

University Hospitals of Leicester 
NHS Trust

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 8 January 2015

COMMITTEE: Finance and Performance Committee

CHAIR: Ms J Wilson, Non-Executive Director

DATE OF COMMITTEE MEETING: 18 December 2014

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

- Minute 134/14 – Emergency Floor draft Full Business Case;
- Confidential Minute 135/14 – report by the Director of Strategy, and
- Minute 136/14 – Financial Planning Guidance for 2015-16.

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

- Confidential Minute 140/14/4 – report by the Director of Estates and Facilities.

DATE OF NEXT COMMITTEE MEETING: 29 January 2015

**Ms J Wilson
Finance and Performance Committee Chair**

5 January 2015

MINUTES OF A MEETING OF THE FINANCE AND PERFORMANCE COMMITTEE, HELD ON THURSDAY 18 DECEMBER 2014 AT 8.30AM IN THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY

Voting Members Present:

Ms J Wilson – Non-Executive Director (Committee Chair)
Mr J Adler – Chief Executive
Colonel (Retired) I Crowe – Non-Executive Director
Mr R Mitchell – Chief Operating Officer (for Minutes 140/14/3 to 142/14/2 inclusive)
Mr P Traynor – Director of Finance
Mr M Traynor – Non-Executive Director

In Attendance:

Ms L Bentley – Head of Financial Management and Planning
Mr A Chatten – Director of Estates and Facilities (for Minutes 140/14/2 to 140/14/4)
Mr J Clarke – Chief Information Officer (for Minute 140/14/1)
Mr P Gowdridge – Head of Strategic Finance (for Minute 134/14)
Ms E MacLellan-Smith – Ernst Young (for Minute 142/14/2)
Mrs K Rayns – Trust Administrator
Ms K Shields – Director of Strategy
Mr K Singh – Trust Chairman (up to and including Minute 142/14/2)
Mr G Smith – Patient Adviser

RECOMMENDED ITEMS

ACTION

134/14 EMERGENCY FLOOR – DRAFT FULL BUSINESS CASE

Further to the Finance and Performance Committee's consideration of the revised emergency activity assumptions on 26 November 2014 (Minute 126/14/3 refers), paper C provided members with a briefing on the critical issues to ensure successful delivery of the new emergency floor development and sought endorsement of the Full Business Case for onward approval by the Trust Board on 8 January 2015.

In presenting the paper, the Chief Executive and the Director of Strategy confirmed that Commissioners would be asked to write a letter of support for the FBC – in the same way that they had already provided a letter of support for the OBC. They summarised the key risks surrounding timescales for NTDA approvals processes, the impact of the forthcoming general election in May 2015 (noting that purdah would commence on 20 March 2015), and any potential future changes in NHS investment strategy following that election.

Colonel (Retired) I Crowe, Non-Executive Director, and member of the Emergency Floor Project Board reported verbally on that Project Board's support of the key changes and the excellent progress being made in alignment of the financial business case with the workforce plan. He noted the inherent risks with the scheme, stressing the importance of adherence to the approvals timetable and the need for UHL to be agile in responding to any TDA queries on the business case. He sought and received assurance that all the recommendations arising from the Gateway 2 review had been addressed and commented on the importance of achieving a green-rating for the Gateway 3 review.

In response to a query, the Chief Executive agreed to clarify the continuity arrangements for Chairmanship of the Emergency Floor Project Board, in light of the Medical Director's impending retirement. The Director of Finance advised that he now attended these Project Board meetings.

