

Trust Board paper L2

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 4 January 2018

COMMITTEE: Finance and Investment Committee

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

DATE OF COMMITTEE MEETING: 30 November 2017

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

- None.

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

- Minute 27/17/1 – Network Pathology Service, and
- Minute 28/17/6 – Quarterly Contract update.

DATE OF NEXT COMMITTEE MEETING: 21 December 2017

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 30 NOVEMBER 2017 AT 8.30AM IN SEMINAR ROOM 2, CLINICAL EDUCATION CENTRE, GLENFIELD HOSPITAL

Voting Members Present:

Mr M Traynor – Non-Executive Director (Committee Chair)
Mr J Adler – Chief Executive
Mr A Johnson – Non-Executive Director
Mr R Moore – Non-Executive Director (from Minute 27/17/2)
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 Callow – Finance Director, Pathology Management Team (for Minutes 27/17/1 and 27/17/2)
Ms M Gordon – Patient Partner
Mr D Kerr – Director of Estates and Facilities
Dr A McGregor – Clinical Director, Pathology Management Team (for Minutes 27/17/1 and 27/17/2)
Mrs K Rayns – Corporate and Committee Services Officer
Mr N Sone – Financial Controller (up to and including Minute 28/17/2)
Ms L Tibbert – Director of Workforce and Organisational Development
Ms L Wall – Head of Contracts and Commissioning (for Minute 28/17/6)
Mr M Wightman – Director of Strategy and Communications

RESOLVED ITEMS

ACTION

24/17 WELCOME AND APOLOGIES

The Committee Chair welcomed Mr K Allan, Patient Partner to his first meeting of the Committee and thanked Ms M Gordon, Patient Partner for her contribution to the Committee, noting that Ms Gordon would be stepping down as a Patient Partner with effect from today's date.

Apologies for absence were received from Mr T Lynch, Interim Chief Operating Officer and Mr B Shaw, Director of Efficiency and CIP.

Resolved – that the apologies for absence be noted.

25/17 MINUTES

Resolved – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 26 October 2017 (papers A1 and A2) be confirmed as correct records.

25/17/1 Intensive Care Unit Outline Business Case (OBC)

Further to Minute 12/17 of 26 October 2017 (relating to the approval of the ICU Outline Business Case), the Committee noted that the Executive Summary which had accompanied the OBC had been updated to act as a 'stand-alone' document at the request of NHS Improvement, prior to their consideration of the business case.

Resolved – that the above information be noted.

26/17 MATTERS ARISING

Paper B detailed the status of all matters arising from the 26 October 2017 FIC meeting and any outstanding matters arising from the previous Integrated Finance, Performance and Investment Committee (IFPIC) meetings. Particular discussion took place regarding progress of the following items:-

- (a) **item 13 (FIC Minute 5/17/2 of 28 September 2017)** – a report on the resources required to implement LEAN at UHL would be submitted to the 21 December 2017 FIC meeting, and DECIP
- (b) **item 22 (IFPIC Minute 53/17/7 of 25 May 2017)** – revised proposals had been developed for renewing the electronic rostering contracts and the quantum of the 2 separate contract renewals would now fall below the threshold which required FIC and Trust Board approval. The Committee Chair requested that a short briefing note on this subject be presented to the December 2017 FIC meeting, prior to the action being closed on the log. DWOD

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

27/17 BUSINESS CASES

27/17/1 Full Business Case to Establish a Network Pathology Service

Further to Minute 7/17/1 of 28 September 2017, Dr A McGregor, Clinical Director and Mr N Callow, Finance Director attended the meeting from the Pathology Management Team to present paper C, outlining the decision to disestablish the operational arrangements of Empath and establish a new East Midlands Pathology Network to transform Pathology services across the region to develop secure and sustainable services and deliver significant financial savings (in line with the Lord Carter Review and NHS Improvement proposals). A Full Business Case to establish the East Midlands Pathology Network was appended to paper C, but this was not being presented for formal approval.

