

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 28 March 2013

COMMITTEE: Finance and Performance Committee

CHAIRMAN: Mr I Reid, Non-Executive Director

DATE OF COMMITTEE MEETING: 27 February 2013

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

None

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

- Divisional Re-structure (Minute 14/13/2 refers);
- 2012-13 CIPs Update (Minute 15/13/3 refers);
- Update on Cross-Divisional Transformation Schemes (Minute 15/13/4 refers);
- Draft Annual Operation Plan 2013-14 Update (Minute 16/13/2 refers);
- Finance and Performance Committee Draft Annual Work Plan (Minute 16/13/5 refers), and
- Capital Expenditure (Minute 18/13 refers).

DATE OF NEXT COMMITTEE MEETING: 27 March 2013

**Mr I Reid
22 March 2013**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD ON
WEDNESDAY 27 FEBRUARY 2013 AT 9.15AM IN THE CJ BOND ROOM, CLINICAL
EDUCATION CENTRE, LEICESTER ROYAL INFIRMARY**

Present:

Mr I Reid – Non-Executive Director (Committee Chair)
Mr J Adler – Chief Executive (from minute 14/13/3)
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 (from minute 14/13/2)

In Attendance:

Mr S Leivers – Interim Director of Service Improvement (from Minute 14/13/2 to Minute 14/13/3 inclusive)
Mr A R Harvey – Interim Trust Administrator
Mr S Sheppard – Deputy Director of Finance and Procurement
Mr J Tozer – Interim Director of Operations (from Minute 14/13/1)

ACTION

RESOLVED ITEMS

12/13 APOLOGIES

There were no apologies for absence.

13/13 MINUTES

In considering the minutes, the Committee noted resolution 4/13/3 (D) (2012-13 Cost Improvement Programme Update) and requested that a business case be submitted at the third quarter of the current year. It was also agreed that the actions in relation to this minute should be reallocated from Director of Service Improvement to Director of Finance & Business Services and the Chief Information Officer.

In respect of minute 5/13/1 (2013-14 Cost Improvement Programme) the Committee considered that the minute should include the provision by the Research and Development Department to financially report via a profit and loss account to more actively represent the workings of the department. Agreed that this part of the minute be reworded by Trust Administration in consultation with the Chairman and Mr R Kilner – Non-Executive Director.

TA

Resolved – that (A) the Minutes of the Finance and Performance Committee held on 30 January 2013 (papers A and A1) be confirmed as a correct record, subject to the comments detailed above;

(B) plans for electronic patient records be brought forward to the third quarter; and

DFBS

(C) the third paragraph of minute 5/13/1 include discussion on the possibility of implementing separate profit and loss accounts for the Research and Development Department.

TA

14/13 MATTERS ARISING

14/13/1 Matters Arising Report

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

- (a) Minute 4/13/2 – negotiations were on-going and the Committee would be kept advised; **DFBS**
- (b) Minute 5/13/2 – the Director of Finance and Business Services updated members regarding the potential pay uplift being built into the AOP 2013-14;
- (c) Minute 5/13/3 - the Director of Finance and Business Services informed members on discussions with regard to outputs from the McKinsey Better Care Together presentation. A further verbal would be provided to the March meeting with a full report to the April meeting. In response to a question it was reported that the Trust would have access to all of the output from the report. **DFBS**

Resolved – that (A) the matters arising report and any associated actions above, be noted, and

- (B) in respect of the McKinsey Better Care Together outputs, a verbal update report be presented to the March 2013 meeting of the Committee with a full report being presented to the April 2013 Committee meeting.** **DFBS**

14/13/2 Divisional Restructure

The Committee received paper C detailing the revised Trust Management structure and also noted paper C1 on arising risks. In particular the Committee noted the following key risks and mitigations:

- Expansion of already large divisions – key risk controls in place across all areas;
- Governance issues in Empath – currently being reviewed;
- There are 4 CBU's without managers in the Acute Division – acting managers were in place and recruitment to permanent positions was on-going;
- Some areas without medical leads – decisions in respect of recruitment to these positions would be made by mid March.

Resolved – that (A) the report be received and noted; and

- (B) decisions to be made mid-March re appointment of medical leads be reported back to the April Meeting of the Committee.** **IDO**

15/13 **2012-13**

15/13/1 Month 10 Quality and Performance Report

The Committee received paper D which provided an overview of UHL performance and financial position against national, regional and local indicators for January 2013.

