

Cover report to the Trust Board meeting to be held on 7 June 2018

	Trust Board paper O
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):	Paul Traynor, Chief Financial Officer Mark Wightman, Director of Strategy and Communications
Date of last meeting:	24 May 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 24 May 2018:-

- **Matters arising:-**
 - **Full Business Case for the Relocation of ICU Capacity and Associated Specialties from the LGH Site** – the Committee noted a further delay in the national approvals process for the OBC and received assurance that that the FBC was now re-scheduled for submission to the June 2018 FIC meeting and the July 2018 Trust Board meeting;
- **UHL Productivity Improvement Programme** – the Director of Efficiency and CIP introduced paper C, noting that this new report effectively replaced the usual monthly Cost Improvement Programme (CIP) update and encompassed the Trust’s wider Productivity Improvement Programme (PIP). Progress of the overall programme for 2018/19 was currently RAG-rated as red due to a forecast outturn of £45m against the target of £51m. The Lean Apprenticeship Programme had been launched on 9 April 2018. In response to early feedback, the training material was being adapted to make it more relevant to the NHS. The Committee Chair suggested that following the presentation on Lean in the NHS at a Trust Board Thinking Day by Zoe Radnor, Head of the Business School at the University of Leicester, that she may be an excellent resource to tailor this programme. It was noted that this may well be on a commercial basis, but the potential savings as a result of an effective Lean Programme would make it worth the investment. Discussion took place regarding a recent UHL Way ‘Pass it on’ Event and opportunities to harness and direct the enthusiasm of staff wanting to deliver cost and service improvements to ensure that the key target areas were addressed. Members commented on the phasing of the CIP financial overview on page 16, noting the Chief Financial Officer’s ambition to bring forward a proportion of the Quarter 4 savings into an earlier part of the year. Responding to a query from Mr A Johnson, Non-Executive Director, the Director of Efficiency and CIP agreed to consider presenting CIP data on a rolling 12-month basis to avoid the peaks and troughs associated with closing down one fiscal year and commencing the next;
- **2018/19 Month 1 Financial Performance** – paper G advised that the month 1 deficit of £9.8m was in line with plan. Agency expenditure was £1.8m (in line with plan) and CIP delivery stood at £1.6m against the planned £1.2m. In setting the budgets for 2018/19 in accordance with expenditure levels during 2017/18, there was little scope to fund additional costs pressures. Any such cost pressures were being considered by a specific Executive Board meeting (Star Chamber) to ensure that this did not affect the quality of services and to provide senior oversight and transparency. Patient care income was overperforming by £0.7m (primarily within Emergency and non-elective services) which represented continuing emergency pressures during the first half of the month. During the latter half of the month, elective activity levels had started to improve. Discussion took place regarding opportunities to strengthen the arrangements for the CMG performance management meetings and the impact of the reduced number of working days during Quarter 1 of each financial year, due to the number of bank holidays (including Easter). Mr A Johnson, Non-Executive Director sought and received assurance regarding the year-end stock taking processes and he commented upon the planned trajectory for agency staffing to comply with the NHS improvement agency ceiling for 2018/19;
- **Quarterly Contract Update** – the Head of Contracts attended the meeting to introduce paper I, setting out the

performance against the NHS Standard Contracts for Acute and Specialised Services with a specific focus on Quarter 4 of 2017/18. She outlined the over-performance of each contract (£10.5m Acute and £11.3m Specialised) and briefed members on the outcome of the local agreement to remove financial sanctions for the 2017/18 year of the contract. Challenges and disputes stood at £11.5m as at Month 12, but these were being worked through with the Commissioners in accordance with national guidance. In respect of sepsis management, a joint audit had been undertaken which demonstrated that the Trust had delivered a genuine improvement in patient safety and improved outcomes and that this data had been accurately reflected in the clinical coding. In response to a query from the Committee Chair, the Head of Contracts provided her view that the relationships with Commissioners were continually improving as a result of mutual respect and team working. The Chief Executive commented on opportunities to improve the contractual arrangements surrounding the Leicestershire Partnership NHS Trust, as some of these services were particularly susceptible to unexpected cost-cutting measures which could have a big impact upon these services going forwards, with a knock-on impact to UHL. An update on the 2018/19 contract would be included in the next quarterly update (due to be presented to the August 2018 FIC meeting), and

- **Timetable for UHL Business Case Approvals** – paper J briefed FIC on the capital bid to fund UHL’s Strategic Reconfiguration Programme and the development of a Pre-Consultation Business Case which is ‘owned’ by the CCGs. The annual FIC work plan (paper K refers) indicated that there would be 3 significant business cases for consideration by the Committee on 26 July 2018. In response to a query from the Committee Chair, the Chief Financial Officer advised that it would be unlikely that so many business cases would be presented to the same meeting. It was agreed that a detailed report on the phasing of the Business Case approvals would be presented as a substantive agenda item for the 28 June 2018 FIC meeting, so that the Committee could consider whether to expand the duration of the FIC meetings going forwards.

Matters requiring Trust Board consideration and/or approval:

- *None.*

Matters referred to other Committees:

- *None.*

Date of next meeting:

28 June 2018