CE

During discussion on the executive summary and the full business case, members of the Finance and Performance Committee:-

DRAFT

- (1) noted the ongoing work to finalise the design of assessment areas. Within the physical and financial constraints of the scheme, some room sizes were currently non-compliant with the relevant DoH Health Building Note (HBN). However, an independent review was being carried out to confirm the derogations and alignment with clinical operational policies and there would be no material impact upon the FBC;
- (2) commented that the activity and expenditure assumptions were based upon the 2014-15 outturn and that any variations to this baseline would have an associated operational and financial impact. The Emergency Floor Project Board had provided assurance regarding the flexible functionality of the new development which was deemed to be future-proofed for the next 20 years, including the ability to build an additional floor above the new development (if required). In addition, it was noted that the marginal rate emergency tariff (MRET) was likely to increase from 30% to 50% for any activity above the 2014-15 threshold;
- (3) queried whether UHL's key stakeholders were aware of the refreshed emergency activity assumptions and whether the Trust should be engaging with and seeking additional support of the FBC from key stakeholders. In response, the Chief Executive confirmed that a unified approach to consultation and engagement would be maintained within the Better Care Together Programme;
- (4) requested additional information relating to the capitalisation of expenditure, VAT recovery plans and treatment of inflation within the financial case. The Director of Finance confirmed that the Trust was audited regularly on its use of capital funding and that specialist advisors were engaged in this aspect. In respect of VAT recovery, a Trust-wide review was underway to explore the scope for additional savings. The Director of Finance agreed to brief Mr M Traynor, Non-Executive Director on the more detailed financial elements of the scheme outside the meeting (including the allowance for inflation);
- (5) received additional background information regarding the Procure 21 (P21) procurement framework and the associated treatment of contingency sums and optimism bias in respect of ensuring best value for money within the guaranteed maximum price, and
- (6) requested that the full business case be updated prior to submission to the 8 January 2015 Trust Board meeting, to articulate the risks surrounding forecast emergency activity levels and the scope for implementing contingency plans in the event that the planned reductions in activity did not materialise.

DF

DS

Recommended – that (A) the Chief Executive be requested to clarify the arrangements for Chairmanship of the Emergency Floor Project Board and appropriate continuity;

CE

(B) the Director of Finance be requested to brief Mr M Traynor, Non-Executive Director on the more detailed financial elements of the scheme (including capitalisation, VAT recovery and inflation);

DF

(C) the risks surrounding forecast emergency activity levels and associated contingency plans be clearly articulated within the Emergency Floor FBC, and

DS

(D) subject to the articulation of risks surrounding forecast activity levels (point C above refers), the Emergency Floor FBC be endorsed for Trust Board approval on 8 January 2015.

DS

DRAFT

Recommended – that this Minute be classed as confidential and taken in private on the grounds that public consideration at this stage could be prejudicial to the effective conduct of public affairs.

136/14 FINANCIAL PLANNING 2015-16 (INCLUDING DRAFT TARIFF GUIDANCE)

The Director of Finance introduced paper H, providing the Finance and Performance Committee with a briefing on the key changes contained within the draft 2015-16 tariff guidance (including the risks and opportunities), the financial planning process and timescales and the high level principles for delivering an improved financial position for 2015-16. Discussion took place regarding UHL's participation in the formal collaborative consultation process and the potential impact upon contractual negotiations with CCGs and Specialised Commissioners for 2015-16.

Section 3 of paper H detailed the process for developing the 2015-16 financial plan and set out the key planning assumptions. The planning timetable was provided at appendix 1. Members noted that the initial headline plan data was required to be submitted to the NTDA on 13 January 2015. Subject to clarification of the provisional 2015-16 planning guidance, the Finance and Performance Committee endorsed the submission of a deficit first cut plan of £36.1m.

Recommended – that, subject to clarification of the draft 2015-16 planning guidance, the first cut deficit financial plan for 2015-16 of £36.1m be endorsed, for submission to the NTDA by 13 January 2015.

RESOLVED ITEMS

137/14 APOLOGIES

Apologies for absence were received from Dr S Dauncey, Non-Executive Director and Mr M Williams, Non-Executive Director.

138/14 MINUTES

The Committee Chair commented upon the continued non-availability of the formal Minutes arising from the 29 October 2014 meeting, providing assurance that progress was being monitored against the comprehensive summary of key actions arising from that meeting. Papers A and A1 provided the Minutes of the 26 November 2014 meeting.

