

Trust Board paper L3

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

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

**DATE OF TRUST BOARD MEETING: 6 September 2018**

**COMMITTEE: Finance and Investment Committee**

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

**DATE OF COMMITTEE MEETING: 26 July 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:**

- 2018/19 month 3 financial performance (Minute 63/18/1)
- PLICS, SLR, SLM and reference costs update (Minute 63/18/8)

**DATE OF NEXT COMMITTEE MEETING: 30 August 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 26 JULY 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 (excluding Minute 63/18/8 and parts of Minutes 63/18/7 and 64/18/2)  
Ms R Brown – Chief Operating Officer  
Mr C Benham – Director of Operational Finance (on behalf of Mr P Traynor, Chief Financial Officer)  
Mr A Johnson – Non-Executive Director  
Mr R Moore – Non-Executive Director  
Mr K Singh – Trust Chairman (non-voting ex-officio) (up to and including part of Minute 63/18/7)

**In Attendance:**

Mr K Allan – Patient Partner  
Mr D Kerr – Director of Estates and Facilities  
Mr A Middleton – Property Manager, Estates and Facilities  
Mr W Monaghan – Director of Performance and Information  
Mrs K Rayns – Corporate and Committee Services Officer  
Mr N Sone – Financial Controller  
Mr M Wightman – Director of Strategy and Communications

**RESOLVED ITEMS**

**ACTION**

**60/18 APOLOGIES**

Apologies for absence were received from Mr P Traynor, Chief Financial Officer and Mr B Shaw, Director of Efficiency and CIP.

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

**61/18 MINUTES**

**Resolved** – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 28 June 2018 (papers A1 and A2) be confirmed as correct records.

**62/18 MATTERS ARISING**

Paper B detailed the status of all matters arising from the 24 May 2018 FIC meeting and any outstanding matters arising from previous FIC and Integrated Finance, Performance and Investment Committee (IFPIC) meetings. The Corporate and Committee Services Officer was requested to update entry 18 (Minute 54/18/4 refers) to indicate that the progress report on the Theatre Efficiency Workstream had been deferred to the August 2018 FIC meeting.

**CCSO**

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

**62/18/1 Confidential report by the Committee Chair**

**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.

**63/18 FINANCE AND PLANNING**

Reporting on behalf of the Chief Financial Officer, the Director of Operational Finance introduced paper C advising that the month 3 (June 2018) deficit of £22.3m was in line with plan, excluding Provider Sustainability Funding (PSF). The Trust was still experiencing high levels of operational pressure and the over performance in emergency, non-elective and outpatient activity continued to be offset by overspends in pay and non-pay to deliver this additional activity. Agency expenditure remained below the required level and CIP performance stood at £4.9m against the plan of £3.8m (favourable by £1m).

FIC members particularly noted the importance of the quarter 1 financial performance data which was used as a marker for national comparisons with other Acute Trusts. UHL had been allowed to recognise only 70% of the quarter 1 PSF allocation (given that the 90% target for 4 hour A&E performance had not been delivered for that quarter). Underlying performance was in line with plan for quarter 1, but a detailed discussion took place regarding the challenges and risks surrounding delivery of UHL's revised control total for 2018/19, with a specific focus on the implementation of the Facilities Management LLP, the potential sale of surplus paddock land and progress of the Trust's Financial Recovery Action Plan.

In discussion on the phasing of CIP targets, the Chief Executive was requested to consider implementing a 12 month rolling mechanism for internally monitoring CIP progress (to avoid the peaks and troughs traditionally associated with each new fiscal year). The Director of Operational Finance briefed the Committee on the current arrangements for monitoring the part-year effect of CIP schemes that were implemented mid-year. He also confirmed that NHS Improvement (NHSI) were cognisant of the reasons why CIP trajectories were 'back loaded' towards the end of the year, advising that NHSI were more concerned about the ratio between recurrent and non-recurrent CIP savings. In further discussion on the month 3 financial performance report, FIC members:-

