

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST
REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 7 December 2017

COMMITTEE: Finance and Investment Committee

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

DATE OF COMMITTEE MEETING: 26 October 2017

RECOMMENDATIONS MADE BY THE COMMITTEE FOR CONSIDERATION BY THE TRUST BOARD:

- **Minute 12/17 – Intensive Care Unit Outline Business Case**
- **Minute 14/17 – Recommendation to include the Director of Strategy and Communications as a non-voting member of FIC**

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR CONSIDERATION/ RESOLUTION BY THE TRUST BOARD:

- **Minute 17/17/1 – Month 6 Financial Performance**
- **Minute 18/17/2 – UHL Efficiency Strategy**

DATE OF NEXT COMMITTEE MEETING: 30 November 2017

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 OCTOBER 2017 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
Mr A Johnson – Non-Executive Director
Mr T Lynch – Interim Chief Operating Officer
Mr K Singh – Trust Chairman
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr C Benham – Director of Operational Finance
Mr G Garcea – Clinical Director, CHUGGS Clinical Management Group (for Minute 12/17)
Ms D Green – Senior Project Manager (for Minute 12/17)
Ms G Harris – Head of Operations, ITAPS Clinical Management Group (for Minute 12/17)
Mr D Kerr – Director of Estates and Facilities
Mr T Pearce – Finance Lead (for Minute 12/17)
Mrs K Rayns – Corporate and Committee Services Officer
Mr B Shaw – Director of Efficiency and CIP (for Minutes 17/17/2 and 18/17/2)
Mr N Sone – Financial Controller (up to and including Minute 17/17/1)
Mr D Streets – Head of Procurement and Supplies (for Minute 17/17/2)
Ms N Topham – Reconfiguration Programme Director (for Minute 12/17)
Dr R Vaja – Consultant Anaesthetist (for Minute 12/17)
Ms R Vyas – Head of Strategy and Planning (for Minute 18/17/4)

RECOMMENDED ITEMS

ACTION

12/17 INTENSIVE CARE UNIT (ICU) OUTLINE BUSINESS CASE (OBC)

The following presentation team attended the meeting to introduce paper C, seeking approval of the business case to relocate level 3 adult ICU activity and associated dependent services from the LGH site to the LRI and GH site, retaining a reduced level 2 service only at LGH:-

Ms N Topham – Reconfiguration Programme Director
Mr G Garcea – Clinical Director, CHUGGS Clinical Management Group
Ms D Green – Senior Project Manager
Ms G Harris – Head of Operations, ITAPS Clinical Management Group
Mr T Pearce – Finance Lead
Dr R Vaja – Consultant Anaesthetist

Finance and Investment Committee members noted that the £30.8m scheme included the expansion of the Glenfield Hospital ICU by 11 bed spaces, refurbishment of space at Glenfield Hospital for interventional radiology facilities, creation of new wards on the roof of Glenfield Hospital for Hepatobiliary and Renal Transplant services and refurbishment of ward space at the LRI for the relocation of colorectal and emergency general surgery services. The Committee particularly considered the following key issues:-

- (a) the proposed timescale for the NHS Improvement approvals process and feedback received at a helpful meeting with NHSI on this subject. It was noted that the Full Business Case would be scheduled for FIC consideration on 25 January 2018 and Trust Board approval on 1 February 2018;
- (b) early engagement which had been taking place in relation to the required Health

