University Hospitals of Leicester NHS
NHS Trust

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 25 September 2014

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr R Kilner, Non-Executive Director

DATE OF COMMITTEE MEETING: 27 August 2014

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 91/14/4 – concerns regarding the lack of robust emergency activity modelling arising from the LLR Better Care Together workstream;
- Minute 91/14/6 – the need to clarify workforce movements in headcount and pay related expenditure between March 2014 and March 2015;
- Minute 92/14/1 – RTT performance and the risks surrounding an increase in urgent 2 week cancer referrals;
- Minute 93/14/1 – positive progress towards delivery of the 2014-15 CIP target, and
- Minute 93/14/2 – month 4 financial performance.

DATE OF NEXT COMMITTEE MEETING: 24 September 2014

Mr R Kilner
19 September 2014

DRAFT

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD ON WEDNESDAY 27 AUGUST 2014 AT 8.30AM IN THE SEMINAR ROOMS A AND B, CLINICAL EDUCATION CENTRE, LEICESTER GENERAL HOSPITAL

Present:
Mr R Kilner – Acting Chairman (Committee Chair)
Mr J Adler – Chief Executive (excluding Minutes 91/14/2 and 91/14/3)
Colonel (Retired) I Crowe – Non-Executive Director
Mr R Mitchell – Chief Operating Officer
Mr S Sheppard – Acting Director of Finance
Mr G Smith – Patient Adviser (non-voting member)
Ms J Wilson – Non-Executive Director

In Attendance:
Ms L Bentley – Head of Financial Management and Planning
Mr A Chatten – Managing Director, NHS Horizons (for Minutes 91/14/2 and 91/14/3)
Mr J Clarke – Chief Information Officer (for Minute 91/14/1)
Ms L Gallagher – Workforce Development Manager (for Minute 91/14/6)
Mrs K Rayns – Trust Administrator

RESOLVED ITEMS **ACTION**

87/14 APOLOGIES

There were no apologies for absence.

88/14 ACTING CHAIRMAN'S ANNOUNCEMENTS

The Acting Chairman advised that Mr G Smith, Patient Adviser had agreed to continue in his role as the non-voting Patient Adviser representative for the Finance and Performance Committee until the end of December 2014.

Resolved – that (A) the continued arrangements for Patient Adviser representation on the Finance and Performance Committee (up to the end of December 2014) be noted, and

(B) the Acting Chairman be requested to brief the Director of Marketing and Communications accordingly. **CHAIR**

89/14 MINUTES

Resolved – that the Minutes of the 30 July 2014 Finance and Performance Committee meeting (papers A and A1) be confirmed as correct records.

90/14 MATTERS ARISING PROGRESS REPORT

The Committee Chairman confirmed that the matters arising report provided at paper B detailed the status of all outstanding matters arising. Members received updated information in respect of the following items:-

(a) Minute 80/14/1 of 30 July 2014 – the Acting Chairman requested the Chief Operating Officer to liaise with Mr S Humberstone, IBM to prepare a comprehensive report on clinical letters performance for the September 2014 Finance and Performance Committee meeting; **COO**

(b) Minute 81/14/2(b) of 30 July 2014 – the Chief Executive briefed the Committee on

discussions with Mr T Sanders, Managing Director, WLCCG and the mutual intention to develop an underlying governance process for localised in-year contractual arbitration between UHL and the CCGs before the end of September 2014, and **CE**

(c) Minute 45/14/1(c) of 23 April 2014 – the Acting Chairman noted some slippage in the timetable for benchmarking and monitoring practice amongst small clinical teams at UHL and he requested that the Medical Director confirmed the arrangements in a briefing report to the September 2014 Finance and Performance Committee meeting. **MD**

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

91/14 STRATEGIC MATTERS

91/14/1 Electronic Patient Record (EPR) Outline Business Case (OBC)

The Chief Information Officer attended the meeting to introduce paper C, seeking the Committee's approval of the OBC for the procurement and implementation of an EPR system at UHL with an expected contract period of 10 years. Subject to progress of the procurement process, it was expected that the full business case would be available by the end of September 2014. During discussion on this item, members highlighted the following key issues for consideration:-

