

Cover report to the Trust Board meeting to be held on 4 October 2018

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

Reporting Committee:	Finance and Investment Committee
Chaired by:	Martin Traynor, Non-Executive Director
Lead Executive Director(s):	Paul Traynor, Chief Financial Officer Mark Wightman, Director of Strategy and Communications
Date of last meeting:	27 September 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 27 September 2018:-

- **Matters arising report** – a detailed discussion took place regarding entry number 24 on the matters arising log (the proposal to implement a 12 month rolling mechanism for internally monitoring CIP progress to avoid the traditional peaks and troughs usually associated with the fiscal year reporting process). Assurance was provided that the CMGs and Corporate Directorates were encouraged to continually plan for CIP schemes in future years and that the Financial Recovery Board, Vital Few, Model Hospital and Carter workstreams supported a focus on efficiency savings for the next 5 financial years. The reporting mechanism for capturing the 12 month rolling CIP progress would be more challenging to deliver, but some additional resources within the Finance Team might be able to assist in this area;
- **Digital Dictation/Speech Recognition Contract Management Plan** – paper C set out the proposed approach to implementing the digital dictation and speech recognition contract and the ongoing arrangements for managing the contract thereafter. The Chief Financial Officer briefed the Committee on a wider piece of work that he was undertaking for the November 2018 Audit Committee in respect of identifying best practice in contract management (both within and outside of the NHS). Discussion took place regarding membership of the Project Board and whether this represented the most effective use of all members’ time. The Chief Executive invited the Chief Operating Officer and the Director of Performance and Information to nominate a lead officer to assume responsibility for the digital dictation and speech recognition system following completion of the implementation phase and the Head of Procurement and Supplies was requested to update the project management plan to include this information (when available);
- **2018/19 Month 5 Financial Performance** – paper E advised that the month 5 (August 2018) deficit of £23.8m was in line with plan, excluding Provider Sustainability Funding (PSF). Including PSF, the Trust had achieved a year to date deficit of £21.5m representing an adverse variance to plan of £3.9m due to non-recognition of PSF in Quarter 2 reporting which would include the anticipated impact of not proceeding with the Facilities Management LLP (FM LLP). With the exception of PSF, the financial position and forecast currently excluded the underlying impact of the cessation of the FM LLP, pending agreement with NHS Improvement on the process for managing this development. Joint working with NHS Improvement was ongoing, but UHL had been requested to submit a revised financial forecast, based on the Quarter 2 performance at the end of month 6. A report on the 2018/19 forecast outturn would be presented to the Trust Board on 4 October 2018. Subject to any significant changes in performance at month 6, the Board would be invited to approve the forecast in principle and grant delegated authority to the Chairman and the Chief Executive to approve the final submission to NHS Improvement, in consultation with the Chief Financial Officer, the FIC Chair and the Audit Committee Chair.

Particular discussion took place regarding the financial performance of the Women’s and Children’s (W&C) and Musculoskeletal and Specialist Surgery (MSS) Clinical Management Groups. FIC members noted that the inconsistencies highlighted within the MSS activity plans had now been corrected following a robust validation process, resulting in a £1.3m correction to their control total. The W&C CMG was struggling to recover their

financial position and a weekly 'special measures' process had been established by the Chief Operating Officer. This process involved additional corporate support and enhanced access to business intelligence and clinical coding support, complemented by peer review processes, confirm and challenge and weekly review meetings;

