

Trust Board paper R

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 1 December 2016

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director

DATE OF COMMITTEE MEETING: 27 October 2016

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 114/16/1 – Month 6 financial performance for 2016-17;
- Minute 114/16/3 – Review of 2016-17 Capital Programme;
- Minute 116/16/2 – Corporate Services Review, and
- Minute 116/16/4 – 2017-18 Beds Capacity Plan.

DATE OF NEXT COMMITTEE MEETING: 24 November 2016

**Mr M Traynor
Non-Executive Director and Committee Chair**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE INTEGRATED FINANCE, PERFORMANCE AND INVESTMENT COMMITTEE (IFPIC), HELD ON THURSDAY 27 OCTOBER 2016 AT 9AM 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
Colonel (Retired) I Crowe – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr R Mitchell – Chief Operating Officer
Mr R Moore – Non-Executive Director
Mr B Patel – Non-Executive Director
Mr K Singh – Trust Chairman
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr S Barton – Director of CIP and Future Operating Model
Mr A Bhimani – Finance Lead, Musculoskeletal and Specialist Surgery CMG (for Minute 119/16/1)
Mr C Benham – Director of Operational Finance
Ms C Chadwick – Head of Operations, Musculoskeletal and Specialist Surgery CMG (for Minute 119/16/1)
Ms R Chokkar – Deputy Head of Operations, Musculoskeletal and Specialist Surgery CMG (for Minute 119/16/1)
Dr A Currie – Clinical Director, Musculoskeletal and Specialist Surgery CMG (for Minute 119/16/1)
Mr G Di Stefano – Head of Strategic Development (for Minute 115/16/3)
Ms C Ellwood – Chief Pharmacist (for Minute 115/16/1)
Ms M Gordon – Patient Adviser
Ms N Grant – Head of Nursing, Musculoskeletal and Specialist Surgery CMG (for Minute 119/16/1)
Mr D Kerr – Director of Estates and Facilities (from Minute 113/16)
Mr W Monaghan – Director of Performance and Information
Mrs K Rayns – Trust Administrator
Mr N Sone – Financial Controller (up to and including Minute 114/16/5)
Ms L Tibbert – Director of Workforce and Organisational Development
Ms N Topham – Interim Reconfiguration Programme Director (for Minutes 115/16/4 and 118/16/1)

RESOLVED ITEMS

ACTION

110/16 APOLOGIES

Resolved – that apologies for absence from Mr A Furlong, Medical Director and Ms J Smith, Chief Nurse were noted.

111/16 ANNOUNCEMENTS

The Committee Chair briefed the Committee on the recent appointments of Mr A Hughes as Interim Commercial Manager (until March 2017), and Ms N Topham as UHL's substantive Reconfiguration Programme Director.

Resolved – that the information on recent appointments be noted.

112/16 MINUTES

The Minutes of the meeting held on 29 September 2016 were confirmed as a correct record.

Resolved – that the Minutes of the 29 September 2016 IFPIC meeting (papers A1 and A2) be confirmed as a correct record.

113/16 MATTERS ARISING

Paper B detailed the status of all outstanding matters arising from previous Integrated Finance, Performance and Investment Committee (IFPIC) meetings. The Committee Chair undertook a page by page review, particularly noting the updated information in respect of the following items which were rated as red or amber:-

- (a) **Minute 89/16(d) of 25 August 2016 (red)** – the revised date for IFPIC consideration of the Estates Route Map was noted to be 23 February 2017, due to delays with Demand and Capacity Modelling and the preparation of Development Control Plans; DEF
- (b) **Minute 80/16/2(b) of 28 July 2016 (red)** – the Audit Committee Chair voiced concern that the review of UHL’s estates infrastructure had been delayed by some 14 months. In response, the Director of Estates and Facilities clarified that this item was not dependent upon the development of the Estates Route Map and he provided assurance that a high-level summary of the outputs from the Capita site survey would be submitted to the 24 November 2016 IFPIC meeting, and DEF
- (c) **Minute 57/16/1(b) of 26 May 2016 (amber)** – the Director of Estates and Facilities reported that the refurbishment of Wakerley Lodge Neurology Rehabilitation Unit had now been delayed until the early part of 2017-18 due to financial constraints within the Trust’s 2016-17 capital programme. The Chief Executive provided assurance that the Neurology Rehabilitation Unit was currently accommodated in Ward 2 at the Leicester General Hospital and that there had been no quality or safety concerns raised about this accommodation during the recent CQC inspection. In the longer term, Ward 2 was designated for the expansion of the Diabetes Centre of Excellence (once the Wakerley Lodge improvement works were complete).

