

Cover report to the Trust Board meeting to be held on 1 November 2018

Trust Board paper J

Report Title:	Finance and Investment Committee – Committee Chair’s Report (formal Minutes will be presented to the next Trust Board meeting)
Author:	Kate Rayns, Corporate and Committee Services Officer

Reporting Committee:	Finance and Investment Committee
Chaired by:	Martin Traynor, Non-Executive Director
Lead Executive Director(s):	Paul Traynor, Chief Financial Officer Mark Wightman, Director of Strategy and Communications
Date of last meeting:	25 October 2018

Summary of key matters considered by the Committee and any related decisions made:

This report provides a summary of the following key issues considered at the Finance and Investment Committee on 25 October 2018:-

- **Matters arising report** – in respect of entry number 12 on the matters arising log (the proposal to hold a follow-up Trust Board thinking day with IBM during the 2018/19 financial year), the Trust Chairman highlighted the key matters that it would be helpful for the Board to consider, advising that provisional arrangements were currently being explored for the Trust Board thinking day on 13 December 2018;

- **2018/19 Month 6 Financial Performance** – paper D advised that the month 6 (September 2018) deficit of £42.3m excluding Provider Sustainability Funding (PSF) was £17.2m adverse to plan. This figure now included the impact of not proceeding with the Facilities Management LLP (FM LLP) and the unmitigated risk within the Financial Recovery Board actions. Including PSF, the year to date deficit was £40m which was adverse to plan by £22.8m due to non-recognition of PSF within the Quarter 2 reporting period. Agency expenditure remained below the threshold required by NHS Improvement which effectively mandated a 30% reduction on 2015/16 agency expenditure. CIP performance to date stood at £13.9m against the planned £14.2m and the forecast CIP outturn was £43m reflecting a gap of £8.5m (with £7.9m of the gap being driven by the cessation of the FM LLP).

The key risks within the 2018/19 financial plan were set out on page 23 of paper D. FIC members noted that the Clinical Management Groups (CMGs) were being held to account to deliver their financial control totals through the Accountability Framework and this was being monitored through the Performance Review meetings. The Women’s and Children’s (W&C) and Musculo-Skeletal and Specialist Surgery (MSS) CMGs were already receiving additional support to deliver their plans. The Renal, Respiratory and Cardio-Vascular (RRCV) CMG was confident that they would be able to recover their in-month deterioration but this would be fully explored at their Performance Review meeting on 26 October 2018. FIC members sought and received additional information about the number of non-working days in September 2018 (which had already been factored into the business planning process) and a noticeable trend in elective care activity reflecting an increasing complexity of case-mix and a reduction in the average number of patients per operating list. The Chief Financial Officer agreed to arrange for a high level analysis to be undertaken to compare the 2018/19 cost, volume and elective tariff data with that of the same period in 2017/18. He also agreed to include a bridging chart within the month 7 report setting out the trajectory required by each area to deliver the Quarter 2 re-forecast outturn and identifying any areas of key risk;

- **UHL Productivity Improvement Programme (PIP)** – the Director of Efficiency and CIP, introduced paper G providing an overview of the performance status of the programme, progress of the enabling workstreams, key performance indicators, risks and mitigations, cross-cutting workstream highlights, and CMG and Corporate Directorate productivity measures. The forecast outturn for 2018/19 had been refreshed to take account of the cessation of the FM LLP and it now stood at £42.9m against the target of £51.5m. Significant work was underway to identify and deliver additional CIP schemes for 2018/19 and the Financial Recovery Board was driving further improvements in this area. Appointments had been made to 2 of the 3 vacant Transformation Lead posts and further recruitment was planned to fill the remaining post. A presentation on the Vital Few,

PLICS and Model Hospital data had been provided to the Executive Strategy Board (ESB) in October 2018 and a further presentation was planned for the November 2018 ESB meeting. A new cohort had started on the Lean Apprenticeship Programme and the Trust had received positive feedback from a recent NHS Improvement visit. The Committee Chair also highlighted the Trust's recent improvement in procurement benchmarking data, noting that UHL's national ranking position had improved from 34th to 15th and UHL was the only Trust in the East Midlands to hold the Silver Award for procurement standards;

- **Alliance Quarterly Update** – on behalf of the Alliance Director, the Chief Financial Officer and the Director of Performance and Information introduced paper I, providing an overview of the Alliance's financial and operational performance up to month 5 of 2018/19, progress made towards shifting planned care services into the community hospital setting, and the benefits of the Referral Support Service which was being provided by the Alliance for the East Leicestershire and Rutland CCG and the Leicester City CCG. As previously advised, the day to day management of the UHL pillar activity was being transferred into UHL's management structure, but the timescale for this had slipped from 1 August 2018 to 1 November 2018. Discussion took place regarding clinical workforce capacity and the case mix of activity, given that the Alliance was only able to treat those patients suitable for day-case surgery. FIC members also considered the longer term direction of travel for the Alliance, noting that the contract was due to be reviewed for potential extension in March 2019 (at year 5), subject to agreement by the CCGs and Provider Partners, and that the contract was due to end in March 2021 (at year 7), and
- **Items for scrutiny and information** – the Committee received and noted the following reports for information:-
 Paper K – Strategic Reconfiguration Programme Project Plan and Timetable for Business Cases;
 Paper L – FIC Calendar of Business 2018/19, and
 Paper M – action notes from the Executive Performance Board meeting held on 25 September 2018.

Matters requiring Trust Board consideration and/or approval:

Recommendations for approval

- None

Items highlighted to the Trust Board for information

- None

Matters referred to other Committees:

- **None**

Date of next meeting:

29 November 2018