

Cover report to the Trust Board meeting to be held on 4 January 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)
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Reporting Committee:	Finance and Investment Committee
Chaired by:	Martin Traynor, Non-Executive Director
Lead Executive Director(s):	Louise Tibbert, Director of Workforce and Organisational Development Paul Traynor, Chief Financial Officer
Date of last meeting:	21 December 2017

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 21 December 2017:-

- **Electronic Rostering Contract Award** – the Director of Workforce and Organisational Development provided a short verbal update, advising that a briefing note would be presented to FIC in January 2018. The selected medical staff rostering system was a different system from the nurse rostering system and the value of the 2 separate contracts would now fall below the threshold for FIC and Trust Board approval. Assurance was provided that appropriate medical engagement had taken place within the selection process;
- **2017-18 Month 8 Financial Performance** – paper D advised of a year-to-date deficit of £24.2m which was in line with plan. November 2017 financial performance had been relatively stable (in line with the planned position) and the year-to-date acceleration of reserves had not increased in-month. CIP performance was currently £1.7m adverse to plan and there was an unidentified gap of £6.4m (including £1.1m non-delivery of the supplementary workforce CIP). 2017-18 financial control totals had been formally agreed with 6 of the 7 CMGs, and discussions with the Emergency and Specialist Medicine CMG were expected to be closed down imminently. The key risks and mitigating actions remained consistent with the reported position at month 7. Mr A Johnson, Non-Executive Director requested that details of the previously-reported EBITDA position and the current EBITDA position be provided to him outside the meeting. Discussion also took place regarding pay expenditure controls, development of the Workforce Strategy, the quality of financial support available to the CMGs, future contractual arrangements with Commissioners, and benchmarking of efficiency and productivity data. The People, Process and Performance Committee (PPPC) now considered all workforce issues and that Committee would have overall accountability for overseeing the development of a precise set of smart target metrics for the Workforce Strategy going forwards. This would also link with the Trust’s Efficiency Strategy and implementation of Lean working processes (due to be considered at the PPPC meeting to be held later that day);
- **Cost Improvement Programme** – paper G provided the monthly CIP progress report, noting in-month delivery of £2.6m (an adverse variance of £1.1m compared to the planned £3.7m). Year-to-date CIP delivery stood at £22.124 (adverse to plan by £1.662m) and the forecast outturn stood at £37.7m against the target of £44.2m, adverse to plan by £6.433m (of which the supplementary CIP gap stood at £1.1m). Additional savings for 2017-18 had been identified within the Estates and Facilities Directorate and an associated £1.0m improvement was expected to be reported in month 9. Assurance was provided that all CMGs and Corporate Directorates continued to seek additional savings to mitigate the forecast outturn position. FIC considered the type of cost improvement activity which other Trusts were already badging as CIP savings (eg activity growth, counting and coding changes and cost avoidance schemes) and potential opportunities to revise UHL’s guidance on defining CIP schemes (if necessary). The Trust appeared to be an outlier in respect of branded drug usage compared to generic alternatives, but a significant resource would be required to drive forward any changes in this area and there would be no direct financial benefit to UHL (unless a form of gain share could be agreed with Commissioners). The report also detailed progress against the cross-cutting CIP themes and key risk and mitigation measures. Progress against the key milestones for 2018-19 CIP planning was set out on page 12 of the report, noting that 24% of the total 2018-19 plan had been identified to date (against the target to identify

25% of schemes by the end of November 2017).

The Committee discussed the Model Hospital workstream, noting that a workshop would be held with the CMGs on 4 January 2018 and a further workshop would be arranged once the Model Hospital Database was updated with the 2016-17 data. The Chief Financial Officer and the Director of Strategy and Communications undertook to promote these workshops in order to maximise attendance. It was agreed that the outline CIP targets would be submitted to the Executive Strategy Board on 16 January 2018;

- **Updated Timetable for UHL Business Case Approvals** – paper H provided the updated timescales for the Strategic Reconfiguration Programme reflecting the next steps for delivering a co-located EMCHC service, the resources required to support the approval process and guidance received that the OBCs and FBCs could be merged for STP funded projects with a value of less than £30m. Appendix 1 listed the key milestones for each scheme and appendix 2 set out the high level phasing of the development control plan;
- **Procurement Strategy update** – the Head of Procurement and Supplies attended the meeting to introduce the 6 monthly update on UHL's Procurement Strategy (paper I refers). He highlighted the key achievements and progress against the procurement enabled non-pay CIP schemes, which stood at £7.3m against the 2017-18 target of £8m. Further to discussion at the 29 June 2017 IFPIC meeting, it was confirmed that if the consumables expenditure contained within the Asterol and Synergy contracts was included within the benchmarking data, then UHL's position within the benchmarked rankings would be less favourable. FIC commended the achievement of Level 2 accreditation against the NHS Standards of Procurement, noting the significant contribution that good clinical engagement and robust CIP tracking processes had made in this respect, and
- **IBM Contract Quarterly Update** – the Chief Information Officer attended the meeting to present paper J, advising that 2 supplementary reports (providing the monthly service delivery summary and performance data against the SLA) had now been provided to the Corporate and Committee Services Officer for onward circulation to Committee members after the meeting. A full service improvement plan had been implemented to address a deteriorating trend with desktop support and there had been no SLA failures in November 2017. A scheme to replace 6,000 old computers was currently being explored using a variety of potential funding scenarios. This scheme would also require a significant amount of space for storing and decommissioning the old devices and setting up the new devices. The impact upon the rolling equipment programme in future years was also being considered alongside the depreciation charges and accruals for future years. The Chief Information Officer provided assurance that he was broadly comfortable that IBM were delivering the required metrics. He also highlighted an area of growth in the number of Nerve Centre users (which would now incur additional costs within the contract).

Matters requiring Trust Board consideration and/or approval:

- **Interpretation and Language Contract Award** – the Director of Workforce and Organisational Development attended to introduce paper C, seeking the Committee's approval to award a new 2 year contract for the provision of face-to-face, telephone, written translation services to the Trust's preferred supplier. The Trust's previous provider of this service had gone into liquidation in February 2017 and an interim solution had been in place since that time. Following completion of an EU compliant procurement process, appropriate due diligence processes, equality impact assessments and visits to the reference sites had been undertaken. British Sign Language (BSL) and dual sensory (deaf-blind) services were currently excluded from the contract award but it was intended to incorporate the existing suppliers under a sub-contacting agreement with the preferred supplier who would then manage the bookings and provide appropriate management information to UHL. Clear guidance would be issued to CMGs surrounding appropriate use of face-to-face translation services for complex clinical discussions. CMGs held the budgets for their own translation services and the preferred supplier would be able to provide real-time cost reporting to enable budget holders to monitor expenditure accordingly. Assurance was provided that the preferred supplier could provide a high quality service which represented good value for money. A detailed Service Level Agreement was being developed and this would be completed at the contract award stage. The Committee supported the contract award and recommended it for formal Trust Board approval on 4 January 2018.

Matters referred to other Committees:

- **None.**

Date of next meeting:

25 January 2018