

Trust Board Paper V

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST
REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 25 OCTOBER 2012

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr I Reid, Non-Executive Director

DATE OF COMMITTEE MEETING: 26 September 2012.

**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 October 2012

**Mr I Reid – Non-Executive Director and Finance and Performance Committee Chair
19 October 2012**

DRAFT

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST
MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD ON
WEDNESDAY 26 SEPTEMBER 2012 AT 8.15AM IN ROOMS 2 & 3, CLINICAL EDUCATION
CENTRE, GLENFIELD HOSPITAL

Present:

Mr I Reid – Non-Executive Director (Committee Chair)
Mrs S Hinchliffe – Chief Nurse/Deputy Chief Executive (excluding Minutes 128/12/5 – 134/12 inclusive)
Mr R Kilner – Non-Executive Director
Mr A Seddon – Director of Finance and Business Services
Mr G Smith – Patient Adviser (non-voting member)
Mrs J Wilson – Non-Executive Director

In Attendance:

Ms J Ball – Divisional Head of Nursing, Planned Care (for Minutes 128/12/1 & 128/12/2)
Dr S Campbell – Divisional Director, Clinical Support (for Minutes 128/12/1, 125/12/2 and 129/12)
Mr N Doherty – Divisional Manager, Clinical Support (for Minutes 128/12/1, 128/12/2 and 129/12)
Mr A Furlong – Divisional Director Planned Care (for Minutes 128/12/1 and 128/12/2)
Ms M Harris – Divisional Manager, Acute Care (for Minutes 128/12/1 & 128/12/2)
Dr P Rabey – Divisional Director, Women's and Children's (for Minutes 128/12/1 & 128/12/2)
Mr S Sheppard – Acting Deputy Director of Finance
Ms H Stokes – Senior Trust Administrator
Ms K Wilkins – Divisional Head of Nursing, Women's and Children's (for Minutes 128/12/1 & 128/12/2)

ACTION

RESOLVED ITEMS

125/12 APOLOGIES

Apologies for absence were received from Mr J Birrell, Interim Chief Executive, Dr K Harris, Medical Director and Dr A Tierney, Director of Strategy.

126/12 MINUTES

Resolved – that the Minutes of the Finance and Performance Committee held on 29 August 2012 be confirmed as a correct record.

127/12 MATTERS ARISING FROM THE MINUTES

The following items were noted in respect of the matters arising report at paper B:-

- (a) Minute 115/12/1 – once the external report on readmissions was available, it would be clearer as to whether this workstream (and any additional transformation support required) was best managed at specialty-level or centrally. The report on readmissions was covered in Minute 128/12/1 below;
- (b) Minute 117/12/1 – an update was requested outside the meeting on the actions taken to improve early Consultant-level input to ward rounds; **MD**
- (c) Minute 117/12/5 – a substantive report on UHL specialty positions by upper quartile and upper decile productivity assumptions would be provided at the October 2012 Finance and Performance Committee, accompanied by appropriate PLICS data; **DFBS**
- (d) Minute 117/12/5 – local development of a business case for the ENT transformation scheme would be pursued outside the meeting with the Divisional Director Planned Care, noting that the potential savings appeared significantly to outweigh the investment requirements; **DFBS**
- (e) Minute 121/12 – it was agreed that earned autonomy discussions should be removed **STA**

- from the Finance and Performance Committee agenda, and
- (f) Minute 101/12/4 – this item would be routed through the Executive Team and could therefore be removed from the outstanding matters arising report.

STA

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

Named
EDs

128/12 2012-13

128/12/1 Quality and Performance Report – Month 5

Paper C provided an overview of UHL's quality, patient experience, operational targets, HR and finance performance against national, regional and local indicators for the month ending 31 August 2012. In introducing paper C (and prior to discussion on its financial elements) the Chief Nurse/Deputy Chief Executive particularly noted:-

- (1) certain waiting time pressures in areas such as General Surgery;
- (2) concerns relating to the operational target on Choose and Book performance – remedial plans had now been received from Divisions, however, to address both slot availability and performance against the national target. Theatre availability remained a key issue, however, as did management of demand for referrals, and
- (3) confirmation that penalties would not be imposed on UHL in respect of breast screening and 62-day cancer waits. UHL's achievement of CQUIN targets for quarter 1 of 2012-13 had been confirmed to the 24 September 2012 GRMC, with no financial penalties therefore incurred. A previously-enforced £3.5k penalty in respect of Same Sex Accommodation had now been reimbursed back to the Trust by Commissioners.

