

Trust Board paper N4

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 7 February 2019

COMMITTEE: Finance and Investment Committee

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

DATE OF COMMITTEE MEETING: 20 December 2018

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

- None

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR NOTING BY THE TRUST BOARD:

- Minute 117/18/1 – financial performance for Month 8;
- Minute 117/18/4 – progress of the Productivity Improvement Programme;
- Minute 117/18/7 – approach to 2019/20 Business Planning, and
- Minute 118/18/3 – Leicester Business Festival Workshop.

DATE OF NEXT COMMITTEE MEETING: 31 January 2019

**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 20 DECEMBER 2018 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
Ms R Brown – Chief Operating Officer
Ms K Jenkins – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr K Singh – Trust Chairman (non-voting ex-officio)
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr C Benham – Director of Operational Finance
Mr J Clarke – Chief Information Officer (for Minute 118/18/1)
Ms A Coull – NHS Improvement (observing)
Mr M Hotson – Head of Business, Commercial and Contracts (for Minute 116/18/1)
Ms C Jones-Manning – Decontamination Lead (for Minute 111/18)
Mr D Kerr – Director of Estates and Facilities
Mr T Pearce – Major Projects Finance Lead (for Minute 111/18)
Mrs K Rayns – Corporate and Committee Services Officer
Mr B Shaw – Director of Efficiency and CIP
Mr N Sone – Financial Controller (for Minutes 117/18/1 to 117/18/5 inclusive)
Ms R Vyas – Head of Strategic Development (for Minute 117/18/7)
Mr M Wightman – Director of Strategy and Communications

RECOMMENDED ITEMS

ACTION

111/18 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.

112/18 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.

RESOLVED ITEMS

113/18 APOLOGIES AND WELCOME

Apologies for absence were received from Mr K Allen, Patient Partner and from Mr W Monaghan, Director of Performance and Information. The FIC Chairman welcomed Ms K Jenkins, Non-Executive Director and Ms A Coull, NHS Improvement to the meeting and introductions took place.

Resolved – that the apologies for absence be noted.

114/18 MINUTES

Resolved – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 29 November 2018 (papers A1 and A2) be confirmed as correct records.

115/18 MATTERS ARISING

Paper B detailed the status of all matters arising from the 29 November 2018 FIC meeting and any outstanding matters arising from previous FIC meetings. Particular discussion took place regarding the following entries on the log:-

- Item 4 (Minute 105/18/2d of 29 November 2018 refers) – the Chief Financial Officer agreed to provide some contact details to the Director of Efficiency and CIP to assist him with compiling some benchmarking data from Frimley Park Hospital; **CFO**
- Item 5 (Minute 105/18/2e of 29 November 2018 refers) – consideration was being given to scheduling a financial improvement session (facilitated by McKinsey) at the February 2019 Trust Board thinking day, and **Trust Chair/ DCLA**
- Item 21 (Minute 85/18/6b of 27 September 2018 refers) – arrangements were in hand to present the refreshed version of UHL's Long Term Financial Strategy to the Trust Board in the final quarter of 2018/19. **CFO**

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

116/18 BUSINESS CASES

116/18/1 Confidential Report by the Director of Estates and Facilities

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.

117/18 FINANCE AND PLANNING

117/18/1 2018/19 Month 8 Financial Performance

The Chief Financial Officer introduced paper E advising that the month 8 (November 2018) deficit of £46.9m excluding Provider Sustainability Funding (PSF) was £27.1m adverse to plan, driven by the cessation of the Facilities Management LLP (FM LLP) and the crystallisation of unmitigated risk within the Financial Recovery Board actions. Including Provider Sustainability Funding (PSF), the year to date deficit was £44.6m which was adverse to plan by £36.9m due to non-recognition of PSF within the Quarter 2 reporting period.

