

Trust Board paper M3

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 12 April 2018

COMMITTEE: Finance and Investment Committee

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

DATE OF COMMITTEE MEETING: 22 February 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 4/18/1 – Month 10 Financial Performance, and
- Minute 5/18/3 – Presentation on NHS Resolution.

DATE OF NEXT COMMITTEE MEETING: 22 March 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 22 FEBRUARY 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 (from part of Minute 5/18/1)
Mr A Johnson – Non-Executive Director
Mr K Singh – Trust Chairman (non-voting ex-officio)
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr C Benham – Director of Operational Finance
Mr N Callow – Finance Director, Pathology (for Minute 5/18/1 only)
Colonel (Retired) I Crowe – Non-Executive Director (for Minute 5/18/3 only)
Ms L Gale – Head of Financial Planning and Analysis
Mr D Kerr – Director of Estates and Facilities
Dr A McGregor – Clinical Director, Pathology (for Minute 5/18/1 only)
Mr S Murray – Assistant Director of Corporate and Legal Affairs (for Minute 5/18/3 only)
Mrs K Rayns – Corporate and Committee Services Officer
Mr B Shaw – Director of Efficiency and CIP (for Minute 4/18/5 only)
Mr N Sone – Financial Controller (up to and including Minute 4/18/4)
Ms L Wall – Head of Contracts (for Minute 4/18/6 only)
Mr S Ward – Director of Corporate and Legal Affairs (for Minute 5/18/3 only)
Mr M Wightman – Director of Strategy and Communications (from part of Minute 4/18/1)

RESOLVED ITEMS

ACTION

1/18 APOLOGIES AND WELCOME

Apologies for absence were received from Mr R Moore, Non-Executive Director, and Mr K Allan, Patient Partner.

Resolved – that the apologies for absence be noted.

2/18 MINUTES

Resolved – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 25 January 2018 (papers A1 and A2) be confirmed as correct records.

3/18 MATTERS ARISING

Paper B detailed the status of all matters arising from the 25 January 2018 FIC meeting and any outstanding matters arising from previous FIC and Integrated Finance, Performance and Investment Committee (IFPIC) meetings. Noting some areas of duplication within the FIC matters arising log, the Chief Financial Officer undertook to review the list of outstanding actions and provide feedback to the Corporate and Committee Services Officer (outside the meeting). Particular discussion took place regarding progress of the following items:-

CFO

- (a) ***item 2 (Minute 45/17/1c of 25 January 2018 refers)*** – further discussion on this item would be held between the Committee Chair and Mr A Johnson, Non-Executive Director outside the meeting;

**FIC
Chair**

- (b) **item 15 (Minute 39/17/3b of 21 December 2017 refers)** – the Chief Financial Officer confirmed that the 2018-19 CIP targets had been considered and agreed by the Executive Performance Board on 20 February 2018, and this action could now be RAG-rated as complete (5); **CCSO**
- (c) **item 18 (Minute 26/17 of 30 November 2017 refers)** – the Director of Operational Finance briefed the Committee on the completed options appraisal process in respect of the electronic rostering contract awards for medical and non-medical staff. The finalised business cases were now expected to be submitted to the Revenue Investment Committee for approval in March 2018 and a briefing note would be provided to the March 2018 FIC meeting; **DWOD**
- (d) **item 21 (Minute 27/17/2c of 30 November 2017 refers)** – the Chief Financial Officer advised that work to develop the Communications and OD Strategy for the Pathology Network would only be able to commence once the proposed organisational form was agreed, and **DWOD/ DSC**
- (e) **item 25 (Minute 12/17b of 26 October 2017 refers)** – the full business case for the relocation of ICU capacity and associated specialties from the LGH site would now be presented to the March 2018 FIC meeting, due to delays in the timescale for NHSI approval of the outline business case. **CFO/ RPD**

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

4/18 FINANCE AND PLANNING

4/18/1 2017-18 Month 10 Financial Performance

The Chief Financial Officer and the Director of Operational Finance introduced paper C, advising of a year-to-date deficit of £31.7m, which was £6.9m adverse to plan (excluding the Tranche 1 winter funding of £2.243m). Members noted that financial performance in January 2018 had been adversely affected by emergency pressures, cancellation of elective procedures, overspends in pay and non-pay costs, and non-delivery of CIP savings (due to the profile of these savings increasing throughout the financial year).

As requested at the last meeting, a detailed analysis of pay expenditure trends for November and December 2017 had been undertaken, demonstrating that the total pay bill (combining substantive and agency costs) was in line with the year-to-date run rate. The outputs of this analysis had been presented to the Executive Strategy Board on 13 February 2018 and circulated to FIC members by email on the same date. Agency staffing expenditure remained below the maximum level required by NHS Improvement and this 'cap' represented a mandatory reduction of 30% upon the Trust's 2015-16 agency expenditure.

Excluding winter pressures and the impact of cancelling elective procedures, revised control totals had been set for each of the Clinical Management Groups (CMGs) and Corporate Directorates to deliver the planned deficit of £26.7m. Use of accelerated reserves had increased in-month by £0.5m. Mr A Johnson, Non-Executive Director drew members' attention to slide 16 (showing January 2018 financial performance by CMG and Directorate) and he reiterated the importance of including CMG financial performance within the CMG performance scorecards. Assurance was provided that each of the CMGs had a good understanding of what was expected of them, although clinical capacity was not yet available to return to normal operational delivery of planned elective activity. **CFO**

Resolved – that (A) the 2017-18 month 10 Financial Performance report be received and noted as paper C, and

(B) the financial performance of each CMG be included within the CMG performance scorecards (as presented to the People, Process and Performance Committee on a **CFO**

regular basis).

