

Trust Board paper O2

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 1 March 2018

COMMITTEE: Finance and Investment Committee

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

DATE OF COMMITTEE MEETING: 25 January 2018

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

- None

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

- Minute 49/17/1 – Month 9 Financial Performance, and
- Minute 49/17/2 – Confidential report by the Chief Financial Officer.

DATE OF NEXT COMMITTEE MEETING: 22 February 2018

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 JANUARY 2018 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 E Doyle – Interim Chief Operating Officer
Mr A Johnson – Non-Executive Director (from part of Minute 45/17/1)
Mr K Singh – Trust Chairman (non-voting ex-officio)
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr K Allan – Patient Partner
Mr C Benham – Director of Operational Finance
Mr N Callow – Finance Director, Pathology (for Minute 50/17/1 only)
Ms L Gale – Head of Financial Planning and Analysis
Mr D Kerr – Director of Estates and Facilities
Ms H Mather – Alliance Director (for Minute 50/17/4 only)
Mr T Pearce – Project Finance Lead (for Minute 45/17/1 only)
Mrs K Rayns – Corporate and Committee Services Officer
Mr N Sone – Financial Controller (up to and including Minute 49/17/3)
Mr M Wightman – Director of Strategy and Communications

RECOMMENDED ITEMS

ACTION

45/17 BUSINESS CASES

45/17/1 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

46/17 APOLOGIES AND WELCOME

Apologies for absence were received from Mr R Moore, Non-Executive Director, and Mr B Shaw, Director of Efficiency and CIP. The Committee Chairman welcomed Ms L Gale, Head of Financial Planning and Analysis to the meeting, noting that Ms Gale would be attending these meetings on a regular basis in future.

Resolved – that the apologies for absence be noted.

47/17 MINUTES

Resolved – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 21 December 2017 (papers A1 and A2) be confirmed as correct records.

48/17 MATTERS ARISING

Paper B detailed the status of all matters arising from the 21 December 2017 FIC meeting and any outstanding matters arising from previous FIC and Integrated Finance, Performance and Investment Committee (IFPIC) meetings. Particular discussion took place regarding progress of the following items:-

- (a) **item 11 (Minute 26/17 of 30 November 2017 refers)** – further work was taking place regarding the contract renewal for electronic rostering, and update reports were scheduled for consideration by the Executive Workforce Board on 30 January 2018 and FIC on 22 February 2018;
- (b) **item 13 (Minute 27/17/2b of 30 November 2017 refers)** – the Director of Estates and Facilities had met with the Medical Director and the Finance Director for the Pathology Network to consider the estates implications of the network development in more depth and this action could now be marked as complete and removed from the log, and
- (c) **item 14 (Minute 27/17/2c of 30 November 2017 refers)** – further discussion on the proposed communications and organisational development strategy associated with the development of the Pathology Network would be held later in the agenda (Minute 50/17/1 refers).

DWOD

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

49/17 FINANCE AND PLANNING

49/17/1 2017-18 Month 9 Financial Performance

The Chief Financial Officer introduced paper D, advising of a year-to-date deficit of £26.3m (excluding the tranche 1 winter funding of £2.243m). December 2017 had been a challenging month operationally as activity had been reduced by the cancellation of planned elective surgery and the underlying financial position was currently £13m adverse to plan. This had been mitigated by accelerated use of reserves, which had increased in-month from £5m to £7.5m.

The service level financial impact of cancelling elective surgery was still being validated, but the total quantum of risk was within the range of £6m to £10m. Assurance was provided that this figure had been communicated to NHS Improvement accordingly. Once the full impact of the cancelled activity during December 2017 and January 2018 was known, the updated data would be provided in the month 10 financial performance report. In the meantime, the Trust continued to forecast delivery of the planned £26.7m year-end deficit.

Particular discussion took place regarding the unwelcome growth in patient waiting lists arising from the cancellation of elective patient activity and the associated under spend for Commissioners. It was likely that the Trust would need to negotiate a year-end agreement with its Commissioners in respect of the year-end activity plans and the scope to phase in some additional elective capacity (with a specific focus on day-case procedures) in order to mitigate the position and reduce the backlog.