Resolved – that the position be noted.

27/17/2 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.

28/17 FINANCE AND PLANNING

28/17/1 2017-18 Month 7 Financial Performance

The Chief Financial Officer introduced paper D, advising of a year-to-date deficit of £24.7m which was in line with plan, although underlying performance was currently £5.3m adverse to plan which was attributed to overspends in pay and non pay, CIP non-delivery and cost pressures associated with the emergency care pathway. Revised control totals had been agreed with each of the Corporate Directorates and CMGs in order to deliver the year-end forecast deficit of £26.7m. However, some further analysis was taking place to establish the factors contributing to the significant forecast variance within the Emergency and Specialist Medicine CMG.

A further layer of centralised discretionary expenditure controls was being considered for implementation. Particular discussion took place regarding the integrated process for monitoring the quality, operational performance, workforce and financial performance of each CMG, noting that these meetings were attended by all relevant members of the Executive Team. A report on the structure and capacity of the Finance Team was also due to be considered by the Remuneration Committee on 7 December 2017.

Resolved – that (A) the 2017-18 month 7 Financial Performance report be received and noted as paper D;

(B) the Chief Financial Officer be requested to undertake some further analysis work to understand any areas of growth in paybill expenditure by staff group and staff discipline, with a particular focus on the Emergency and Specialist Medicine CMG, and

CFO

(C) further discussion on the capability and capacity of the existing Finance resources be held at the Remuneration Committee on 7 December 2017.

CFO

28/17/2 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.

28/17/3 Cost Improvement Programme (CIP)

The Director of Operational Finance introduced paper F on behalf of the Director of Efficiency and CIP, providing the monthly update on CIP progress (against the increased £44.2m CIP target) as at the end of October 2017 and advising of in-month delivery of £3.1m (an adverse variance of £0.59m compared to the planned £3.7m). Year-to-date CIP delivery stood at £19.448 (adverse to plan by £0.567m) and the forecast outturn stood at £38.3m against the target of £44.2m, adverse to plan by £5.843m (of which the supplementary CIP gap stood at £1.564m). The report also detailed progress against the cross-cutting CIP themes, risk and mitigation measures, and key milestones for 2018-19 CIP planning.

Resolved – that the report on progress with the Trust's Cost Improvement Programme be received and noted as paper F.

28/17/4 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.

28/17/5 2017-18 Capital Programme Update

Paper H provided an update on progress of the Trust's £33.6m Capital Programme in 2017-18 and the forecast position for the year end. Year-to-date expenditure as at the end of October 2017 stood at £15.3m and a further £7.5m had been committed, making a spent and committed total of £22.8m. The forecast outturn currently stood at £35.3m which represented a potential overspend of £1.7m. The report was received and noted.

Resolved – that the update on progress of the 2017-18 Capital Programme be received and noted as paper H.

28/17/6 Quarterly Contract Update

Ms L Wall, Head of Contracts, attended the meeting to present paper I, providing an overview of contractual performance against the NHS Standard Contracts for Acute and Specialised Services, noting over-performance against plan of £8.6m for the LLR CCGs and £4.5m for NHS England. The local arrangements for removing financial sanctions for the first year of the contract were working well and a similar agreement was being negotiated for 2018-19. Appropriate arrangements were in place for addressing any challenges and disputes in year. Clarity had been provided regarding the escalation

process for resolving any disputes and arrangements were being explored whereby a certain percentage of the disputed items could be settled as an interim measure to support the Trust's cash flow going forwards.

The Contract Performance Notice (CPN) relating to Ophthalmology follow-ups had been closed and the Radiology reporting CPN was expected to be closed in December 2017. The ED CPN remained ongoing, but the block arrangements covering ED attendances, CAU, CSSU and GPAU had been agreed to continue for quarters 3 and 4. Members noted that Eye Casualty was reverting back to a cost volume basis.