In relation to performance the Committee noted the following salient points:

- Choose and Book slot availability was 5%;
- RTT – admitted and speciality delivery had been achieved within parameters;
- Cancelled operations – achieved 1.5% against a target of 0.8%;
- Imaging Waits – diagnostic waits were at 1.5% against a target of 1%;
- Cancer – Figures were one month in arrears. Cancer targets were delivering against targets, excepting 62 day referral from GP which stood at 77.1% against a target of 85%;
- Primary PCI – percentage of eligible patients with acute myocardial infarction who received Primary PCI within 150 minutes of calling professional help was 95.2%

- against a target of 75%;
- Stroke percentage stay on ward – percentage of patients spending 90% of their stay on a stroke ward in December (one month reporting arrears) was 72.3% against a target of 80%;
- Appraisals – appraisal rate was 90.5%;
- Sickness – Reported sickness rate was 4.2%

In considering the overall A&E performance of the Trust it was noted that despite a high degree of positive input and effort which had led to the conversion rate improving by 6% and discharges up to 38%, was not adding up to overall improvement in the Trusts' performance. Some of the issues related to staff shortages, some of which was due to a high level of vacancies in certain areas, particularly nursing where a comprehensive recruiting campaign was underway and sickness levels, particularly amongst doctors, was a matter of concern.

Another area of concern in relation to performance was the 62 day referral from GP where achievement to reach target may be very tight. The Director of Finance and Business Services reported that it was imperative that the target for this indicator was achieved in order to avoid any penalties from the Commissioners and it was agreed that Committee members be updated on progress with regard to this key metric outwith the meeting.

Resolved – that (A) the report be received and noted, and

(B) Committee members be kept apprised of progress in relation to the Cancer 62 day referral from GP Key indicator outwith the meeting. IDO

15/13/2 Report by the Director of Finance and Business Services

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

15/13/3 2012-13 CIPs Update

The Director of Service Improvement submitted paper F which provided a summary of progress on the Change Improvement Programme. It was reported that delivery of the programme stood at approximately 84%. In considering the report, the Chief Executive pointed out that it was essential that CIP and other key targets were delivered. The Director of Finance and Business Services, in welcoming the update, stated that more positive ways of making performance on the CIP plan more transparent should be sought. IDO

It was agreed that a more detailed update in relation to performance on the CIPs programme should be circulated to members as soon as possible outwith the meeting. IDO

Resolved - that (A) the report be received and noted;

(B) further details on the performance and progress on the CIP Programme be circulated to Committee members outwith the meeting; and IDO

(C) target setting to be reviewed to include CIPS. IDO / DFBS

15/13/4 Update on Cross-Divisional Transformation Schemes

The Director of Finance and Business Services submitted paper G providing an update on the Transformation Programme delivery in 2012/13 together with details as to how the programme would be enhanced to strengthen the delivery of performance improvement with quantifiable, realisable and sustainable benefits.

The Committee was of the view that more work was required on key elements within the report in order to provide the Committee with a suitable level of assurance as to progress. Committee members emphasised the need to ensure that the Trust had sufficient resources to deliver the transformational agenda as well as delivering other key outputs. The Chief Executive pointed out that key elements of the paper had been superseded by recent decisions taken by the Executive Team where the future of the transformation programme had been discussed. The Committee felt that it would be inappropriate to measure success of the Programme on savings alone as it should also be measured against the value of its achievements. In particular there were a small number of projects that were cross-divisional that provided incremental value that would not otherwise be achieved.

The Committee stated the importance of clarity with regard to accountability in the transformational programme and it was noted that this was very much a key part of the Executive Teams' forward vision for the programme, the starting point of which was that the programme should be operationally led, as opposed to strategically led.

The Committee also discussed the future role of the Transformation Programme lead and the importance in ensuring that there no capacity gaps existed at a senior level which would affect the outcome of the Programme plans. As part of this discussion, the Committee would receive a cohesive overview on the transformational agenda and it's on-going management arrangements at the next meeting. In the meantime the Chief Executive would discuss with the Interim Director of Service Improvement options in respect of capacity in the senior service improvement delivery role and initiate such action as he deems most beneficial to meet the needs of the Trust at this time and into the medium term.

