

Trust Board paper H

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 1 DECEMBER 2011

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr I Reid, Non-Executive Director

DATE OF COMMITTEE MEETING: 27 October 2011. A covering sheet outlining the key issues discussed at this meeting was submitted to the Trust Board on 3 November 2011.

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

None.

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

- **NONE**

DATE OF NEXT COMMITTEE MEETING: 24 November 2011.

**Mr I Reid – Non-Executive Director
25 November 2011**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE
HELD ON THURSDAY 27 OCTOBER 2011 AT 8.30AM IN CONFERENCE ROOMS
1A & 1B, GWENDOLEN HOUSE, LEICESTER GENERAL HOSPITAL SITE**

Present:

Mr I Reid – Non-Executive Director (Committee Chair)
Mr R Kilner – Non-Executive Director
Mr M Lowe-Lauri – Chief Executive (up to and including Minute 123/11/1)
Ms C Ribbins – Director of Nursing (on behalf of Mrs S Hinchliffe, Chief Operating Officer/Chief Nurse)
Mr A Seddon – Director of Finance and Procurement
Mr J Shuter – Deputy Director of Finance and Procurement
Mr G Smith – Patient Adviser (non-voting member)
Dr A Tierney - Director of Strategy
Mrs J Wilson - Non-Executive Director

In Attendance:

Mrs K Bradley – Director of Human Resources
Dr S Campbell – Divisional Director Clinical Support (for Minute 122/11)
Mr N Doverty – Divisional Manager Clinical Support (for Minute 122/11)
Mrs K Khaira – Divisional HR Lead, Clinical Support (for Minute 122/11)
Mr A Maton – Divisional Finance and Performance Manager (for Minute 122/11)
Ms H Stokes – Senior Trust Administrator
Mr D Tracy – Non-Executive Director and GRMC Chair
Mr P Walmsley – Head of Operations and Acting Divisional Manager Acute Care
Deloitte and Finnamore Representatives (for Minute 123/11/1) (in person and by teleconference)

RESOLVED ITEMS

ACTION

119/11 APOLOGIES

Apologies for absence were received from Dr K Harris, Medical Director and Mrs S Hinchliffe, Chief Operating Officer/Chief Nurse.

120/11 MINUTES AND ACTION SHEET

Resolved – that the Minutes and action sheet of the Finance and Performance Committee meeting held on 28 September 2011 be confirmed as a correct record.

121/11 MATTERS ARISING

In reviewing the matters arising report at paper B, Mr R Kilner, Non-Executive Director, reiterated his previous request for the Deloitte and Finnamore work to provide a view on UHL CBU management capacity and capability (Minute 105/11/5), which did not appear to be covered in the papers provided by them for today's meeting.

Resolved – that the matters arising report be noted.

122/11 PERFORMANCE PRESENTATION – CLINICAL SUPPORT DIVISION

The Divisional Director, Divisional Manager, Divisional Finance and Performance Manager and Divisional HR Lead, Clinical Support, attended to present their Division's performance (paper C), particularly highlighting the following:-

- (1) the Division's current position, noting a £1.89m deficit as at month 6. However, the downward trend had now been arrested. 3 of the Division's 4 CBUs were in surplus, with the key deficit lying in the TAPS CBU (adverse performance on the Synergy contract being a key factor);

- (2) achievements and positive highlights for each of the Division's 4 CBUs (TAPS, Pathology, Imaging and Medical Physics, and Professional Services);
- (3) the 2011-12 CIP position, with the TAPS CBU being the major area of variance to plan;
- (4) PLICS performance in 2011-12 to date – adverse results for Imaging were being explored further in light of some Divisional queries over the detailed data;
- (5) the key need to build and sustain momentum on the theatre closure programme, as a major CIP for 2011-12, and
- (6) the role of robust capacity planning to support sustainable 7-day hospital working and service improvements – the need for such planning had also been emphasised in the review work by Deloitte and Finnamore.