In discussion on the quality/patient experience/operational targets/HR aspects of the month 5 report (and Divisional heatmap) members:-

(a) queried whether the external report on readmissions was yet available. The Director of Finance and Business Services confirmed that the report had not yet been formally released, although its likely headlines were known informally. The report was expected in the next month and would therefore be considered at the October 2012 Finance and Performance Committee;

(b) queried when the electronic handover system would be rolled out across UHL. Currently working well in Planned Care, the system was also fully rolled out in the Women's CBU, and was being introduced in the Children's CBU and Acute Care. The overall timescale for roll-out was not yet known, due to the need to dovetail the electronic clinical handover system with the 24/7 requirements, and ongoing discussions with a current system provider. It was agreed that Mr R Kilner Non-Executive Director would pursue this issue outside the meeting with IM&T and advise the Finance and Performance Committee of any issues within 3 months, and

RKNE

(c) voiced concern over the continued deterioration in performance re: delayed transfers of care (DToCs) and also the non-emergency patient transport system (NEPTS) contract, and queried whether these issues would be discussed at the September 2012 Trust Board. In respect of DToCs, the Chief Nurse/Deputy Chief Executive advised that 61 patients were currently occupying acute UHL beds as a result of awaiting rehabilitation and/or community care packages, due largely to community capacity issues. Although UHL had met with its community partners to try and expedite this issue, the speed of resolution remained of concern and the Chief Nurse/Deputy Chief Executive had therefore contacted the Managing Director Leicester City CCG about reinstating the 2011-12 measures to improve community capacity. Mr R Kilner, Non-Executive Director noted his intention to raise the issue of

DToCs (particularly the performance of UHL's partners) at the public Trust Board on 27 September 2012. Issues also remained to be addressed re: performance on the NEPTS contract.

The Director of Finance and Procurement then reported on UHL's financial position for month 5, noting the ongoing very disappointing performance against plan. In-month performance for month 5 was both unacceptable and unsustainable, with pay also now emerging as a growing issue. In discussion on the month 5 position, the Finance and Performance Committee:-

(i) queried progress in resolving the stock-level discrepancies highlighted the previous month, noting a £0.8m difference in the physical and electronic levels. The Divisional Director Planned Care outlined work to address this issue, noting the October 2012 2-month trial of a specific overarching stock ordering and management system in Ophthalmology. The Acting Deputy Director of Finance also advised that all areas would have done a stocktake by the end of September 2012 (excluding ward stock);

(ii) queried the impact of price differentials on non-pay costs. A 'no order no payment' approach had now been rolled out by the Trust's new Head of Procurement, who had also reinvigorated the catalogue management project as her key priority (2-month timescale for resolution). Price was not thought to be the single biggest variable within the non-pay overspend, however. In response to a further query, the Director of Finance and Business Services advised that there had been no changes to authorisation levels for ordering stock over the last 6-8 months;

(iii) noted comments from the Chief Nurse/Deputy Chief Executive, on how the annual August junior doctor intake (and associated double-running period) affected pay expenditure. High non-medical vacancy levels had also impacted. Bank/agency requests had fallen significantly in recent weeks, however, and the month 6 pay position was therefore expected to show an improvement;

(iv) queried the status of a Commissioner review of the Emergency Department casemix, and the potential implications of this for UHL. To ensure that UHL was being paid appropriately for the activity undertaken, any resulting coding changes needed would be pursued through the usual channels re: in-year counting and coding changes (with UHL likely to seek H2 implementation as a minimum), as well as taking effect for the 2013-14 year. In response to a further query, the Divisional Director Planned Care clarified why emergency activity changes also impacted on elective activity levels, and

(v) queried the likely scope to recoup the year-to-date reduced income on elective inpatients in the remainder of 2012-13, and whether there was likely to be any long-term impact on UHL's market share of such activity. The Divisional Director Planned Care considered that some but not all of the under-activity could potentially be recouped.

Resolved – that (A) the month 5 quality and performance report (month ending 31 August 2012) be noted;

(B) progress on developing a bespoke system for electronic clinical handover be checked with IM&T, and any concerns reported to the Finance and Performance Committee within 3 months, and

RKNED

(C) the intention of Mr R Kilner, Non-Executive Director to raise DTOCs concerns at the public 27 September 2012 Trust Board be noted.