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

NAMED LEADS

114/16 FINANCE AND PLANNING

114/16/1 Month 6 Financial Performance 2016-17

The Chief Financial Officer and the Director of Operational Finance introduced paper C, providing the monthly summary of performance against the Trust’s statutory duties, financial performance, cash flow and capital expenditure. The Trust had delivered a £7.9m deficit for the year to date (£17k favourable to plan), including £11.7m of Sustainability and Transformation Funding (STF) and some advanced use of central reserves. IFPIC members considered the underlying run-rate and the recovery actions which would be required in order to deliver the planned year-end deficit of £8.3m. Particular discussion took place regarding the following issues:-

- (a) the assumptions surrounding STF had been agreed locally with NHS Improvement on a “best endeavours” basis. In the event of any STF being withheld, it was felt that the Trust would have strong grounds for appeal (although the appeals process had not yet been formalised);
- (b) performance recovery plans and Trust-level actions to improve cost control and minimise non-essential expenditure were due to be signed-off across the whole organisation within the next 7 days;
- (c) an underlying Estates and Facilities overspend arising from the service integration and budget misalignment, offset by a seasonal underspend on utilities;
- (d) a favourable variance in high cost drugs and devices expenditure excluded from tariff;
- (e) volume based fluctuations in patient care income and the associated impact upon the

- income and expenditure profile, given the fixed costs in areas such as critical care, and
- (f) agency staffing expenditure – the Trust was forecasting to spend £23.2m in order to maintain safe staffing levels. This level of expenditure was likely to exceed the £20.6m ceiling imposed by NHS Improvement.

Resolved – that the month 6 Financial Performance report (paper C) and the subsequent discussion on this item be received and noted.

114/16/2 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

114/16/3 Review of 2016-17 Capital Programme

The Chief Financial Officer introduced paper E, providing a summary of quarter 2 performance against the current annual capital programme. As at the end of September 2016, the Trust had spent £28.3m (against the current annual plan of £82.0m). This plan included £37.7m of external capital loan financing, £21.7m of which had been approved for completion of the Emergency Floor and £16.0m for the remainder of the plan. Subject to clarification over the value and timing of any additional loan funding, the proposed arrangements for managing the second half of the financial year would be submitted to the Executive Quality Board on 1 November 2016.

Resolved – that (A) the update on progress of the 2016-17 Capital Programme be received and noted as paper E, and

(B) proposals for managing the second half year of the Capital Programme be presented to the Executive Quality Board on 1 November 2016.

CFO

114/16/4 Cost Improvement Programme

The Director of CIP and Future Operating Model presented paper F1, providing the monthly update on progress of the CIP programme to achieve a £35m target during 2016-17. Year to date CIP delivery stood at £16m (as at the end of September 2016) against the planned £15.4m – a favourable variance of £0.6m. The Committee received additional information on the key risks and mitigating actions relating to 3 CMGs (Emergency and Specialist Medicine, Musculoskeletal and Specialist Surgery and Women's and Children's). The Chief Operating Officer commended the progress to date, recognising the amount of work that had been involved and advising that the temporary EY resources had now been transitioned out of the organisation and replaced with embedded UHL resources. Interviews were scheduled for mid-November 2016 in respect of 3 CMG Transformation Manager and 2 corporate posts.