(a) the nationally mandated Government target for paperless NHS services by 2018;
(b) a requirement for a robust analysis of the projected financial savings to ensure that these were not being double-counted within any other cross-cutting or service level CIP schemes. The Chief Information Officer noted that a tighter articulation of the financial benefits would be challenging to provide prior to the selection of the final technical solution;
(c) the wide range of estimated technical and implementation costs within each tier of system functionality;
(d) UHL's capacity and capability to implement the final solution and deliver the required process improvements to maximise the financial and operational benefits;
(e) the importance of ensuring that the final solution was the right choice for the organisation and was not selected on the basis of cost alone;
(f) potential opportunities to consolidate some staff roles in order to maximise the impact of small changes individual job roles (and associated opportunities to include additional tasks within the original job roles);
(g) opportunities to develop new working practices (post implementation), such as video consultations for long term conditions, eg diabetes;
(h) the need to clarify the expected savings opportunities with the CMGs to remove the risk of any double-counting and set appropriate CMG-level savings targets;
(i) opportunities to re-visit the wider whole organisational approach to improvements, cultural change and the methodology for driving out financial savings;
(j) visits to other organisations to consider any lessons learned from their implementation of EPR, and
(k) the scope to increase the number of centralised management structures (eg OPD services).

In summary, the Acting Chairman confirmed the Committee's support for the OBC, noting the need to clarify the savings to be delivered by this project (to remove any double counting with the cross-cutting and CMG CIP schemes), cultural changes required to deliver the required process changes and changes to the whole organisational approach to improvements. **CIO/ COO/ CE**

Resolved – that (A) the Electronic Patient Record Outline Business Case be endorsed (as presented in paper C) for Trust Board approval on 28 August 2014;

(B) the financial and operational efficiency benefits be clarified (to remove any risk of double counting any benefits) and validated at Corporate and CMG level, and **CIO/ COO**

(C) further consideration be given to UHL's whole organisational approach to improvements, cultural change and the methodology for driving out financial savings. **CE**

91/14/2 Review of Facilities Management Contract Performance and Interserve Status Report

The Managing Director, NHS Horizons attended the meeting to present paper D providing an update on performance and compliance for the total FM services being delivered by Interserve FM for the period 1 April 2014 to 30 June 2014. During discussion on this item members particularly noted:-

a) arrangements for a dedicated ED portering team to support the Trust's emergency flows;
b) the outcome of a drainage survey on the LRI site and the actions required to flush out sections of the pipework for the Windsor and Balmoral buildings over the next 6 month period;
c) the positive outcome of the PLACE results and a request for these to be circulated to Trust Board members prior to the 9 September 2014 Annual Public Meeting; **TA**
d) progress with implementation of the MICAD and PLANET electronic systems;
e) improved performance against the KPIs generally and a discussion about the weightings for cleaning standards within the contract. Opportunities to review these weightings in the light of a national review of cleaning standards and the arrangements for infected discharge cleaning were highlighted; **CN**
f) opportunities to reinvest any performance related financial penalties to support the Trust's infection prevention controls going forwards, and
g) that Interserve security staff were now supporting the restraint of patients under the direction of the clinical lead and in the interests of protecting UHL staff. An amended version of the restraint guidance was due to be circulated for sign-off. The Managing Director also noted the scope to increase the number of UHL staff receiving level 3 violence and aggression (restraint) training. **Horizons** **CN**

Resolved – that (A) the UHL PLACE results be circulated to Trust Board members for information (ahead of the Annual Public meeting); **TA**

(B) UHL's contractual weightings and penalty structure be reviewed alongside the arrangements for infected discharge cleaning; **CN**

(C) revised restraint guidance to be circulated for sign-off, and **Horizons**

(D) consideration to be given to provision of level 3 violence and aggression (restraint) training for more of UHL's staff. **CN**

91/14/3 Report by the Managing Director, NHS Horizons

Resolved – that this Minute be classed as confidential and taken in private accordingly, on the grounds of commercial interests and that public consideration at this stage could be prejudicial to the effective conduct of public affairs.

91/14/4 Emergency Floor Outline Business Case

The Chief Executive tabled copies of paper E, seeking the Committee's approval to submit the developed Emergency Floor OBC to the NTDA in August 2014 and to the CCG Boards in September 2014. In the absence of the confirmed emergency activity modelling, members noted that 2 different activity assumptions had been modelled based upon the Better Care Together assumptions and the LTFM assumptions, pending the reconciliation process (to be supported by Ernst Young) over the next 2 months.