RKNED

Paper D summarised the month 5 financial reforecast including any upsides/downsides (and their relative likelihood), and set out the initial action plans to address the year-to-date position and forecast year-end deficit. Divisional recovery plans were appended to the report, and representatives from all 4 of UHL's clinical Divisions remained present to contribute to this discussion. The plans had been developed following a Division-led CBU confirm and challenge session on 21 September 2012, reflecting the more partnership approach adopted in 2012-13. Those confirm and challenge sessions had already resulted in a reduction to the projected deficit.

In introducing the financial recovery plan, the Director of Finance and Business Services highlighted a number of issues to the Finance and Performance Committee, including:- a significant and unanticipated rise in length of stay within both the Acute and Planned Care Divisions, thought to be an unintended consequence of coding changes; the impact of the marginal rate for ED activity above the 2008-09 baseline (MRET); achievement of £26m of UHL's 2012-13 £32m cost improvement programme, and the need for further work to improve and progress the Trust's transformation bids to Commissioners. The Director of Finance and Business Services also noted the Trust's appointment of a temporary Director of Service Improvement to help drive the financial recovery.

Each Division then outlined its current position and its plans for financial recovery, as per the template reports attached to paper D. The appendices to each Divisional report covered quality and safety issues, year-to-date performance, forecast performance, CIP performance, transformation scheme delivery 2012-13 – 2014-15, PLICS, performance against national and operational targets, capacity issues, and service improvement/development projects.

In discussion on the individual Divisional plans and the financial recovery plan overall, the Finance and Performance Committee:-

(a) noted comments from the Divisional Director Planned Care on the need for a consistent Trust-wide coding baseline to be agreed for differing lengths of stay, noting the need for an appropriate 'marker' on this issue also to be lodged with Commissioners as part of discussions re: 2012-13 in-year counting and coding changes. Appropriate lessons should also be learned from coding practices within other Trusts. It was agreed to develop this baseline within 2 weeks of agreeing broad starting parameters, and provide an update to the October 2012 Finance and Performance Committee;

**DDs/
DFBS**

(b) requested further clarity on whether bed reductions would deliver a sustainable position in light of likely winter pressures – this issue should be pursued through the Executive Team;

(c) discussed the impact of cross-service issues on the Clinical Support Division, noting that these were not limited to that Division, however. Members also noted continuing discussions re: the potential future structure of the Clinical Support Division CBUs;

(d) noted the crucial need to resolve issues relating to theatres productivity and utilisation, without necessarily waiting for the outcome of further planned meetings. The Finance and Performance Committee supported a suggestion from the Divisional Director Women's and Children's to establish a small project team (with a 3-4 week longevity), to focus on theatres utilisation issues over 3 key specialties (those specialties to be agreed on 27 September 2012). The Head of Transformation Programmes should be asked to advise on the transformation team resource available to staff that project group (3 people);

DFBS

(e) noted the need for further pace and drive on the UHL transformation programme, focusing on a smaller number of key schemes to deliver significant in-year and longer-term savings;

(f) agreed the need for a transparent and appropriate business footing to be sought for 'landlord' elements of UHL's relationship with the University of Leicester (eg occupation of premises) – this issue would be pursued with the University of Leicester Director of Finance and an update provided to the October 2012 Finance and Performance Committee accordingly;

DFBS

(g) noted the favourable position of the Women's and Children's Division, with both CBUs in surplus. Members queried, however, the Division's H2 forecast, noting the marked decline in forecast overperformance for the second half of the year;

(h) noted the Committee Chair's reiterated comments on the need for robust and accurate forecasts to be put forward by Divisions and CBUs;

(i) noted the Acting Deputy Director of Finance's involvement with an external group benchmarking PLICS performance, a report on which would be provided to the October 2012 Finance and Performance Committee. The group – established by UHL – comprised 4 major teaching Trusts who would meet to discuss PLICS information on a quarterly basis, and

DFBS/
ADF

(j) emphasised the need for UHL to develop a sustainable financial recovery plan, to avoid a repetition of the current position in 2013-14.

It was agreed that paper D would be updated ahead of the 27 September 2012 Trust Board and recirculated accordingly, to reflect:-

DFBS

- (1) an updated 'downside' scenario, based on potential additional savings from MRET clawback, reinvestment of reducing readmissions monies, outstanding transformation bids, and Divisional recovery actions;
- (2) 2-3 major transformation programmes required for a 2012-13 impact;
- (3) key Divisional issues, and
- (4) a split of controls depending on how far they were within UHL's own internal control/remit or were dependent on Commissioner action.