The indicative CIP target for 2017-18 was £33m and the value of identified schemes currently stood at £1.2m, demonstrating an improved position from the reported £0.5m contained in paper F1. Discussion took place on the arrangements for reducing clinical variation and the intention to showcase the clinical variation tool at the Yule meeting of the Clinical Senate. IFPIC also received and noted paper F2, providing a summary of the Workforce cross-cutting CIP theme. There were no questions raised in respect of this report.

Resolved – that the CIP progress report and cross-cutting Workforce CIP update be received and noted as papers F1 and F2.

114/16/5 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

115/16 STRATEGIC MATTERS

115/16/1 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

115/16/2 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

115/16/3 Confidential Report by the Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.

115/16/4 Underlying Principles for Developing Business Cases

IFPIC members congratulated Ms N Topham on her appointment as the Trust's substantive Reconfiguration Programme Director. The financial and operating principles required for development of all major reconfiguration business cases (as detailed in paper J) were endorsed for inclusion in the revised business case template. It was agreed that information on space utilisation (site footprint) and research and innovation implications arising from the business cases would also be incorporated into the new template.

Resolved – that (A) the underlying principles for development of all major reconfiguration business cases be endorsed (as detailed in paper J);

(B) the Reconfiguration Programme Director be requested to update the business case template to include implications relating to space utilisation and research and innovation.

RPD

116/16 PERFORMANCE

116/16/1 Workforce Update

The Director of Workforce and Organisational Development presented paper K, providing the monthly update on key workforce metrics, and the corrective actions underway to address adverse trends in pay expenditure and agency staffing costs. The report also focused upon the cost of staff absence through sickness, diversity data (including a deep dive on gender), paybill inflation, workforce increases and recruitment. Particular scrutiny was being applied to non-compliance with the ceiling for agency staffing expenditure and more granular reporting was being implemented at a shift level, in addition to the existing weekly returns.

The Committee Chair commented upon encouraging progress with UHL's Apprenticeship Programme and improving staff turnover trends. The Audit Committee Chair commented that UHL appeared to be an outlier in respect of not including a Workforce and Organisational Development Committee within its current governance structure. In response, the Trust Chairman highlighted the word '*Integrated*' within this Committee's title and provided assurance that workforce issues were a significant element of this Committee's business. However, he invited an open discussion on this point at the December 2016 Trust Board thinking day (when the Trust's Committee structure was due to be considered).

Trust
Chairman
/DCLA

Resolved – that (A) the Workforce Update report (paper K) and the subsequent discussion be noted, and

(B) a discussion on the governance arrangements for Workforce and Organisational Development issues be scheduled on the Trust Board thinking day agenda for 8 December 2016, as part of the wider review of the Trust's Committee structure.

Trust
Chairman
/DCLA

116/16/2 Corporate Services Review

The Director of Workforce and Organisational Development introduced paper L, outlining the context and drivers for the review of UHL's corporate services, noting that the year-on-year CIP reductions were becoming harder and harder to achieve and that such savings were unsustainable given the current configuration of back office functions. She briefed the Committee on the likely resources that would be required to achieve the required outputs from the Corporate Services Review and members discussed the scope for a 6-week diagnostic exercise to be undertaken by EY. It was agreed that a case of need would be submitted to a future meeting of the Revenue Investment Committee and the formal PID would be presented to the November 2016 IFPIC meeting.

DWOD

The Director of CIP and Future Operating Model supported this strategic approach, but he confirmed that the CIP target for 2017-18 would need to be delivered in parallel. In the event of Corporate schemes under-delivering, then CMG targets would need to be increased.

Discussion also took place regarding the recommendations and targets arising from the Carter Review and progress of collaboration with the LLR Sustainability and Transformation Plan (STP) partners. Mr A Johnson, Non-Executive Director highlighted opportunities to identify which elements of UHL's pay expenditure were directly related to delivery of patient care and include this in the reporting mechanism going forwards.

DWOD

Resolved – that (A) a case of need to undertake a 6-week diagnostic exercise on the scope of a Corporate Services Review be submitted to a future meeting of the Revenue Investment Committee;

DWOD

(B) a formal Project Initiation Document (PID) for the Corporate Services Review be presented to the November 2016 IFPIC meeting, and

DWOD

(C) consideration be given to sub-dividing UHL's pay expenditure data in future reports to clarify the proportion that directly related to delivery of patient care.