**CFO/
RPD**

- Building Note (HBN) derogations relating to the proportion of single rooms which was planned to be reduced from 50% to 30%. Assurance was provided that the detail of any required HBN derogations would be included within the Full Business Case;
- (c) progress of the design and enabling works which were not permitted to be over-committed in advance of the formal business case approvals process (even though the total quantum of the Trust's capital allocation was already known). The Trust was working with NHSI to understand the mechanism for accessing the capital funding (which would be phased over 2 financial years), once the necessary approvals were in place;
 - (d) infrastructure improvements to support the expanded services at Glenfield Hospital. As discussed at the 23 February 2017 IFPIC meeting, approximately £1.6m of the capital allocation would be spent on increasing the site's capacity for heating, hot water, medical oxygen, medical vacuum capacity and electrical supplies;
 - (e) improved clinical adjacencies and the benefits of in-reach from other medical specialties. The clinical rota at the Leicester General Hospital was not sustainable in the long-term and Leicester was losing a lot of medical trainees as a result. Assurance was provided that the services remaining on the LGH site would be sustainable with a Level 2 HDU service. The patient safety benefits of reducing the number of intra-hospital patient transfers were also noted;
 - (f) the financial implications of the business case, including capital charges, facilities management costs. The Chief Financial Officer commented upon the lessons learned from Phase 1 of the Emergency Floor project and the need to remain within the built-in 15% contingency sum for the scheme;
 - (g) improved theatre utilisation at Glenfield Hospital, utilising revised working patterns covering 6 days per week and 3 session days,
 - (h) the inherent risks associated with the scheme (as set out on pages 8 to 10 of the executive summary) included potential delays to the timescales associated with the approvals process, movement of specialties increasing operational pressures and the increased non-recurrent revenue impact, and
 - (i) opportunities to develop new patient pathways and more efficient ways of working. For example, the emergency pathway for pancreatic cancer would be refined and improved and the length of stay for jaundice would be reduced. In addition, the scheme would help to improve emergency patient flows at the LRI site and ring-fence ICU capacity to support major cancer surgical activity.

Following the above discussion, the Committee endorsed the ICU outline business case for formal Trust Board approval on 2 November 2017. Members commended the significant amount of work that had been undertaken by the Strategy Team and colleagues to finalise the OBC within the timescale constraints.

Recommended – that (A) the ICU Outline Business Case (paper C) be endorsed and recommended for Trust Board approval, and FIC Chair

(B) the ICU Full Business Case be presented to the Finance and Investment Committee on 25 January 2018 and the Trust Board on 1 February 2018. CFO/RPD

13/17 CONFIDENTIAL REPORT BY THE CHIEF FINANCIAL OFFICER

Recommended – 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. FIC Chair

14/17 WELCOME AND APOLOGIES

The Committee Chair welcomed Mr M Wightman, Director of Strategy and Communications to his first meeting of the Finance and Investment Committee, advising that he would be attending future meetings as a non-voting member. Apologies for absence were received from Mr K Allan, Patient Partner and Mr R Moore, Non-Executive Director.

Recommended – that (A) the Director of Strategy and Communications be added to the membership of the Finance and Investment Committee, and

(B) apologies for absence be noted from Mr K Allan, Patient Partner and Mr R Moore, Non-Executive Director.

RESOLVED ITEMS

15/17 MINUTES

Resolved – that the Minutes of the Inaugural Finance and Investment Committee (FIC) meeting held on 28 September 2017 (papers A1 and A2) be confirmed as correct records.

16/17 MATTERS ARISING

Paper B detailed the status of all matters arising from the 28 September 2017 FIC meeting and any outstanding matters arising from the previous Integrated Finance, Performance and Investment Committee (IFPIC) meetings. Particular discussion took place regarding progress of the following items:-

- (a) ***Item 5 (FIC Minute 5/17/1c of 28 September 2017)*** – the Chairman confirmed that he had received a comprehensive briefing note on the implementation of the Overseas Hospital Charging Regulations and this action could now be closed on the progress log; **CCSO**
- (b) ***Item 13 (FIC Minute 7/17/2 of 28 September 2017)*** – a follow-up Trust Board thinking day session with IBM would be scheduled during 2018 when time permitted, but the Chief Executive advised that this was not a top priority at the present time; **DCLA**
- (c) ***Item 21 (IFPIC Minute 76/17/5 of 27 July 2017)*** – the Director of Operational Finance agreed to send Mr A Johnson, Non-Executive Director details of a further PLICS awareness session, as he had not been able to attend the event in September 2017, and **DOF**
- (d) ***Item 23 (IFPIC Minute 53/17/7 of 25 May 2017)*** – proposals for the electronic rostering contract renewal had been deferred from the 26 October 2017 FIC meeting. These would now be presented to the November 2017 Executive Performance Board and FIC meetings. The Chief Executive commented upon concerns raised previously by the CMGs in relation to the functionality of the system, noting in response that the outputs of recent clinical engagement sessions would be reflected within the final proposals. **DWOD**

