

Trust Board paper O4

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 4 October 2018

COMMITTEE: Finance and Investment Committee

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

DATE OF COMMITTEE MEETING: 30 August 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 73/18/1 – financial performance for Month 4,
- Minute 73/18/4 – progress of the Productivity Improvement Programme, and
- Minute 73/18/6 – quarterly contract update.

DATE OF NEXT COMMITTEE MEETING: 27 September 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 30 AUGUST 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
Mr A Johnson – Non-Executive Director
Mr W Monaghan – Director of Performance and Information (on behalf of Ms R Brown, Chief Operating Officer)
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
Ms J Halborg – Head of Nursing, CSI (for Minute 69/18/1)
Mr A Middleton – Property Manager, Estates and Facilities (for Minute 74/18/2)
Mr M Norton – General Manager, Medical Physics (for Minute 69/18/1)
Mrs K Rayns – Corporate and Committee Services Officer
Mr N Sone – Financial Controller
Ms S Taylor – Head of Operations, RRCV (observing)
Mr M Wightman – Director of Strategy and Communications

RECOMMENDED ITEM

ACTION

69/18 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.

RESOLVED ITEMS

70/18 APOLOGIES

Apologies for absence were received from Ms R Brown, Chief Operating Officer; Mr D Kerr, Director of Estates and Facilities, and Mr R Moore, Non-Executive Director.

Resolved – that the apologies for absence be noted.

71/18 MINUTES

Resolved – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 26 July 2018 (papers A1 and A2) be confirmed as correct records.

72/18 MATTERS ARISING

Paper B detailed the status of all matters arising from the 26 July 2018 FIC meeting and any outstanding matters arising from previous FIC meetings.

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

72/18/1 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.

73/18 FINANCE AND PLANNING

73/18/1 2018/19 Month 4 Financial Performance

The Chief Financial Officer introduced paper D advising that the month 4 (July 2018) deficit of £22.7m was in line with plan, excluding Provider Sustainability Funding (PSF). Including PSF, the Trust had achieved a year to date deficit of £20.4m. However, the financial position and forecast currently excluded any underlying impact following the cessation of the proposed Facilities Management Limited Liability Partnership (FM LLP), pending agreement with NHS Improvement on the intended approach to be taken.

Underlying performance was adverse to plan with over-performance in emergency care and outpatients being offset by under-performance in elective activity. This adverse position had been mitigated through the release of £800,000 contingency which was predicated on delivery of the financial recovery plan. The key risks and mitigating actions were set out on slides 23 and 24. FIC members particularly noted the residual risk of between £8m and £9m arising from UHL's acceptance of a stretched control total which would require the identification and robust monitoring of agreed financial recovery actions.

Specific discussion took place regarding the financial performance of the CMGs which was mostly in line with plan with the exception of MSS, where a detailed piece of work was being undertaken to understand the impact of cancelled elective surgery, outlying patients and activity plans which could not be delivered operationally. If appropriate, the MSS control total would be re-set based upon a realistic assessment of what could be achieved.

**CFO/
COO**

Resolved – that (A) the Month 4 Financial Performance report be received and noted as paper D, and

(B) the Chief Financial Officer and Chief Operating Officer be requested to review the specific issues contributing to under-performance in the MSS CMG and (if appropriate) re-base the control total for this CMG based upon a realistic assessment of what could be delivered within the current financial year.

**CFO/
COO**

73/18/2 Financial Forecasting Process

As requested at the 26 July 2018 FIC meeting, the Director of Operational Finance introduced paper E, describing the arrangements for the production of detailed financial forecasts which were owned and recognised by each CMG and Corporate Directorate. Activity was forecast at the point of delivery and service line level based upon year to date activity, seasonality, waiting list clearance, service developments, capacity constraints, CIP schemes and other local intelligence. The income for this activity was then priced based upon current activity and case mix, based on trends, seasonality and patient acuity. Pay, non-pay and non-operating costs were all calculated at a cost centre level and adjusted as required to take account of any known changes.

In the event that a detailed forecast resulted in a financial outturn which was not consistent with the control total, the relevant CMG or Directorate was required to prepare a recovery plan to return to a balanced position. The forecasts and any associated recovery plans were then submitted to the monthly CMG Performance Review meetings, Executive Performance Board, Finance and Investment Committee and the Trust Board.

The Chief Executive commended the clarity of this briefing report, but notwithstanding the detailed information already provided, he undertook to liaise with the Director of Operational Finance to increase his own understanding of the process for capturing adverse variances and the point at which they were incorporated into the Trust's forecast.

CE

Resolved – that (A) the briefing on the financial forecasting process be received and noted as paper E, and

(B) the Chief Executive to seek a greater depth of clarity (outside the meeting) surrounding the arrangements for incorporating any adverse to plan forecasts into the Trust’s overall forecast and the point at which this was adopted as the target position

CE

73/18/3 Confidential Report by the Chief Executive

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.

73/18/4 UHL Productivity Improvement Programme – Month 4

The Chief Financial Officer introduced paper G on behalf of the Director of Efficiency and CIP, providing an overview of the performance status of the programme, progress of the enabling workstreams, key performance indicators, risks and mitigations, cross-cutting workstream highlights, and CMG and Corporate Directorate productivity measures. He particularly highlighted the good work on the Outpatients Transformation and Theatres Programme cross-cutting themes and his concerns regarding the adverse variance within the Estates and Facilities reporting line. The Chief Financial Officer noted his intention to seek additional clarity from the Director of Estates and Facilities regarding the drivers which were causing this adverse variance in the forecast PIP outturn for Estates and Facilities.

