

Trust Board paper K3

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

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

**DATE OF TRUST BOARD MEETING: 1 November 2018**

**COMMITTEE: Finance and Investment Committee**

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

**DATE OF COMMITTEE MEETING: 27 September 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 84/18/1 – digital dictation/speech recognition contract management plan;
- Minute 85/18/1 – financial performance for Month 5;
- Minute 85/18/3 – progress of the Productivity Improvement Programme;
- Minute 85/18/7 – CQC Use of Resources: Assessment Framework;
- Minute 85/18/8 – review of ability to continue delivering over-activity, and
- Minute 85/18/1 – quarterly IBM update.

**DATE OF NEXT COMMITTEE MEETING: 25 October 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 27 SEPTEMBER 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 R Brown – Chief Operating Officer (excluding Minutes 81/18 to 84/18)  
Mr R Moore – Non-Executive Director  
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 Bond – Head of Capital Projects (for Minute 86/18/2)  
Mr J Clarke – Chief Information Officer (for Minute 86/18/1)  
Mr D Kerr – Director of Estates and Facilities  
Mr A Middleton – Property Manager, Estates and Facilities (for Minute 79/18 and 80/18)  
Mr W Monaghan – Director of Performance and Information  
Mrs K Rayns – Corporate and Committee Services Officer  
Mr B Shaw – Director of Efficiency and CIP  
Mr D Streets – Head of Procurement and Supplies (for Minute 84/18/1)  
Mr N Sone – Financial Controller  
Mr M Wightman – Director of Strategy and Communications

**RECOMMENDED ITEMS**

**ACTION**

- 79/18 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.
- 80/18 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.

**RESOLVED ITEMS**

- 81/18 APOLOGIES**
- An apology for absence was received from Mr A Johnson, Non-Executive Director.
- Resolved** – that the apology for absence be noted.
- 82/18 MINUTES**
- Resolved** – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 30 August 2018 (papers A1 and A2) be confirmed as correct records.
- 83/18 MATTERS ARISING**
- Paper B detailed the status of all matters arising from the 30 August 2018 FIC meeting and

any outstanding matters arising from previous FIC meetings. Particular discussion took place regarding the following items:-

- (a) item 14 (Minute 73/18/5 of 30 August 2018) – following a review of the balances owed by the University of Leicester and Nottingham University Hospitals NHS Trust, the Chief Financial Officer briefed the Committee on inherent delays within the invoicing mechanism and authorisation process, providing assurance that the position was being kept under review going forwards;
- (b) items 15 and 16 (Minute 73/18/6 of 30 August 2018) – a briefing on the scale of non-specific commissioning contractual challenges had been provided to NHS Improvement, but the Chief Financial Officer provided assurance that these contractual challenges were not currently affecting UHL's cash flow;
- (c) item 23 (Minute 74/18/4 of 30 August 2018) – the Chief Financial Officer briefed the Committee on the outputs of his discussions with other organisations regarding opportunities for commercial developments and the need for the Trust Board to consider and agree the type of developments to be taken forwards (other than subsidiary companies). He also commented upon the impact of national policy decisions upon the Trust's longer term commercial strategy;
- (d) item 25 (Minute 63/18/1 of 26 July 2018) – a detailed discussion took place regarding the proposal to implement a 12 month rolling mechanism for internally monitoring CIP progress to avoid the traditional peaks and troughs usually associated with the fiscal year reporting process. Assurance was provided that the CMGs and Corporate Directorates were encouraged to continually plan for CIP schemes in future years and that the Financial Recovery Board, Vital Few, Model Hospital and Carter workstreams supported a focus on efficiency savings for the next 5 financial years. The reporting mechanism for capturing the 12 month rolling CIP progress would be more challenging to deliver, but some additional resources within the Finance Team might be able to assist in this area, and
- (e) item 39 (Minute 7/17/2 of 28 September 2017) – opportunities to hold a follow-up Trust Board thinking day with IBM were considered as part of the quarterly update on the IBM contract (Minute 86/18/1 below refers).

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

83/18/1 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.**

**84/18 BUSINESS CASES**

84/18/1 Digital Dictation/Speech Recognition Contract Management Plan

Further to Minute 47/18 of 28 June 2018, the Trust Board had subsequently approved the contract award for a digital dictation and speech recognition system on 9 August 2018 (Trust Board Minute 240/18 refers). However, the Trust Board had requested the Finance and Investment Committee to review the contract management arrangements going forwards (as set out in paper C).