Particular discussion took place regarding the projected 5 year costs under each scenario including the scale of efficiency savings and transitional costs. The costs listed as depreciation were noted to relate to capital charges. The Committee Chairman queried the scale of workforce savings that might be achieved in the event of a material reduction in activity and the Chief Operating Officer noted the need to agree ownership of the Urgent Care Centre with the CCGs.

The Chief Executive undertook to update the tabled report and arrange for it to be circulated to Trust Board members by 3pm that afternoon to inform discussion on this subject at the 28 August 2014 Trust Board meeting. It was agreed that the Committee's concerns regarding the variance between current and planned emergency activity trends would be highlighted at the Trust Board meeting. **CE/TA** **CHAIR**

<u>Resolved</u> – that (A) the tabled report on the emergency floor OBC be updated and issued to Trust Board members by 3pm on 27 August 2014, and **CE/TA**

(B) the Committee's concerns regarding current emergency activity trends and the planned activity reductions for year 1 of the Better Care Together Programme to be highlighted to the Trust Board. **CHAIR**

91/14/5 <u>Update on Additional Management Resources to Deliver UHL's Key Objectives</u>

Further to Minute 81/14/6 of 30 July 2014, the Acting Director of Finance introduced paper F, summarising the additional investment in Corporate resources and the related funding options for 2014-15 (£594k) and recurrently (£1.5m). Table 1 provided a trajectory for recruitment to the agreed posts and the report clarified the expected savings or additional income that each post would deliver. Members noted that CMG Clinical Directors had supported the additional resources when the proposals were presented to the Executive Team. Discussion took place regarding the potential recruitment sources for each role and the level of confidence that appropriate applicants would be available.

<u>Resolved</u> – that the additional management resources be approved (as set out in paper F). **ADF**

91/14/6 <u>Workforce Plan and Long Term Financial Model Update</u>

Paper G provided an update to the 5 year workforce plan figures which now included the workforce implications of current CIP schemes, additional savings arising from the workforce review and the voluntary severance scheme (VSS). Paper G1 summarised the outputs of the workforce review by CMG and Corporate Directorate. The Workforce Development Manager attended the meeting to introduce these reports.

Referring to appendix 1 of paper G, the Committee Chairman queried the increases in headcount and pay-related expenditure between March 2014 and March 2015 and noted (in response) that 220 of the 852 additional headcount related to the Alliance contract, a significant number related to the full year effect of additional nursing posts following the acuity review, and a further proportion related to funded additional activity (including RTT backlog reductions). It was agreed that a thematic analysis of headcount movements (broken down by CMG and professional group) would be circulated outside the meeting to clarify and rationalise the increase in pay related expenditure. **WDM**

Ms J Wilson, Non-Executive Director sought and received additional information regarding the mechanism for workforce modelling through the CMG-level strategic planning workshops and noted the need to issue CMGs with workforce parameters relating to the cross-cutting CIP schemes.

Colonel (Retired) I Crowe, Non-Executive Director sought and received assurance that the medical job planning workstream would be complete by the end of November 2014 and that progress was being appropriately monitored through the CMG performance management meetings. He also highlighted the scope to use good quality job plans as an enabler for future service developments. **COO**

<u>Resolved</u> – that (A) opportunities to present future iterations of the workforce plan in a more clear and transparent format be noted; **WDM**

(B) progress of medical job planning workstream to be monitored through the monthly CMG Performance Management meetings, and **COO**

(C) a thematic analysis of headcount movements to be provided by CMG and professional group be circulated for information outside the meeting. **WDM**

92/14 PERFORMANCE

92/14/1 <u>Month 4 Quality and Performance Report</u>

Paper H provided an overview of UHL's quality, patient experience, operational targets, and HR performance against national, regional and local indicators for the month ending 31 July 2014 and a high level overview of the Divisional Heatmap report. The Chief Operating Officer noted that this was the first iteration of the Quality and Performance report in this new format and he reported on the following aspects of the report:-

(a) Emergency Care 4 hour waits – performance stood at 92.5% for July against the 95% target and a detailed report was scheduled on the 28 August 2014 Trust Board agenda;