CFO

Agreement had been reached that the Trust would now appoint replacement Transformation Leads to the two CMGs where the embedded post was currently vacant. In addition, two new Transformation Leads would be appointed to support the cross-cutting themes going forwards. The Chief Executive advised that the workforce impact of each PIP scheme would be captured within the detailed reporting process with effect from the month 5 cycle of reporting.

DECIP

Resolved – that (A) the month 4 update on UHL’s Productivity Improvement Programme (PIP) be received and noted as paper G,

(B) the Chief Financial Officer be requested to seek additional clarity from the Director of Estates and Facilities regarding the drivers for the adverse variance in the forecast PIP outturn for this Directorate, and

CFO

(C) the Director of Efficiency and CIP be requested to include the workforce impact of PIP schemes with effect from the Month 5 reporting cycle

DECIP

73/18/5 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.

73/18/6 Quarterly Contract Update

Ms L Wall, Head of Contracts attended the meeting to present paper I, providing the quarterly update on contractual performance against the NHS Standard Contracts for Acute and Specialised Services for 2017/19, with a specific focus on the first quarter of 2018/19. The report detailed the quantum of over-performance within each of the contracts and briefed the Committee on the significant level of contractual challenges from Commissioners. In discussion on the implications of these contractual challenges upon

	UHL's cash flow position, the Financial Controller was requested to liaise with the Head of Contracts to brief her on any changes in the position over the last 7 days. Subject to the outcome of this briefing, the Chief Financial Officer undertook to arrange for any non-payment issues to be escalated at the next triangulation meeting between the Trust and its Commissioners and Regulators.	FC CFO
	The Director of Performance and Information described the improvements in clinical coding that had been achieved, noting that the Trust was now much better at using the case notes to support accurate coding. He also advised that a proportion of baseline elective activity was now being undertaken within the Community Hospitals or by the independent sector. As a result, UHL was treating a larger proportion of complex cases, which had led to genuine changes in the complexity of clinical coding. The Trust was currently reviewing the feasibility of a risk share proposal relating to the new Children's Single Front Door. Subject to his availability, the Chief Executive was encouraged to attend the half-yearly review of the demand and capacity elements of the contract to be held on 5 October 2018.	CE
	<u>Resolved</u> – that (A) the quarterly update on contractual performance be received and noted as paper I,	
	(B) the Financial Controller be requested to advise the Head of Contracts whether the position had changed (during the last week) in respect of high value CCG payments being withheld on the basis of non-specific contractual challenges,	FC
	(C) subject to the outcome of resolution (B) above, the Chief Financial Officer be requested to arrange for non-payment issues to be escalated at the next triangulation meeting between UHL, Commissioners and Regulators, and	CFO
	(D) subject to his availability, the Chief Executive be requested to attend the half-yearly review meeting to be held on 5 October 2018.	CE
74/18	STRATEGIC ISSUES	
74/18/1	<u>Pathology Network Update</u>	
	The Chief Financial Officer introduced paper J, providing an update on the development of the Midlands and East Pathology Network and the arrangements for creating a cluster within the Leicestershire/Northamptonshire region. The report was received and noted and the Committee asked to receive further briefings as the network arrangements progressed.	CFO
	<u>Resolved</u> – that (A) the update on the development of the Midlands and East Pathology Network be received and noted as paper J, and	
	(B) further updates on the Pathology Network be provided to FIC as appropriate.	CFO
74/18/2	<u>Confidential Report by the Director of Operational Finance</u>	
	<u>Resolved</u> – 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.	
74/18/3	<u>Update on Statutory Compliance Issues</u>	
	FIC members noted that the expected report on Statutory Compliance Issues following the Internal Audit Review of Backlog Maintenance had been deferred to the 27 September 2018 FIC meeting.	DEF
	<u>Resolved</u> – that the update on Statutory Compliance Issues be presented to the September 2018 FIC meeting.	DEF

74/18/4 Confidential Report by the Director of Operational Finance

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.

75/18 SCRUTINY AND INFORMATION

75/18/1 Strategic Reconfiguration Programme – Project Plan and Timetable for Business Cases

Resolved – that the update on the Strategic Reconfiguration Programme be received and noted as paper L.

75/18/2 Finance and Investment Committee Calendar of Business 2018/19

Resolved – that the FIC calendar of business for 2018/19 be received and noted as paper M.

75/18/3 Executive Performance Board

Resolved – that the notes of the 24 July 2018 Executive Performance Board meeting be received and noted as paper N.

75/18/4 Capital Monitoring and Investment Committee (CMIC)

Resolved – that the notes of the CMIC meetings held on 13 April 2018 and 13 July 2018 be presented to FIC on 27 September 2018.

75/18/5 Revenue Investment Committee (RIC)

Resolved – that (A) the draft Minutes of the RIC meeting held on 30 July 2018 be received and noted as paper O, and

(B) the notes of the 13 April 2018 RIC meeting be presented to FIC on 27 September 2018.

76/18 ANY OTHER BUSINESS

Resolved – that no items of other business were noted.

77/18 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 6 September 2018, and

CCSO/
Chair

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

- Minute 73/18/1 – financial performance for Month 4,
- Minute 73/18/4 – progress of the Productivity Improvement Programme, and
- Minute 73/18/6 – quarterly contract update.

78/18 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 27 September 2018 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11:03am

Kate Rayns,
Corporate and Committee Services Officer

FIC Attendance Record 2018-19

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	5	5	100	A Johnson	5	5	100
J Adler	5	4	80	R Moore	5	3	60
R Brown (from 28.6.18)	3	2	67	K Singh (Ex-officio)	5	3	60
E Doyle	2	2	100	P Traynor	5	4	80

Non-Voting Members:

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