

Cover report to the Trust Board meeting to be held on 6 February 2020

Trust Board paper K1

Report Title:	Finance and Investment Committee – Committee Chair’s Report (formal Minutes will be presented to the next Trust Board meeting)
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Reporting Committee:	Finance and Investment Committee
Chaired by:	Martin Traynor, Non-Executive Director
Lead Executive Director(s):	Simon Lazarus, Interim Chief Financial Officer
Date of last meeting:	30 January 2020

Summary of key public matters considered by the Committee and any related decisions made:

This report provides a summary of the following key public issues considered at the Finance and Investment Committee on 30 January 2020:-

- UHL Productivity Improvement Programme (PIP) including a deep dive into the surgical care programme** – the Director of Productivity updated FIC on progress against UHL’s Productivity Improvement Programme 2019/20, advising that savings of £27.2m had been identified against the target of £26.6m, and confirming that a newly-appointed transformation lead would be exploring GIRFT (Getting It Right First Time) issues in more detail. Programme delivery nonetheless remained challenging. FIC was particularly advised of further developments re: Section 106 agreements, noting a proposed meeting between the Director of Productivity, the Director of Estates and Facilities, the FIC Non-Executive Director Chair and the Interim Chief Financial Officer to discuss the Trust’s approach. In response to Non-Executive Director queries on the PIP key performance indicators (KPIs), the Director of Productivity clarified [i] that the decreased number shown for the ‘quality of coding – GP letter accuracy’ KPI was a positive development as it related to the number of returned letters; that KPI remained red however because the aspiration was to move below 1000. In further discussion on that indicator the Audit Committee Non-Executive Director Chair requested that the number of GP letters returned for 2018/19 as a whole be confirmed, and [ii] that the reduced figures for the ‘cost per HWAU’ KPI also represented an improvement, which was expected to reflect well for UHL in the 2020/21 Model Hospital data.

The Senior Manager Special Projects then presented the requested deep-dive into the surgical care programme – this consolidated programme covered projects within 5 key domains: productivity; preparation for surgery (P4S); theatre refurbishment; equipment, and theatre reconfiguration, with an estimated ‘high’ financial impact (in excess of £1.5m therefore). To date, £1.46m savings had been identified against a target of £1.6m, and challenges included how to move forward into 2020/21 and increase efficiency further without necessarily increasing activity; work had begun with Finance to identify true ‘cost out’ schemes for the coming year. The aims of the reconfiguration elements of the surgical care programme had been achieved (including piloting a new day case model of care at the Leicester General Hospital in preparation for the Treatment Centre), and the Senior Manager Special Projects reiterated the strong level of clinical support for the Leicester General Hospital day case model. FIC was advised of the potential productivity opportunities within the surgical care journey as a whole (system overview, eg from referral to surgery), and also noted the programme’s alignment with the e-hospital priorities. In response to the presentation, FIC particularly discussed how to ensure optimum use of Alliance and community capacity in a holistic approach, the impact of the new aligned incentive contract arrangements for 2020/21, and the need to retain an appropriate mix of complex and high volume work within UHL. Recognising the difficulty of delivering significant true ‘cost out’ savings in theatres (due partly to their fixed cost base), the Chief Operating Officer commented on the need for a focus on operating as efficiently as possible to drive productivity savings elsewhere in the process. With regard to the new contract, the People Process and Performance Non-Executive Director Chair emphasised the need for top-down clarity (from Executive Directors cascading through to frontline staff) on the new business model – the Audit Committee Non-Executive Director Chair also requested that FIC be briefed on the new operating model and its impact on numbers. In response, the Chief Operating Officer provided assurance that the Executive Team was very clear on the new approach, and she outlined the significant work done by the Strategy team to share this through the Trust. She also reiterated that the surgical care programme was looking at real transformational change to drive productivity gains. In further discussion, the Director of Estates and Facilities highlighted the fragile position of some of UHL and the Alliance’s theatres infrastructure and equipment. While some of this would be addressed through the reconfiguration programme, an appropriately-scheduled internal CRL programme was also required, and the Director of Estates and Facilities was meeting with the Chief Operating Officer to discuss this further.

- Update on the 2019/20 capital programme** – the Interim Chief Financial Officer updated FIC on the 2019/20 £51.6m capital plan, with capital expenditure of £22.5m reported as at month 9 (December 2019). Noting

comments from the Deputy Chief Financial Officer on likely natural slippage in the 2019/20 capital programme, the Trust Chairman queried how confident the Trust was of spending the remainder of the programme before year-end; this had also been appropriately challenged through a recent Capital Monitoring and Investment Committee meeting, and the Director of Estates and Facilities noted his assurance that the 2019/20 estates capital allocation would be spent. FIC noted the requirements for invoicing as now set out by the Interim Chief Financial Officer, and was advised that there was still sufficient lead-in time for medical equipment ordered now to be on-site by year end. The 2020/21 capital programme was challenging, and the Deputy Chief Financial Officer noted the aim of avoiding a back loaded quarter 4 increase in the spending profile for that year.

- **CHUGGS CMG financial performance deep dive** – this report (as previously requested by the Audit Committee Non-Executive Director Chair) was noted for information.
- **Alliance quarterly performance update** – this item had been withdrawn from the agenda and would be considered at the February 2020 FIC to enable the Alliance lead to attend.
- **Items for noting** – the Committee received and noted the following reports for information:-
 - Reconfiguration programme update and timetable for business case approvals
 - FIC Calendar of Business 2019/20, and
 - Executive Performance Board action notes 17 December 2019.

Public matters requiring Trust Board consideration and/or approval:

Recommendations for approval

None

Items highlighted to the Trust Board for information

- None

Matters referred to other Committees:

- None

Date of next meeting:

27 February 2020