

Trust Board paper M3

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

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

**DATE OF TRUST BOARD MEETING: 6 February 2020**

**COMMITTEE: Finance and Investment Committee (FIC)**

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

**DATE OF COMMITTEE MEETING: 19 December 2019**

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

- Minute 122/19 – UHL Procurement and Supplies Strategy 2019-2022 .

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

- Minute 127/19/1 – month 8 financial performance, and
- Minute 127/19/3 – Productivity Improvement Programme and presentation on Outpatient Productivity.

**DATE OF NEXT COMMITTEE MEETING: 30 January 2020**

**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 19 DECEMBER 2019 AT 8:00AM 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  
Ms K Jenkins – Non-Executive Director (via conference telephone)  
Mr A Johnson – Non-Executive Director  
Mr S Lazarus – Interim Chief Financial Officer  
Mr K Singh – Trust Chairman (non-voting ex-officio)

#### **In Attendance:**

Mr C Benham – Director of Operational Finance  
Ms J Edyvean – Outpatients Transformation Manager (for Minute 127/19/3)  
Ms L Gale – Head of Financial Planning and Analysis (from part of Minute 127/19/3)  
Mr V Karavadra – Associate Non-Executive Director  
Mr D Kerr – Director of Estates and Facilities  
Mrs K Rayns – Corporate and Committee Services Officer  
Mr B Shaw – Director of Productivity (from part of Minute 127/19/2)  
Mr N Sone – Financial Controller  
Mr D Streets – Head of Procurement and Supplies (for Minute 122/19)

#### RECOMMENDED ITEMS

#### ACTION

#### **122/19      PROCUREMENT AND SUPPLIES STRATEGY 2019-2022**

Mr D Streets, Head of Procurement and Supplies attended the meeting to present paper H, providing an update on year-to-date performance against UHL's current Procurement Strategy and seeking the Committee's approval of the new Procurement and Supplies Strategy for 2019-2022. In presenting the report, the Head of Procurement and Supplies provided a detailed overview of delivery against key performance metrics, progress with procurement cost improvement schemes, noting that the target of £8.1m savings in 2019/20 was expected to be achieved.

Section 3 of paper H provided a progress update on key initiatives grouped under the headings of People, Process, Partnerships and Procurement. UHL's Procurement Team had been awarded Highly Commended for the HCSA Procurement Team of the Year Award in November 2019 and Mr Tony Roost, Category Specialist had received a runner up award for food buying in the December 2019 Health Business Awards. Section 5 described the approach that had been used to refresh and update the Procurement Strategy through 4 Listening into Action staff engagement events and a series of time-outs with the Procurement and Supplies Senior Leadership Team, ensuring that a clear line of sight was maintained between the UHL Quality Strategy, the Vision and the National Procurement Agenda to individual priorities within the Team.

During a detailed discussion on the report:-

- (a) the Committee Chair sought and received additional information regarding the development of a business case with ITAPS for a theatre stock management system, noting that the previously identified UHL solution had never been progressed and that this alternative solution was considered to be more sustainable;
- (b) the Chief Operating Officer congratulated the Team on their significant achievements and sought and received confirmation that the appropriate links were in place for leadership development within the Procurement Team;

- (c) the Trust Chairman commented upon the scale of UHL's expenditure on goods and services and the benefits of robust interactions with a central team which consistently applied the appropriate principles to all its transactions;
- (d) the Director of Estates and Facilities commented upon the benefits of having a dedicated member of the Procurement Team embedded within the Estates and Facilities management structure, and
- (e) the Chief Executive invited the views of the Head of Procurement and Supplies in respect of the national approach to improving procurement and what impact the current direction of travel was likely to have upon UHL's services. In response, the Head of Procurement and Supplies and the Director of Productivity commented that the current arrangements for the Category Towers were not working as well as they should and UHL's ability to influence expenditure had been constrained as a result. However, the Trust continued to work closely with the NHS Supply Chain through the Trust Reference Group in order to maximise the benefits of value based procurement.

ICFO

The Committee endorsed the Procurement and Supplies Strategy 2019-2022 for Trust Board approval.

**Recommended – that (A) the update on the UHL Procurement and Supplies Strategy be received and noted as paper H, and**

**(B) the refreshed Procurement and Supplies Strategy 2019-2022 be endorsed for Trust Board approval on 9 January 2020.**

ICFO

#### **RESOLVED ITEMS**

#### **ACTION**

#### **123/19 WELCOME AND APOLOGIES FOR ABSENCE**

The Committee Chair welcomed Mr S Lazarus, Interim Chief Financial Officer to his first FIC meeting. He also recorded the Committee's thanks to Mr C Benham, Director of Operational Finance for his contribution to the Trust over the last four and a half years, and wished him well for the future, noting that he would be leaving UHL in December 2019.

