

Trust Board Paper J

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

**DATE OF TRUST BOARD MEETING: 30 AUGUST 2012**

**COMMITTEE: Finance and Performance Committee**

**CHAIRMAN: Mr I Reid, Non-Executive Director**

**DATE OF COMMITTEE MEETING: 25 July 2012.**

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

**Approval by the Trust Board of the new approvals process for capital  
investments (Minute 98/12 refers).**

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

**None.**

**DATE OF NEXT COMMITTEE MEETING: 29 August 2012**

**Mr I Reid – Non-Executive Director and Finance and Performance Committee Chair  
23 August 2012**

**Draft**

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD ON  
WEDNESDAY 25 JULY 2012 AT 9.15AM IN THE LARGE COMMITTEE ROOM,  
LEICESTER GENERAL HOSPITAL**

**Present:**

Mr I Reid – Non-Executive Director (Committee Chair)  
Dr K Harris – Medical Director  
Mrs S Hinchliffe – Chief Operating Officer/Chief Nurse  
Mr R Kilner – Non-Executive Director  
Mr A Seddon – Director of Finance and Procurement  
Mr G Smith – Patient Adviser (non-voting member)  
Mrs J Wilson – Non-Executive Director

**In Attendance:**

Mrs H Harrison – FT Programme Manager (for Minute 106/12)  
Ms D Mitchell – Head of Transformation Programmes (for Minute 102/12/3)  
Mr A Scriven – Empath Programme Manager (for Minute 97/12)  
Mr S Sheppard – Assistant Director of Finance and Procurement  
Ms E Stevens – Deputy Director of Human Resources (for Minutes 97/12, 101/12 and 103/12)  
Ms H Stokes – Senior Trust Administrator

**ACTION**

**RECOMMENDED ITEMS**

**97/12 EMPATH**

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

**98/12 CAPITAL INVESTMENT APPROVALS PROCESS**

Paper K detailed the proposed process for approving capital investments, on the premise that all capital and investment schemes must sit within the framework of UHL's strategic plans. The main recommendations were to move to an approval role (from advisory) for UHL's Commercial Executive, to integrate the Commercial Executive and the Capital Board, and to support compliance with (and communication of) the approved process. In discussion, the Finance and Performance Committee noted the need to close the process loop by checking that approved business cases had been appropriately delivered, and members also noted that the new approvals process would not disempower the role of the Trust Board.

**DFP**

**Recommended – that (A) the capital investment approvals process be endorsed and recommended for approval by the Trust Board, and**

**FPC  
CHAIR**

**(B) appropriate measures be put in place to close the process loop by ensuring that approved business cases were subsequently delivered.**

**DFP**

**RESOLVED ITEMS**

**99/12 APOLOGIES**

Apologies for absence were received from Mr J Birrell, Interim Chief Executive, Mr J Shuter, Deputy Director of Finance and Procurement and Dr A Tierney, Director of Strategy.

100/12 MINUTES

**Resolved** – that the Minutes of the Finance and Performance Committee meeting held on 27 June 2012 be confirmed as a correct record.