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

17/17 FINANCE AND PLANNING

17/17/1 2017-18 Month 6 Financial Performance

The Chief Financial Officer introduced paper D, providing the monthly summary of performance against the Trust's statutory duties, financial performance, cash flow and capital expenditure, and advising of a year to date deficit of £25.8m (in line with plan) and forecast delivery of the planned year-end deficit of £26.7m following completion of the mitigating recovery actions, although there was significant risk in quarters 2 to 4 relating to CIP delivery and overall delivery of the income and expenditure plan. Members commented upon the increased level of local and national scrutiny relating to the half-year financial performance for all NHS Trusts, even though these monthly reports were freely available on the UHL's external website throughout the year.

Assurance was provided that the Trust was doing everything possible to deliver the forecast year-end deficit of £26.7m whilst meeting challenging operational performance pressures and maintaining patient quality and safety. The Informal Executive Team meeting on 25 October 2017 had agreed a range of enhanced controls given the current run-rate and pay expenditure trends. Revised control totals were now being developed for sign-off by each Clinical Management Group and Corporate Directorate and these would be monitored through the new Accountability Framework (Minute 18/17/3 below refers). Discussion took place regarding a range of competing imperatives, whereby business cases with additional income attached to them were likely to be supported if there were valid operational or clinical reasons for enacting them. A summary of the revised CMG and Corporate Directorate control totals and the 2017-18 forecast outturn would be presented to the Trust Board on 2 November 2017.

CFO

Mr A Johnson, Non-Executive Director voiced his concerns regarding the profile of the Trust's deficit and the need to create a greater sense of urgency to reduce the run-rate and target any under-performing services. In response, the Chief Executive commented on the scope to address any non-profit making services in the light of constraints within the NHS that prevented the Trust from ceasing such elements of patient care, or changing the price of the tariff to make them more profitable. Members commented upon the value of high quality management information to inform the patient-level costings for individual services and the accuracy of clinical coding to ensure that the Trust was reimbursed for all treatments provided within every episode of patient care. The Chief Financial Officer noted the importance of identifying key areas to focus upon to inform any tariff changes between financial years.

The Director of Operational Finance also briefed members on a strategic opportunity to reduce non-operating costs in March 2018, subject to completion of a proposed asset sale. However, this figure had not yet been built into the Financial Improvement and Technical (FIT) slide on page 14 of the report. The Director of Estates and Facilities advised that there were still some significant processes to be completed before this asset sale could be factored into the Trust's 2017-18 income assumptions with any degree of certainty. The Chief Financial Officer noted that this asset sale was a single component of the Trust's wider financial recovery programme between month 6 and month 12.

Resolved – that (A) the 2017-18 month 6 Financial Performance report be received and noted as paper D;

(B) the Chief Financial Officer be requested to present a report to the private Trust Board meeting on 2 November 2017 detailing the revised CMG and Corporate Directorate control totals and the Trust's forecast outturn for 2017-18.

CFO

17/17/2 Cost Improvement Programme (CIP)

The Director of Efficiency and CIP introduced paper F1, providing the monthly update on CIP progress (against the increased £44.2m CIP target) as at the end of September 2017 and advising of in-month delivery of £3.2m (in line with plan) and year-to-date delivery of £16.361m (adverse to plan by £0.011m). The forecast outturn had not altered since month 5 and remained at £39.2m against the £44.2m target, assuming full delivery of the supplementary CIP target. A breakdown by CMG and Corporate Directorate was provided on slide 6 of paper F1 and assurance was received that regular escalation meetings were being held with each of the under-performing areas.