Mr D Streets, Head of Procurement and Supplies provided an overview of the proposed approach to implementing the digital dictation and speech recognition contract and the ongoing arrangements for managing the contract thereafter. He briefed the Committee on

the supplier relationship management arrangements for ensuring that the contract ran smoothly (without surprises or disputes on either side) and that the maximum efficiencies were being delivered through increased use of technology. Assurance was provided that routine reconciliation audits would be taking place, but an in-depth review of invoices would only be undertaken if a specific contractual issue arose. In addition, the Chief Financial Officer briefed the Committee on the annual audit process (which did include sampling of invoices) and a wider piece of work that he was undertaking for the Audit Committee in respect of identifying best practice in contract management (both within and outside of the NHS).

Particular discussion took place regarding membership of the Transcription Board and whether this represented the most effective use of all members' time. In response, the Director of Performance and Information advised that the Clinical Management Groups (CMGs) had been invited to nominate a single representative to attend the Transcription Board meetings, but they had preferred to nominate individual Service Managers and General Managers to ensure that the interests of their services were appropriately reflected.

COO/  
DPI

The Chief Executive invited the Chief Operating Officer and the Director of Performance and Information to nominate a lead officer to assume responsibility for the digital dictation and speech recognition system following completion of the implementation phase and the Head of Procurement and Supplies was requested to update the project management plan to include this information (when available).

HPS

**Resolved – that (A) the Digital Dictation/Speech Recognition Contract Management Plan be received and noted as paper C,**

**(B) the Chief Operating Officer and the Director of Performance and Information be requested to nominate a lead officer to assume responsibility for the digital dictation and speech recognition following completion of the implementation phase, and**

COO/  
DPI

**(C) the Head of Procurement and Supplies be requested to update the project plan to include the name of the lead officer (when known).**

HPS

## 85/18 FINANCE AND PLANNING

### 85/18/1 2018/19 Month 5 Financial Performance

The Chief Financial Officer introduced paper E advising that the month 5 (August 2018) deficit of £23.8m was in line with plan, excluding Provider Sustainability Funding (PSF). Including PSF, the Trust had achieved a year to date deficit of £21.5m representing an adverse variance to plan of £3.9m due to non-recognition of PSF in Quarter 2 reporting which would include the anticipated impact of not proceeding with the Facilities Management LLP (FM LLP). With the exception of PSF, the financial position and forecast currently excluded the underlying impact of the cessation of the FM LLP, pending agreement with NHS Improvement on the process for managing this development.

Joint working with NHS Improvement was ongoing, but UHL had been requested to submit a revised financial forecast, based on the Quarter 2 performance at the end of month 6. A report on the 2018/19 forecast outturn would be presented to the Trust Board on 4 October 2018. Subject to any significant changes in performance at month 6, the Board would be invited to approve the forecast in principle and grant delegated authority to the Chairman and the Chief Executive to approve the final submission to NHS Improvement (in consultation with the Chief Financial Officer, the FIC Chair and the Audit Committee Chair).

CFO

Particular discussion took place regarding the financial performance of the Women's and Children's (W&C) and Musculoskeletal and Specialist Surgery (MSS) Clinical Management Groups. FIC members noted that the inconsistencies highlighted within the MSS activity

plans had now been corrected following a robust validation process, resulting in a £1.3m correction to their control total. The W&C CMG was struggling to recover their financial position and a weekly 'special measures' process had been established by the Chief Operating Officer. This process involved additional corporate support and enhanced access to business intelligence and clinical coding support, complemented by peer review processes, confirm and challenge and weekly review meetings. The Director of Strategy and Communications highlighted opportunities to embed the lessons learned from the MSS revised control total into the business planning cycle for 2019/20.

DSC/  
CFO

**Resolved – that (A) the Month 5 Financial Performance report be received and noted as paper D;**

**(B) the Chief Financial Officer be requested to present a report on the forecast 2018/19 financial outturn to the 4 October 2018 Trust Board meeting and seek delegated authority for the Chairman and the Chief Executive to approve the final submission to NHS Improvement (in consultation with the Chief Financial Officer, the FIC Chair and the Audit Committee Chair), and**

CFO

**(C) the Director of Strategy and Communications and the Chief Financial Officer be requested to consider how to embed the lessons learned from the MSS CMG's revised control total into the business planning cycle for 2019/20.**

DSC/  
CFO

85/18/2 Confidential Report by the Chief Executive

**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.**

85/18/3 UHL Productivity Improvement Programme – Month 5

Further to Minute 73/18/4 of 30 August 2018, 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. He particularly highlighted the need to remove the financial benefits of the FM LLP for the next month's reporting process. Interviews had been held for the vacant Transformation Lead posts and these posts were now being appointed to.