In response to a query from the Committee Chair, the Head of Contracts advised her view that relationships with Commissioners were improving and that the nature of any challenges was becoming more robust. One of the key remaining risks related to an allocation issue between Acute and Specialised Commissioners relating to the classification and coding of certain treatments.

Resolved – that the Quarterly update on contractual performance be received and noted as paper I.

28/17/7 2018-19 Financial Planning

Paper J provided an update on the 2018-19 financial plan (as part of the 2 year plan submitted to NHS Improvement on 10 April 2017). Members noted that the Trust was unlikely to be able to deliver the £11.6m surplus original 2018-19 control total issued by NHS Improvement. The Trust Chairman suggested that it would be helpful for the Trust Board to consider the 2018-19 financial planning assumptions at a future Trust Board thinking day. It was also suggested that this discussion could be linked to the discussion on implementing LEAN working at UHL, but Mr A Johnson, Non-Executive Director advised that this event was provisionally scheduled for March 2018.

Trust
Chair/
DCLA

Resolved – that (A) the update on the 2018-19 Financial Plan be received and noted as paper J, and

(B) consideration be given to scheduling a 1 hour discussion on the 2018-19 financial planning assumptions at a future Trust Board thinking day.

Trust
Chair/
DCLA

29/17 STRATEGIC ISSUES

29/17/1 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.

29/17/2 Vision for a Welcome Centre

Paper K provided a series of presentation slides for improvements to the entrances of Glenfield Hospital and the Windsor Building on the LRI site. In view of time pressures at this meeting, the Director of Estates and Facilities agreed that this presentation could be deferred to the FIC meeting in January 2018.

Resolved – that the presentation on the Welcome Centre be re-scheduled for discussion at the 25 January 2018 FIC meeting.

DEF

29/17/3 Proposed Reconfiguration Programme Consultation Arrangements

The Director of Strategy and Communications briefed the Committee on expected changes to the STP narrative arising from an LLR stakeholder event held on 28 November 2017. The pre-engagement process was expected to continue between January 2018 and

February 2018 and then the formal Consultation process was planned to commence in Spring 2018. Key issues would include proposed changes to UHL's maternity provision, the future of the LGH site, and provision of in-patient facilities at Hinckley and Lutterworth Hospitals. These aspects would all be impacted by the development of a Community Hospital Model, associated financial assumptions and any proposals to establish Accountable Care Systems.

Resolved – that the verbal information on the proposed consultation arrangements be noted.

30/17 SCRUTINY AND INFORMATION

30/17/1 Timetable for UHL Business Case Approvals

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

30/17/2 Finance and Investment Committee Calendar of Business 2017-18

Resolved – that the updated FIC calendar of business be received and noted as paper M.

30/17/3 Executive Performance Board

Resolved – that the notes of the 24 October 2017 Executive Performance Board meeting be received and noted as paper N.

30/17/4 Capital Monitoring and Investment Committee

Resolved – that the notes of the 13 October 2017 Capital Monitoring and Investment Committee meeting be received and noted as paper O.

30/17/5 Revenue Investment Committee

Resolved – that the notes of the 13 October 2017 Revenue Investment Committee meeting be received and noted as paper P.

31/17 ANY OTHER BUSINESS

Resolved – that no items of other business were noted.

32/17 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 7 December 2017, and

CCSO/
Chair

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

- Minute 27/17/1 – Network Pathology Service, and
- Minute 28/17/6 – Quarterly Contract update.

33/17 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 21 December 2017 from 9am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11:05am

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)	3	3	100	R Moore	3	1	33
J Adler	3	2	67	K Singh (Ex-officio)	3	3	100
A Johnson	3	3	100	P Traynor	3	3	100
T Lynch	3	2	67				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	2	1	50	D Kerr	3	3	100
C Benham	3	3	100	M Wightman	2	2	100