Whilst agency pay expenditure remained within plan, year-to-date substantive pay expenditure and other non-contracted costs were currently £9.8m adverse to plan. Members noted that the Trust Board had requested an additional analysis in respect of pay trends over the last 2 to 3 years and the outputs of this workstream were due to be presented to FIC in February 2018. In response to a query raised by the Chief Executive, it was agreed that a separate analysis of pay expenditure trends by category for November and December 2017 would be presented to an Executive Board meeting within the next 2 weeks.

CFO

CFO

Resolved – that (A) the 2017-18 month 9 Financial Performance report be received and noted as paper D;

(B) an analysis of pay trends over the last 2 to 3 years be presented to the FIC meeting on 22 February 2018, and

CFO

(C) a separate analysis of pay expenditure trends by category for November and December 2017 be presented to an Executive Board meeting within the next 2 weeks.

CFO

49/17/2 Confidential Report by the Chief Financial Officer

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

49/17/3 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.

49/17/4 Cost Improvement Programme (CIP)

The Director of Operational Finance introduced paper G on behalf of the Director of Efficiency and CIP, providing the monthly update on CIP progress (against the increased £44.2m CIP target) as at the end of December 2017. FIC members noted the in-month delivery of £2.6m savings compared with the planned £3.7m. The proposed variable CIP targets for 2018-19 had not been discussed in any detail at the Executive Performance Board on 23 January 2018, due to the shortened duration of this meeting.

Progress with the Procurement Workstream remained on track to deliver the £8m target for 2017-18. Forecast savings stood at £7.6m across some 146 schemes. In discussion on the report, the Trust Chairman sought and received assurance that the robust assessment of any quality and safety impact relating to CIP schemes continued to be progressed by the Medical Director, Chief Nurse and Commissioners.

The Committee Chair requested that the Director of Efficiency and CIP be asked to re-look at the list of savings previously identified across the Trust, that had not been counted in our CIP figures, which other Trusts had included in their figures. Wherever possible, these should be included in our figures to provide parity across the health system.

DECIP

Resolved – that (A) the report on progress with the Trust's Cost Improvement Programme be received and noted as paper G, and

(B) the Director of Efficiency and CIP be requested to re-look at the list of savings previously identified that had not been counted in UHL's CIP figures, which other Trusts had included in their figures, to provide parity across the health system.

DECIP

49/17/5 Proposed PC Replacement Programme

Paper H detailed a proposed strategy for the replacement of computers and other end-user devices which were over 5 years old. The outline implementation plan was provided at appendix 1. In the absence of the Chief Information Officer, the Committee received and noted this report on the basis that this proposal would be considered by the People, Process and Performance Committee (later that day) when the Chief Information Officer was expected to attend. A further report on the PC replacement programme would be presented to FIC once the preferred funding options were confirmed.

**PPPC
Chair**

CFO

Resolved – that (A) the report on the Proposed PC Replacement Programme be received and noted as paper H;

(B) further consideration of the Proposed PC Replacement Programme be undertaken at the People, Process and Performance Committee later that day, and

**PPPC
Chair**

(C) a further report on the PC Replacement Programme be presented to FIC once the preferred funding options had been confirmed. CFO

49/17/6 Draft Financial Plan 2018-19

Paper I provided an update on the development of UHL's draft financial plan for 2018-19, representing the second year of the two year planning process. The submission made on 10 April 2017 had identified a planned income and expenditure deficit of £21.7m for 2018-19, reflecting a £5m improvement from the 2017-18 deficit of £26.7m. FIC members noted that the detailed budgets for Corporate Directorates and CMGs would be calculated by the end of January 2018 and signed-off in line with the Accountability Framework by 28 February 2018. Mr A Johnson, Non-Executive Director requested that a monthly profile of the phasing of the financial plan be provided. As this work progressed, further reports on the Financial Plan would be presented to the FIC meetings to be held on 22 February and 22 March 2018 and the Trust Board would be invited to approve the final 2018-19 Financial Plan on 1 March 2018.