An apology for absence was received from Mr M Wightman, Director of Strategy and Communications.

#### **124/19 DECLARATIONS OF INTEREST**

Mr A Johnson, Non-Executive Director declared his role as 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 Minute 127/19/2 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.**

#### **125/19 MINUTES**

**Resolved – that the Minutes of the 28 November 2019 Finance and Investment Committee meeting (papers A1 and A2) be confirmed as correct records.**

#### **126/19 MATTERS ARISING**

Paper B provided a summary of the matters arising from the 28 November 2019 and previous FIC meetings. During a detailed discussion on the report, the following information was noted:-

- Item 2 (Minute 115/19 of 28 November 2019 refers) – Mr A Johnson, Non-Executive Director confirmed that he would be scheduling a meeting with Professor N Brunskill,

Director of Research and Innovation to consider future amendments to UHL's Intellectual Property Policy;

- Item 3 (Minute 116/19/1 of 28 November 2019 refers) – members noted that the in-depth analysis of financial performance by the CHUGGS CMG had been deferred to the 30 January 2020 FIC meeting, due to the volume of business on the December 2019 agenda;
- Item 8 (Minute 116/19/3 of 28 November 2019 refers) – in response to a query from Mr A Johnson, Non-Executive Director, the Director of Operational Finance provided additional information about the process for agreement of balances with NHS debtors which was being undertaken during quarter 3;
- Item 21 (Minute 106/19/3 of 31 October 2019 refers) – the Chief Operating Officer provided a verbal progress update on the operational process improvements for checking patients' NHS eligibility, advising that it was planned to re-launch the relevant Policy in the near future;
- Item 24 (Minute 106/19/8 of 31 October 2019 refers) – a verbal update on the potential disposal of the Walnut Street residences freehold featured later in the agenda for today's meeting, and
- Item 25 (Minute 89/19 of 26 September 2019 refers) – the Corporate and Committee Services Officer was requested to contact the Acting Chief Information Officer to seek a progress report on the arrangements for managing high volume printing jobs within the managed print contract for inclusion in the next iteration of the matters arising report.

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

## **127/19 KEY ISSUES FOR DISCUSSION/DECISION**

### **127/19/1 2019/20 Month 8 Financial Performance**

The Director of Operational Finance introduced paper C, advising that the Trust had achieved a year-to-date financial deficit of £33.2m, 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 £11.4m which was in line with plan. In presenting the report, the Director of Operational Finance drew members' attention to the following key points:-

- (a) the accelerated use of £1.2m central reserves in month 8 (in addition to the planned use of £3.4m central reserves);
- (b) the impact of emergency activity pressures within the non-elective pathways;
- (c) strong elective performance against plan for month 8, and
- (d) work with Commissioners to agree the contractual position for 2019/20.

Particular discussion took place regarding the concept of accelerating the use of central reserves, the phasing of PSF monies (which was weighted towards the financial year-end), and the risks relating to delivery of the CMG control totals. The Chief Operating Officer noted improving performance within Critical Care and ECMO services and advised that the activity plans for elective capacity were expected to be delivered in full. The Interim Chief Financial Officer also commented upon the scale of the financial recovery actions that were still required for UHL to deliver the year-end control total for 2019/20. Mr A Johnson, Non-Executive Director requested information on the quantum of the quarter 2 PSF income and the Director of Operational Finance agreed to provide this (outside the meeting).

**DOF**

**Resolved – that (A) the 2019/20 month 8 financial position be received and noted, and**

**(B) the Director of Operational Finance be requested to provide Mr A Johnson, Non-Executive Director with a note on the quantum of UHL's PSF income for quarter 2 of 2019/20 (outside the meeting).**

**DOF**

127/19/2 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.**

127/19/3 UHL Productivity Improvement Programme (PIP) and Presentation on Outpatient Productivity

The Director of Productivity introduced paper E providing an overview of UHL's Productivity Improvement Programme, advising that savings of £26.9m had been identified against the 2019/20 target of £26.6m. Since the November 2019 FIC meeting, some further improvement had been made by the CHUGGS CMG and it was now only the MSS CMG where there was some concern about their ability to deliver the agreed PIP target.

