

Trust Board Paper I

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

DATE OF TRUST BOARD MEETING: 26 JULY 2012

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr I Reid, Non-Executive Director

DATE OF COMMITTEE MEETING: 27 June 2012.

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

**Approval by the Trust Board of the 2011-12 Finance and Performance Committee
Annual Review (appended to these Minutes).**

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

None.

DATE OF NEXT COMMITTEE MEETING: 25 July 2012

**Mr I Reid – Non-Executive Director and Finance and Performance Committee Chair
20 July 2012**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD ON
WEDNESDAY 27 JUNE 2012 AT 9.15AM IN ROOMS 1A & 1B, GWENDOLEN HOUSE,
LEICESTER GENERAL HOSPITAL SITE**

Present:

Mr I Reid – Non-Executive Director (Committee Chair)
 Dr B Collett – Acting Medical Director (on behalf of Dr K Harris, Medical Director)
 Mrs S Hinchliffe – Chief Operating Officer/Chief Nurse (up to Minute 87/12/1 and for Minute 87/12/5)
 Mr R Kilner – Non-Executive Director
 Mr M Lowe-Lauri – Chief Executive (up to and including Minute 87/12/5)
 Mr A Seddon – 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:

Ms K Bradley – Director of Human Resources (up to and including Minute 89/12)
 Dr S Campbell – Divisional Director, Clinical Support (for Minute 87/12/5)
 Mr J Shuter – Deputy Director of Finance and Procurement
 Ms H Stokes – Senior Trust Administrator
 Mr M Wightman – Director of Communications and External Relations (for Minute 87/12/5)

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

* non-voting members

ACTION

RECOMMENDED ITEMS

83/12 FINANCE & PERFORMANCE COMMITTEE ANNUAL REVIEW 2011-12

Paper J detailed the Finance and Performance Committee’s annual review of the 2011-12 financial year, which would also be submitted to the Trust Board with these Minutes. The Patient Adviser requested that he be included in the table illustrating members’ attendance at Finance and Performance Committee meetings during that period, and the Committee Chair agreed to raise this with the Director of Corporate and Legal Affairs accordingly.

**FPC
CHAIR**

Recommended – that (A) a view be sought from the Director of Corporate and Legal Affairs on including Mr G Smith, Patient Adviser, in the attendance table within the report, and

**FPC
CHAIR**

(B) following the outcome of (A) above, the 2011-12 Finance and Performance Committee annual review be recommended for Trust Board approval and appended to the Minutes of this meeting accordingly.

**FPC
CHAIR**

RESOLVED ITEMS

84/12 APOLOGIES AND WELCOME

Apologies for absence were received from Dr K Harris, Medical Director. The Finance and Performance Committee Chair welcomed Dr B Collett to the meeting in her capacity as Acting Medical Director.

85/12 MINUTES

Resolved – that the Minutes of the Finance and Performance Committee meeting held on 23 May 2012 be confirmed as a correct record.

86/12 MATTERS ARISING FROM THE MINUTES

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

- (a) Minute 71/12/1 – a pack of more detailed information on the individual CIP schemes would be available at the end of the meeting. Information was also now available re: the split of month 2 agency spend and would be circulated to members. Additional transformation support had been made available to the Women's and Children's Division in respect of developing a longer term model (due for completion August/September 2012), and an update would be provided to the July 2012 Finance and Performance Committee accordingly (members also noted the need for assurance that the additional resource was sufficient to meet the needs of the Division);
- (b) Minute 71/12/1 – the Finance and Performance Committee Chair voiced concern that neither timescales nor an assessment of need were included in the information circulated re: the roll out of the capacity planning tool – in response the Director of Strategy suggested that this be covered in transformation update later on the agenda;
- (c) Minute 71/12/2 – the Committee's previous request for an additional 'delivered' section within the CIP doughnuts and the continuing work to identify 2013-14 transformation schemes could be covered in the transformation and CIP updates later on the agenda;
- (d) Minute 69/12/1 – an update on future cystic fibrosis service provision would be reported to the July 2012 Finance and Performance Committee, noting that discussions continued with Commissioners re: certain outstanding elements of that contract;
- (e) Minute 58/12/1 – the finalised ECN plan was not yet available, although all parties had now agreed to use the national acute dashboard template as a common dataset for both UHL and CCG/Cluster Boards. UHL was submitting a further ED plan to the SHA on 2 July 2012, which was likely to become the overarching 'ECN Plan' for delivery of LLR emergency care. The Chief Operating Officer/Chief Nurse noted certain deliverability concerns amongst Commissioners, and the Chief Executive reiterated the need for UHL to commit absolutely to delivery of the ED targets, and
- (f) Minute 55/12/1 – information on patient moves at night (and their frequency) would be included in the month 3 quality, finance and performance report onwards. Following an audit, it appeared that patients leaving UHL between the hours of 10pm and 6am were predominantly either assessment unit or maternity patients, and the Chief Operating Officer/Chief Nurse reiterated that UHL did not actively discharge at night.