101/12 MATTERS ARISING FROM THE MINUTES

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

- (a) Minute 86/12/1 – members requested a further update on development of an ECMO service strategy at the October 2012 Finance and Performance Committee, particularly in light of the recent Safe and Sustainable announcement; DS/MD
- (b) Minute 87/12/1 – an update on the cancelled operations workstream would be provided to the August 2012 Finance and Performance Committee; COO/CN
- (c) Minute 87/12/1 – members voiced concern that readmissions were not being reduced, and requested an update accordingly at the August 2012 Finance and Performance Committee. The Director of Finance and Procurement advised that any written update would need to be informed by the results of an independent review looking at readmissions – he would provide a verbal update to the August 2012 Finance and Performance Committee and a written update was therefore scheduled for September 2012 (if those results were available by then). The Director of Finance and Procurement also noted his concerns that plans to reduce readmissions had not featured prominently in the recent CBU confirm and challenge sessions. Divisional/CBU ownership of reducing readmissions actions was crucial – it was not yet possible to assess the impact of having devolved this responsibility to them some 3 weeks previously. Ms J Wilson, Non-Executive Director and Workforce and Organisational Development Committee Chair advised that the July 2012 GRMC had also been concerned over the rate of progress on reducing readmissions (given that the trend seemed to be worsening), and she queried what internal actions were being taken whilst the independent review results were awaited. The Finance and Performance Committee considered that some level of centralised corporate overview of work to reduce readmissions was still needed, and it was therefore agreed to explore the scope for additional project management support from the Transformation Office; DFP
- (d) Minute 87/12/1 – a 3-month Divisional-level forecast would be circulated to members outside the meeting; COO/CN
- (e) Minute 87/12/3 – although noting plans to provide more financial management support within the Clinical Support Division, the Director of Finance and Procurement advised generally that the need for Divisional support was outstripping the resource available; DFP
- (f) Minute 87/12/4 – updated proposals for the format of future transformation updates to Trust Board Committees would be presented to a future Executive Team. Advising that the current format of the update at paper E (see Minute 102/12/3 below for further proposals on the future format) was not ideal, the Finance and Performance Committee Chair emphasised the need to focus on delivery/outputs rather than process, and DFP
- (g) Minute 88/12 – the Deputy Director of Human Resources advised members of the bank office processes in place for checking whether locum vacancies were filled. The Committee clarified that its query had related to the process for ensuring that locum use was halted once the vacancy was substantively filled, and the Deputy Director of Human Resources agreed to circulate information on this outside the meeting. DDHR  
Named  
EDs

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

101/12/1 Women's and Children's Division – Impact of Additional Transformation Resource (Minute 86/12)

In the absence of the Director of Strategy, the Chief Operating Officer/Chief Nurse advised members of the outcome of a bid for transformation monies by Women's and Children's, noting also that some monies had been received for gynaecology and obstetrics service moves. It was agreed to receive an update on the impact of the additional transformation resource within this Division, at the August 2012 Finance and Performance Committee.

DS

**Resolved – that an update on the impact of additional transformation resource within the Women's and Children's Division be provided to the 29 August 2012 Finance and Performance Committee.**

DS

101/12/2 Cystic Fibrosis Service Provision (Minute 86/12)

All 2011-12 issues in respect of this service had now been resolved, although the service was still not at national tariff and was not currently breaking even. This issue would be pursued through counting and coding discussions with Commissioners during 2012-13, and could be removed from the Finance and Performance Committee agenda.

**Resolved – that the position be noted.**

101/12/3 Review of Coding Resource/Capability within the Medicine CBU (Minute 86/12/3)

The Finance and Performance Committee voiced some frustration that this issue remained unresolved, and suggested that it would be helpful to invite the Medicine CBU to attend the August 2012 Finance and Performance Committee to discuss performance issues more generally (potentially supported by appropriate Divisional management team representation). Related discussions also continued at Executive Director level.

COO/CN

**Resolved – that the Medicine CBU be invited to attend the 29 August 2012 Finance and Performance Committee to discuss wider performance issues.**

COO/CN

101/12/4 Imaging Transformation Scheme (Minute 87/12/5)

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

**102/12 2012-13**

102/12/1 Quality Finance and Performance Report – Month 3

Paper D provided an overview of UHL's operational, quality, HR and finance performance against national, regional and local indicators for the month ending 30 June 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 D (and prior to discussion on its financial elements) lead Directors noted the following points by exception:-

- (1) an update on the issue of any performance penalties currently being applied/potentially applied, including:- RTT performance (issue applied to ophthalmology only and was expected to be resolved after July 2012); confirmation that no penalty would be applied in respect of 52-week waits; an anticipated return of screening penalty monies to the Trust; never events (discretionary amount,

- confirmation of which was awaited);
- (2) continuing challenges re: cumulative performance against the ED 4-hour wait target, although this was now being achieved in-month;
- (3) changes to the lower GI clinical pathway, which were likely to impact adversely on summer performance levels;
- (4) correction of UHL's mortality rate to a green rating (rather than amber as incorrectly shown in the report), and
- (5) concerns over never events, which would be pursued through the GRMC.