FIC received updated information on the programme of Getting it Right First Time (GIRFT) reviews, the Integrated Leadership Development Programme, Section 106 agreements, and the assumptions for productivity improvements in 2020/21. It was noted that the GIRFT review in Neurology had been positive and some excellent feedback had been received from the GIRFT review of Breast Surgery. The Chief Operating Officer requested the Director of Productivity to arrange for a slide to be presented to each CMG Performance Review Meeting, setting out a summary of progress against the top 3 or 4 actions arising from each GIRFT review. The Director of Productivity also briefed the Committee on recent developments relating to Section 106 agreements, advising that a further meeting with the relevant lead officers was due to be held early in January 2020, to agree the next steps.

**DoP**

In discussion on the report, the Trust Chairman sought members' views regarding the Productivity Improvement Programme and whether it was considered to be ambitious enough, given the changes in financial architecture that were expected to take place in 2020/21. He encouraged members to think about the arrangements for improving outcomes and raising awareness of opportunities to improve productivity, noting national expectations regarding assumed reductions in patient care activity. In response to this point, the Chief Executive confirmed the Trust's intention to reduce the cost of services through improved productivity measures under the new financial arrangements, highlighting a recent announcement about the proposed implementation of a blended tariff for outpatient activity (which would help to focus attention on the processes for follow-up appointments, etc) and the need to link this theme with UHL's Reconfiguration Programme.

Mr A Johnson, Non-Executive Director commented on historical CIP profiles that had been overly reliant upon additional income, suggesting that the Director of Productivity and his team would need to be given more powers in order to influence the required changes in behaviours that would result in taking costs out of services. The Trust Chairman reminded FIC members of UHL's responsibilities to ensure that NHS funding was spent in the most effective way and the clear steer that had been provided from the Centre for all NHS Trusts to focus on cost reductions, recognising the activity constraints and any opportunities to change mindsets and behaviours going forwards.

Ms J Edyvean, Outpatients Transformation Manager attended the meeting to provide a presentation on Outpatient Transformation and opportunities to improve system working within the Leicester, Leicestershire and Rutland (LLR) healthcare system. The presentation focused upon improving clinic optimisation by reducing Did Not Attend (DNA) rates, improving vacant slot utilisation, reviewing clinic templates and use of virtual follow-up appointments. A 16 week programme was being led by Four Eyes Insight within 16

specialties to identify and validate improvements in clinical coding. The full year effect of this workstream was anticipated to be in the region of £2.7m with an in-year target for 2019/20 of £1.3m. The final slide in the presentation detailed the arrangements for aligning UHL's approach with the system-wide approach to planned care delivery. Referral support services had been implemented in a number of specialties and a focus was being maintained in respect of improving consistent delivery across UHL and Alliance services and maximising use of the community facilities.

FIC noted the significant benefits of this work stream and debated the proportion of savings that could be delivered by taking costs out (as a system), rather than increasing the level of income. The Interim Chief Financial Officer noted the challenges surrounding the provider CIP target of 2.6% and he expressed concern about the arrangements for building this into UHL's financial plan for 2020/21. The Committee Chair sought the Outpatient Transformation Manager's views regarding the shift in emphasis towards a different model of care in future. In response, the Outpatient Transformation Manager briefed the Committee on the availability of software solutions and applications which would support a digital self-service approach for patients wishing to make their own outpatient appointments and receive test results electronically, advising that such opportunities were being explored in consultation with the Acting Chief Information Officer and the Medical Director.

The Trust Chairman recorded his observations from interactions with various stakeholders, noting the need to (a) change the attitudes and mindsets of individual clinicians to embrace new technology, (b) address capacity issues within UHL's Booking Centre and (c) determine the extent to which routine outpatient appointments needed to be delivered from an acute hospital site. Responding to these points, the Outpatients Transformation Manager reported on the engagement work that was being undertaken with clinicians to seek their ideas about ways of improving outpatient services and providing them with examples of best practice at other Trusts. She also noted the dedicated resources that had been provided to those services which maintained their own telephone contacts for outpatient bookings, noting the maximum target of 48 hours turnaround for making appointments. Finally, the Chief Operating Officer highlighted her concerns about the Theatre Productivity Programme, noting the need to remove the relevant proportion of fixed theatre costs in the event of any sustained reductions in theatre sessions.