DHR

DS

DFP

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

Named
EDs

86/12/1 Report by the Chief Executive (Minute 69/12)

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

86/12/2 Earned Autonomy Discussions with Divisions (Minute 69/12)

In light of Divisions' varying positions and concern over month 2 performance, Executive

Directors considered that it was not an appropriate time to relax centralised controls within UHL. Divisions were welcome, however, to develop their own internal dashboards and metrics if they so wished. A further update would be provided to the August 2012 Finance and Performance Committee, and the Director of Strategy suggested reviewing a certain degree of earned autonomy for some of the Corporate Directorates.

COO/CN

Resolved – that a further update on earned autonomy discussions be provided to the 29 August 2012 Finance and Performance Committee.

COO/CN

86/12/3 Review of Coding Resource/Capability within the Medicine CBU (Minute 69/12/1)

Despite continued review the coding issue within the Medicine CBU was still to be resolved, although certain improvements would not take full effect until additional ward clerks were in place in July 2012. Non-Executive Director members queried the benefits of waiting for further variance analysis work (given that the existence of a variance was already evident) and suggested inviting the Medicine CBU to attend a future Finance and Performance Committee meeting and provide an explanation. Following discussion on this suggestion and noting a number of Executive Director actions in place, it was agreed to receive a further update on those actions at the July 2012 meeting. The Chief Executive emphasised the need for urgent action to resolve this issue.

DFP

Resolved – that an update on the actions planned to address the coding issue within the Medicine CBU, be provided to the 25 July 2012 Finance and Performance Committee.

DFP

86/12/4 Close Down of 2011-12 Financial Position (Minute 69/12/1)

Although certain national and regional specialist commissioning issues remained outstanding, all general local issues had now been resolved with LLR Commissioners. The position had also been appropriately reflected in UHL's 2011-12 provisions.

Resolved – that the position be noted.

86/12/5 East Midlands Performance against the ED Target (Minute 55/12 of 24 April 2012)

Although ongoing work to review the position of East Midlands Trusts against the national ED target had identified a number of common factors, certain localised variables were also playing a significant part. A further update would be provided to the September 2012 Finance and Performance Committee, following the receipt of the full report.

CE

Resolved – that a further update be provided to the 26 September 2012 Finance and Performance Committee.

CE

87/12 2012-13

87/12/1 Quality Finance and Performance Report – Month 2

Paper C provided an overview of UHL's operational, quality, HR and finance performance against national, regional and local indicators for the month ending 31 May 2012. As per recommendations from External Audit, the narrative accompanying the report now differed between the Finance and Performance Committee and the GRMC, focusing on finance issues and quality issues respectively. In introducing paper C (and prior to discussion on its financial elements) lead Directors noted the following points by exception:-

- (1) UHL's notification on 15 June 2012 of its successful accreditation for bowel cancer