- **UHL Productivity Improvement Programme (PIP)** – the Director of Efficiency and CIP, introduced paper G 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. He particularly highlighted the need to remove the financial benefits of the FM LLP for the next month's reporting process. Interviews had been held for the vacant Transformation Lead posts and these posts were now being appointed to. A presentation on the Vital Few, PLICS and Model Hospital data was due to be presented to the Executive Workforce Board in October 2018. Good progress continued to be made with improving the accuracy of clinical coding and the proportion of coding from case notes in the W&C CMG had improved from 30% to 90%. The WTE impact provided on slide 7 (49.77 wte) was lower than anticipated and further work was taking place with the Deputy Director of Human Resources to improve the reporting process. The Chief Operating Officer commented that the Trust's headcount would increase as the additional winter ward capacity came into use;
- **Theatre Efficiency Workstream** – paper H provided a progress update on the Theatre Efficiency Workstream and the work that UHL was undertaking with Four Eyes Consulting in respect of improving theatre planning, utilisation and pre-operative assessment. The Chief Operating Officer advised that the current project had been running since 13 August 2018 and the part-year effect of the savings identified stood at £1.8m for in-session utilisation and £0.5m for the reduction in cancelled sessions. A wider discussion took place regarding the benefits and risks associated with 24-hour operating and the Chief Operating Officer advised of her preference for extending operating days and using these sessions more effectively. Current advice from the Royal College of Surgeons suggested that surgery after 8.30pm should only be undertaken for emergency cases. The Director of Estates and Facilities cautioned against 24-hour operating, noting the need to schedule appropriate downtime for theatre maintenance and the impact upon the life cycle of plant and equipment;
- **Trust's Long Term Financial Strategy** – paper J provided the updated UHL Financial Strategy which now included the agreed 2018/19 baseline position, the capital funding bid for the Reconfiguration Programme and the Pre-Consultation Business Case. Crucially, the Strategy had not yet been updated to include the financial implications of not allowing the progression of UHL's Facilities Management LLP (FM LLP). A refreshed version of the Financial Strategy would therefore be presented to the 25 October 2018 FIC meeting and the 1 November 2018 Trust Board. The Chief Executive requested that clarity be given to the proportion of UHL's deficit that related to structural issues to increase the Committee's understanding of these figures and the actions underway to mitigate them;
- **Care Quality Commission – Use of Resources: Assessment Framework** – paper K briefed the Committee on the Use of Resources Framework (which was appended to the report) and advised that a self-assessment would be undertaken in October 2018 for discussion at the 8 November 2018 Trust Board thinking day. The Chief Financial Officer confirmed that the Finance Team was working closely with the Director of Clinical Quality in developing UHL's preparations for the forthcoming CQC inspection;
- **Review of the Trust's Ability to Continue Delivering Over-Activity** – the Chief Operating Officer and the Director of Performance and Information introduced paper L, outlining the opportunity for UHL to deliver additional waiting list admitted activity through detailed modelling of the bed capacity and predicted requirements using a second additional ward on the LRI site and maintaining the reduction in length of stay at Glenfield Hospital. The majority of this additional income would be offset by the costs of delivering the additional activity, but a surplus of £350k was expected to be realised and other non-financial benefits would be delivered in terms of staffing levels, staff training and education, quality and safety of care, and reduced waiting lists;
- **IBM Quarterly Contract Update** – the Chief Information Officer attended the meeting to present the quarterly update on the IBM contract (as set out in paper M). During the last quarter there had been no failures in the KPIs or SLAs and the needs of the service were being reviewed going forwards. The eEquip (replacement IT equipment) programme had commenced its roll-out phase and the response to date had been very positive. Deloitte had audited UHL's NHS Digital Maturity self-assessment and they had agreed with the findings in the majority of categories. UHL was now expected to be ranked within the top 10% of NHS Trusts in this respect. The Chief Information Officer provided his view that it would be worthwhile arranging a follow-up Trust Board

development session with IBM, but this could be held in Leicester (if this was more convenient). He agreed to liaise with the Director of Corporate and Legal Affairs and the Trust Chairman to arrange a date for this session. Discussion took place regarding the development of processing robots at UHL and any opportunities for UHL to increase automated process usage for back office services such as Finance and HR. The Chief Information Officer and the Director of Efficiency and CIP agreed to liaise with each other on the separate workstreams that they were developing at the current time. The Director of Strategy and Communications sought and received information regarding the nominated IT lead that would be co-located within the Strategy Team, and

- **Strategic Reconfiguration Programme – Project Plan and Timetable for Business Cases** – the Chief Financial Officer drew members’ attention to paper O, which set out the latest position aligned with the STP Capital Bid and the Pre-Consultation Business Case.

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:

25 October 2018