

Cover report to the Trust Board meeting to be held on 12 April 2018

Trust Board paper K

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 Darryn Kerr, Director of Estates and Facilities
Date of last meeting:	22 March 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 22 March 2018:-

- **Matters arising:-**
 - **Full Business Case for the Relocation of ICU Capacity and Associated Specialties from the LGH Site** – the Committee noted some further slippage in the national approvals process for the Outline Business Case, which meant that the FBC would now be submitted to the May 2018 FIC meeting;
- **E-Rostering Contract Awards** – the Director of Operational Finance briefed the Committee verbally on the two e-rostering contract awards for medical staff and non-medical staff (respectively). A report on this matter had featured on the agenda for the People, Process and Performance Committee (PPPC) meeting held earlier that day. Members agreed that all future consideration of e-rostering issues would be undertaken by the PPPC (including a post-implementation review after the first 6 months);
- **Review of Pay Expenditure Trends between 2015-16 and 2017-18** – further to a request by the Trust Board (Minute 10/18/3 of 4 January 2018 refers) paper E provided a detailed analysis of pay expenditure increases over the last 2 years. A detailed discussion took place regarding the significant impact of the workforce transition from Interserve to UHL (approximately 1,300 whole time equivalent posts), increases in substantive pay costs, reductions in agency staffing expenditure, additional investment in service developments, additional clinical activity and the impact of incremental pay drift. It was agreed that the Head of Financial Planning and Analysis would produce abridged versions of this report for each CMG to strengthen their awareness of workforce expenditure trends and the relationship between pay costs and increased patient care income. This data would also help to inform the service development plans, workforce plans and budget setting process for 2018-19 and would be reflected in the CMG balanced scorecards going forwards;
- **Cost Improvement Programme** – the Director of Efficiency and CIP introduced paper H, the monthly CIP progress report, noting in-month delivery of £4.9m savings compared with the planned £5.4m. The forecast CIP outturn for 2017-18 stood at £39.1m against the £44.2m target, representing an adverse variance of £5m. For 2018-19, some 59% of the £32m target had been identified and work continued with the CMGs and Corporate Directorates to develop additional productivity improvements to address the gap. The 3 year pipeline tracker and now been incorporated into the departmental trackers and there had been good engagement in the PLICS data, although an additional focus had been agreed in the Women’s and Children’s CMG to resolve issues with coding and data quality. The Director of Estates and Facilities requested that further consideration be given to the mechanism for capturing and demonstrating Estates and Facilities Management cost improvements in future, ie whether to capture efficiency savings as traditional CIP or whether to build them into the Service Level Agreements for the proposed LLR Healthcare Facilities Management Partnership;
- **Quarterly Update on the IBM Contract** – the Chief Information Officer attended to introduce paper J, providing the quarterly update on service delivery and key developments in respect of service improvements. Discussion took place regarding the advantages and disadvantages of the various available financial options to support the Trust’s PC replacement programme, the original expectations surrounding the Electronic Patient Record project

and the scaled down solutions that were being progressed using the tools available to the Trust. FIC members noted that not all of the service improvements were directly reliant upon hardware and software availability, as a significant proportion of efficiency savings could be delivered through changes in processes and procedures, eg only accepting electronic diagnostics requests and ceasing the use of paper request forms, and

- **Updated Timetable for UHL Business Case Approvals** – paper K provided a briefing on the impact of delayed capital announcements and a review of the Trust’s Development Control Plan to re-check the assumed requirements and refresh the phasing of the implementation plans. The revised programme and cost profile was expected to be presented to the Reconfiguration Board in April 2018 and FIC and ESB in May 2018.

Matters requiring Trust Board consideration and/or approval:

- **2017-18 Month 11 Financial Performance** – paper F advised of a year-to-date deficit of £37.2m (excluding Tranche 1 winter funding) which was £10m adverse to plan, reflecting emergency pressures, cancellation of planned elective procedures to support winter pressures, high marginal costs to deliver additional activity and non-delivery of CIP. The forecast 2017-18 outturn now reflected a deficit of £36.7m (£10m adverse to plan) and the risks and proposed mitigating actions were set out on page 23. The proposed sale of surplus paddock land would not now be realised during the 2017-18 financial year. Discussion took place regarding the formal process for amending the Trust’s forecast outturn submission to NHS Improvement (which would require sign-off by the Chief Executive, Chief Financial Officer, Acting Chairman and Audit Committee Chair). It was agreed that a recommendation would be made to the Trust Board accordingly.

Matters referred to other Committees:

- **None.**

Date of next meeting:

26 April 2018