- screening, and the commencement of that screening on 18 June 2012;
- (2) green performance on targets relating to referral to treatment (other than in ophthalmology), infection control and cancer waits;
 - (3) improved fractured neck of femur performance, with 3 out of 4 of the extra theatres now operational and the dedicated ward due to open on 2 July 2012;
 - (4) continued significant challenges with the ED 4-hour waits target, which would be discussed in detail at the 28 June 2012 Trust Board;
 - (5) continued discussions with primary care partners re: cancer pathway changes – a revised plan (with GP input re: referral rates) was due by 13 July 2012, at which point Commissioners would decide whether to lift the exception notice, and
 - (6) continued challenges re: cancelled operations, linked closely to UHL's intensive care capacity issues. Due to the proximity of contract negotiations, Commissioners appeared not to wish to invest in UHL critical care at this time, which was a concern for the Trust. The Chief Executive voiced significant concern at this, given the impact on clinical care decisions. The Finance and Performance Committee Chair agreed to contact the GRMC Chair to discuss the best way of raising ITU/HDU capacity concerns at the 28 June 2012 Trust Board, in light of similar quality and safety-orientated discussions at the 25 June 2012 GRMC. As per her comments on this issue at that GRMC meeting, Ms J Wilson Non-Executive Director and Workforce and Organisational Development Committee Chair queried whether increasing ITU capacity should be seen as a cross-cutting UHL transformation scheme.

**FPC
CHAIR**

In discussion on the operational/quality/HR aspects of the month 2 report (and Divisional heatmap) members:-

(a) voiced concern over the rate of progress on cancelled operations and requested a detailed update at a future Finance and Performance Committee meeting once appropriate project plans were available;

DS

(b) requested that the rate of progress on reducing readmissions also be revisited, to ensure this issue was being given sufficient priority attention;

MD/DFP

(c) queried how to manage rising endoscopy referral rates without further outsourcing work to a private provider;

(d) suggested reviewing how best to staff the temporary extra capacity wards, noting rises in agency staffing and suggesting that permanent staffing would be clinically and operationally preferable. The Chief Operating Officer/Chief Nurse acknowledged this point and outlined work in progress to review UHL's bed numbers. A community-wide review of the LLR bedstock was required, however;

(e) queried UHL's approach to invoicing partners for delayed transfers of care. The Chief Operating Officer/Chief Nurse outlined the complex nature of delayed discharges and advised that partner agencies were not breaching their own internal targets (although not meeting UHL time requirements), and

(f) queried whether the findings of the latest ED audit (appended to paper C) were the result of changes in community practice, noting a significant rise in the number of patients reporting that their GPs had advised them to attend ED. In addition to raising this at the next ECN Board meeting, it was also agreed to pursue this issue with the Cluster/CCG Board and discuss it in further detail during the closed session of the 28 June 2012 Trust Board.

CE

**FPC
CHAIR**

The Director of Finance and Procurement then reported on UHL's financial position for month 2 (£0.4m adverse to the planned £1.2m deficit), noting a significant number of in-month changes. Addressing the emergency system flow was crucial and the Director of Finance and

Procurement noted the £0.5m impact of the marginal rate ED tariff in month 2 as a result of work done above the 2008-09 activity baseline. Although the number of UHL permanent staff was now at its lowest level, rising demand and extra capacity requirements had led to an above plan rise in agency spend (although still below May 2011 agency spend). Noting the comments made above, the Director of Finance and Procurement confirmed that UHL was now moving to place permanent staff on extra capacity wards. In summarising the month 2 financial position the Director of Finance and Procurement also noted a rise in non-pay expenditure (particularly re: the clinical supplies and drug spend, the rationale for which was not entirely clear).

In discussion on the financial aspects of the month 2 report, the Finance and Performance Committee:-

(i) queried the scope for additional investment to identify a creative solution to the emergency demand and flow challenges facing UHL, and to improve the elective admission position as against the emergency attendance rate. The Director of Finance and Procurement advised that work was in progress on this issue and acknowledged that the risk from the marginal rate impact should have been more visible;

(ii) sought assurance on whether the rise in agency spend correlated to the permanent workforce reductions to date;

(iii) sought assurance that appropriate controls were in place to control non-pay spend and return to an appropriate run-rate, noting similarities to the position in 2011-12. The Finance and Performance Committee Chair also queried whether there was any correlation between the non-pay overspend and non-identified/delivered CIPs. In response to a further query, the Director of Finance and Procurement confirmed that the decontamination contract had no bearing on the current non-pay overspend, and noted his view that the non-pay position reflected poor forecasting;

(iv) emphasised the absolute need for a robust, accurate and credible forecast to be available at the July 2012 Finance and Performance Committee, including a consolidated Divisional-level 3-month forecast. The Finance and Performance Committee Chair would also raise the issue of forecasting in the closed session of the 28 June 2012 Trust Board, and

DFP
FPC
CHAIR

(v) discussed the cash impact of any ED fines which might be levied against UHL, as now outlined by the Director of Finance and Procurement. He reiterated his view that Commissioners wished to support UHL in delivering the ED target and suggested that UHL was closer to achieving that target for quarter 2 (provided that appropriate short-term actions were put in place).