CE /
DSI

In summary plans needed to be revised to ensure that they provided the Committee with an appropriate level of assurance that the Trust had the capacity to undertake its transformational agenda as well as other expectations and commitments. There was also a need for future reports to more clearly reflect the views of previous discussions at the Executive Team, identify accountability issues and provide a clearer, more cohesive overview of the transformation programme.

DSI /
DFBS

Resolved – that (A) the report be received and noted;

(B) the plans reported be revised with the aim of providing the Committee with an appropriate level of assurance in respect of capacity to deliver the transformational agenda and take into account deliberations already undertaken by the Executive Committee, including accountability issues and a more cohesive programme overview and be resubmitted to the March meeting of the Committee; and

DSI /
DFBS

(C) the Chief Executive discuss options in relation to capacity to deliver on outputs within the programme with the Director of Service Improvement.

CE /
DSI

16/13 2013 - 14

16/13/1 CIP Programme Board Update

In a joint paper (paper H) the Director of Finance and Business Services and the Director of Service Improvement submitted a brief update on progress against the 2013/14 Cost Improvement Plan and detailed the governance arrangements for future years.

Resolved – that the report be received and noted.

16/13/2 Draft Annual Operation Plan 2013-14 Update

The Director of Finance and Business Services submitted paper I the purpose of which was to update the Committee on the status of the 2013-14 Annual Operational Plan.

Following submission of the draft Plan to the NHS Trust Development Authority in January, additional information would be forwarded at the end of the month which would focus on:

- Anticipated clinical contract income
- Improvement and development priorities
- Bottom Up CIP Plans
- Cost pressures
- Service developments
- Capital plan
- Workforce plan

It was noted that the final version of the Annual Operational Plan would be presented to the March meeting of the Trust Board.

Resolved - that (A) the report be received and noted;

(B) the key areas of additional information, as specified in the bullet points above, be reflected in the second submission of the Annual Operational Plan; DFBS

(C) the areas of adverse variance be noted and the plans to address these be addressed within the final version of the Plan to be submitted at the end of March 2013; DFBS

(D) that the feedback received from the NTDA be noted and the actions taken in response agreed; and DFBS

(E) the need for more detailed work to develop Trust plans for technological innovation and to agree how these are aligned to Trust development priorities be noted. DFBS

16/13/3 2013-14 Acute Contract Negotiations Update

The Director of Finance and Business Services presented paper J which updated the Committee on progress of the 2013/14 contract negotiations for the Acute Services Contract.

It was noted that changes implemented this year had made negotiations difficult for Commissioners with £34m top sliced from CCG budgets and moved to specialised commissioning budgets which has presented a key issue in reaching an agreed financial envelope for the 13/14 year. There was a national requirement to have an agreed contract by the end of March 2013 and failure to agree by this date could mean automatic arbitration at the expense of the parties concerned. Notwithstanding this, all local parties are looking to agree Head of Terms by the end of February 2013 which may mean some points of detail are determined either throughout the year or between the end of February and March 2013.

Resolved – that the report be noted and received.

16/13/4 Historical Due Diligence Update

The Director of Finance and Business Services provided a brief update of the Historical Due Diligence. It was noted that there were no issues of disagreement and nothing untoward had arisen. A full report would be sent to the Trust Board meeting in March 2013. DFBS

Resolved – that the update be noted and a full report be submitted to the Trust Board meeting in March 2013. DFBS

16/13/5 Finance and Performance Committee Draft Annual Work Plan

The Director of Finance and Business Services provided Paper K, a draft 2013/14 work plan for the Committee discussion.

The plan was split into four key sections:

- Business as usual
- Divisional Reviews
- Specific Projects
- Planning

In considering the Work Plan the Committee requested that the following points be taken into consideration:

- i. Inclusion of Commissioning (April for look back and February for look forward)
- ii. Inclusion of Divisional Reviews to be reconsidered, perhaps in favour of CBU reviews
- iii. Workforce Plan in respect of transformational projects to be included
- iv. Research and Development to be included
- v. Education, Training and Teaching to be included
- vi. Foundation Trust progress to be removed at this time
- vii. Exception reporting (process and design) to Committee/Trust Board to be considered.
- viii. Committee/Non Executive members interface with the Trust

Resolved – that the report be noted and agreed, taking into account those matters detailed at (i) to (viii) above.