DWOD

116/16/3 Month 6 Quality and Performance Report

Paper M provided an overview of UHL's quality, patient experience, operational targets, and HR performance against national, regional and local indicators for the month ending 30 September 2016.

The Committee Chair highlighted a recent article in the Leicester Mercury in respect of radiology reporting delays and the Director of Performance and Information responded by briefing the Committee on the short-term impact of broken links within the new EMRAD system. Assurance was provided that good progress had been made with recruiting radiologists and that performance would soon be back on track. In the meantime, some UK outsourced reporting was taking place to remove the backlog.

The Patient Adviser highlighted the impact of cancelled surgery upon patients, suggesting that it would cause patients less anxiety if their surgery was cancelled some 2 or 3 days earlier, instead of on the day of their surgery. The Director of Performance and Information provided assurance that the majority of cancellations were carried out in advance by the respective CMG teams. The Chief Operating Officer agreed to brief the ITAPS leadership team on the mechanism for cancelling surgery in advance, recognising that they were rarely involved in this process.

COO

The Director of Performance and Information briefed the Committee on non-compliance with the RTT incomplete target (91.7% against the 92% standard) and the 6 week diagnostics target (1.5% against the 1% threshold). Improvements in 62 day cancer backlogs were noted; the backlog was now at its lowest point for some 2 years. However, HDU and ICU bed capacity remained a critical issue for improving cancer performance and reducing hospital cancellations.

Resolved – that (A) the month 6 Quality and Performance report (paper M) and the subsequent discussion be noted, and

(B) the Chief Operating Officer be requested to brief the ITAPS management team on the process in place for CMGs to cancel surgery in a timely manner (to reduce cancellations on the day of surgery).

COO

116/16/4 2017-18 Beds Capacity Plan

Further to Minute 104/16/4 of 29 September 2016, paper N provided an update on the work that was taking place in order to understand the required bed capacity to provide patients with timely access to care in 2017-18. The outcomes from the scenario based approach highlighted deficits in bed capacity ranging between 51 and 261 (dependent upon the occupancy level, demand assumptions, volumes of activity and the access standards to be agreed within the STF for 2017-18). The report advised that further clarity on the volume of activity to be contracted, STF access standards and beds capacity would be provided to the November 2016 IFPIC meeting.

COO

Discussion took place regarding the primary care sector's ability to control patient care demand and the part that UHL had to play in this respect. Current elective referral rates were 11% higher than plan and UHL was currently duty bound to accept all referrals above plan. A potential solution would be to contract for lower volumes of patient activity and (in turn) see fewer patients. The Trust Chairman noted that this was another critical issue facing the Trust and he commented upon the opportunities to observe the ways in which other acute Trust's interacted with primary care during a forthcoming visit to Wolverhampton.

Resolved – that (A) the update on the development of the 2017-18 beds capacity plan be received and noted as paper N, and

(B) proposals to be presented to the 24 November 2016 IFPIC meeting in respect of the volume of contracted 2017-18 activity, STF access standards to be agreed, and the bed capacity required.

COO

117/16 **SCRUTINY AND INFORMATION**

117/16/1 IFPIC Calendar of Business 2016-17

Resolved – that the updated IFPIC calendar of business be received and noted as paper O.

117/16/2 Updated Timetable for UHL Business Case Approvals

Resolved – that the updated timetable for Strategic Business Case Approvals be received and noted as paper P.

117/16/3 Executive Performance Board

Resolved – that the notes of the 27 September 2016 Executive Performance Board meeting be received and noted as paper Q.

117/16/4 Capital Monitoring and Investment Committee

Resolved – that the notes of the 16 September 2016 Capital Monitoring and Investment Committee meeting be received and noted as paper R.

117/16/5 Revenue Investment Committee

Resolved – that the notes of the 16 September 2016 Revenue Investment Committee meeting be received and noted as paper S.