Progress against UHL's 2012-13 financial recovery plan would be monitored through the Executive Team prior to a further update to the October 2012 Finance and Performance Committee.

DFBS

Resolved – that (A) the 2012-13 UHL financial recovery plan be updated ahead of the 27 September 2012 Trust Board and recirculated accordingly, to reflect comments (1) – (4) and the wider discussion above;

DFBS

(B) progress against UHL's 2012-13 financial recovery plan be monitored through the Executive Team prior to a further update to the 24 October 2012 Finance and Performance Committee;

DFBS

(C) an update on the issues in bulletpoints (a), (d) and (f) above be provided to the 24 October 2012 Finance and Performance Committee, and

DFBS

(D) a report on the external group benchmarking PLICS be provided to the 24 October 2012 Finance and Performance Committee.

DFBS/
ADF

128/12/3 Report by the Director of Finance and Business Services

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

128/12/4 2012-13 CIPs Update

Paper E updated the Committee on CIP performance for 2012-13 and on major transformation projects, noting that CIP delivery year to date stood at 81%. The Finance and Performance Committee Chair queried how to close the remaining £6m gap for 2012-13, given the reducing time left to deliver those savings. Views varied on the likelihood of delivering that gap and on the need for a contingency plan therefore. Members also queried how the WTE reductions within paper E correlated to the overall UHL workforce projections, noting (in response) that the data within paper E reflected only WTE reductions linked directly to individual CIP plans. However, those figures were discussed regularly with each CBU. In response to a further query, it was advised that the weekly metrics meetings were now encompassed in the 'hot topics' item discussed at Executive Team each week.

Resolved – that the update on 2012-13 CIP delivery be noted.

128/12/5 Transformation Programme Update

Paper F from the Director of Finance and Business Services briefed Finance and Performance Committee members on UHL's 2012-14 Transformation Programme, noting the April 2012 identification of 4 key themes and their Divisional Director lead (emergency pathways/flows [Acute Care Divisional Director]; internal flows/waits [Planned Care Divisional Director]; outpatients [Women's and Children's Divisional Director], and care pathways [Clinical Support Divisional Director]). The Chief Pharmacist had also been identified to lead UHL-wide work on service improvement and the lean working programme (reporting to the Director of Finance and Business Services). The Finance and Performance Committee queried how to ensure that the lean working programme was appropriately resourced, to enable it therefore to reactivate initiatives such as The Productive Ward, The Productive Operating Theatre, and Releasing Time to Care.

Paper F also outlined the proposed role and remit for the reinvigorated Transformation Board – in discussion on this aspect the Finance and Performance Committee noted the need to amend the Transformation Board terms of reference and membership to:-

DFBS

- focus its attention on key transformation projects, and specify what broader issues would not be within its remit (eg general CIP management);
- be more explicit on its role in shaping and driving UHL's transformation programme;
- ensure that it had a clear remit to make appropriate decisions, and
- include the post of UHL's Interim Director of Operations.

Resolved – that (A) the update on UHL's 2012-14 transformation programme be noted, and

(B) the terms of reference for and membership of the Transformation Board be amended as discussed above.

DFBS

128/12/5 LTFM/IBP Update

Paper G set out the timetable and process for the development of the Trust's Long-Term Financial Model and Integrated Business Plan (LTFM/IBP), noting the need to focus on key

targets to ensure that a first draft of the LTFM/IBP was available to submit to the SHA by 31 October 2012. That first draft would be a top-down model showing the position by UHL specialty. The outcome of a Commissioner meeting on 27 September 2012 would be crucial to the future strategic direction of the Trust and the overall LLR healthcare economy – this meeting was being followed by a workshop on 11 October 2012 to which UHL was invited.

Resolved – that the update on the LTFM/IBP be noted.

