

Trust Board paper P2

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

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

**DATE OF TRUST BOARD MEETING: 3 May 2018**

**COMMITTEE: Finance and Investment Committee**

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

**DATE OF COMMITTEE MEETING: 22 March 2018**

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

- **Minute 11/18 – 2017-18 Month 11 Financial Performance (re: delegated Trust Board approval to submit a revised 2017-18 forecast outturn to NHS Improvement).**

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

- **Minute 15/18/1 – Summary of Pay Expenditure Trends Between 2015-16 and 2017-18, and**
- **Minute 16/18/1 – Quarterly Update on the IBM Contract.**

**DATE OF NEXT COMMITTEE MEETING: 26 April 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 MARCH 2018 AT 1.00PM IN THE BOARD ROOM, VICTORIA BUILDING,  
LEICESTER ROYAL INFIRMARY**

**Voting Members Present:**

Mr M Traynor – Non-Executive Director (Committee Chair)  
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  
Ms L Gale – Head of Financial Planning and Analysis (up to and including Minute 15/18/4)  
Mr D Kerr – Director of Estates and Facilities  
Mrs K Rayns – Corporate and Committee Services Officer  
Mr B Shaw – Director of Efficiency and CIP (for Minute 15/18/3 only)  
Mr N Sone – Financial Controller (up to and including Minute 15/18/2)

**RECOMMENDED ITEMS**

**ACTION**

**10/18 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.

**11/18 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 emergency activity and non-delivery of CIP, which was adverse to plan by £4.1m. Agency staffing expenditure remained below the level required by NHS Improvement and this news was welcomed. Section 5 of the Executive Summary set out the process for managing unfunded cost pressures during 2017-18 using a Star Chamber approach to ensure appropriate visibility and senior oversight within the organisation.

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 of paper F in relation to emergency pressures, cancellation of elective activity to support winter pressures, non-delivery of unidentified CIP, progress of supplementary CIP schemes, CMG and Corporate Directorate financial performance, Finance Improvement and Technical (FIT) actions, balance sheet optimisation, strategy for delivering estates and facilities services, agency staffing and commissioner affordability.

Members noted that the proposed sale of surplus paddock land would not now be realised during the 2017-18 financial year, although it was expected to materialise in 2018-19. The Director of Estates and Facilities was requested to provide a briefing report to a future FIC meeting on this subject. 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 Trust Board delegated authority would be sought and that the Trust Board would be informed retrospectively on 12 April 2018.

**DEF**

**CFO**

**Recommended** – that (A) the 2017-18 month 11 Financial Performance report be received and noted as paper F,

**(B) the Director of Estates and Facilities be requested to submit a briefing report to a future FIC meeting on the proposed sale of surplus paddock land during the 2018-19 financial year, and** DEF

**(C) delegated Trust Board approval be sought for the Chief Executive, Chief Financial Officer, Acting Chairman and Audit Committee Chair to sign off an amended 2017-18 forecast outturn submission to NHS Improvement (as required).** CFO

### **RESOLVED ITEMS**

#### **12/18 APOLOGIES**

Apologies for absence were received from Mr J Adler, Chief Executive; Mr K Allan, Patient Partner; Ms E Doyle, Interim Chief Operating Officer; Mr R Moore, Non-Executive Director, and Mr M Wightman, Director of Strategy and Communications.

**Resolved – that the apologies for absence be noted.**

#### **13/18 MINUTES**

**Resolved – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 22 February 2018 (papers A1 and A2) be confirmed as correct records.**

#### **14/18 MATTERS ARISING**

##### **14/18/1 Matters Arising Report**

Paper B detailed the status of all matters arising from the 22 February 2018 FIC meeting and any outstanding matters arising from previous FIC and Integrated Finance, Performance and Investment Committee (IFPIC) meetings. Progress against the majority of items was noted to be either complete or on track, but particular discussion took place regarding the following entry:-

- (a) ***item 27 (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 had been rescheduled for presentation to the May 2018 FIC meeting, due to further delays in the timescale for NHSI approval of the outline business case. The Committee Chair expressed his concern that this might cause a cluster of business cases for detailed consideration by the Committee within the same month. In response, it was noted that a revised programme for business case developments would be submitted to the May 2018 FIC meeting.

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

##### **14/18/2 Electronic Rostering Contract Awards**

Further to Minute 26/17 of 30 November 2017, the Director of Operational Finance briefed the Committee verbally on the proposed 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. Mr A Johnson, Non-Executive Director and PPPC Chair supported a proposal for PPPC to undertake a post-implementation review of the new medical e-rostering system after the first 6 months of the contract.

**PPPC  
Chair**

**Resolved – that (A) the verbal information on the proposed e-rostering contract awards be received and noted, and**

**PPPC  
Chair**

**(B) the PPC Chair be requested to schedule a 6 month post-implementation review of the new medical e-rostering system on the PPC calendar of business.**

**15/18 FINANCE AND PLANNING**

**15/18/1 Summary 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 UHL's pay expenditure increases over the last 2 years. This report was originally submitted to the 22 February 2018 FIC meeting, but discussion had been deferred from that meeting due to time constraints. As requested, the report had been prioritised accordingly within the agenda for today's meeting.

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. FIC members commented upon the valuable nature of the report and the need to understand the actions that were being taken to address the key messages arising from this workstream. Slide 11 of paper E set out a number of observations, recommendations and next steps in relation to base line staffing models, benchmarking of efficiency metrics, policies and processes, systems review and opportunities to strengthen workforce controls in relation to overtime, cessation of employment, overpayments, local allowances and enhancements.