Underlying performance was adverse to plan with over-performance in Emergency Care and Outpatients being offset by under-performance in elective activity and marginal costs to deliver activity and pay cost pressures. Agency expenditure remained below the threshold required by NHS Improvement which effectively mandated a 30% reduction on 2015/16 agency expenditure. CIP performance to date stood at £20.9m against the planned £23.2m and the forecast CIP outturn was £49.8m reflecting a gap of £1.7m (with £7.9m being driven by the cessation of the FM LLP). The forecast deficit financial outturn for 2018/19 stood at £51.8m, but there remained a further unmitigated risk of between £3m and £10m. This was being addressed through increased pay controls and proactive management of the risks and opportunities to ensure that the Trust achieved the best possible financial outturn without compromising patient quality and safety.

The Chief Financial Officer reported verbally on the release of in-month technical provisions that had been brought forward in relation to depreciation charges and treatment of VAT. He also expanded upon the arrangements for holding Corporate Directorates and Clinical Management Groups (CMGs) to account. All underperforming areas were being

monitored through weekly financial recovery meetings and proactive arrangements for managing risks and mitigations were in place through the Financial Recovery Board. Executive-level financial support was also being provided to the General Managers of all underperforming Specialties and assurance was provided that performance was being monitored on a proactive and real-time basis, rather than waiting for the monthly data to be issued and then reacting to it accordingly.

Resolved – that the Month 8 Financial Performance report be received and noted as paper E.

117/18/2 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.

117/18/3 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.

117/18/4 UHL Productivity Improvement Programme – Month 8

The Director of Efficiency and CIP introduced paper H providing an overview of the performance status of the programme, progress of the enabling workstreams, key performance indicators, risks and mitigations, cross-cutting workstream highlights, and CMG and Corporate Directorate productivity measures. The forecast outturn against the £51.5m CIP target for 2018/19 stood at £43.6m and the proportion of schemes that had been approved via the quality impact assessment process had increased from 58% to 67%.

Two successful 'Getting It Right First Time' (GIRFT) visits had taken place in Dermatology and Radiology, but the expected GIRFT visit to the Emergency Department had been cancelled (for a second time) whilst the GIRFT team was awaiting updated guidance. The Director of Strategy and Communications highlighted an opportunity for UHL to hold its own GIRFT-type visit within the Emergency Department and begin to apply the established methodology to delivering service improvements and reducing unnecessary costs whilst the formal GIRFT visit was awaited. The Director of Efficiency and CIP was requested to take this forward.

DECIP

Discussion took place regarding the significant improvement in the amount of Clinical Coding that was undertaken using case notes and the increased accuracy of such coding. The Chief Executive commented upon his expectation to see robust monitoring of headcount reductions within the 2019/20 CIP programme. FIC members were encouraged to visit the Model Hospital website as the data had been recently refreshed. An update on Section 106 agreements was provided on the final slide of paper H.

The Committee Chair commented on the cost of replacing a small IT accessory through the recognised procurement route, advising that it had proven cheaper to purchase the item elsewhere. In response, it was noted that alternative procurement solutions were being explored as part of the end user computer contract. Finally, members noted that the Productivity Improvement Strategy was planned to be presented to the FIC meeting on 31 January 2019.

DECIP

Resolved – that (A) the month 8 update on UHL's Productivity Improvement Programme (PIP) be received and noted as paper H;

(B) the Director of Efficiency and CIP be requested to take forward the proposal to hold an in-house GIRFT-type visit within the Emergency Department, and DECIP

(C) the UHL Productivity Improvement Strategy be presented to the FIC meeting on 31 January 2019. DECIP

117/18/5 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.

117/18/6 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.

117/18/7 Update on 2019/20 Business Planning Process

Ms R Vyas, Head of Strategic Planning and the Director of Strategy and Communications introduced paper K, setting out the Trust's progress in respect of delivering an integrated business planning cycle for 2019/20, leading to the construction of the Annual Operational Plan. The Director of Strategy and Communications re-iterated that UHL was engaging with Commissioners in respect of the services that were planned to be transformed. If these plans were successful, then robust monitoring arrangements would be required. Appendices 1 and 2 provided the correspondence received to date from NHS England and NHS Improvement on 16 October 2018 and 29 November 2018 (detailing the national approach to planning). However, the detailed Planning Guidance was still awaited. Appendix 3 detailed the draft LLR Commissioning Intentions for 2019/21. The draft 2019/20 Annual Operational Plan was now due for submission on 12 February 2019. On behalf of the Committee, the FIC Chair thanked the Head of Strategic Planning for her significant work in this respect.