In discussion on the operational/quality/HR aspects of the month 3 report (and Divisional heatmap) members:-

(a) noted a query from the Finance and Performance Committee Chairman re: the significant change in the reported number of patients advised to attend ED by their GP, as indicated in the ED front door audit appended to paper D. He noted that the numbers now shown for April – June 2012 were different to those within previous such reports, and he asked that this change be explored further;

COO/CN

(b) queried what actions were being taken re: the performance of other agencies in respect of DTOCS (delayed transfers of care). The Chief Operating Officer/Chief Nurse acknowledged the significant rise in DTOCS during May and June 2012, which had been raised at the contract meeting on 24 July 2012, and

(c) noted concerns now outlined by the Chief Operating Officer/Chief Nurse regarding performance of the new non-emergency patient transport service – this impacted both on patient experience and on overall DTOCS performance. The phenomenon of rebeds was also re-appearing.

The Assistant Director of Finance and Procurement then reported on UHL's financial position for month 3 (disappointing at £0.8m adverse to the planned position). Although the number of contracted staff continued to reduce, this was offset to a certain degree by an increase in bank and agency staff use because of the extra capacity demands. Work was now in progress, however, to recruit nursing and HCA staff to temporary areas on a permanent basis.

In discussion on the financial aspects of the month 3 report, the Finance and Performance Committee:-

(i) noted an earlier query from Mr R Kilner, Non-Executive Director on what mitigating actions had been identified in respect of the cumulative deficit to plan for the first 3 months of the financial year;

(ii) queried the current Commissioner position in respect of ED HRG codes;

(iii) sought assurance in respect of the non-pay position, noting that this appeared to have worsened in June 2012. The Director of Finance and Procurement noted his own concern over this issue, with clinical supplies and services continuing to be the main issue;

(iv) queried how to tighten both pay and non-pay controls. Compliance was a key factor in respect of non-pay expenditure (Minute 102/12/4 below refers), and the Finance and Performance Committee queried what short-term measures were in place to avoid any further deterioration in the non-pay position. The Director of Finance and Procurement planned to agree further non-pay controls later that afternoon, noting an external review also in progress. He noted, however, that the main risks to the forecast were not contained within non-pay areas;

(v) noted the view of the Assistant Director and the Director of Finance and Procurement that Divisions/CBUs continued to be overly-pessimistic in their forecasting, as evidenced at recent confirm and challenge sessions. The Finance and Performance Committee Chair queried how to improve and embed ownership of the forecasts, and reiterated his concern over this issue. Other Finance and Performance Committee members also noted their concern at the under-delivery against CIP forecasting. The Director of Finance and Procurement acknowledged that forecasting remained unacceptably poor within CBUs, and emphasised his expectation that actual monthly results would be better than the forecasts. The Finance and Performance Committee Chair reiterated the need for a credible forecast, and noted Executive plans to take this issue up with Divisions (and also to recall the worst-performing CBUs for additional confirm and challenge). The Finance and Performance Committee Chair noted his intention to raise the issue of forecasting performance in the closed session of the 26 July 2012 Trust Board, accompanied by comments from the Director of Finance and Procurement on planned remedial actions (although noting comments from the Patient Adviser on the need for appropriate transparency on these issues). Members also sought additional assurance on when the forecasting ability would be improved and when this would be appropriately embedded within (and owned by) Divisions. The Finance and Performance Committee Chair also requested early sight of the month 4 flash report, once available;

FPC  
CHAIR/  
DFP  
  
DFP  
  
DFP

(vi) queried when Divisional Directors would be released from their clinical duties to focus on (eg) embedding CIP delivery etc, and

(vii) noted comments from the Director of Finance and Procurement regarding the impact of the ED marginal rate on UHL's financial position.