(b) RTT 18 weeks – the non-admitted target had been narrowly missed (by 10 patients). A continued focus on the longest waits was being maintained and plans were in place to increase elective activity in General Surgery to support the trajectory to achieve the admitted target by November 2014. The Chief Operating Officer noted a disappointing 4 week delay in the timescale for the new modular wards. Both the admitted and non-admitted RTT targets had now been achieved in Ophthalmology. 16 cases within Restorative Dentistry were being reviewed as it appeared that incorrect clock stops had been applied but it was confirmed that all cases had been re-booked for August or September 2014;

(c) Cancer Targets – discussion took place regarding the factors underlying the deterioration in 2 week wait compliance, noting that July 2014 referrals were 25% higher than the average for 2013-14. Assurance was provided that the conversion rate for referrals to actual incidence of cancer was unchanged but the Quality Assurance Committee Chair queried the scope for the Quality Assurance Committee to review any clinical impact of not consistently meeting the 2 week wait target;

(d) Cancelled Operations – an exception report was included on page 16. UHL performance stood at 0.72% which was non-compliant when factored together with the Alliance performance (0.9%);

(e) Ambulance Handover Times – additional support was being provided by Dr I Sturgess as part of the wider workstream to review patient flows and occupancy levels. An update on this actions to reduce ambulance handover times would be **COO**

presented to the September 2014 Finance and Performance Committee meeting, and

(f) Delayed Transfers of Care (DTOC) – no improvement had been noted in the last month.

Resolved – that (A) the month 4 Quality and Performance report (paper H) and the subsequent discussion be received and noted, and

(B) consideration be given to a review of any clinical impact of not meeting cancer performance targets consistently at the September 2014 Quality Assurance Committee meeting, and **QAC CHAIR**

(C) an update on ambulance handover waiting times and penalties be provided to the September 2014 FPC meeting. **COO**

93/14 FINANCE

93/14/1 2014-15 Cost Improvement Programme (including a progress report on the cross-cutting CIP schemes and an update on 2015-16 schemes)

Further to Minute 81/14/1 of 30 July 2014, the Chief Operating Officer introduced paper J, updating the Committee in respect of progress towards the 2014-15 CIP target of £45m, noting that the total value of schemes on the CIP tracker now stood at £48.62m and the risk adjusted value stood at £44.13m. Work was continuing to covert the red and amber rated schemes to green and the year to date actual saving were being monitored closely through the monthly CIP Board and additional weekly meetings with some of the CMGs. Key risks to delivery were highlighted in relation to income for RTT activity winter funding.

In respect of the 2015-16 CIP schemes, the CMGs and Corporate Directorates would be formally allocated with their targets by the end of that week, based upon the assumed £41m tariff reduction. Discussion took place regarding the 2 month extension to the Ernst Young (EY) contract and the Committee sought and received assurance that the EY CIP methodology would be fully embedded within the Trust at the point when EY withdrew from the Trust. The Committee Chairman requested that the September 2014 iteration of the CIP report included an additional focus upon investment to save and EY observations on greater use of productivity workstreams to support the 2015-16 CIP plans. **ADF** **COO**

Resolved – that (A) the 2014-15 CIP update be received and noted;

(B) formal CIP targets for 2015-16 be circulated to all Corporate Directorates and CMGs by 29 August 2014, and **ADF**

(C) the next iteration of the CIP report to focus upon investment to save and EY observations on greater use of productivity workstreams to support the 2015-16 CIP plans. **COO**

93/14/2 2014-15 Financial Position to Month 4

Papers K and K1 provided an update on UHL's performance against the key financial duties surrounding delivery of a planned surplus, achievement of the External Financing Limit (EFL) and achievement of the Capital Resource Limit (CRL), as submitted to the 28 August Trust Board and the 26 August Executive Performance Board (respectively). The Acting Director of Finance took the reports as read but he particularly highlighted the potential risks (as set out in section 5 of paper K).

The Acting Director of Finance reported on a recent flurry of activity query notices and subsequent discussion at the 26 August 2014 Contract Performance meeting with

Commissioners, noting that the activity query relating to OPD was expected to be withdrawn, the drivers for emergency activity over-performance were acknowledged and UHL had submitted its own activity query regarding cancer referrals.