Resolved – that the Minutes of the 26 November 2014 Finance and Performance Committee meeting be confirmed as a correct record.

139/14 MATTERS ARISING PROGRESS REPORT

The Committee Chair confirmed that the matters arising report provided at paper B detailed the status of all outstanding matters arising. Members received updated information in respect of the following items:-

- (a) Minute 122/14(b) of 26 November 2014 – the Chief Executive advised that he would be undertaking the role of SRO for the EPR project;
- (b) Minute 125/14 of 26 November 2014 – the additional training being provided for UHL's clinical staff to respond to revised patient restraint guidance was noted and this item would now be removed from the progress log;
- (c) Minute 126/14/2(b) of 26 November 2014 – UHL membership of the Alliance Management Board and Leadership Board had now been confirmed;

DRAFT

- (d) Minute 127/14/2(b) of 26 November 2014 – a verbal update on UHL’s RTT trajectory would be provided later in the meeting, when the Chief Operating Officer was due to provide a verbal report in the absence of the month 8 Quality and Performance Report (Minute 141/14/1 below refers);
- (e) Minute 127/14/3 of 26 November 2014 – in the absence of the Chief Operating Officer at this point in the meeting, it was agreed that he would be invited to provide an update on clinical letters performance during his report on operational performance (Minute 141/14/1 below refers),
- (f) substantive reports featured on today’s meeting agenda in respect of Minutes 103/14/1(e) and 103/14/5(c) of 24 September 2014 and Minutes 91/14/2(b) and 91/14/3 of 27 August 2014 and these would now be removed from the progress log accordingly.

TA

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

**NAMED
LEADS**

140/14 STRATEGIC MATTERS

140/14/1 IBM Contract Update

The Chief Information Officer attended the meeting to present paper D, providing an update on performance of the contract with IBM for delivery of core IT services and new projects. Broadly, the contract was delivering performance as anticipated and new stretch targets were being implemented for quarter 4 2014-15 and the first half of 2015-16. 69 members of staff had transferred from UHL to IBM and NTT, 35 members of staff had been retained by UHL, and 34 members of staff had been made redundant. Where any backlogs of work had developed (eg in the business intelligence service), IBM were being held to account to prioritise the backlogs ahead of new projects and additional resources had been provided for this purpose.

Paper D highlighted progress on the key programmes of work for 2014 and 2015. In respect of the Electronic Patient Record (EPR) project implementation, it was noted that separate teams would be established to reduce the risk of this project impacting upon core service delivery. In discussion on paper D, the Finance and Performance Committee:-

- (a) sought and received an explanation of the issues affecting the timeliness and accuracy of data warehouse information flows, noting that one of the new SLAs being introduced was for this data to be available from 9am each day as part of the service improvement programme, which also included investment in new hardware;
- (b) commented upon the need for intelligent manpower on both sides of the business intelligence service and the fragile nature of this service since 5 key members of UHL’s staff had left. The Director of Finance agreed to meet with the Chief Information Officer outside the meeting to consider the arrangements for providing a permanent and robust resolution to the identified issues within the business intelligence service, and
- (c) welcomed the focus on core service delivery and requested clarity regarding the governance structure for overseeing the EPR implementation and the wider IBM contract governance. The Chief Information Officer agreed to provide an update on the IBM governance structure to the Committee in February 2015.

DF

CIO

Resolved – that (A) the update on the IBM contract be received and noted,

(B) the Director of Finance be requested to meet with the Chief Information Officer to consider and agree a robust solution for the business intelligence service, and

DF

DRAFT

(C) an update on the EPR project governance and any changes required to the wider IBM contract governance be provided to the Integrated Finance, Performance and Investment Committee in February 2015.