**Resolved – that (A) the month 3 quality finance and performance report (month ending 30 June 2012) be noted;**

**(B) the reasons for the apparent changes to the previously-reported April – June 2012 ED front door audit figures be explored by the Chief Operating Officer/Chief Nurse and advised to the Finance and Performance Committee Chair;**

COO/CN

**(C) concerns over the worsening forecast be reported to the private 26 July 2012 Trust Board, with appropriate comments in response from the Director of Finance and Procurement, and**

FPC  
CHAIR/  
DFP

**(D) the month 4 flash report be circulated to members once available.**

DFP

102/12/2

2012-13 CIPs – Progress

The Finance and Performance Committee Chair advised that the narrative within paper E did not match the figures in the 'doughnuts', as the latter contained an additional section not reflected in the text. He also queried when the current CIP gap would be closed and requested that future updates include a timescale/target date for this. In discussion, the Director of Finance and Procurement voiced some concern over the veracity of the RAG ratings within the Medicine CBU CIP doughnut, and he also noted challenges within the musculo-skeletal CBU of the Planned Care Division.

DFP

**Resolved – that a target date/timescales for closing the Divisional CIP gap be included in future 2012-13 CIP update reports to the Finance and Performance Committee.**

DFP

102/12/3

Transformation Board Update

The Head of Transformation Programmes attended to update members on UHL's transformation programme (paper F), advising also that the current EPMA RAG rating should

be amber, as further management action was needed to move this to an amber-green rating. In response to a challenge on the current amber RAG rating of the FM scheme, the Finance and Performance Committee Chair emphasised the need for consistency when rating the schemes.

The Committee considered it was not currently clear (from the report) whether UHL's transformation programme was on track – in terms of making future reports more meaningful the Head of Transformation Programmes noted the intention to use slides 3-7 of paper F as the basis of future updates, with any off-target schemes being the subject of an exception report. A summary of all schemes' current position against plan would also be included in each Finance and Performance Committee update. Members agreed that the current level of supporting detail (in paper F) was not required for future updates – a 1-page update for each scheme (showing progress metrics and financial data) would suffice. Members also suggested that the current format of the report measured process rather than outcomes/delivery – this imbalance needed to be addressed.

DS

In terms of comments on both the detail of the individual schemes, and the transformation programme as a whole, the Finance and Performance Committee:-

- (a) voiced surprise that none of the CIP elements of the EPMA scheme were green (which the Head of Transformation Programmes advised was due to a process issue);
- (b) queried the scope for additional transformation project management support to be dedicated to the reducing readmissions scheme, as per Minute 101/12 above – the Head of Transformation Programmes agreed to explore this;
- (c) emphasised the need for the schemes to align to a recognised clinical need and outcomes;
- (d) emphasised the need for greater transparency in future reports, in terms of progress against plan. The Committee Chair noted the need for the data underpinning UHL's LTFM/IBP to be available to the Committee by the end of September 2012 – it was agreed that transformation delivery over the next 3-4 years would be reported in draft to the August 2012 Finance and Performance Committee, with a more detailed report then to the September 2012 Finance and Performance Committee;
- (e) noted (in response to a query) that not all of the specific assumptions within some of the transformation schemes were fully agreed by Divisions – Committee members particularly queried why the outpatients scheme was not further advanced in this regard. The Chief Operating Officer/Chief Nurse noted her perception that there was an overall lack of focus on the areas of likely greatest return within the transformation schemes, and the Director of Finance and Procurement advised that further discussion on the transformation programme and the working of the Transformation Board was scheduled for the afternoon of 25 July 2012, and
- (f) noted comments from the Medical Director that comprehensive backfilling arrangements had not yet been agreed in respect of releasing clinical time for discussion with the transformation project managers.