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- (a) considered the planned Finance Improvement and Technical (FIT) adjustments which were described in slide 14, noting that the majority of the revenue to capital transfers undertaken to date related to small works schemes with a value falling below the threshold for capitalisation;
- (b) queried the factors that were driving variances in non-pay expenditure, noting in response that these mainly related to drug costs and consumables to deliver additional clinical activity;
- (c) received assurance from the Chief Operating Officer that the escalation process surrounding cancellation of elective activity and re-booking of procedures was being strengthened;
- (d) requested a breakdown of income and expenditure performance by Clinical Management Groups and Corporate Directorates;
- (e) sought additional clarity regarding the methods used to derive the forecast pay run-rates for January 2019 to March 2019 (as outlined on slide 15). The Director of Operational Finance agreed to report back to the August 2018 FIC meeting on this point, and
- (f) commented that it was difficult for the Committee to visualise the degree of slippage from one month to another without cross-referencing different versions of the financial performance report.

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**Resolved – that (A) the Month 3 Financial Performance report be received and noted as paper C,**

**(B) the Chief Executive be requested to consider implementation of a 12 month rolling mechanism for internally monitoring CIP progress;**

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**(C) the Director of Operational Finance be requested to circulate a breakdown of**

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month 3 financial performance by CMG and Corporate Directorate, and

(D) the Director of Operational Finance be requested to present a report to the August 2018 FIC meeting to clarify the process used to derive the forecast pay run-rates (eg January to March 2019).

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63/18/2 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.

63/18/3 UHL Productivity Improvement Programme – Month 3

The Director of Operational Finance introduced paper E 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. In discussion on slide 19, members noted a forecast year-end deficit of £6.8m, although some further work was continuing to address this gap through the Elective Productivity workstream and the Lean Training Programme. Confirmation was provided that a proportion of non-recurrent savings schemes would be accepted in order to achieve the year-end target. The Chief Operating Officer also briefed FIC on the work that was taking place within the Women's and Children's and Emergency and Specialist Medicine CMGs with a focus on effective management and good housekeeping.

**Resolved** – that the month 3 update on UHL's Productivity Improvement Programme (PIP) be received and noted as paper E.

63/18/4 Update on the Theatre Efficiency Workstream

**Resolved** – that the expected report on the Theatre Efficiency Workstream be deferred to the August 2018 FIC meeting.

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63/18/5 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.

63/18/6 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.

63/18/7 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.

63/18/8 Update on Patient Level Information Costing System (PLICS), Service Line Reporting (SLR), Service Line Management (SLM) and Reference Costs

The Director of Operational Finance introduced paper G, providing an update on the above information systems which could be used as a rich and powerful source of information to support decision making and identification of efficiency opportunities within the Trust. The

paper also provided an update on the progress made with NHSI's national Costing Transformation Programme and clinical engagement at UHL. As requested, FIC approved the process for finalising UHL's reference costing submission and provided delegated authority for the Chief Financial Officer to sign-off the return ahead of its submission to NHSI by the deadline of 22 August 2018

CFO

Responding to a query from Mr R Moore, Non-Executive Director and Audit Committee Chair regarding the relative importance of the above systems, the Director of Operational Finance briefed the Committee on the work of the Trust-wide PLICS Steering Group, chaired by Mr G Garcea, Clinical Director for CHUGGS, noting the significant benefits of improving clinical engagement and the impact upon UHL's market share, clinical care tariffs and patient flows. There were pockets of good practice at UHL and this workstream linked with the Carter Model Hospital data and opportunities for reducing unwanted clinical variation. A previous Trust Board awareness session had been held on this subject.

The Director of Strategy and Communications also briefed the Committee on the restructure of the Strategy and Reconfiguration teams, advising that Mr S Lee, Head of Finance (costing) would now be co-located within this team and share the same office space. This change also linked to the ongoing review of CMG capacity and capability, aiming to address the imbalance between strategic planning and operational pressures, making PLICS more of a mainstream activity resulting in a more intelligent use of the Trust's resources. The Chief Operating Officer added that intelligent use of PLICS data was a fundamental part of General Managers' roles, but appropriate data analytical support was essential to guide them to the most meaningful data. The Director of Performance and Information also briefed the Committee on the availability of the QLIK Sense data analysis tool which provided a platform for non-informatics professionals to explore real-time data and produce their own reports/dashboards. He highlighted an opportunity to implement a formal teaching programme around data management, noting that NHS managers were tested on these skills at interview, but rarely received any continued professional development in this area.