CIO

140/14/2 University of Leicester Embedded Space within the UHL Estates

The Director of Estates and Facilities introduced an update on progress towards the establishment of a baseline for the space within UHL estates occupied by the University of Leicester (paper F refers). He highlighted the significant difference between the occupancy data held by UHL (6,587m²) and that reported by the University (2,038m²). A further meeting was due to be held with the University in January 2015 at which a process and a strategy would be developed relating to formalised occupancy data and an agreed charging mechanism relative to the embedded space on the UHL estate.

Discussion took place regarding the transactional aspects of this data, the apportionment of clinical academic post funding and the importance of maintaining the Trust's strategic relationship with the University. However, it was felt important to address any under-utilised University accommodation to improve UHL's own site utilisation and consider any further scope for shared training facilities. The Director of Finance confirmed his future involvement in the transactional elements of the Trust's relationship with the University and it was agreed that a further update would be provided to the Integrated Finance, Performance and Investment Committee in February 2015.

DEF/
DF

Resolved – that a further update on University of Leicester embedded space within UHL's estate and the apportionment of clinical academic post funding be provided to the Integrated Finance, Performance and Investment Committee in February 2015.

DEF/
DF

140/14/3 Interserve Facilities Management Continual Improvement Report

The Director of Estates and Facilities introduced paper G, providing a summary of the proposals put forward by Interserve Facilities Management (IFM) for continuous improvement in the delivery and quality of services provided under the contract (as set out in appendix A). He expressed some disappointment in the level of strategic and tactical analysis demonstrated for service and workforce development and highlighted the scope for further innovation to augment the plan moving forwards (eg more ride-on cleaning machinery and greater alignment between portering activities and resources).

Members discussed some anecdotal evidence of areas requiring improvement, such as hospital reception opening hours which did not align with visiting times, non-availability of wheelchairs in hospital reception areas and a lack of hand soap in toilet facilities. Noting the infection control issue highlighted by the latter example, they queried whether the right key performance indicators were being measured and agreed that under a well-performing contract, a greater focus would be maintained in public-facing areas.

The Chief Executive requested the Director of Estates and Facilities to arrange for a review of reception opening hours to be undertaken to ascertain whether any additional resources would be required to cover the key times of maximum visitor footfall. The outputs of this review would be provided to the Chief Executive outside the meeting.

DEF

Finally, members commented upon the scope to improve the hospital site maps and directional signs, noting that some significant improvements had already taken place (with input from one of the Trust's patient advisers) and that the Executive Performance Board (EPB) had recently supported a revised "wayfinding" scheme – an update on this workstream was due to be provided to the EPB in March 2015 and new design manuals would be implemented in September 2015.

Resolved – that the Director of Estates and Facilities be requested to review hospital reception opening hours and any additional resources that might be required to

DEF

DRAFT

expand these to cover visiting hours.

140/14/4 Report by the Director of Estates and Facilities

Resolved – that this Minute be classed as confidential and taken in private on the ground of commercial interests.

141/14 PERFORMANCE

141/14/1 Month 8 RTT and Cancer Performance Report

Due to the December 2014 Finance and Performance Committee meeting being scheduled earlier in the month than usual, the Month 8 Quality and Performance report was due to be considered at the 22 December 2014 Trust Board meeting without prior review by the Finance and Performance Committee or the 15 December 2014 Quality Assurance Committee. Additional paper 2 provided the high level dashboards for the domains of (1) safe, (2) caring, (3) well led, (4) effective, and (5) responsive.

The Chief Operating Officer reported verbally on the following aspects of UHL's month 8 operational performance:-

