

Cover report to the Trust Board meeting to be held on 6 September 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)
Author:	Kate Rayns, Corporate and Committee Services Officer

Reporting Committee:	Finance and Investment Committee
Chaired by:	Martin Traynor, Non-Executive Director
Lead Executive Director(s):	Paul Traynor, Chief Financial Officer Mark Wightman, Director of Strategy and Communications
Date of last meeting:	30 August 2018

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 30 August 2018:-

- 2018/19 Month 4 Financial Performance** – paper D advised 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, noting the residual risk of between £8m and £9m arising from accepting a stretched control total which would require identification and robust monitoring of agreed financial recovery actions. Particular 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;
- Financial Forecasting Process** – as requested at the 26 July 2018 FIC meeting, paper E provided a briefing note on the arrangements for producing 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 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 he agreed to liaise with the Director of Operational Finance to increase his understanding of the process for capturing adverse variances and incorporating them into the Trust’s forecast;
- UHL Productivity Improvement Programme (PIP)**– 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. Agreement had been reached that the Trust would appoint Transformation Leads to the 2 CMGs where the embedded post was currently vacant and 2 additional Transformation Leads would be appointed to support the cross-cutting themes going

forwards. Members noted that the workforce impact of each PIP scheme would be captured within the detailed reporting process with effect from month 5;

- **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. 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, and
- **Pathology Network Update** – 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.

Matters requiring Trust Board consideration and/or approval:

- *None*

Matters referred to other Committees:

- **Update on Statutory Compliance Issues following the Internal Audit Review of Backlog Maintenance** – this item had been deferred to the September 2018 FIC meeting.

Date of next meeting:

27 September 2018