Particular discussion took place regarding the procurement workstreams and the Trust's forthcoming assessment for Level 2 of the NHS Procurement Standards. The Committee Chair had recently accepted an invitation to join the peer assessment panel and the Director of Efficiency and CIP undertook to send him a briefing note on this subject. Members concurred that a positive assessment against the Level 2 standard would be an excellent achievement for the Trust.

DECIP

Paper F2 provided a progress report against the £3.5m supplementary workforce CIP target for 2017-18 and members agreed that the detailed discussion on this report would be held at the People, Process and Performance Committee later that day.

Resolved – that (A) the reports on progress with the Trust’s Cost Improvement Programme be received and noted as papers F1, and F2;

(B) detailed discussion of the Supplementary Workforce Cost Improvement Programme be considered at the People, Process and Performance Committee to be held later on 26 October 2017, and

PPPC
Chair

(C) the Director of Efficiency and CIP be requested to send Mr M Traynor, Non-Executive Director a briefing note prior to his attendance at the peer review panel for NHS Procurement Standards Level 2.

DECIP

18/17 STRATEGIC ISSUES

18/17/1 Confidential Report by the Chief Financial Officer

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.

18/17/2 Efficiency Strategy

Further to Minute 5/17/2 of 28 September 2017, the Director of Efficiency and CIP introduced paper G, providing an overview of the proposed Strategy to assist the Trust with improving productivity and efficiency and achieving financial sustainability by maximising use of the Model Hospital Portal and the associated Carter workstreams. Members were encouraged to access the Model Hospital Portal information for themselves by visiting the website www.modelhospital.co.uk and registering for an account.

Particular discussion took place regarding the Carter metrics for Estates and Facilities services, and PLICS data. Members noted that the potential quantum of productivity improvements, leading to the Trust becoming an upper quartile performer could be in the region of £100m, subject to appropriate assurance being provided regarding the data quality. The Chief Financial Officer also highlighted opportunities to support the LLR healthcare economy as a whole and the Trust Chairman noted the intention to improve outcomes for patients, by enabling caring at it best for staff and patients.

The Committee considered those aspects of the strategy which were already working well at UHL, and the proposed next steps for implementation. A discussion was due to be held at the People, Process and Performance Committee (later that day) in relation to project management resources and Lean expertise. In addition, the Efficiency Strategy was scheduled for consideration by the Executive Quality Board on 7 November 2017. Following this meeting, the Strategy would be shared more widely and detailed work would be undertaken to establish the structure and workstream leads and the mechanism for building productivity improvements into individual service development plans.

Resolved – that (A) the draft Efficiency Strategy (paper G) and the discussion on this item be noted;

(B) further discussion on the project management resource and Lean expertise requirements be held at the PPPC meeting on 26 October 2017, and

DECIP

(C) the Efficiency Strategy be presented to the EQB meeting on 7 November 2017, and thereafter shared more widely within the Trust.

DECIP

18/17/3 Accountability Framework Update

Paper H informed the Finance and Investment Committee on the introduction of the Accountability Framework for managing financial performance which was due to be implemented with effect from quarter 3 of the 2017-18 financial year. Following discussion at the Trust Board thinking day on 13 July 2017, the Accountability Framework had been approved by the Executive Quality Board on 3 October 2017. The report was received and noted for information and the Chief Executive confirmed his agreement with the contents.

Resolved – that the Accountability Framework be received and noted as paper H.

18/17/4 Approach to Refreshing the Annual Operational Plan for 2018-19

The Director of Strategy and Communications introduced paper I, outlining the proposed approach to constructing the AOP for 2018-19 by agreeing the principles and parameters at a Trust level prior to the detailed meetings with CMGs. Ms R Vyas, Head of Strategy and Planning attended the meeting for this discussion. The report set out the lessons learned from previous business planning cycles and identified the principles and processes which had been constructed to address the key areas for improvement.