Resolved – that (A) the update on the development of the Financial Plan for 2018-19 be received and noted as paper I, and

(B) further reports on the 2018-19 Financial Plan (including a monthly profile of the phasing) be presented to the FIC meetings on 22 February and 22 March 2018 and the Trust Board on 1 March 2018. CFO

50/17 **STRATEGIC ISSUES**

50/17/1 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.

50/17/2 Confidential Report by the Chief Financial Officer

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

50/17/3 Vision for a UHL Welcome Centre

The Director of Estates and Facilities introduced paper L, providing a presentation on the vision for creating a new main entrance for the Windsor Building at the LRI with appropriate provision for retail outlets. The presentation also covered opportunities for improving the existing retail space at Glenfield. The proposed funding route would involve minimal capital investment from UHL and provide a significant income opportunity, alongside the benefits of 24-7 catering for patients, visitors and staff. Subject to the development and approval of an OBC by the end of March 2018, it was feasible that work could start on site in the Summer of 2018 and be completed within an 11 month period.

Resolved – that the presentation on the Vision for a UHL Welcome Centre be received and noted as paper L.

50/17/4 Alliance Contract – Quarterly Update

The Alliance Director attended the meeting to present paper M, outlining the Alliance operational and financial performance for Month 8 and progress with the transfer of planned care services into the Community Hospital setting. Particular discussion took place regarding patient letters performance, available slot issues (ASI) and IT connectivity

within the Community Hospital premises. Members noted that the IT connectivity issues did not fall within the remit of UHL's IT service, but some additional resources were being provided to facilitate a solution going forwards. Assurance was provided that the Alliance was engaged in the Strategic Business Planning process for 2018-19.

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

51/17 SCRUTINY AND INFORMATION

51/17/1 Updated Timetable for UHL Business Case Approvals

Resolved – that the updated timetable for UHL Business Case Approvals be received and noted as paper N.

51/17/2 Draft Finance and Investment Committee Calendar of Business 2018-19

Resolved – that the draft FIC calendar of business for 2018-19 be approved (as set out in paper O).

51/17/3 Executive Performance Board

Resolved – that the notes of the 19 December 2017 Executive Performance Board meeting be received and noted as paper P.

51/17/4 Capital Monitoring and Investment Committee

Resolved – that the notes of the 8 December 2017 Capital Monitoring and Investment Committee meeting be received and noted as paper Q.

51/17/5 Revenue Investment Committee

Resolved – that the notes of the 8 December 2017 Revenue Investment Committee meeting be received and noted as paper R.

52/17 ANY OTHER BUSINESS

52/17/1 Amendment to the FIC Meeting Date in May 2018

The Committee Chairman advised that the dates of the FIC, QOC and PPC meetings in May 2018 would be held one week earlier than previously planned. The new meeting date would be Thursday 24 May 2018 (instead of Thursday 31 May 2018).

Resolved – that the amendment to the date of the FIC meeting in May 2018 be noted.

53/17 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 1 February 2018, and

CCSO/
Chair

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

- Minute 45/17/1 – Confidential report by the Chief Financial Officer;
- Minute 49/17/1 – Month 9 Financial Performance, and
- Minute 49/17/2 – Confidential report by the Chief Financial Officer.

54/17 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 22 February 2018 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11:29am

Kate Rayns,
Corporate and Committee Services Officer

FIC Attendance Record 2017-18

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	5	5	100	T Lynch (to 31.12.17)	4	2	50
J Adler	5	4	80	R Moore	5	1	20
E Doyle (from 25.1.18)	1	1	100	K Singh (Ex-officio)	5	5	100
A Johnson	5	5	100	P Traynor	5	5	100

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	4	3	75	D Kerr	5	5	100
C Benham	5	5	100	M Wightman	4	4	100