118/16 INVESTMENT BUSINESS CASES

118/16/1 Vascular Surgery Service Move to Glenfield Hospital

Ms N Topham, Reconfiguration Programme Director attended the meeting to present paper T, setting out impact of changes in the timescale for moving Vascular surgery to Glenfield Hospital in May 2017 (ahead of the planned HPB move). The Medical Director and the Chief Nurse had been invited to attend for this item, but they had both submitted their apologies for this meeting.

The report advised of additional middle-grade and junior doctor costs (approximately £320k per annum) which had not been included in the original business case. The Reconfiguration Programme Board and the Executive Strategy Board had already supported the revisions to the business case and recommended that IFPIC be sighted to the changes, as this Committee had approved the original business case. The Committee received and noted this updated information.

Resolved – that the changes in the timescale for the Vascular Surgery move to Glenfield Hospital and the associated revenue implications be received and noted (as set out in paper T).

119/16 CLINICAL MANAGEMENT GROUP PRESENTATION

119/16/1 Musculoskeletal and Specialist Surgery (MSS)

Following an informal discussion over the lunchtime period, the Clinical Director, Head of Operations, Head of Nursing, Deputy Head of Operations and Finance Lead attended from the MSS Clinical Management Group to introduce a slide presentation (previously circulated as paper U), providing an overview of their current financial and operational performance, key risks, achievements and proposed strategic changes. The presentation slides were taken as read and the presentation team outlined the following key points:-

- (a) good performance in respect of infection rates and hospital acquired pressure ulcers – as at the end of September 2016 the year to date figures stood at zero for MRSA, 1 for C Diff, and 2 for pressure ulcers;
- (b) an increase in the number of Datix incident reports awaiting review (224 in September 2016) – a meeting was scheduled for 28 October 2016 to review these;
- (c) challenges which had affected the RTT waiting time performance for Ophthalmology, Orthopaedics and ENT;
- (d) developments in respect of new roles, autonomous teams, theatre utilisation and the impact of a protected bed base for elective surgery;
- (e) a deterioration in fractured neck of femur performance, related to cancellation rates. The action plan for improving fractured neck of femur performance was regularly reviewed by the Quality Assurance Committee;
- (f) the slide on page 5 summarised the CMG's biggest achievements over the last 6 months and IFPIC members were invited to visit the new Specialist Surgery Ward which had recently moved from ward 7 to ward 9 on the LRI site, and
- (g) financial performance for the year to date was £2.56m adverse to plan, reflecting a shortfall in patient care income of £2.42m. The CMG was forecasting to deliver a £3.51m deficit outturn for 2016-17.

In discussion on the presentation, IFPIC members sought and received additional information regarding theatre optimisation, access to beds, the impact of medical outliers in surgical bed capacity, nurse staffing gaps, re-organisation of roles, competing priorities for operating theatre capacity between fractured neck of femur and spinal cases, and proposals to develop a more integrated service model for Ophthalmology with care being delivered by Ophthalmologists and Optometrists.

Resolved – that the information be received and noted.

120/16 ANY OTHER BUSINESS

Resolved – that no items of other business were noted.

121/16 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 3 November 2016, and

**TA/
Chair**

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

- Minute 114/16/1 – Month 6 financial performance for 2016-17;
- Minute 114/16/3 – Review of 2016-17 Capital Programme;
- Minute 116/16/2 – Corporate Services Review, and
- Minute 116/16/4 – 2017-18 Beds Capacity Plan.

122/16 DATE OF NEXT MEETING

Resolved – that the next meeting of the Integrated Finance, Performance and Investment Committee be held on Thursday 24 November 2016 from 9am to 1pm in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 13.09pm

Kate Rayns,
Trust Administrator

Attendance Record 2016-17

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	7	7	100	R Mitchell	7	6	86
J Adler	7	6	86	R Moore	7	7	100
P Baker	4	0	0	B Patel	4	4	100
I Crowe	7	6	86	K Singh	7	7	100
S Dauncey	3	3	100	P Traynor	7	6	86
A Johnson	7	7	100				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Gordon	7	5	71	L Tibbert	7	6	86
D Kerr	7	6	86				