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UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

**DATE OF TRUST BOARD MEETING:** 4 August 2016

**COMMITTEE:** Integrated Finance, Performance and Investment Committee

**CHAIR:** Mr M Traynor, Non-Executive Director

**DATE OF MEETING:** 28 July 2016

This report is provided for the Trust Board's information in the absence of the formal Minutes, which will be submitted to the Trust Board on 1 September 2016.

**SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:**

- *None*

**SPECIFIC DECISIONS:**

- *None*

**DISCUSSION AND ASSURANCE:**

- ***Sustainability and Transformation Funding (STF) Guidance 2016-17*** – paper C briefed the Committee on the arrangements for accessing the planned £23.4m of STF during 2016-17 and confirmed that UHL had met the required criteria to secure payment for quarter 1. Members considered the risks surrounding achievement of the performance trajectories for the remainder of the year, noting the tolerance thresholds for access targets, opportunities to earn back STF for compliant performance at the year end, and the available appeals mechanism in the event of any material changes to the underlying assumptions, such as an increase in GP referrals. Quarter 4 performance would be based upon the forecast outturn;
- ***Strengthening Financial Performance and Accountability in 2016-17*** – paper C1 set out a series of actions for stabilising NHS finances in 2016-17. Annex D provided a provisional analysis of providers' pay growth between 2014-15 and 2016-17. UHL was noted to be one of the 63 providers with significant paybill growth; however a larger proportion of this growth was attributed to the development of an in-house facilities management service and assuming management of the Urgent Care Centre. The Chief Executive advised that he would be providing a formal response to NHS Improvement on this issue. The Director of Operational Finance highlighted references to the new Single Oversight Framework within paper C1, noting that this framework was currently out to consultation;

- **Month 3 Financial Performance 2016-17** – the Trust had delivered an £8.1m deficit for the year to date, including recognition of £5.9m STF for delivery of the quarter 1 targets. Contingency funding of £1.1m had been released to date and this was in line with plan. Over-performance in non-elective patient care activity had offset under-performance in elective care and the table on page 7 of paper D detailed over-performance against contract for the 3 CCGs and Specialised Commissioners. Non-pay expenditure was £2m adverse to plan and this was being driven by increased drugs, clinical supplies and the cost of providing additional patient care activity above plan. Agency staffing expenditure continued to be monitored closely. In response to a query raised at the 30 June 2016 IFPIC meeting, an explanation was provided in respect of a £146k stock adjustment. As previously agreed, a detailed year-end forecast would be provided to the 25 August 2016, based upon the quarter 1 performance. No further clarity had yet been provided in respect of national capital availability for 2016-17 and the Trust continued to manage the position through a range of alternative scenarios. The impact of these scenarios upon reconfiguration, estates and facilities, IM&T and medical equipment procurement was being monitored closely by the Capital Monitoring and Investment Committee;
- **Working Capital Strategy/Cash Flow** – the Financial Controller briefed the Committee on the arrangements in place to manage the Trust's current cash position, noting that a Cash Committee had now been established to provide additional scrutiny and oversee the actions required. Particular delays in the following income streams were reported:- (a) release of Treasury Interim Revolving Working Capital (IRWC), (b) payment of STF money, (c) CCG payments for patient care activity above plan, (d) payments for facilities management services provided to other healthcare providers, and (e) under-spending on depreciation. Assurance was provided that appropriate arrangements were in place to protect small and medium sized businesses where delayed invoice payments would have the biggest impact. A mechanism for escalating those invoice payments directly impacting upon business continuity or patient care was also being developed. The Audit Committee Chair highlighted a range of additional information required to inform the next iteration of this report and he undertook to send the Financial Controller a list of these (outside the meeting). In addition, he requested that a short briefing note on the underlying reasons for the recent deterioration in cash flow be provided to the 25 August 2016 IFPIC meeting, to improve awareness of the key issues;
- **Cost Improvement Programme** – year to date CIP delivery stood at £7.535m (as at the end of June 2016) against the planned £6.394m. The Executive Performance Board had agreed a plan to mitigate against the forecast CIP shortfall in Women's and Children's. Discussion took place regarding income-related efficiency schemes (delivering additional clinical activity using the same capacity) and the arrangements for reducing clinical variation;
- **Final Reference Costs Submission 2016** – paper G briefed the Committee on the process for preparation of UHL's Reference Costs return for submission to the Department of Health on 27 July 2016 – a copy of the finalised return was provided at appendix 1. Following central validation, an analysis of the national data would be presented to IFPIC in December 2016 or January 2017;
- **Chief Executive's Briefing** – the Chief Executive briefed IFPIC on the issues discussed at a recent meeting with Mr J Mackey, NHS Improvement Chief Executive to consider the LLR Sustainability and Transformation Plan. Discussion had taken place regarding demand management, capacity constraints, whole system emergency care performance, a revised approach to capital funding, and the consultation arrangements for the Better Care Together Programme. On 18 July 2016, the Trust Board had hosted a meeting with Mr E Smith, NHS Improvement Chairman, at Glenfield Hospital (followed by visits to the East Midlands Congenital Hearts Centre and the Clinical Decisions Unit);
- **Workforce Update** – the Committee received 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 staff turnover, vacancy levels, sickness hotspots, staff wellbeing, flu immunisation, engaging with staff to manage health outcomes, and diversity targets. A total of 73 EU international nurses had left the Trust during June 2016 and some further work was taking place to understand their reasons for leaving. In addition, further campaigns were