129/12 IMAGING CBU AND IMAGING SERVICES

The Divisional Director Clinical Support presented paper H, reviewing progress against the Deloitte and Finnamore ‘deep dive’ into Imaging Services and outlining the factors behind the financial performance of the TAPS CBU. In introducing the paper, the Divisional Director clarified that the plain film and ‘other’ figures within table 1 had been transposed in error. In discussion on paper H the Finance and Performance Committee:-

(a) queried why the 2012-13 rise in outpatient-related imaging activity exceeded the actual rise in outpatient numbers. The Divisional Director Clinical Support advised that UHL was not an outlier in this regard, and she outlined the increasing propensity of doctors to request imaging tests;

(b) sought assurance on any risks associated with delays in reporting films. Although acknowledging that there were risks from delays, the Divisional Director advised that ED x-rays had always also been reviewed by a doctor and a radiologist, and noted that there was always an emergency Radiologist available for ED;

(c) noted a number of new management posts starting within Imaging Services, which would strengthen capacity and capability in that CBU;

(d) noted that the Trust’s new Head of Procurement would pursue any issues with the delayed TAPS tender for disposable laparoscopic trocars (local CBU slippage due to central UHL roll-out of that tender);

(e) noted the Divisional Director’s support for proposed changes to the management of ITU beds;

(f) noted work by Clinical Support to develop a business case for additional investment in Imaging Services – this would be presented to the Commercial Executive following Executive Team review, and

**DDCS/
DFBS**

(g) noted the Divisional Director’s views on the likely impact of manpower limitations within Imaging Services on the lean working programme.

Resolved – that the Clinical Support Division business case for additional investment in Imaging Services to be presented to the Commercial Executive after the Executive Team.

**DDCS/
DFBS**

130/12 REDUCING READMISSIONS WORKSTREAM

As noted earlier, the external report on reducing readmissions would be presented to the October 2012 Finance and Performance Committee (if available).

**MD/
DFBS**

Resolved – that the position be noted.

131/12 COMMUNITY ELECTIVE ACTIVITY TENDER

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

132/12 ITEMS FOR INFORMATION

132/12/1 Counting and Coding Update

Noting that in-year counting and coding changes were due to be lodged by 30 September 2012 with Commissioners, the Finance and Performance Committee queried whether any central finance review took place of the plans being put forward by Divisions. In response to a further query, the Director of Finance and Business Services clarified the contract position in respect of the Commissioner review of the Brain Injury and Younger Disabled Units, as discussed at the 25 September 2012 contract review meeting with Commissioners. The reviews appeared to support UHL's cost base and a final response was awaited from Commissioners by 30 September 2012.

Resolved – that the counting and coding update be noted (paper J).

133/12 MINUTES FOR INFORMATION

Resolved – that (A) the following sets of Minutes/action notes be received for information:-

- (1) 15 August 2012 Confirm and Challenge action notes;
- (2) 20 August 2012 GRMC Minutes, and

(B) the 5 September 2012 QPMG action notes be received by the 24 October 2012 Finance and Performance Committee for information.

STA

134/12 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE

Paper M comprised a draft agenda for the 24 October 2012 Finance and Performance Committee. Members suggested that a future Finance and Performance Committee meeting might find it useful to look at (1) whether there were any cross-subsidy issues associated with the medical education and training service, and (2) the implications of the CCGs' approach to its relationship with UHL (once known) on the future shaping of the LLR healthcare economy.

Resolved – that (A) the 24 October 2012 Finance and Performance Committee agenda be approved, subject to any additional items identified through these Minutes, and

FPC
CHAIR

(B) the issues for potential discussion at a future Finance and Performance Committee be noted as detailed in (1) and (2) above.

FPC
CHAIR

135/12 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that the issues in confidential Minutes 128/12/3 and 131/12 above be highlighted verbally to the private Trust Board on 27 September 2012.

FPC
CHAIR

136/12 ANY OTHER BUSINESS

There were no items of any other business.

137/12 DATE OF NEXT MEETING AND 2013 MEETING DATES

Resolved – that (A) the next Finance and Performance Committee be held on Wednesday 24 October 2012 from 9.15am – 12.15pm in the C J Bond Room, Clinical Education Centre, Leicester Royal Infirmary, and

(B) the provisional Finance and Performance Committee meeting dates for 2013 be approved as detailed in paper N (adopting the 23 December 2013 date rather than the 24 December 2013 option).

STA

The meeting closed at 1pm

Helen Stokes
Senior Trust Administrator

Attendance Record

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
I Reid (Chair)	6	6	100%	M Lowe-Lauri	3	2	67%
J Birrell	1	1	100%	A Seddon	6	6	100%
K Harris	6	2	33%	G Smith *	6	6	100%
S Hinchliffe	6	5	83%	A Tierney	4	3	75%
R Kilner	6	6	100%	J Wilson	6	6	100%

* non-voting members