A presentation on the Vital Few, PLICS and Model Hospital data was due to be presented to an Executive Board meeting in October 2018. Good progress continued to be made with improving the accuracy of clinical coding. Members particularly noted that the proportion of coding from case notes in the W&C CMG had improved from 30% to 90%. The WTE impact of productivity improvements as detailed on slide 7 (49.77 wte) was noted to be lower than anticipated and further work was taking place with the Deputy Director of Human Resources to validate this figure and to improve the reporting process going forwards. The Chief Operating Officer cautioned that the Trust's headcount was expected to increase as the additional winter ward capacity came into use.

**Resolved – that the month 5 update on UHL's Productivity Improvement Programme (PIP) be received and noted as paper G.**

85/18/4 Theatre Efficiency Workstream

Further to Minute 54/18/4 of 28 June 2018, the Chief Operating Officer introduced paper H, providing a progress update on the Theatre Efficiency Workstream and the work that UHL was undertaking with Four Eyes Consulting in respect of improving theatre planning, utilisation and pre-operative assessment. She advised that the current project had been running since 13 August 2018 and that the part-year effect of the savings identified stood

at £1.8m for improving in-session utilisation and £0.5m for reducing the number of cancelled sessions.

In response to a query by the Committee Chair, a wider discussion took place regarding the benefits and risks associated with 24-hour operating and the Chief Operating Officer advised of her preference for extending operating days and using these sessions more effectively. The Director of Performance and Information noted that current advice from the Royal College of Surgeons suggested that surgery after 8.30pm should only be undertaken for emergency cases. The Director of Estates and Facilities also cautioned against 24-hour operating, noting the need to schedule appropriate downtime for theatre maintenance and the impact upon the life cycle of plant and equipment.

**Resolved – that the progress report on the Theatre Efficiency Workstream be received and noted as paper H.**

85/18/5 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.**

85/18/6 Trust's Long Term Financial Strategy

Paper J provided the updated UHL Financial Strategy which now included the agreed 2018/19 baseline position, the capital funding bid for the Reconfiguration Programme and the Pre-Consultation Business Case. Crucially, the Strategy had not yet been updated to include the financial implications of not allowing the progression of UHL's Facilities Management LLP (FM LLP). A refreshed version of the Financial Strategy would therefore be presented to the 25 October 2018 FIC meeting and the 1 November 2018 Trust Board meeting. The Chief Executive requested that some additional clarity be provided on the proportion of UHL's deficit that related to structural issues (to increase the Committee's understanding of these figures and the actions underway to mitigate them).

**CFO**

**Resolved – that (A) the draft Long Term Financial Strategy be received and noted as paper J, and**

**(B) the Chief Financial Officer be requested to refresh the Financial Strategy (to take account of the financial consequences of not allowing the progression of the FM LLP and to clarify the proportion of UHL's deficit that related to structural issues) and present the refreshed version to the FIC and Trust Board meetings on 25 October 2018 and 1 November 2018, respectively.**

**CFO**

85/18/7 Care Quality Commission – Use of Resources: Assessment Framework

The Chief Financial Officer introduced paper K, briefing the Committee on the introduction of the Use of Resources Assessment Framework (which was appended to the report) and advising that a self-assessment would be undertaken in October 2018 for consideration at the 8 November 2018 Trust Board thinking day. The Chief Financial Officer confirmed that the Finance Team was working closely with the Director of Clinical Quality in developing UHL's preparations for the forthcoming CQC inspection.

**Resolved – that the briefing note on the implementation of the CQC Use of Resources Assessment Framework be received and noted as paper K.**

85/18/8 Review of the Trust's Ability to Continue Delivering Over-Activity

As requested by the Trust Board on 2 August 2018, the Chief Operating Officer and the Director of Performance and Information introduced paper L, outlining UHL's ability to

continue to deliver additional waiting list admitted activity through detailed modelling of the bed capacity and predicted requirements using a second additional ward on the LRI site and maintaining the reduction in length of stay at Glenfield Hospital. The majority of this additional income would be offset by the cost of delivering the additional activity, but a surplus of £350k was expected to be realised and other non-financial benefits would be delivered in terms of staffing levels, staff training and education, quality and safety of care, and reduced waiting lists.