Resolved – that (A) the month 2 quality finance and performance report (month ending 31 May 2012) be noted;

(B) contact be made with the GRMC Chair regarding the best way to raise concerns at the public Trust Board on 28 June 2012 re: investment in UHL ITU/HDU capacity;

FPC
CHAIR

(C) an update on work to reduce cancelled operations be provided to a future Finance and Performance Committee (once detailed project plans were available);

DS

(D) assurance be provided that sufficient resource was still being dedicated to reducing readmissions;

MD/DFP

(E) the significant changes in the ED audit findings (particularly re: number of patients advised to attend ED by their GP) be raised at the ECN Board and discussed further at

CE/
FPC
CHAIR

the closed session of the 28 June 2012 private Trust Board as outlined above, and

(F) a robust forecast be included in the month 3 quality finance and performance report at the July 2012 Finance and Performance Committee, including a consolidated Divisional-level 3-month forecast (forecasting issues also to be discussed further at the closed session of the 28 June 2012 Trust Board).

DFP/
FPC
CHAIR

87/12/2 Monthly Annual Financial Plan Profile

Resolved – that the information within paper C1 (and additional CIP information packs available at the close of this meeting) be noted.

87/12/3 2012-13 CIPs – Progress

Due to significant fluctuations in the CIP delivery forecast, a recovery process had now been instigated with Divisions, involving resumed scrutiny by the Transformation Office and a renewed focus on CIP delivery at the Confirm and Challenge sessions. The Divisions themselves remained ultimately responsible for CIP performance management, however, and the Director of Finance and Procurement clarified the scrutiny role of the Head of Transformation Programmes. In discussion, Non-Executive Directors emphasised the need to have confidence (by the end of July 2012) in the CIP delivery forecast, particularly as it would also influence any headcount plans for 2012-13. Ms J Wilson Non-Executive Director and Workforce and Organisational Development Committee Chair, voiced her significant concern at the month 2 CIP forecast delivery position, stating that 88% delivery was unacceptable. The Director of Finance and Procurement advised that Divisions were focusing appropriately on CIP delivery and he noted an urgent meeting held between Executive and Divisional Directors (and Divisional Managers) once the month 2 CIP results had become known. He acknowledged, however, differences in the current capacity and capability of the Divisions, and agreed to consider the scope for further financial resource/support within a specific named Division. In further discussion, the Finance and Performance Committee Chair emphasised the need to ensure that the figures in paper D were consistent with the main monthly finance report and also included WTE assumptions. He also noted his intention to raise CIP performance in the closed session of the 28 June 2012 Trust Board.

DFP

DFP
FPC
CHAIR

Resolved – that (A) the scope for additional finance support to be provided to a specified Division, be explored further;

DFP

(B) the data within the CIP update report be consistent with the main finance report and include WTE/headcount assumptions, and

DFP

(C) CIP delivery be highlighted in the closed session of the 28 June 2012 Trust Board.

FPC
CHAIR

87/12/4 Transformation Board Update

The Director of Strategy updated members on UHL's transformation programme (paper E), noting a need for further Executive Team discussion on aligning key transformation resources to appropriate priorities within the programme (ED and emergency flows project). The report also reiterated the crucial need for clinical engagement and buy-in through the aegis of both the Divisional Directors and senior clinicians. In discussion on the update, the Finance and Performance Committee noted:-

- (a) (in response to a query) that approximately £3m had been identified through the transformation resubmission process, although no monies had yet been received;
- (b) the need for the cancelled operations transformation scheme to be delivered more quickly than the 12-month timescale stated in paper E – this timeframe would be

- updated once detailed project plans were available;
- (c) that the format of transformation updates to the Trust Board Committees would be discussed at a future Executive Team meeting, and
- (d) the crucial need for more granular detail on the transformation schemes and their benefits, particularly in light of the October 2012 deadline for submitting UHL's draft long term financial model (LTFM). This level of detail needed to be reflected in future iterations of the report.