Resolved – that (A) the update on the 2019/20 Business Planning Process be received and noted as paper K, and

(B) further updates on the 2019/20 Business Planning Process be presented to the Committee in January and February 2019. DSC

118/18 STRATEGIC ISSUES

118/18/1 Quarterly Update on the IBM Contract

The Chief Information Officer attended the meeting to present paper L, detailing performance against the Managed Business Partner contract with IBM. The core of the contract was being delivered, and the majority of performance targets were being achieved. However, the Business Intelligence Team was currently reviewing its priorities to ensure that the service level agreements and key performance indicators were the most appropriate to support the Trust going forward.

The GE PACS localisation go live event had gone particularly well some 48 days previously, with only 1 issue being logged and resolved within 15 minutes. Progress with replacement of older computer equipment was on track and the rollout was expected to gather pace over the coming months. Discussion took place regarding NHS Digital Funding and the development of NerveCentre and its position nationally as a Framework provider. Finally, the Committee Chair noted that the Chief Information Officer would be leaving UHL in the New Year and he thanked him for his significant contributions to UHL

and wished him well for the future.

Resolved – that the Quarterly update on the IBM Contract be received and noted as paper L.

118/18/2 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.

118/18/3 Leicester Business Festival Workshop: Develop Your Innovative Medical Product or Service with the NHS

The FIC Chair briefed the Committee on the success of the above event which had been hosted by UHL on 8 November 2018 at the Leicester General Hospital. The purpose of the event was to focus upon the development of innovative medical products or services within the NHS. Some 54 companies had attended the event and follow-up meetings had been arranged with 7 companies. Two of these were now being followed up in relation to stents and oxygen therapy. The Committee Chair recommended that consideration be given to hosting another event in 2019 due to the modest costs involved and the significant scale of opportunities.

Resolved – that (A) the verbal report on the Leicester Business Festival Workshop held on 8 November 2018 be received and noted, and

(B) consideration to be given to hosting a similar event in 2019.

CFO

118/18/4 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.

118/18/5 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.

119/18 **SCRUTINY AND INFORMATION**

119/18/1 Strategic Reconfiguration Programme – Project Plan and Timetable for Business Cases

Resolved – that the update on the Strategic Reconfiguration Programme be received and noted as paper N.

119/18/2 Finance and Investment Committee Calendar of Business 2018/19

Resolved – that the FIC calendar of business for 2018/19 be received and noted as paper O.

119/18/3 Executive Performance Board

Resolved – that the notes of the 27 November 2018 Executive Performance Board meeting be received and noted as paper P.

119/18/4 Capital Monitoring and Investment Committee (CMIC)

Resolved – that (A) the notes of the CMIC meeting held on 20 November 2018 be received and noted as paper Q, and

(B) the notes of the CMIC meeting held on 29 October 2018 be presented to the January 2019 FIC meeting.

119/18/5 Revenue Investment Committee (RIC)

Resolved – that the notes of the RIC meeting held on 20 November 2018 be presented to the January 2019 FIC meeting.

120/18 ANY OTHER BUSINESS

120/18/1 Confidential Report by the Committee Chair

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.

121/18 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 10 January 2019, and

CCSO/
Chair

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

- Minute 117/18/1 – financial performance for Month 8;
- Minute 117/18/4 – progress of the Productivity Improvement Programme;
- Minute 117/18/7 – approach to 2019/20 Business Planning, and
- Minute 118/18/3 – Leicester Business Festival Workshop.

122/18 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 31 January 2019 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11:24am

Kate Rayns, Corporate and Committee Services Officer

FIC Attendance Record 2018-19

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	9	9	100	A Johnson	9	8	89
J Adler	9	7	78	R Moore (to 29.11.18)	8	5	63
R Brown (from 28.6.18)	7	6		K Singh (Ex-officio)	9	7	78
E Doyle (to 21.6.18)	2	2	100	P Traynor	9	8	89
K Jenkins (from 1.12.18)	1	1	100				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	9	4	44	D Kerr	9	7	78
C Benham	9	9	100	M Wightman	9	9	100