**Resolved – that the update on the Trust’s ability to continue delivering over-activity be received and noted as paper L.**

**86/18 STRATEGIC ISSUES**

**86/18/1 IBM Quarterly Contract Update**

The Chief Information Officer attended the meeting to present the quarterly update on the IBM contract (as set out in paper M). During the last quarter there had been no failures in the KPIs or SLAs and the needs of the service were being reviewed going forwards. The eQuip (replacement IT equipment) programme had commenced its roll-out phase and the response to date had been very positive. Deloitte had audited UHL’s NHS Digital Maturity self-assessment and they had agreed with the findings in the majority of categories. UHL was now expected to be ranked within the top 10% of NHS Trusts in this respect.

Responding to a query by the Committee Chair, the Chief Information Officer provided his view that it would be worthwhile arranging a follow-up Trust Board development session with IBM, but this could be held in Leicester (if this was more convenient). The Committee requested the Director of Corporate and Legal Affairs and the Trust Chairman to reconsider the scope for holding this event during the 2018/19 financial year and (if appropriate) arrange a date for this session.

**DCLA/  
Trust  
Chairman**

Particular discussion took place regarding the development of processing robots at UHL and any opportunities for UHL to increase automated process usage for back office services such as Finance and HR. The Chief Information Officer and the Director of Efficiency and CIP agreed to collaborate with each other on the separate workstreams that they were developing at the current time. It was agreed that an update would be provided to the December 2018 FIC meeting as part of the next quarterly update on the IBM contract. Finally, the Director of Strategy and Communications sought and received information regarding the nominated IT lead to be co-located within the Strategy Team based on the LRI site.

**CIO/  
DECIP**

**Resolved – that (A) the quarterly update on the IBM contract be received and noted as paper M;**

**(B) the Director of Corporate and Legal Affairs and the Trust Chairman be requested to re-consider the scope to hold a follow-up Trust Board thinking day with IBM in the 2018/19 financial year, and (if appropriate) schedule a date for this session, and**

**DCLA/  
Trust  
Chairman**

**(C) the Chief Information Officer and the Director of Efficiency and CIP be requested to collaborate on their separate developments relating to ‘Processing Robots’ and to provide an update to FIC in December 2018 (as part of the next quarterly update on the IBM contract).**

**CIO/  
DECIP**

**86/18/2 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.**

86/18/3 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.

## 87/18 SCRUTINY AND INFORMATION

87/18/1 Strategic Reconfiguration Programme – Project Plan and Timetable for Business Cases

The Chief Financial Officer drew members' attention to paper O, which set out the latest position for UHL's Strategic Reconfiguration Programme and how it aligned with the STP Capital Bid and the Pre-Consultation Business Case.

**Resolved** – that the update on the Strategic Reconfiguration Programme be received and noted as paper O.

87/18/2 Finance and Investment Committee Calendar of Business 2018/19

**Resolved** – that the FIC calendar of business for 2018/19 be received and noted as paper P.

87/18/3 Executive Performance Board

**Resolved** – that the notes of the 28 August 2018 Executive Performance Board meeting be received and noted as paper Q.

87/18/4 Capital Monitoring and Investment Committee (CMIC)

**Resolved** – that (A) the notes of the CMIC meeting held on 13 July 2018 be presented to FIC on 25 October 2018, and

(B) the cancellation of the August 2018 CMIC meeting be noted.

87/18/5 Revenue Investment Committee (RIC)

**Resolved** – that the cancellation of the August 2018 RIC meeting be noted.

## 88/18 ANY OTHER BUSINESS

**Resolved** – that no items of other business were noted.

## 89/18 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 4 October 2018, and

CCSO/  
Chair

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

- Minute 84/18/1 – digital dictation/speech recognition contract management plan;
- Minute 85/18/1 – financial performance for Month 5;
- Minute 85/18/3 – progress of the Productivity Improvement Programme;
- Minute 85/18/7 – CQC Use of Resources: Assessment Framework;
- Minute 85/18/8 – review of ability to continue delivering over-activity, and
- Minute 85/18/1 – quarterly IBM update.

## 90/18 DATE OF NEXT MEETING



**Resolved** – that the next meeting of the Finance and Investment Committee be held on Thursday 25 October 2018 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11:08am

Kate Rayns  
Corporate and Committee Services Officer

**FIC Attendance Record 2018-19**

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	6	6	100	A Johnson	6	5	83
J Adler	6	5	83	R Moore	6	4	67
R Brown (from 28.6.18)	4	3	75	K Singh (Ex-officio)	6	4	67
E Doyle	2	2	100	P Traynor	6	5	83

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	6	4	67	D Kerr	6	4	67
C Benham	6	6	100	M Wightman	6	6	100