DS

Resolved – that the format of Transformation Board updates (to Trust Board Committees) to be discussed at a future Executive Team meeting.

DS

87/12/5 Imaging Transformation Work

The Director of Communications and External Relations and the Divisional Director Clinical Support attended to update members on progress made by the Imaging and Medical Physics teams in response to the 3 specific transformation projects highlighted by Finnamore (paper F), namely *justification and protocolling, capacity and demand, and staff rostering*. Drawing members' attention to Department of Health benchmarking data, the Divisional Director noted her view that UHL was not 'over-resourced' within the Clinical Support Division, and she outlined the very significant rise in demand for imaging services since the previous year. She also highlighted UHL's particular strengths in terms of its imaging services, including continued access to the most up-to-date high tech equipment through its managed equipment service arrangement, and Leicester's specific location and population traits. In discussion on paper F the Finance and Performance Committee:-

(a) noted the Director of Strategy's view that Imaging Services required a new and radical business model to reflect demand changes, and her query as to the lack of a longer-term strategy within paper F. In response, the Divisional Director Clinical Services advised that the Imaging CBU was currently developing a plan to abolish internal waits (which would not be possible within existing capacity), with a longer-term more radical service plan anticipated by the end of September 2012. In further discussion, members queried the scope for a joint venture arrangement as per pathology services, and the Chief Executive agreed to advise the Divisional Director outside the meeting on the best way to pursue this (including discussions with a specific local Trust and/or the Academic Health Sciences Centre forum);

CE

(b) noted that some discussions were already in place re: private sector working. The Divisional Director outlined certain perceived limitations to this approach, both on cost and quality grounds;

(c) queried the apparent difference between the available uptime/capacity and the actual utilisation of UHL's scanning equipment, which the Divisional Director agreed to clarify outside the meeting. She also noted the need for scanners to be able to accommodate emergency patients;

DDCS

(d) queried how far the Clinical Support Division had considered a different, UHL-branded internal service model, including (for example) reporting radiographers, and requested that the Imaging CBU discuss this further;

DDCS

(e) noted the view of the Director of Finance and Procurement that the internal rise in demand for Imaging services was not sustainable, notwithstanding DoH predictions. Members also briefly discussed the extent to which the service should be seen to take control of its own destiny within UHL, rather than adopt a potential perceived 'victim' culture;

(f) queried how to reconcile the Division's CIP shortfall with the figures in paper F – in response, the Clinical Support Divisional Director advised that the figures within the CIP

update at paper D (Minute 87/12/3 above refers) did not reflect the most current CIP position, and

(f) requested that a response to the Finance and Performance Committee Chair's queries on the report (as circulated to the Division ahead of the meeting) also be circulated with the information in (c) above.

DDCS

Resolved – that (A) the Chief Executive advise the Clinical Support Divisional Director outside the meeting re: progressing discussions on imaging joint partnerships (eg routes to pursue);

CE

(B) the difference between imaging equipment capacity and utilisation be confirmed to members outside the meeting, and

DDCS

(C) a response to the Finance and Performance Committee Chair's queries (as provided to the Division ahead of the meeting) also be circulated to members for information.

DDCS

87/12/6 Public Monitoring of Progress Against UHL's 2012-13 Annual Operational Plan (AOP)

A plan indicating where the individual elements of the AOP were currently reported would be circulated to members for information. However, the Director of Strategy agreed that an overarching perspective was also needed to monitor AOP progress in its entirety – an update on this issue would be provided to the July 2012 Finance and Performance Committee following the 3 July 2012 Executive Team review of a number of potential options.

DS

Resolved – that (A) the plan identifying where the AOP individual elements were currently monitored be circulated for information, and

DS

(B) an update on 3 July 2012 Executive Team discussions re: future public AOP monitoring proposals, be provided to the 25 July 2012 Finance and Performance Committee.

DS

87/12/7 PLICS/SLR Position

In response to comments, the Director of Finance and Procurement confirmed that future iterations of this report would include both trend data and appropriate contextual benchmarking information. Members also suggested a need to take a more strategic overview to services.

DFP

Resolved – that trend data be included in future PLICS/SLR updates, in addition to contextual benchmarking information (where available).