In discussion on the presentation, the Finance and Performance Committee:-

(a) queried why the Synergy contract spend was so far off plan after only 6 months, and sought reassurance on any lessons learned from this experience to date. In response, the Divisional Manager Clinical Support commented that the level of contract over-performance had not been realised sufficiently early – he also noted the key need to standardise and reduce the number of instrument sets requested (involving a change in practice, therefore). Clinical Support had appointed a technical adviser to remap the Synergy tray costs for the remainder of the contract. The Finance and Performance Committee suggested that the difficulties with the contract could have been foreseen and emphasised the absolute need to change practice as far as appropriate. Despite being pressed, due to the need for clinical consensus on tray usage the Division could not be more specific than 2012-13 on a timescale for completing the tray standardisation – the Finance and Performance Committee Chair requested an update therefore to the 22 December 2011 meeting, providing further detail on the scope of the task and a likely completion date;

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(b) queried how to reconcile the significant Divisional pay cost reduction required for the second half of 2011-12 with the low level of headcount change outlined in paper C. Although further headcount reductions had been identified since the October 2011 Confirm and Challenge session, the Divisional Manager acknowledged that there was still a gap to be reconciled. In response to a query, the Divisional HR Lead advised that work was in hand to develop a detailed workforce plan – although the Division's headcount was reduced from that in April 2011 it was now necessary to recruit to certain vacancies due to seasonal work variations. The Chief Executive sought assurance that the Division's 2012-13 CIP plan would include a robust workforce component from the start, to avoid a recurrence of the present situation;

(c) queried how to move towards a more transparent reflection of the cost of providing Clinical Support services to other Divisions – eg a clearer internal trading position. The Division noted its support for greater transparency and adopting a zero budgeted position (if possible), with a clear SLA in place for all users. The Divisional Director noted the need for an appropriate level of skilled workforce to deliver that service, however. In discussion, the Chief Executive emphasised the need for all Clinical Support CBUs to be working on a lean basis before moving to any full internal trading arrangements, and he urged the Division to address this accordingly. Noting his wish to be actively involved in progressing any internal trading work, the Director of Finance and Procurement noted his preference for an incentivisation basis rather than a transactional approach;

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(d) queried the Division's experience of the Deloitte and Finnamore deep dive work (particularly in the TAPS CBU) and sought information on what transformational schemes were emerging as a result and how confident the Division was of their delivery. There had been good engagement by the Imaging CBU in particular, with a high level of resulting clinical enthusiasm for transformational change. The Division was also exploring appropriate cross-skilling in relevant areas, and was also seeking to understand and address variations in Consultant productivity levels. There was also recognised scope for moving towards e-rostering;

(e) received assurance that appropriate plans were in place to improve and formalise the Division's dialogue with other CBUs (eg surgery, gynaecology);

(f) queried the timescale for realising the financial benefits of the Pathology joint venture. Although likely to be delivered on a phased basis due to certain estate-related factors, it was considered that both parties could make immediate use of their consolidated buying power. Management costs were also being stripped out where appropriate, and

(g) queried how to broaden the Division's management expertise base, to avoid over-reliance on a small number of key staff.

Following the departure of the Clinical Support Division presentation team, the Finance and Performance Committee commented on the significant disconnect between the CIP and workforce planning, and also suggested a possible need for additional corporate support in progressing difficult discussions with other clinical groups. Members also voiced concern over an apparent lack of urgency regarding 2012-13 plans.

With regard to the Pathology joint venture the Chief Executive advised of potential varying approaches towards future models, and noted that Mr P Panchal was now providing UHL Non-Executive Director input to the project. All UHL Non-Executive Directors were welcome to attend a specific event in November 2011 (as now outlined by Mr R Kilner, Non-Executive Director). In response to a specific query, the Deputy Director of Finance and Procurement advised that the joint venture savings were not predicated on outsourcing.

Resolved – that (A) the Divisional performance presentation from Clinical Support be noted, and

(B) the Divisional Director and Manager, Clinical Support be requested to confirm the timescale for resolving the Synergy trays issues (standardisation of trays etc), at the 22 December 2011 Finance and Performance Committee.

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123/11 2011-12

123/11/1 Report from Deloitte and Finnamore

Resolved – that this Minute be classed as confidential and taken in private accordingly.

123/11/2 Quality, Finance and Performance Report – Month 6

Paper E provided an overview of UHL's operational, quality, HR and finance performance against national, regional and local indicators for the month ending 30 September 2011. In introducing the report, the Director of Nursing and the Head of Operations/Acute Care Acting Divisional Manager noted the following issues by exception:-

- (1) the usual detailed monthly report on ED performance would be presented to the 3 November 2011 Trust Board;
- (2) UHL's successful appeal against 1 MRSA bacteraemia case;
- (3) clarification that a UHL same sex accommodation 'breach' reported to the PCT Cluster Board was not, in fact, a breach – this correction had now been formally recognised and recorded by the PCT Cluster Board;
- (4) a detailed report on falls was being considered by the 27 October 2011 GRMC meeting, and
- (5) an initiative within the Acute Care Division to use a private provider to clear the endoscopy backlog through weekend working. In response to a query, the Director of Finance and Procurement confirmed that it was not economically viable to redirect all such work to an external provider.