It was agreed that the Head of Financial Planning and Analysis would produce abridged versions of this report for the leadership team of each Clinical Management Group (CMG) to strengthen their awareness of workforce expenditure trends and the relationship between pay costs and increased patient care income. The Director of Estates and Facilities suggested that a graphical representation of the income growth/cost growth comparative data might be particularly helpful when presenting this data to the CMGs. These reports 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.

**HFPA**

**Resolved – that (A) the analysis of pay expenditure trends between 2015-16 and 2017-18 be received and noted as paper E, and**

**(B) the Head of Financial Planning and Analysis be requested to provide each of the Clinical Management Groups with abridged versions of the pay analysis report (paper E refers) to strengthen their awareness of workforce expenditure costs and to inform the service development plans going forwards.**

**HFPA**

**15/18/2 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.**

**15/18/3 Cost Improvement Programme (CIP)**

The Director of Efficiency and CIP attended the meeting to present paper H, providing 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 increased £44.2m target, representing an adverse variance of £5m. Slide 7 provided a breakdown of performance by CMG and Corporate Directorate and set out the key areas of focus for closing the gap. Escalation meetings continued to be held and further opportunities were being investigated to identify additional non-recurrent savings and pull forward any appropriate pipeline schemes which could start to deliver savings during the

current financial year.

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 Head of Financial Planning and Analysis requested a breakdown of the 2018-19 CIP plans broken down by pay and non-pay. She also requested a list of the CIP schemes for the Emergency and Specialist Medicine CMG.

DECIP

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.

DECIP

FIC members welcomed the positive progress being made with implementing Lean Technology at UHL, the Model Hospital workstream, Getting It Right First Time (GIRFT), and Patient Level Information Costing System (PLICS).

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

**(B) the Director of Efficiency and CIP be requested to provide the Head of Financial Planning and Analysis with additional information on the pay and non-pay breakdown of 2018-19 CIP plans and a list of the ESM CMG schemes for 2018-19 outside the meeting;**

DECIP

**(C) the Director of Efficiency and CIP be requested to liaise with the Chief Financial Officer and the Director of Estates and Facilities to determine the future mechanism for capturing and reporting of Estates and Facilities Management cost improvements.**

DECIP

15/18/4 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.

16/18 **STRATEGIC ISSUES**

16/18/1 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. The report was taken as read and the Chief Information Officer highlighted the key issues, advising that performance was broadly being delivered within the expected ranges. However, he noted that the original expectations surrounding this contract were based upon a service solution involving a fully implemented Electronic Patient Record and this had formed the basis of IBM's original contractual planning process and programme 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 currently available to the Trust. In response to a query from the FIC Chair, the Chief Information Officer confirmed his belief that there was sufficient capability within the existing team to deliver the required

outcomes, noting that the two Chief Medical Information Officers were working closely with the Medical Director and the Assistant Medical Directors to develop the programmes of work going forwards. For example, a modification to the GP system was being implemented which would allow for tighter integration between UHL and primary care and this was expected to be in place by Christmas 2018.

FIC members particularly noted that not all of the potential 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.

**Resolved** – that the quarterly update on the IBM contract be received and noted as paper J.

## 17/18 SCRUTINY AND INFORMATION

### 17/18/1 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. Further to the discussion under Minute 14/18/1 above, the Chief Financial Officer provided assurance that the phasing of the business cases would be appropriately spaced to prevent clusters within the approvals process throughout the year.

**Resolved** – that (A) the update on modifications to the timetable for UHL Business Case Approvals be received and noted as paper K, and

(B) an updated timetable for UHL Business Case Approvals be presented to the Reconfiguration Board in April 2018 and FIC in May 2018.

### 17/18/2 Finance and Investment Committee Calendar of Business 2018-19

**Resolved** – that the FIC calendar of business for 2018-19 be received and noted (as set out in paper L).

### 17/18/3 Executive Performance Board

**Resolved** – that the notes of the 20 February 2018 Executive Performance Board meeting be received and noted as paper M.

### 17/18/4 Capital Monitoring and Investment Committee

**Resolved** – that the notes of the 26 February 2018 Capital Monitoring and Investment Committee meeting be received and noted as paper N.

### 17/18/5 Revenue Investment Committee

**Resolved** – that the notes of the 19 February 2018 Revenue Investment Committee meeting be received and noted as paper O.

## 18/18 ANY OTHER BUSINESS

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

## 19/18 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

**Resolved** – that (A) a summary of the business considered at this meeting be

CCSO/

presented to the Trust Board meeting on 12 April 2018, and

Chair

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

- Minute 11/18 – Month 11 Financial Performance and the recommendation to seek delegated Trust Board approval to submit a revised 2017-18 forecast outturn to NHS Improvement;
- Minute 15/18/1 – Summary of Pay Expenditure Trends Between 2015-16 and 2017-18, and
- Minute 16/18/1 – Quarterly Update on the IBM Contract.

**20/18 DATE OF NEXT MEETING**

**Resolved** – that the next meeting of the Finance and Investment Committee be held on Thursday 26 April 2018 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 2:47pm

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)	7	7	100	T Lynch (to 31.12.17)	4	2	50
J Adler	7	5	72	R Moore	7	1	14
E Doyle (from 25.1.18)	3	2	67	K Singh (Ex-officio)	7	7	100
A Johnson	7	7	100	P Traynor	7	7	100

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	6	3	50	D Kerr	7	7	100
C Benham	7	7	100	M Wightman	6	5	83