DFP

88/12 **AUGUST 2012 JUNIOR DOCTOR RECRUITMENT – POSITION STATEMENT**

Paper H detailed UHL's current position re: the national and local implementation of specialty recruitment for 2012. The report outlined the vacancy fill rates for trainee and non-trainee posts (starting on 1 August 2012) and also the associated costs of any unfilled posts (cost pressure of approximately £1.5m). All specialties had been asked to provide appropriate contingency plans, and the Director of Human Resources noted particular issues within Planned Care.

In discussion, the Finance and Performance Committee Chair queried why the Trust was financially exposed on this issue, and requested that in future years, the forecast vacancies be built into CBU budgets at the start of the year. Ms J Wilson Non-Executive Director and

Workforce and Organisational Development Committee Chair, sought assurance that appropriate controls were in place to end the use of bank/agency staff once the substantive junior doctor vacancies were filled (with appropriately prompt invoicing and accruals also put in place) – the Director of Human Resources agreed to confirm this outside the meeting and advised that locum cover was not sought on a like-for-like basis.

DHR

Resolved – that the existence of appropriate controls to end bank/agency use of medical staff once the substantive junior doctor vacancies were filled, be confirmed outside the meeting.

DHR

89/12 LONG TERM FINANCIAL MODEL (LTFM) UPDATE

Paper I advised members of the key components of the LTFM and reiterated its links to the Trust's FT application and timescales. The format of the LTFM was prescribed by Monitor and comprised a series of spreadsheets which would span the financial years 2009-10, 2010-11 and 2011-12 for UHL. The LTFM also contained key assumptions and resultant outputs extending over the next 5 years (year 0 of UHL's LTFM being 2012-13). Regular updates on UHL's LTFM would be provided to the Finance and Performance Committee.

DS

In discussion, the Committee Chair and Non-Executive Director members voiced concern that the FT Programme Board had not yet met, and queried how this tied with the 31 October 2012 deadline to submit UHL's draft LTFM to the SHA. Although noting this concern, the Director of Strategy outlined progress in resourcing the FT Programme Board and FT Plan, which could be mobilised swiftly once finalised. She also noted that it would not be possible to agree all resourcing issues at the first FT Programme Board meeting (3 July 2012), as certain matters would inevitably emerge only with the passage of time. The Director of Strategy also reminded members that UHL had already done preliminary work on a previous draft LTFM.

Resolved – that regular updates on the LTFM be provided to the Finance and Performance Committee (timescale to be advised).

DS

90/12 COMMUNITY ELECTIVE ACTIVITY TENDER

Noting the deferral of the invitation to tender, the Director of Finance and Procurement advised that discussions continued between the various parties involved re: the current position and potential future of this tender.

Resolved – the position be noted.

91/12 ITEMS FOR INFORMATION

Resolved – that the CQUIN reconciliation quarter 4 report be noted for information.

92/12 MINUTES FOR INFORMATION

Resolved – that the following sets of Minutes/action notes be noted for information:-
(1) 16 May 2012 Confirm and Challenge action notes;
(2) 21 May 2012 GRMC Minutes, and
(3) 6 June 2012 QPMG action notes.

93/12 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE

Paper O comprised a draft agenda for the 25 July 2012 Finance and Performance Committee. Members discussed the Medical Director's wish to defer the medical trainees item for 6

months – this was felt to be too long a deferral in light of the potentially-significant SIFT/MADEL/NMET monies involved and the need to understand UHL’s risk exposure, and it was agreed therefore to request an interim September 2012 update. Ms J Wilson Non-Executive Director and Workforce and Organisational Development Committee Chair noted that Dr S Carr, Associate Medical Director would be reporting on education and training issues to the September 2012 Workforce and Organisational Development Committee.

MD

Resolved – that the 25 July 2012 Finance and Performance Committee agenda be approved, noting the removal of the medical trainees report and the rescheduling of that item to the 27 September 2012 Finance and Performance Committee.

MD

94/12 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that the following items be highlighted to the Trust Board either verbally on 28 June 2012 or through these Minutes on 26 July 2012:-

FPC
CHAIR

- (1) the issue in confidential Minute 86/12/1 above;
- (2) progress on CIP forecast delivery (closed session);
- (3) forecasting (closed session), and
- (4) changes to the ED audit results as appended to the month 2 quality finance and performance report (closed session).

