder email, attaching the existing documentation for review.

**Resolved – that the Corporate and Committee Services Officer be requested to send a further reminder to Mr A Johnson, Non-Executive Director inviting him to comment on the Trust's existing Intellectual Property Policy to inform the wider review of this document.**

**CCSO**

73/19/2 CQC Use of Resources Update

The Director of Operational Finance introduced paper H, advising that the date for UHL's assessment against the CQC Use of Resources Framework had now been scheduled for 15 October 2019. The draft timetable for the assessment day was provided at appendix 1. The self-assessment template was currently being completed and it was likely that this would reflect a 'Requires Improvement' rating.

Discussion took place regarding the excellent work that was taking place within the Trust in respect of nurse e-rostering, Getting it Right First Time (GIRFT) reviews, Vital Few, Model Hospital data, and agency staffing controls. The Director of Strategy and Communications queried whether any Trust's had been rated as 'Good' in this area and whether there were any learning opportunities available in this area. However, members noted that the financial deficits that the Trust had delivered in recent years and the forecast deficit position for 2019/20 were expected to adversely influence UHL's final rating. The Director of Operational Finance agreed to seek appropriate advice before finalising the self-assessment for approval by FIC and submission to NHSI/E ahead of the 15 October 2019 assessment day.

**Resolved – that (A) the update on the CQC Use of Resources requirements be received and noted as paper H, and**

**DOF**

**(B) the finalised self-assessment submission be presented to the FIC meeting in August 2019 or September 2019 for approval prior to being submitted to NHSI/E in preparation for the 15 October 2019 visit.**

73/19/3 National Cost Collection Data

The Director of Operational Finance introduced paper I, briefing the Committee on the arrangements for UHL's compliance with NHS Improvement's newly mandated National Cost Collection. Appendix 1 set out the remaining actions to be completed to finalise the submission. Appendix 2 described the areas where the Trust was currently unable to fully implement the Healthcare Costing Standards for England, including the actions being taken to address these issues for 2019 and for future submissions.

**Resolved** – that the position be noted.

74/19 **ITEMS FOR NOTING**

**Resolved** – that the following items be received for noting, at papers J – M respectively:-

- (1) timetable for UHL business case approvals;
- (2) FIC calendar of business 2019/20;
- (3) Executive Quality and Performance Board action notes – 11.6.19 and 25.6.19, and
- (4) Revenue Investment Committee action notes – 19.3.19.

75/19 **ANY OTHER BUSINESS**

There were no items of any other business.

76/19 **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 1 August 2019, and

**FIC  
CHAIR**

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

- (1) 2019/20 Month 3 financial performance – Minute 72/19/1;
- (2) Update on the 2019/20 Capital Programme – Minute 72/19/4;
- (3) CQC Use of Resources update – Minute 73/19/2, and
- (4) National Cost Collection Data – Minute 73/19/3.

77/19 **DATE OF NEXT MEETING**

**Resolved** – that the next meeting of the Finance and Investment Committee be held on Thursday 29 August 2019 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11am

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)	4	4	100	A Johnson	4	3	75
J Adler	4	3	75	K Singh (Ex-officio)	4	3	75
R Brown	4	4	100	P Traynor	4	3	75
K Jenkins	4	2	50				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner) until 30.5.19	1	0	0	D Kerr	4	4	100
C Benham	4	3	75	M Wightman	4	3	75