The next steps would include agreeing at a Trust level, the principles and parameters upon which the plan would be constructed and the resulting process for refreshing the 2018-19 Plan. Once these had been agreed, a series of meetings would be held with the CMGs to discuss and agree all aspects of their plans (including activity, performance and quality expectations, budgets, cost pressures, workforce assumptions and any particular hot spots such as balancing demand and capacity). In discussion on the report, the following comments and suggestions were noted:-

- (a) the Trust Chairman suggested an opportunity to hold a Trust Board thinking day discussion on this subject and he agreed to liaise with the Director of Corporate and Legal Affairs to arrange this for the 9 November 2017 session. Members agreed that the wider business planning preparatory workstreams could continue in the meantime;
- (b) the Committee Chair suggested that a representative from the Estates and Facilities Directorate would be a helpful addition to the core team of subject matter experts (as set out in section 10 of paper I) and the Director of Estates and Facilities agreed to provide a suitable nomination, and
- (c) the Head of Strategy and Development advised that the draft timeline set out in section 21 of the report would be populated once the external deadlines for completion had been confirmed. In response, the Chief Financial Officer suggested that the timescales should be modelled on the basis of the previous year's submission dates, eg early January 2018 (rather than waiting for any formal deadline to be issued).

Trust
Chairman/
DCLA

Resolved – that the proposed approach to refreshing the Annual Operational Plan for 2018-19 be received and noted as paper I and a further discussion be scheduled on the agenda for the Trust Board thinking day on 9 November 2017.

Trust
Chairman/
DCLA

19/17 **KEY CONTRACTS**

19/17/1 Quarterly Alliance Contract Update

Further to IFPIC Minute 78/17/1 of 27 July 2017, the Chief Financial Officer introduced paper J providing the quarterly update on Alliance performance as at month 5 including financial and operational performance, workforce issues and progress towards shifting planned care services into the community hospital setting. Detailed exception reports were provided in respect of staff turnover, outpatient clinic letters, DNA (did not attend) rates, and appointment slot issues. In discussion on the report, members recognised the significant reduction in the backlog of clinic letters, noting that the forecast position for the next reporting period was that no letters would be waiting longer than 10 days.

Resolved – that the Quarterly Alliance Contract Update (paper J) and the subsequent discussion be received and noted.

20/17 SCRUTINY AND INFORMATION

20/17/1 Timetable for UHL Business Case Approvals

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

20/17/2 Finance and Investment Committee Calendar of Business 2017-18

Resolved – that the updated FIC calendar of business be received and noted as paper L.

20/17/3 Executive Performance Board

Resolved – that the notes of the 26 September 2017 Executive Performance Board meeting be received and noted as paper M.

20/17/4 Capital Monitoring and Investment Committee

Resolved – that the notes of the 8 September 2017 Capital Monitoring and Investment Committee meeting be received and noted as paper N.

20/17/5 Revenue Investment Committee

Resolved – that the notes of the 8 September 2017 Revenue Investment Committee meeting be received and noted as paper O.

21/17 ANY OTHER BUSINESS

Resolved – that no items of other business were noted.

22/17 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 November 2017, and

CCSO/
Chair

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

- Minute 12/17 – ICU Outline Business Case;
- Minute 17/17/1 – Month 6 Financial Performance, and
- Minute 18/17/2 – Efficiency Strategy.

23/17 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 30 November 2017 from 9am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary**.

*****Post meeting note: the venue for the November 2017 meeting was subsequently changed to Seminar Room 2, Clinical Education Centre, Glenfield Hospital, due to the expected announcement about the East Midlands Congenital Heart Centre on that day.***

The meeting closed at 11:19am

Kate Rayns,
Corporate and Committee Services Officer

FIC Attendance Record 2017-18

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	2	2	100	R Moore	2	0	0
J Adler	2	1	50	K Singh (Ex-officio)	2	2	100
A Johnson	2	2	100	P Traynor	2	2	100
T Lynch	2	2	100				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	1	0	0	D Kerr	2	2	100
C Benham	2	2	100	M Wightman	1	1	100