In discussion on the month 6 quality finance and performance report, the Finance and

Performance Committee:-

- (a) welcomed the significant progress made on hospital acquired pressure ulcers, as also discussed at the September 2011 GRMC meeting;
- (b) voiced concern over diagnostic and capacity constraints in respect of cancer wait targets. In response, the Head of Operations and Acting Divisional Manager Acute Care advised that the diagnostic delays had related partly to the endoscopy backlog referred to above, hence the key work to address that latter issue. It was anticipated that cancer waits performance would return to target therefore;
- (c) queried the dip in September 2011 PPCI performance – in response the Director of Nursing noted certain EMAS interface issues and agreed to brief the Committee Chair outside the meeting. Catheter lab usage was also a factor; DN
- (d) briefly discussed the perceived core reasons for ED underperformance, commenting on the key importance of discharge processes and noting ongoing discussions with PCT partners, and DHR
- (e) requested that future reports include a monthly run-rate for appraisals. The Director of Human Resources also agreed to explore certain apparent discrepancies between the anecdotal and reported appraisal rates for a specific LRI ward, as now reported by Mr R Kilner, Non-Executive Director. DHR

The Director of Finance and Performance then reported on UHL's financial position for month 6 as detailed in paper E, welcoming the fact that break-even had been achieved. Pay expenditure had reduced due to intensive central controls and rigour, which the Director of Finance and Procurement considered were likely to need to remain in place for the rest of 2011-12. Although UHL's cash position remained tight, transformation monies were now being received from PCTs which was welcomed. The Director of Finance and Procurement confirmed that UHL's financial position and plans had been discussed with the new SHA, with a mini 'Board-to-Board' planned in a few months' time.

In discussion on the financial aspects of the month 6 report, the Finance and Performance Committee Chair queried the impact of national changes to SIFT/education and training monies. In response to a further query, he also received assurance that the reforecasting exercise and the CIP reporting timescales would be aligned for the November 2011 Finance and Performance Committee meeting. The Committee Chair reiterated his view that forecasting was an integral part of the CBUs understanding their business. DFP

Resolved – that (A) the quality finance and performance report for month 6 (month ending 30 September 2011) be noted;

(B) the Director of Human Resources be requested to:- DHR
(1) include a monthly run-rate for appraisals in future iterations of the monthly QFP reports;
(2) explore the apparent discrepancy between anecdotal and recorded appraisal levels of LRI ward 31, and confirm the position to members outside the meeting;

(C) the Director of Nursing and/or the Chief Operating Officer/Chief Nurse be requested to clarify the reasons for the September 2011 dip in PPCI performance to the Finance and Performance Committee Chair outside the meeting, and DN/
COO/
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(D) the Director of Finance and Procurement be requested to ensure that the reporting of CIP data and the information in the revised Divisional/CBU forecasts was aligned for the 24 November 2011 Finance and Performance Committee. DFP

123/11/3 Stabilisation to Transformation – Monthly Update

Paper F updated members on in-month progress against the financial recovery plan, noting that actions had been focused on completing the first phase of the Deloitte and Finnamore review and on more detailed planning of headcount considerations. The

Executive Team had now agreed targeted headcount reductions for the second half of 2011-12 – this would require strict control of temporary staffing but no substantial redundancy programme outside the current VSS scheme (no further HR1 form was likely to be required). The Director of Finance and Procurement outlined the two elements to addressing the in-year challenge, relating to (i) discussions with Commissioners to increase the Trust's topline as appropriate and (ii) required paycost reductions.

Following review of Divisional/Directorate plans, approximately one-quarter to one-third of planned recruitment would not now take place, which was felt to be both reasonable and sustainable. Headcount issues had been specifically discussed with Divisions at the most recent Confirm and Challenge sessions, although Finance and Performance Committee members queried how far the agreements reached had been generated at Divisional level. In discussion on paper F, the Finance and Performance Committee:-

(a) noted that the actions outlined in the report would enable the Trust to return to the original deficit figure;

(b) queried the level of staff currently on long-term sickness, separated out from those on maternity leave. The Director of Human Resources agreed to provide this WTE detail outside the meeting;

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(c) noted (in response to a query) that a timescale schedule had been developed for any staff leaving UHL employment through the Voluntary Severance Scheme – such leavers would also be embedded in to the reforecast at the appropriate time. In further discussion, Mr R Kilner, Non-Executive Director suggested it would be helpful to have a weekly plan at Divisional level, covering any leavers over the next 4-week basis. The Director of Human Resources acknowledged the importance of granular workforce plans and advised that she was meeting weekly with Divisional HR leads to monitor the names/gradings/posts and departure timescale of those staff leaving;