**Resolved – that (A) the monthly update on UHL's Productivity Improvement Programme (paper H) and the presentation on Outpatient Transformation be received and noted, and**

**(B) the Director of Productivity be requested to arrange for a presentation slide to be prepared for each CMG performance Review Meeting, setting out progress against the top 3 or 4 recommendations arising from each GIRFT review.**

DoP

127/19/4 Confidential Report by the Interim 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.**

127/19/5 Update on the 2019/20 Capital Programme

Further to Minute 116/19/4 of 28 November 2019, paper G1 updated FIC on the Capital Programme for 2019/20, advising that written approval was still awaited for the Trust's bid for £10m of emergency capital. Section 2.1 of paper G1 highlighted the key adjustments to the programme which were agreed at the Capital Monitoring and Investment Committee in November 2019. The Interim Chief Financial Officer advised that the final written approval was expected to be received by the end of that week. The challenge to spend this additional capital within the current financial year had become greater with the delayed

authorisation, but assurance was provided that this could be achieved through bringing forward key procurement schemes and slipping longer-term backlog maintenance schemes into the early part of 2020/21.

Particular discussion took place regarding UHL's Endoscopy Decontamination Project which was now being funded through the Reconfiguration Programme. The Chief Operating Officer sought and received assurance that £1.3m expenditure had been set aside for procurement of additional endoscopy equipment. In respect of the successful national funding bid for 2 diagnostic CT machines at the LRI and mammography diagnostic equipment at the LGH, the Director of Operational Finance highlighted the significant contribution of Mr M Norton, General Manager Medical Physics and his Team who had been instrumental in preparing the national funding application.

**Resolved** – that the update on the 2019/20 capital programme be received and noted as paper G1.

## **128/19 ITEMS FOR ASSURANCE**

128/19/1 Verbal 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.

128/19/2 Report by the Interim 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.

128/19/3 Report by the Interim 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.

## **129/19 ITEMS FOR NOTING**

129/19/1 Reconfiguration Programme Update and Timetable for Business Case Approvals

The Director of Estates and Facilities reported verbally on progress of the arrangements for delivering UHL's Reconfiguration Programme since the £450m capital allocation had been announced, advising that the notes of the Trust Board thinking day discussion held on 12 December 2019 were currently being validated by the Director of Corporate and Legal Affairs and they would be circulated imminently. The consultation process was now expected to commence on 31 March 2020.

Project resources had been agreed at a recent Executive Planning Meeting and the proposed governance arrangements were planned to be discussed at the 16 January 2020 Trust Board thinking day. It was hoped that the 'fly through' visualisation tool would also be available for the same thinking day. A formal report on the arrangements for delivering the Reconfiguration Programme would be presented to the Trust Board in February 2020. For members' information, the Chief Executive reported that Ms L Gale would not now be leaving the Trust as she had recently been appointed as the Senior Finance Manager for the Reconfiguration Programme.

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**Resolved** – (A) that the verbal update on the Reconfiguration Programme be received and noted;

**(B) the proposed Reconfiguration Programme governance arrangements be presented to the Trust Board thinking day on 16 January 2020, and** DEF

**(C) formal proposals for delivering the Reconfiguration Programme be presented to the Trust Board on 6 February for approval.** DEF

129/19/2 Items for Scrutiny and Information

**Resolved** – that the following items be received for noting:-

- (1) FIC calendar of business 2019/20 (paper J), and
- (2) Executive Performance Board action notes – 26 November 2019 (paper K).

130/19 ANY OTHER BUSINESS

**Resolved** – that no items of any other business were raised.

131/19 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 9 January 2020, and FIC Chair

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

- Minute 122/19 – UHL Procurement and Supplies Strategy 2019-2022 (recommended for approval);
- Minute 127/19/1 – month 8 financial performance, and
- Minute 127/19/3 – Productivity Improvement Programme and presentation on Outpatient Productivity.

FIC Chair

132/19 DATE OF NEXT MEETING

**Resolved** – that the next meeting of the Finance and Investment Committee be held on Thursday 30 January 2020 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11.02am

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)	9	9	100	S Lazarus (Interim CFO from 12.12.19)	1	1	100
J Adler	9	7	78	K Singh (Ex-officio)	9	8	89
R Brown	9	7	78	P Traynor (CFO until 31.10.19)	7	6	86
K Jenkins	9	6	67	C Benham (Acting CFO from 1.11.19 to 31.12.19)	1	1	100
A Johnson	9	8	89				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner) until 30.5.19	1	0	0	D Kerr	9	8	89
C Benham (DOF until 31.12.19)	8	7	88	M Wightman	9	7	78