HOTP/  
DS

DS/DFP

**Resolved** – that (A) slides 3-7 of paper F be used as the basis for future updates on the transformation programme, accompanied by:-

DS

- exception reports on any schemes behind progress;
- a summary overview of the position of each scheme against plan;
- 1-page update per scheme re: financial details and scheme metrics;

**(B) the availability of additional project management support for the reducing readmissions scheme be explored, and**

DS/  
HOTP

**(C) a first draft of transformation scheme delivery over the coming 3-4 years (underpinning the LTFM) be presented to the 29 August 2012 Finance and Performance**

DS/

102/12/4

Procurement Workstreams

Further to Minute 71/12/3 of 23 May 2012, paper G further updated members on the delivery of the 2012-13 procurement and supplies plan. The Finance and Performance Committee Chair particularly queried how expenditure compliance was monitored, noting the potentially-significant impact of non-compliant purchasing in terms of lost savings. The Director of Finance and Procurement outlined the role of UHL's Accounts Payable Team in terms of tracking price queries and compliance, and commented that the cost of non-compliance was difficult to quantify. In response to a further query, the Director of Finance and Procurement noted that the newly-appointed Head of Procurement would begin in post during the departmental restructure outlined in paper G.

The Finance and Performance Committee Chair voiced concern at areas of apparent ongoing resistance to the centralisation of locum bookings and queried how to address this – in response, the Chief Operating Officer/Chief Nurse advised that the Head of Nursing (Releasing Time to Care) was preparing an overview of the benefits of the centralised approach (which also identified any areas not using that system), in order to resolve the situation.

**Resolved – that the update on the delivery of the 2012-13 supplies and procurement plan be noted.**

**103/12 RESIDENTIAL ACCOMMODATION**

Further to Minute 77/12 of 23 May 2012, paper H updated members on discussions regarding the future of UHL's stock of residential accommodation. Although paper H identified option D as the preferred way forward, the Deputy Director of Human Resources advised that the 17 July 2012 Executive Team meeting had in fact supported an alternative option (put forward by the Facilities Directorate) involving UHL retaining ownership of its residential accommodation – this was now being explored further and did not preclude a return to option D in the future.

In discussion, Mr R Kilner and Ms J Wilson, Non-Executive Directors queried why UHL would wish to continue its involvement in this non-core function, and requested that the Finance and Performance Committee discuss this further once the additional option above had been appropriately explored. They also suggested that it might be appropriate to explore this issue further with the FM preferred bidder (once selected). It was agreed, therefore, that the Finance and Performance Committee would revisit this issue in November 2012 – this update would also include an assessment of any potential recruitment and retention impact of either retaining or divesting Trust ownership of its residential accommodation stock, to gain a clear picture of any implications and/or obligations involved.

DHR

**Resolved – that the issue of retaining/divesting UHL ownership of its residential accommodation be revisited at the 22 November 2012 Finance and Performance Committee, following further consideration of the option proposed by the 17 July 2012 Executive Team.**

DHR

**104/12 COMMUNITY ELECTIVE ACTIVITY TENDER**

No restart of the tender process was expected before October 2012 – UHL was therefore using the intervening period to review individual specialty options and service transformation. It was agreed to receive the next update on this issue in September 2012 (rather than retaining a monthly update in August 2012).

DFP

**Resolved** – that the next update on the community elective activity tender be provided to the 26 September 2012 Finance and Performance Committee.

DFP

**105/12 CODING TRANSFORMATION SCHEME – UPDATE**

Paper I updated members on the clinical coding transformation scheme, which (as previously reported) had been extended for 12 months. The Finance and Performance Committee welcomed this positive report, and requested that future updates include further detail on the timescale for – and outputs from – the work to engage junior doctors in coding (junior doctor training package).

**Resolved** – that future updates cover the timescale for (and outputs from) the work to develop a coding training package for junior doctors.

COO/CN

**106/12 PUBLIC MONITORING OF PROGRESS AGAINST UHL'S 2012-13 ANNUAL OPERATIONAL PLAN (AOP)**

As per paper J, it was proposed that progress against UHL's 2012-13 AOP would be reported quarterly to both the Trust Board and the Finance and Performance Committee (beginning with the August 2012 Trust Board). An example report was attached at appendix A, to illustrate the format. The Finance and Performance Committee agreed that this quarterly report should be submitted to the Trust Board only, accompanied by an appropriate covering sheet outlining any implications of the data being reported. Mr G Smith, Patient Adviser, suggested that use of appropriate graphics would also make the report more user-friendly.