(d) welcomed the increased assurance gained from the report. However, clarity was sought on the VSS average cost per head (based on the data in paper F), and also assurance that actions were in place to ensure that (i) VSS posts were not recruited to and (ii) VSS recipients were not re-employed by UHL within a year;

(e) suggested it would be useful to have an appropriate buffer/contingency plan in place;

(f) noted (in response to a query) the plans already put in place regarding collective consultation and any escalation actions which might be required, and

(g) received assurance from the Director of Finance and Procurement that a definitive year-end forecast would be available at the November 2011 Finance and Performance Committee meeting. The Director of Finance and Procurement reiterated the key nature of that meeting, at which Divisions and Directorates would present their 2011-12 forecast and their 2012-13 CIPs.

DFP

Resolved – that (A) the monthly update on the financial recovery plan be noted

(B) the Director of Human Resources be requested to confirm the WTE split between maternity leave and longterm sickness absence leave, to members outside the meeting, and

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(C) the Director of Finance and Procurement be requested to provide a definitive year-end forecast to the 24 November 2011 Finance and Performance Committee.

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123/11/4 VSS Take-Up – Monthly Update

Paper G advised members on the latest position regarding the Trust's voluntary severance scheme (VSS). Divisions were currently being reviewing the appropriate scope to support previously unsupported applications, and thought was also being given to a

possible rerun of the exercise in 2012-13.

Resolved – that the VSS update be noted.

123/11/5 Improvements to the LLR Urgent Care System and Winter Planning – Update from the October 2011 ECN Board Meeting

The Director of Nursing reported on the 12 October 2011 ECN Board meeting, particularly noting a successful bid by EMAS for transport resources and discussions on Local Authority service developments. She also confirmed that the LLR PCT Cluster Chief Executive and LLR CCG representatives had agreed to attend the Trust Board development session on 3 November 2011 for further discussion on LLR winter planning and the urgent/emergency care system. Mr R Kilner, Non-Executive Director, queried progress on the proposed community-run step-down facility at the LGH, in light of the discussions on establishing this by 31 October 2011 (as reported to the October 2011 UHL Trust Board meeting).

Resolved – that the update on the 12 October 2011 ECN Board meeting be noted.

124/11 **REPORT BY THE DIRECTOR OF STRATEGY**

Resolved – that this item be classed as confidential and taken in private accordingly.

125/11 **CLINICAL COMMISSIONING GROUPS – UPDATE**

Resolved – that the update on clinical commissioning groups (paper I) be received for information.

126/11 **MARKET SHARE DATA**

With respect to papers J and J1 from the Director of Communications and External Relations, the Director of Strategy advised that market share information would be a key consideration for the 2012-13 business planning process. A report on key loss-making services was scheduled for the December 2011 Trust Board, and market share data would also inform the crucial month 7 reforecasts at the November 2011 Finance and Performance Committee. In discussion, the Finance and Performance Committee noted that it would be helpful to be sighted (once known) to the likely CCG perspective on the implications of the market share data, and the potential impact on the future shape of LLR healthcare services. The Director of Finance and Procurement commented on the need also to review growth areas to ensure that such growth was both appropriate and beneficial.

DFP

Resolved – that (A) the update on market share (commissioner and provider perspective) be noted, and

(B) the Director of Finance and Procurement be requested to:

- (1) report on loss-making services to the 1 December 2011 Trust Board, and
- (2) (with the Director of Communications and External Relations as appropriate) ensure that market share data considerations were appropriately reflected in the month 7 Divisional/CBU forecasts for the 24 November 2011 Finance and Performance Committee.

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127/11 **READMISSIONS DELIVERY PLAN**

Paper K from the Medical Director advised the Finance and Performance Committee of progress in reducing readmissions. In discussion, members specifically queried the pace of progress and agreed to seek a view from the Medical Director as to whether scheduled actions could be brought forward to December 2011/January 2012. Members particularly commented on the need to establish the action plan and task-and-finish group in order to

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move forward. The Finance and Performance Committee Chair also sought clarity on the financial aspects of the readmissions penalties, noting the report's reference to both initial deductions and penalties. In response, the Director of Finance and Procurement noted the key need to agree a blockback mechanism with Commissioners as in other healthcare economies, and he commented also on the need to understand how far 'exclusions' accounted for UHL's readmissions.