DFBS

17/13 **UPDATE ON ACCENTURE**

The Director of Finance and Business Services submitted paper L which summarised the work being undertaken by Accenture on potential non-pay savings. The company had been engaged to carry out work to identify savings achievable in 2013/14 and beyond. Details of the diagnostic work were provided and it was noted that there would be no charge to UHL to carry out the work.

Accenture would present their findings to the CIP Programme Board in April 2013 along with a gain share proposal for the programme of work. The company would work within the Procurement Team delivering the savings to ensure knowledge transfer occurs. Savings were anticipated to be in the region of £10m.

Resolved – that the report be received and noted.

18/13 **CAPITAL EXPENDITURE**

The Director of Finance and Business Services submitted paper M which provided an update of the capital investment framework and process, including assurance on the year end capital expenditure forecast for 2012/13, proposed future governance and investment arrangements and a forecast capital plan for 2013/14. The report detailed the year end capital expenditure forecast for 2012/13, governance and monitoring arrangements for 2013/14, the financing strategy, capital allocation methodology proposals for 2013/14 and beyond, the allocation prioritisation methodology, an overview of the 2013/14 capital plan and considered next steps which were deemed to be:

- To clearly define how the investment process would operate. This would be the subject of a paper to the Commercial Executive in March;
- To finalise investment criteria to be used in the prioritisation of the strategic estates scheme;
- The Director of Finance and Business Services to recommend a financing strategy to

the Executive Team and Trust Board.

In considering the report the Committee commented that, whilst appreciating the work undertaken the year end forecast seemed ambitious, particularly given other matters discussed during the course of the meeting. The Committee also requested that further consideration be given to building links into the reported processes and strategies to ensure a greater level of Trust Board engagement with the capital programme.

Resolved – that (A) the projected 2012-13 year end position be noted;

(B) the proposed future capital investment arrangements for 2013/14 and beyond, as reported in paper M, be supported; DFBS

(C) the draft capital programme for 2013-14 be noted; and DFBS

(D) appropriate links be built into the reported processes and strategies to ensure an increased level of participation from Trust Board members. DFBS

19/13 CAPITA REVIEW OF CODING IN ED – QUARTERLY PROGRESS REPORT

The Interim Director of Operations verbally reported on progress with the coding review. It was noted that there was to be a further audit re-examining data in the next quarter (April) and this would be the subject of a further report to a the April meeting of the Committee.

Resolved – that the verbal update be received and noted.

20/13 REPORT BY THE DIRECTOR OF FINANCE AND BUSINESS SERVICES

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

21/13 MINUTES FOR INFORMATION

21/13/1 Confirm and Challenge Meetings

Resolved – that the notes of the 16 January 2013 Confirm and Challenge meeting (paper Q) be received and noted.

21/13/2 Quality Assurance Committee

Resolved – that the Minutes of the 22 January 2013 Quality Assurance Committee meeting (papers R and R1) be received and noted.

21/13/3 Quality and Performance Management Group

Resolved – that the Minutes of the 9 January 2013 Quality and Performance Management Group meeting be received and noted.

22/13 ITEMS FOR DISCUSSION AT THE NEXT FINANCE AND PERFORMANCE COMMITTEE

Resolved – that the items for consideration at the Finance and Performance Committee meeting on 27 March 2013 be noted and be updated by items arising above.

23/13 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that the issues in Minutes 14/13/2, 15/13/2, 15/13/3, 15/13/4, 16/13/2, 16/13/5, 18/13 and 20/13 be highlighted verbally to the Trust Board meeting on 28 February 2013.

**FPC
CHAIR**

24/13 ANY OTHER BUSINESS

There were no items of any other business.

25/13 DATE OF NEXT MEETING

Resolved – that the next Finance and Performance Committee be held on Wednesday 27 March 2013 from 9.15am – 12.15pm in Seminar Rooms 2 and 3, Clinical Education Centre, Glenfield Hospital.

The meeting closed at 12:10pm

**Alan R Harvey
Interim Trust Administrator**

Attendance Record

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
I Reid (Chair)	10	10	100%	M Lowe-Lauri	3	2	67%
J Adler	2	2	100%	A Seddon	10	10	100%
J Birrell	3	3	100%	G Smith *	10	10	100%
K Harris	8	4	50%	A Tierney	4	3	75%
S Hinchliffe	7	5	71%	J Tozer *	3	3	100%
R Kilner	10	10	100%	J Wilson	10	10	100%

* non-voting members