The Executive Performance Board had reviewed financial recovery plans for 4 CMGs (CHUGGS, MSS, ITAPS and RRC) on 26 August 2014 and reasonable assurance had been provided that CHUGGS and RRC would be able to deliver a sustainable year end position. The Chief Executive reported on further discussions held with the ITAPS CMG regarding critical care income and the MSS CMG regarding additional support required to deliver a reduced (£1m) deficit. The Chief Operating Officer would be working closely with the MSS service level teams to address this. The Committee requested that MSS and ITAPS be invited to attend the September 2014 Finance and Performance Committee meeting to present a joint report on financial recovery plans, given the common theme of RTT activity. **COO**

In respect of non-pay, the Committee Chairman queried the scope to introduce more centrally-driven cost controls and the Chief Executive briefed members on some scoping work being undertaken by Health Trust Europe (free of charge) with a view to establishing a potential in-house procurement consortium whereby suppliers would be offered a guaranteed volume contract, in exchange for more competitive pricing structures.

Resolved – that (A) the briefings on UHL's Month 4 financial performance be received and noted as papers K and K1, and

(B) financial recovery plans for the ITAPS and MSS CMGs be presented (jointly) to the September 2014 F&PC meeting. **COO**

93/14/3 Trust's Loan Application

The Deputy Director of Finance presented paper L, outlining details of the loan application and the process to be followed between submission of the application and draw down of the cash. He confirmed that the submission had been sent to the TDA on 22 August 2014 as required and that the formal outcome was expected from the Department of Health by 17 October 2014. Particular discussion took place regarding the advantages of loan financing over PDC financing due to the fact that the interest rate was currently around 1.4% as opposed to the 3.5% dividend payable under PDC.

Members noted the need to sense check the comments provided in any future correspondence in respect of strong UHL cancer performance and the summary of the Trust Board's structure. It was agreed that the Audit Committee would be requested to review the application at its next meeting on 2 September 2014. **AC CHAIR**

Resolved – that (A) the arrangements for UHL's loan application be reviewed by the Audit Committee in September 2014, and **AC CHAIR**

(B) the outcome of UHL's loan application to be presented to the October 2014 Trust Board meeting. **ADF**

94/14 SCRUTINY AND INFORMATION

94/14/1 Clinical Management Group (CMG) Performance Management Meetings

Resolved – that the action notes arising from the July 2014 CMG Performance Management meetings (papers M to M4) be received and noted.

94/14/2 Executive Performance Board

Resolved – that the notes of the 29 July 2014 Executive Performance Board meeting (paper N) be received and noted.

94/14/3 Quality Assurance Committee (QAC)

Resolved – that the 30 July 2014 QAC Minutes (papers O and O1) be received and noted.

95/14 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE

Paper P provided a draft agenda for the 24 September 2014 meeting and it was agreed that the agenda would be revised following discussion at today's meeting and re-circulated accordingly.

Resolved – that the items for consideration at the Finance and Performance Committee meeting on 24 September 2014 be revised and re-circulated.

96/14 ANY OTHER BUSINESS

Resolved – that there were no items of any other business raised.

97/14 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that the following issues be highlighted verbally to the Trust Board meeting on 28 August 2014:-

- the private discussion under Minute 91/14/3;
- Minute 91/14/4 – concerns regarding the lack of robust emergency activity modelling arising from the LLR Better Care Together workstream;
- Minute 91/14/6 – the need to clarify workforce movements in headcount and pay related expenditure between March 2014 and March 2015;
- Minute 92/14/1 – RTT performance and the risks surrounding an increase in urgent 2 week cancer referrals;
- Minute 93/14/1 – positive progress towards delivery of the 2014-15 CIP target, and
- Minute 93/14/2 – month 4 financial performance.

98/14 DATE OF NEXT MEETING

Resolved – that the next Finance and Performance Committee be held on Wednesday 24 September 2014 from 8.30am – 11.30am in Seminar Rooms A and B in the Clinical Education Centre at Leicester General Hospital.

The meeting closed at 11:18am

Kate Rayns, Trust Administrator

Attendance Record 2014-15

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
R Kilner (Chair)	5	5	100%	P Hollinshead	3	3	100%
J Adler	5	5	100%	S Sheppard	2	2	100%
I Crowe	5	4	80%	G Smith *	5	5	100%
R Mitchell	5	5	100%	J Wilson	5	4	80%

* non-voting members