- (a) continued high levels of emergency activity and the associated pressures upon UHL's ED 4 hour waits and other performance indicators;
- (b) RTT performance – the non-admitted performance target had been met for November and December 2014, but the admitted target had not been met in November 2014, as previously agreed with the TDA. Work continued to agree a new trajectory for meeting this target, but realistically this would be at least 2 months away;
- (c) cancelled operations performance had deteriorated due to the high level of emergency activity;
- (d) cancer performance was expected to be regained in December 2014 for 2 week wait, January 2015 for the 31 day targets and February 2015 for the 62 day targets. Whilst the small backlog in the cancer service was reducing, members noted the regrettable incidence of on the day cancellations for cancer surgery (in addition to elective surgery). A discussion on this issue would be held at the 22 December 2014 Trust Board meeting, at which the Medical Director and the Chief Nurse would be invited to comment on the assessment of clinical risks associated with cancellation of cancer operations;
- (e) delayed transfers of care (DTC) levels remained high;
- (f) choose and book slot unavailability had reduced to 17% in November 2014 (compared with 20% in October 2014), and
- (g) ambulance handover data was expected to improve in quarter 4 of 2014-15 with the implementation of RFID tagging.

Further to Minute 127/14/3 of 26 November 2014 (paper B refers), the Chief Operating Officer updated the Committee on progress with the focused workstream to improve clinical letters performance within the RRC Clinical Management Group. He noted that recruitment to the vacant administrative and clerical posts and roll-out of a specified IT system had achieved a significant reduction and this approach was now being replicated in the remaining CMGs to good effect. A report on the updated clinical letters position (including CMG level data) would be provided to the 29 January 2015 Integrated Finance, Performance and Investment Committee.

Resolved – that (A) the month 8 Quality and Performance report be presented to the 22 December 2014 Trust Board meeting;

(B) the high level dashboards and the verbal information on UHL's operational performance be received and noted, and

DRAFT

(C) a report on the updated clinical letters position be provided to the 29 January 2015 Integrated Finance, Performance and Investment Committee.

COO

142/14 FINANCE

142/14/1 2014-15 Financial Position to Month 8

The Director of Finance introduced papers I and I1 providing an update on UHL's performance against the key financial duties surrounding delivery of the planned deficit, achievement of the External Financing Limit (EFL) and achievement of the Capital Resource Limit (CRL), as submitted for consideration by the 16 December 2014 Executive Performance Board and the 22 December 2014 Trust Board meetings. He confirmed that November 2014 had been a relatively straightforward month with a favourable in-month movement against plan of £0.3m and a year-to-date deficit against plan of £1.4m.

In respect of the key risks (section 7 of paper I refers), members particularly noted the continued focus upon closing down the revenue and income position for 2014-15, including resolution of technical contractual queries and the development of a revised process for escalation of queries between UHL and the CCGs.

Resolved – that the briefings on UHL's Month 8 financial performance (papers I and I1) and the subsequent discussion be noted.

142/14/2 Cost Improvement Programmes for 2014-15 and 2015-16

Ms E MacLellan-Smith, EY attended the meeting to present paper J, providing the monthly update on CIP performance for 2014-15 and the development of CIP plans for 2015-16. Members noted that the total forecast CIP value for 2014-15 had risen to £48.3m (against the £45m target) and that the value of green RAG-rated schemes was currently £46.5m. Work was continuing to validate performance against the workforce related savings targets of 1% in year and 2% recurrently. The second wave of service reviews in loss-making specialties was underway, in respect of dermatology, general surgery and cardiology. This work was being led by Ms J Bee, one of UHL's Strategic Planners with appropriate support from the EY team and a more detailed progress report would be provided to the Committee in January 2015. One of the key risks (as the Trust entered the winter period) was considered to be the impact of operational pressures upon agency staffing expenditure within the ESM CMG.

COO

In respect of the £41m CIP target for 2015-16, high level plans had been developed for £33.317m (which represented approximately 80% of the target). The trajectory to achieve 60% of the schemes RAG-rated as green or amber by the end of November 2014 had not been met. However, new deadlines had been agreed for ESM and RRC and the position was expected to improve over the next 2 months. The Committee also received an update on progress with recruitment to the vacant PMO enabling team posts and plans to re-advertise the Head of CIP role.

The Director of Finance and the Director of Strategy commented upon the impact of the draft 2015-16 tariff guidance in respect of CIP delivery for 2015-16 and cautioned against an over-reliance upon income related schemes, counting and coding changes, and increases in activity volumes. The Director of Strategy undertook to prepare a briefing note on this subject for circulation to the CMG management teams.