4/18/2 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.

4/18/3 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.

4/18/4 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.

4/18/5 Cost Improvement Programme (CIP)

The Director of Efficiency and CIP attended the meeting to present paper G, providing the monthly update on CIP progress (against the increased £44.2m CIP target) as at the end of January 2018, noting in-month delivery of £5.2m savings compared with the planned £6.2m. The variable CIP targets for 2018-19 had been considered and agreed by the Executive Performance Board on 20 February 2018, with lower targets established for CSI and ITAPS in place of gain share agreements with the remaining CMGs. Progress reports on the development of 2018-19 CIP schemes would be presented to the Executive Team on a bi-weekly basis.

Mr A Johnson, Non-Executive Director sought and received assurance that the 2018-19 CIP target was aligned with the 2018-19 draft financial plan, although the lateness of the guidance and the delayed contracting process had meant that the full extent of the cost improvement requirement was not yet known. The Chief Financial Officer requested a list of those schemes which had (and had not) been included within the CIP tracker to inform the quarterly review meeting with NHS Improvement on 16 March 2018.

DECIP

Discussion took place regarding progress of the Productivity Improvement Programme, including the Model Hospital data, GIRFT and implementation of Lean process improvements. FIC supported the arrangements for implementation of Lean using the in-house Listening into Action approach (with funding via the Apprenticeship Levy), as an alternative to applying for the NHS Improvement Lean Programme which was due to be considered at the March 2018 Trust Board thinking day.

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 provide the Chief Financial Officer with a list of the cost improvements schemes which were currently included (and not included) within UHL's CIP tracker.

DECIP

4/18/6 Contract Update

The Head of Contracts and Commissioning attended the meeting to present the quarterly update on contractual performance against the NHS Standard Contracts for Acute and Specialised Services for 2017-19 (paper H refers). Discussion took place regarding the local arrangements for removing fines and penalties from the first year of the contract, progress of contractual challenges and the Identification Rules (IR) exercise involving the

allocation of healthcare activities between Commissioners. Assurance was provided that relationships with the Trust's Commissioners remained positive and that processes were becoming more cohesive with the consolidation of the respective teams.

Resolved – that the quarterly update on contractual performance be received and noted as paper H.

4/18/7 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.

4/18/8 Review of Pay Expenditure Trends between 2015-16 and 2017-18

As requested by the Trust Board on 4 January 2018, paper J provided an analysis of pay expenditure trends during the 3 year period 2015-16 to 2017-18. Due to time constraints at this meeting, consideration of paper J was deferred to the 22 March 2018 FIC meeting (to be placed near the beginning of the agenda).

Resolved – that the analysis of pay expenditure trends (paper J) be rescheduled for consideration at the 22 March 2018 FIC meeting.

CCSO

5/18 **STRATEGIC ISSUES**

5/18/1 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.

5/18/2 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.

5/18/3 Presentation on NHS Resolution – An Introduction to its Schemes

The Director of Corporate and Legal Affairs and the Assistant Director of Corporate and Legal Affairs attended the meeting to provide a presentation on NHS Resolution, including the role of UHL's Litigation Team and membership of the various schemes operated by NHS Resolution, such as the Clinical Negligence Scheme for Trusts (CNST), the Existing Liability Scheme (ELS) and the Property Expenses Scheme (PES). Members noted that the calculation of UHL's CNST contributions was based upon a complex analysis of factors such as the number of clinical staff, finished consultant episodes, number of A&E attendances, number of births, historical claims experiences and the value of claims paid. Separate calculations were also provided in respect of maternity services as this service was not provided by all Trusts. Particular discussion took place regarding the scale of recent increases in CNST contributions, benchmarking of data with other Trusts, and opportunities to learn from claims in order to reduce future contributions.

The Chief Financial Officer advised that CNST increases were usually built into tariff, but the trends continued to increase and this year there had been a special mention in the annual planning guidance. Membership of NHS Resolution Schemes was not compulsory, but should the Trust decide to leave CNST, all relevant debts would be transferred and the total reserve currently stood at £407m. The Director of Corporate and Legal Affairs clarified that NHS Trusts were not permitted to fund their own insurance policies from Exchequer funding, with the exception of motor insurance and income generation

schemes. The Committee Chair thanked the Assistant Director of Legal Affairs for this helpful and informative presentation.

Resolved – that the presentation on NHS Resolution (paper K) and the additional verbal information be received and noted.

6/18 SCRUTINY AND INFORMATION

6/18/1 Updated Timetable for UHL Business Case Approvals

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

6/18/2 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 M).

6/18/3 Executive Performance Board

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

6/18/4 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 O.

6/18/5 Revenue Investment Committee

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

7/18 ANY OTHER BUSINESS

Resolved – that no items of other business were noted.

8/18 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 1 March 2018, and

CCSO/
Chair

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

- Minute 4/18/1 – Month 10 Financial Performance, and
- Minute 5/18/3 – Presentation on NHS Resolution.

9/18 DATE OF NEXT MEETING

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

The meeting closed at 11:12am

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)	6	6	100	T Lynch (to 31.12.17)	4	2	50
J Adler	6	5	83	R Moore	6	1	17
E Doyle (from 25.1.18)	2	2	100	K Singh (Ex-officio)	6	6	100
A Johnson	6	6	100	P Traynor	6	6	100

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	5	3	60	D Kerr	6	6	100
C Benham	6	6	100	M Wightman	5	5	100