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Finally, the Director of Strategy and Communications commented upon the diverse nature of UHL's Clinical Management Groups, which were treated as single units for the purposes of performance management. However, these 7 CMGs encompassed some 66 different service lines and each of these had very different performance profiles (eg profit margins, overheads and variances against plan). The Chief Operating Officer confirmed that the CMG leadership teams (encompassing the Clinical Directors, General Managers and Heads of Nursing) would receive further PLICS and data management training as part of the CMG capacity and capability review.

**Resolved – that (A) the update on PLICS, SLR, SLM and Reference Costs be received and noted as paper G;**

**(B) delegated authority be provided to the Chief Financial Officer to sign-off the annual Reference Costs submission to NHS Improvement by the deadline of 22 August 2018;**

CFO

**(C) the Director of Performance and Information be requested to explore the scope to implement a formal teaching programme on data management for UHL managers, and**

DPI

**(D) the Chief Operating Officer be requested to arrange for the CMG leadership teams to receive further PLICS and data management skills training as part of the CMG capacity and capability review.**

COO

64/18 STRATEGIC ISSUES

64/18/1 Confidential Report by the Director of Estates and Facilities

**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.

64/18/2 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.

64/18/3 Strategic Reconfiguration Programme – Detailed Project Plan and Timetable for Business Cases

The Director of Operational Finance introduced paper J, setting out the anticipated programme for the delivery of business cases, in the event that the Reconfiguration Programme Capital Bids was successful in the Autumn 2018 Budget. FIC members received and noted the report.

**Resolved** – that the high level timetable for UHL business case approvals be received and noted as paper J.

64/18/4 Alliance Contract – Quarterly Update

The Director of Performance and Information introduced paper K on behalf of the Alliance Director and the report was taken as read. Particular discussion took place regarding the implications for services and the realisation of benefits associated with moving the UHL Pillar into the Clinical Support and Imaging CMG's control. The Director of Performance and Information highlighted the value of implementing a single booking system, increasing the utilisation of Community Hospital capacity and the need to further review the case mix and referral criteria for undertaking activity within the Alliance. In addition, the Alliance required some assurance from UHL that a safe process was in place to repatriate day-case patients back to UHL in the event that an overnight stay became necessary for clinical reasons.

**Resolved** – that the quarterly update on the Alliance Contract (paper K) and the discussion on moving the UHL Pillar into the Clinical Support and Imaging CMG be noted.

65/18 **SCRUTINY AND INFORMATION**

65/18/1 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 L.

65/18/2 Executive Performance Board

**Resolved** – that the notes of the 26 June 2018 Executive Performance Board meeting be received and noted as paper M.

65/18/3 Capital Monitoring and Investment Committee (CMIC)

**Resolved** – that (A) the notes of the CMIC meeting held on 8 June 2018 be received and noted as paper N, and

(B) the notes of the 13 April 2018 CMIC meeting be presented to FIC on 30 August 2018.

65/18/4 Revenue Investment Committee (RIC)

**Resolved** – that (A) the notes of the RIC meeting held on 14 June 2018 be received and noted as paper O, and

(B) the notes of the 13 April 2018 RIC meeting be presented to FIC on 30 August 2018.

66/18 **ANY OTHER BUSINESS**

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

67/18 **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 2 August 2018, and

CCSO/  
Chair

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

- Minute 63/18/1 – 2018/19 Month 3 Financial Performance, and
- Minute 63/18/8 – PLICS, SLR, SLM and Reference Costs update.

68/18 **DATE OF NEXT MEETING**

**Resolved** – that the next meeting of the Finance and Investment Committee be held on Thursday 30 August 2018 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11:02am

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)	4	4	100	A Johnson	4	4	100
J Adler	4	3	75	R Moore	4	3	75
R Brown (from 28.6.18)	2	2	100	K Singh (Ex-officio)	4	2	50
E Doyle	2	2	100	P Traynor	4	3	75

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	4	2	50	D Kerr	4	3	75
C Benham	4	4	100	M Wightman	4	4	100