

**Cover report to the Trust Board meeting to be held on 2 August 2018**

<b>Trust Board paper K</b>	
<b>Report Title:</b>	Finance and Investment Committee – Committee Chair’s Report (formal Minutes will be presented to the next Trust Board meeting)
<b>Author:</b>	Kate Rayns, Corporate and Committee Services Officer

<b>Reporting Committee:</b>	Finance and Investment Committee
<b>Chaired by:</b>	Martin Traynor, Non-Executive Director
<b>Lead Executive Director(s):</b>	Chris Benham, Director of Operational Finance (on behalf of Paul Traynor, Chief Financial Officer) Mark Wightman, Director of Strategy and Communications
<b>Date of last meeting:</b>	26 July 2018

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

This report provides a summary of the following key issues considered at the Finance and Investment Committee on 26 July 2018:-

- 2018/19 Month 3 Financial Performance** – paper C advised that the month 3 (June 2018) deficit of £22.3m was in line with plan, excluding Provider Sustainability Funding (PSF). Over performance in emergency, non-elective and OPD activity continued to be offset by overspends in pay and non-pay to deliver the additional activity. Agency expenditure remained below the required level and CIP performance stood at £4.9m against the plan of £3.8m (favourable by £1m). FIC noted the importance of the quarter 1 financial performance data which was used as a marker for national comparisons with other Acute Trusts. UHL had been allowed to recognise only 70% of the quarter 1 PSF allocation (given that the 90% target for 4 hour A&E performance had not been delivered). Underlying performance was in line with plan for quarter 1, but a detailed discussion took place regarding the challenges and risks surrounding delivery of UHL’s revised control total for 2018/19, with a specific focus on the implementation of the Facilities Management LLP, the potential sale of surplus paddock land and progress of the Trust’s Financial Recovery Action Plan.

In further discussion on the phasing of CIP targets, the Chief Executive was requested to consider implementing a 12 month rolling mechanism for internally monitoring CIP progress (to avoid the peaks and troughs traditionally associated with each new fiscal year). The Director of Operational Finance briefed the Committee on the current arrangements for monitoring the part-year effect of CIP schemes that were implemented mid-year. He also confirmed that NHS Improvement (NHSI) were cognisant of the reasons why CIP trajectories were ‘back loaded’ towards the end of the year, advising that NHSI were more concerned about the ratio between recurrent and non-recurrent CIP savings. FIC also considered (a) the planned Finance Improvement and Technical (FIT) adjustments as outlined on slide 14; (b) the factors that were driving variances in non-pay expenditure (eg drug costs and consumables); (c) requested a breakdown of I&E performance by CMG, and (d) sought additional clarity regarding the methods used to derive the forecast pay run-rates for January 2019 to March 2019 (as outlined on slide 15);

- UHL Productivity Improvement Programme** – the Director of Operational Finance introduced paper E on behalf of the Director of Efficiency and CIP, 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. In discussion on slide 19, members noted a forecast year-end deficit of £6.8m, but work was continuing to address this gap through the Elective Productivity workstream and the Lean training programme. Confirmation was provided that a proportion of non-recurrent savings schemes would be accepted in order to meet the year-end target. The Chief Operating Officer also briefed FIC on the work that was taking place with the Women’s and Children’s and Emergency and Specialist Medicine CMGs with a focus on effective management and good housekeeping;
- Update on Patient Level Information Costing System (PLICS), Service Line Reporting (SLR), Service Line Management (SLM) and Reference Costs** – the Director of Operational Finance introduced paper G, providing an

update on the above information systems which could be used as a rich and powerful source of information to support decision making and identification of efficiency opportunities within the Trust. The paper also provided an update on the progress made with NHSI's national Costing Transformation Programme and clinical engagement at UHL. Responding to a query from Mr R Moore, Non-Executive Director and Audit Committee Chair, the Director of Operational Finance and the Director of Strategy and Communications both expanded upon the benefits of improving clinical engagement, links with the Carter Model Hospital workstream and opportunities for reducing unwanted clinical variation. A previous Trust Board awareness session had been held on this subject. As requested, FIC approved the process for finalising UHL's reference costing submission and provided delegated authority for the Chief Financial Officer to sign-off the return ahead of its submission to NHSI by the deadline of 22 August 2018;

- **Timetable for UHL Business Case Approvals** – the Director of Operational Finance introduced paper J, setting out the anticipated programme for the delivery of business cases, in the event that the Reconfiguration Programme Capital Bids was successful in the Autumn 2018 Budget. FIC members received and noted the report, and
- **Quarterly Update on the Alliance Contract** – the Director of Performance and Information introduced paper K on behalf of the Alliance Director and the report was taken as read. Particular discussion took place regarding the benefits of moving the UHL Pillar into the Clinical Support and Imaging CMG's control, recognising the value of a single booking system, increased utilisation of Community Hospital capacity and the need to review the case mix and referral criteria for the Alliance. In addition, assurance was required that a safe process was in place to repatriate day-case patients back to UHL in the event that an overnight stay became necessary for clinical reasons.

**Matters requiring Trust Board consideration and/or approval:**

- *None*

**Matters referred to other Committees:**

- **Update on the Theatre Efficiency Workstream** – the Committee Chair advised that this item had been deferred to the August 2018 FIC meeting.

**Date of next meeting:**

30 August 2018