Resolved – that the Medical Director be requested to advise members outside the meeting on whether actions to reduce readmissions could be brought forward to (eg) December 2011/January 2012.

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128/11 PRIVATE PATIENT INCOME – PROGRESS

Further to Minute 109/11 of 28 September 2011, paper L updated the Finance and Performance Committee on private patient opportunities, noting a confidential market assessment attached to the report. Noting a query from the Finance and Performance Committee Chair on whether the strategic opportunity was good or limited, the Finance and Performance Committee outlined the particular perspective of the author of the market assessment and advised that any strategic initiative would be a medium-term opportunity. It was agreed to receive a further update on private patient income at the February 2012 Finance and Performance Committee.

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Resolved – that a further update on private patient income be provided to the Finance and Performance Committee in February 2012.

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129/11 CQUIN RECONCILIATION QUARTER 1

The Finance and Performance Committee welcomed that 98% of CQUIN monies had been received back by UHL – recognising the significant amount of work this had entailed, the Committee queried how to ease the process in future. Clinical engagement was key, and had proved very positive in meetings with commissioners. The Committee also recognised the significant work done by the Head of Outcomes and Effectiveness on the CQUIN reconciliation.

Resolved – that the quarter 1 CQUIN reconciliation position be noted.

130/11 REPORTS FOR NOTING

130/11/1 Vacancy Management Update

In response to a query the Director of Human Resources clarified the meaning of skillmix changes, which involved a paycost saving but not necessarily a headcount reduction.

Resolved – that the vacancy management update be noted for information.

130/11/2 PLICS/SLR Update

Paper N updated members on progress in embedding PLICS within UHL, noting that SLR profitability would also be used as a key input when setting the 2012-13 CIP targets for CBUs. In response to a query, the Director of Finance and Procurement confirmed that the positions at appendix 1 were after overhead allocations. The Deputy Director of Finance and Procurement also advised that specific further work had been undertaken in respect of cardiac surgery to understand recent bubble movements – the outcome of that work would be reported to the Quality and Performance Management Group. The Director of Finance and Procurement emphasised the need to understand any changes to service positions and to embed such information in to the monthly reporting cycle with increased ownership at CBU level. It was agreed to take future Finance and Performance Committee PLICS/SLR updates as part of the Committee's substantive agenda.

DFP

Resolved – that (A) the Director of Finance and Procurement be requested to clarify the reasons for the bubble movements within cardiac services, and report accordingly to the 2 November 2011 QPMG, and

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(B) future PLICS/SLR updates to the Finance and Performance Committee be scheduled as substantive agenda items.

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131/11 **MINUTES FOR INFORMATION**

131/11/1 Confirm and Challenge

In response to a query the Director of Nursing explained the meaning of the term 'orange card', which related to blood transfusion processes.

Resolved – that the action notes of the Confirm and Challenge meeting held on 21 September 2011 (paper O) be received for information.

131/11/2 Governance and Risk Management Committee

Resolved – that the Minutes of the Governance and Risk Management Committee meeting held on 29 September 2011 (paper P) be received for information.

131/11/3 Quality and Performance Management Group

Resolved – that the action notes of the Quality and Performance Management Group meeting held on 7 September 2011 (paper Q) be received for information.

132/11 **ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE MEETING**

Paper S comprised a draft agenda for the Finance and Performance Committee meeting due to be held on 24 November 2011. Members noted the need for the Divisions to be given a clear brief on the purpose of the meeting, and agreed that Deloitte and Finnamore should be invited to attend to support the Divisions. It would also be helpful to receive a separate update from Deloitte and Finnamore on capacity and workforce planning.

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Resolved – that (A) the draft Finance and Performance Committee agenda for 24 November 2011 be approved, and

(B) the Director of Finance and Procurement be requested to invite Deloitte and Finnamore to attend on 24 November 2011, and ensure that a clear brief for the meeting was provided to Divisions.

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133/11 **ANY OTHER BUSINESS**

Resolved – that there were no further items of business.

134/11 IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD

It was agreed to bring the issues discussed in confidential Minute 123/11/1 above to the attention of the 3 November 2011 private Trust Board.

**FPC
CHAIR**

Resolved – that the Chair of the Finance and Performance Committee be requested to bring the above referenced confidential matter to the attention of the private Trust Board at its meeting on 3 November 2011.

**FPC
CHAIR**

135/11 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Performance Committee be held on Thursday 24 November 2011 commencing at the earlier time of **8am** in Conference Rooms 1A and 1B, Gwendolen House, Leicester General Hospital.

The meeting closed at 12.32pm

Helen Stokes
Senior Trust Administrator