95/12 ANY OTHER BUSINESS

95/12/1 Deputy Director of Finance and Procurement

Committee members congratulated the Deputy Director of Finance and Procurement on his appointment as Director of Finance for De Montfort University, noting that he would be leaving UHL in mid-September 2012.

Resolved – that the position be noted.

96/12/2 UHL Committee Structure

Mr R Kilner Non-Executive Director noted his intention to raise the issue of UHL’s Committee structure and workload at the 28 June 2012 Trust Board, to initiate a discussion on possible alternative ways of working and thus reducing the current duplication and frequency of meetings.

RKNE

Resolved – that Mr Kilner’s intention to raise this issue at the 28 June 2012 Trust Board meeting be noted.

RKNE

96/12 DATE OF NEXT MEETING

Resolved – that the next Finance and Performance Committee be held on Wednesday 25 July 2012 from 9.15am in **the Large Committee Room, Leicester General Hospital.**

The meeting closed at 12.45pm

Helen Stokes
Senior Trust Administrator

University Hospitals of Leicester NHS Trust

Finance and Performance

Committee

Annual Report 2011 / 12

FOREWORD

The purpose of this University Hospitals of Leicester (UHL) NHS Trust Finance and Performance Committee Annual Report is to provide a brief commentary on the work of the Committee in the 2011/12 financial year.

This is the first such report prepared by UHL's Finance and Performance Committee. I hope you find it of interest.

We would welcome feedback on this Annual Report. Please forward comments to me c/o Stephen Ward, Director of Corporate and Legal Affairs at stephen.ward@uhl-tr.nhs.uk or at: -

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Ian Reid
Chairman, UHL Finance and Performance Committee
June 2012

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The Role of the Finance and Performance Committee

The purpose of NHS Boards is to govern effectively and in doing so, to build patient, public and stakeholder confidence that their health and healthcare is in safe hands.

This fundamental accountability to patients, the public and stakeholders is developed by building confidence:-

- in the quality and safety of health services;
- that resources are invested in a way that delivers optimal health outcomes;
- in the accessibility and responsiveness of health services;
- that the public can appropriately shape health services to meet their needs;
- that public money is spent in a way that is efficient and effective.

The UHL Trust Board has established a committee structure to strengthen its focus on finance and performance, governance and risk management and workforce and organisational development. The structure is designed to provide effective governance over, and challenge to, the Trust's various business activities. The committees therefore carry out detailed work of assurance on behalf of the Trust Board.

Within the established framework, the distinct role of the Finance and Performance Committee is to provide assurance to the Board in respect of all the areas of activity that affect the financial performance of the Trust and, in so doing, seek to identify and quantify risks and opportunities to the Trust's operating plans. The Committee reviews management plans to mitigate identified risks and monitors the delivery of those plans to support the Trust's delivery of the agreed objectives.

Membership and meetings

The exercise of effective oversight requires objectivity and relevant experience. These are among the attributes that Non-Executive Directors bring to the Trust Board and it is for this reason that three Non-Executive Directors have been appointed by the Board to the Finance and Performance Committee, namely, Ian Reid, Richard Kilner and Jane Wilson.

The membership of the Finance and Performance Committee consists of these three Non-Executive Directors, and all five of the Executive Directors. The Director of Strategy attends, too, and from time to time other Corporate Directors and Clinical Divisional representatives attend Committee meetings to report and account to the Committee on their work.

The Committee also benefits from the contribution of Mr Geoffrey Smith, UHL Patient Adviser, who sits as a non-voting, co-opted member. Mr Smith is able

to offer great insight into the patient or service user experience at the Trust, and his co-opted membership of the Committee enriches its deliberations.

Ian Reid is Chairman of the Committee and has held that role since the Committee's establishment in 2008.

Ian Reid is able to draw upon his 40 years experience in the construction materials industry, culminating in his appointment as Managing Director of Lafarge (Redland) Aggregates in 1990 (a position he held until his retirement in 2003).

Richard Kilner is a chartered civil engineer and a member of the Institution of Civil Engineers. Educated in South Africa Richard has held a number of senior posts in the construction industry. His most recent role was in private equity as a partner at 3i plc where he was involved significant investment and development programmes in Asia, the USA and Europe.