DS

**Resolved** – that a quarterly report monitoring progress against UHL's 2012-13 AOP be submitted to the Trust Board from August 2012, accompanied by an appropriate covering sheet on the implications of the data being reported.

DS

**107/12 ITEMS FOR INFORMATION**

**107/12/1 Market Share Report (Quarter 1)**

Members queried how (and at what stage) the data within this report featured in planning discussions with Divisions/CBUs. In order to understand the impact of the market share data (and the resulting actions needed), this report needed to include appropriate links to PLICS/SLR information, the Trust's clinical strategy, and work on UHL's LTFM/IBP. This would ensure that appropriately interlinked management information was available. Members also queried whether the Communications Directorate was the most logical home for the market share work, and suggested that the information within paper L should be reported to the Trust Board rather than to the Finance and Performance Committee.

It was agreed to receive an update in August 2012 on the future use of the market share report and how it would be linked to other sources of management information.

DCER/  
EDs

**Resolved** – that (A) future reports on market share include appropriate links to PLICS/SLR data, work on the Trust's LTFM and IBP, and UHL's clinical strategy, to make the data more meaningful;

DCER

(B) an update be provided to the August 2012 Finance and Performance Committee on how the market share report would be amended to include these other sources of management information, and

DCER

(C) consideration be given as to whether this report itself should in future be submitted

EDs

to the Trust Board rather than the Finance and Performance Committee.

#### 108/12 MINUTES FOR INFORMATION

In response to a query from the Finance and Performance Committee Chair, the Medical Director outlined the background to note 5.2 of paper M (Confirm and Challenge action notes dated 20 June 2012).

**Resolved** – that the following sets of Minutes/action notes be noted for information:-

- (1) 20 June 2012 Confirm and Challenge action notes;
- (2) 25 June 2012 GRMC Minutes, and
- (3) 4 July 2012 QPMG action notes.

#### 109/12 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE

Paper P comprised a draft agenda for the 29 August 2012 Finance and Performance Committee. In addition to any items identified during the course of this meeting, it was agreed also to include separate items on the financial forecast and on the impact of any financial penalties.

**Resolved** – that the 29 August 2012 Finance and Performance Committee agenda be approved, noting:-

- (1) the inclusion of any additional items identified in the course of this meeting;
- (2) the removal of the monthly update on the community elective activity tender, and
- (3) the inclusion of separate items on the financial forecast and on the impact of any financial penalties on UHL.

STA

#### 110/12 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

**Resolved** – that the following items be highlighted to the Trust Board either verbally on 26 July 2012 or through these Minutes on 30 August 2012:-

- (1) (private session) the worsening forecast.

FPC  
CHAIR

#### 111/12 ANY OTHER BUSINESS

##### 111/12/1 Scheduling of Corporate Committee Meetings

The Medical Director commented on the challenges of having the GRMC, Finance and Performance Committee and Trust Board meetings in the same week, and suggested a need to review this arrangement.

**Resolved** – that the comments above be noted.

#### 112/12 DATE OF NEXT MEETING

**Resolved** – that the next Finance and Performance Committee be held on Wednesday 29 August 2012 from 9.15am in **the C J Bond Room, Clinical Education Centre, Leicester Royal Infirmary.**

The meeting closed at 12.46pm

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
I Reid (Chair)	4	4	100%	M Lowe-Lauri	3	2	67%
J Birrell	1	0	0%	A Seddon	4	4	100%
K Harris	4	2	50%	G Smith *	4	4	100%
S Hinchliffe	4	3	75%	A Tierney	4	3	75%
R Kilner	4	4	100%	J Wilson	4	4	100%

\* non-voting members

Helen Stokes  
**Senior Trust Administrator**