planned to counter the potential impact of the EU referendum. International recruitment was being explored from countries such as India and the Philippines (subject to immigration requirements). Negotiations were underway with LPT and DeMontfort University to attract additional nurse trainees and improve the quality of their placements. A workshop would be held in September 2016 to further develop the LLR Workforce Strategy and a separate report would be presented to the September 2016 IFPIC meeting in respect of HR Services;

- **Demand and Capacity Modelling** – the Chief Operating Officer briefed the Committee on this workstream as part of his update on Emergency Care (see below);
- **Month 3 Quality and Performance Report** – the Director of Performance and Information reported on RTT performance, cancer performance, 52 week waits and diagnostics performance. A contract query had been raised with Commissioners regarding the volume of increased referrals above the contracted activity levels for 2016-17. In respect of cancelled operations not rebooked within 28 days, HDU capacity had been a major constraint, but assurance was provided that appropriate clinical prioritisation arrangements were in place;
- **E-Referrals Update** – the Director of Performance and Information provided a verbal update on e-referrals performance, noting that this data had recently been removed from the monthly Quality and Performance report. Members noted a 5% improvement had occurred in June 2016 (compared to May 2016), however 30% of these appointments had reverted to a telephone booking which was subsequently confirmed by letter;
- **Reports for Scrutiny and Information** – the Committee received and noted the following documents:-
  - IFPIC calendar of business;
  - Updated timetable for UHL Business Case Approvals;
  - Minutes of the Executive Performance Board meeting held on 28 June 2016;
  - Minutes of the Capital Monitoring and Investment Committee meeting held on 17 June 2016;
  - Minutes of the Revenue Investment Committee meeting held on 17 June 2016;
- **Emergency Care, Demand and Capacity Update** – the Chief Operating Officer and the Director of Emergency Care introduced paper R, describing the actions considered at the 14 July Trust Board thinking day to address internal inefficiencies affecting UHL's emergency care performance. A recommendation had been made to prioritise access to beds for RTT and cancer patients. The action plan appended to paper R described the actions being taken to (a) reduce the imbalance between demand and capacity, (b) improve ED flow, and (c) improve CDU processes. A revised governance structure was provided on page 5 of the report and a new standardised reporting format was being developed. Discussion took place regarding medical leadership, staff behaviours, joined up patient pathways and the arrangements for embedding external support from ECIP. IFPIC noted that the action plan was a live document and this was subject to change once feedback was provided from the ECIP gap analysis. The Chief Operating Officer agreed to sign NHS Improvement to the proposed actions, prior to submission to the 4 August 2016 Trust Board meeting;
- **Any Other Business** – none noted.

**DATE OF NEXT COMMITTEE MEETING:** 25 August 2016

Mr M Traynor – Committee Chair  
28 July 2016