Jane Wilson has an honours degree in engineering and joined us from the manufacturing sector, where she worked for almost 25 years. Until July 2008 she was human resources director for the pet and food divisions of Mars in the UK. Jane's other roles include chair of Leicestershire and Rutland Probation Trust, where she led the board in successfully achieving trust status.

The Finance and Performance Committee met on 12 occasions during 2011/12. Each meeting was quorate and attendance details are set out below.

NAME	FINANCE AND PERFORMANCE COMMITTEE MAXIMUM – 12
Richard Kilner	12
Ian Reid	12
Jane Wilson	10
Kevin Harris	7
Suzanne Hinchliffe	10
Malcolm Lowe-Lauri	11
Andrew Seddon	12
Abi Tierney	9
Geoff Smith	12

Agenda papers are prepared and circulated in advance of meetings. The minutes of each Finance and Performance Committee meeting are submitted to the next available meeting of the Trust Board and are presented at Board meetings by the Committee Chairman.

Review of 2011/12

During 2011/12, the Finance and Performance Committee reviewed a range of activities affecting the financial performance of the Trust in support of the Trust Board's actions to ensure : -

- the strategic plan is achieved;
- that financial targets are achieved;
- accountability and regulatory compliance;
- quality in service provision

and with a view to:-

- effectively assessing risk/supporting innovation;
- enhancing organisation reputation/competitiveness;
- providing confidence in organisational governance;
- constructively supporting/challenging the Board.

Specific matters considered by the Committee during the year included:-

- the Trust's financial performance month by month;and the implementation of actions to reverse the in-year financial deficit which built up during the first half of the 2011/12 financial year;
- cost improvement programme delivery;and the establishment of a Project Management Office to strengthen the Trust's arrangements in this area;
- implementation of 'PLICS' (Patient level information and costing systems) and SLR (Service Line Reporting) across Clinical Divisions;
- plans to reform medical education funding and the potential financial implications for UHL;
- in-year financial and operational performance of the four Clinical Divisions and the major Corporate Directorates:senior representatives of all of the Divisions and several Corporate Directors made presentations to the Committee during the year;
- plans to improve the financial liquidity of the Trust;
- actions taken to improve the accuracy of the Trust's clinical coding;

- private patient income;
- take-up of the Trust's Voluntary Severance Scheme;
- implementation of revised car parking charges;
- preparation of the Annual Financial Plan for 2012/13 and contract negotiations with Commissioners.

During 2011/12, the Committee also continued to receive at its meetings reports assessing the Trust's position in relation to the following matters:

- quality, financial and operational performance;
- market share information;
- performance against the CQUIN (Commissioning for quality and innovation) thresholds;

and routinely received

- Notes of the monthly Quality and Performance Management Group meetings;
- Notes of the monthly Clinical Division Confirm and Challenge meetings;
- Vacancy management updates.

It is worth recording that, in the ISA 260 Audit Highlights Memorandum for 2011/12, dated 28 May 2012, the Trust's External Auditor concluded that, as a result of their work, they were satisfied that the Trust had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.

Looking Forward: 2012/13 and beyond

In 2012/13, the Finance and Performance Committee will continue to focus upon its core role of providing assurance to the Trust Board in respect of all areas of activity that affect the financial performance of the Trust.

In addition, in 2012/13, the Finance and Performance Committee intends to apply a more forward-looking focus associated with the oversight of financial risks and opportunities in real-time. Amongst the subjects which the Committee intends to consider are:-

- the implications for the Trust of forthcoming national reviews of clinical services (eg acute stroke/vascular services/PPCI);
- the implications for the Trust of the evolution of the NHS tariff.

Adopting a horizon-scanning approach will be of particular importance during 2012/13 as the Trust takes forward its application to become an NHS Foundation Trust.

It is likely that, in an NHS Foundation Trust environment, the Finance and Performance Committee will be asked by the Board of Directors to assume additional responsibilities in relation to investment. During 2012/13, therefore, the Committee will be invited to review the Trust's policies which establish the overall methodology, processes and controls which govern investment, ensure that robust processes are followed and evaluate, scrutinise and monitor investments.

Ian Reid
Chairman, Finance and Performance Committee
June 2012