DS

Resolved – that (A) an update on the second wave of service reviews be included in the next iteration of the CIP update report, and

COO

(B) the Director of Strategy be requested to prepare and circulate a briefing note to CMG management teams on the expected impact of the draft 2015-16 tariff guidance upon CIP schemes for 2015-16.

DS

DRAFT

143/14 SCRUTINY AND INFORMATION

143/14/1 Clinical Management Group (CMG) Presentations

Paper K provided the draft template for CMG presentations to the Integrated Finance, Performance and Investment Committee. In the absence of the Chief Operating Officer at this point in the meeting, the Committee Chair invited members to submit any comments or suggested amendments on the template to her by the end of 22 December 2014.

Subsequently, she agreed to contact the Chief Operating Officer outside the meeting to advise him of any changes required. The forward schedule of CMG presentations for 2015 was agreed (as presented in paper K1).

Chair

Resolved – that (A) the Committee Chair be requested to feedback any comments on the CMG presentation template to the Chief Operating Officer outside the meeting, and

Chair

(B) the forward schedule of CMG presentations to the Integrated Finance Performance and Investment Committee in 2015 be confirmed (paper K1 refers).

143/14/2 Clinical Management Group (CMG) Performance Management Meetings

Members noted that the November 2014 CMG performance management meetings had been replaced with CMG-Executive dialogue meetings on the draft Annual Operating Plan for 2015-16, consequently no action notes had been submitted for consideration.

Resolved – that position be noted.

143/14/3 Executive Performance Board

Resolved – that the notes of the 25 November 2014 Executive Performance Board meeting (paper L) be received and noted.

143/14/4 Quality Assurance Committee (QAC)

Resolved – that the 26 November 2014 QAC Minutes (paper M) be received and noted.

143/14/5 Revenue Investment Committee

Resolved – that the cancellation of the 10 December 2014 Revenue Investment Committee meeting be noted.

143/14/6 Capital Monitoring and Investment Committee

Resolved – that the cancellation of the 10 December 2014 Capital Monitoring and Investment Committee meeting be noted.

144/14 ANY OTHER BUSINESS

Resolved – that no other items of business were noted.

145/14 ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD

Resolved – that the following issues be highlighted verbally to the Trust Board meeting on 22 December 2014:-

**Acting
Chair**

- Minute 136/14 – Financial Planning Guidance for 2015-16, and

DRAFT

- **Confidential Minute 140/14/4 – Report by the Director of Estates and Facilities.**

146/14 DATE OF NEXT MEETING AND SCHEDULE OF MEETING DATES FOR 2015

Resolved – that (A) the first meeting of the Integrated Finance, Performance and Investment Committee be held on Thursday 29 January 2015 from 9am – 12noon (venue to be confirmed), and

(B) the schedule of meeting dates for 2015 be confirmed as follows:-

Thursday 29 January 2015;
Thursday 26 February 2015;
Thursday 26 March 2015;
Thursday 30 April 2015;
Thursday 28 May 2015;
Thursday 25 June 2015;
Thursday 30 July 2015;
Thursday 27 August 2015;
Thursday 24 September 2015;
Thursday 29 October 2015;
Thursday 26 November 2015, and
Thursday 17 December 2015.

The meeting closed at 11:32am

Kate Rayns, Acting Senior Trust Administrator

Attendance Record 2014-15

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
J Wilson (Chair from 29.10.14)	9	8	89%	R Mitchell	9	9	100%
R Kilner (Chair up to 24.9.14)	6	6	100%	P Panchal	2	0	0%
J Adler	9	8	89%	S Sheppard	4	4	100%
I Crowe	9	8	89%	M Traynor	2	2	100%
S Dauncey	2	1	50%	P Traynor (from 26.11.14)	2	2	100%
P Hollinshead	3	3	100%				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Singh	2	2	100%	M Williams	2	0	0%
G Smith	9	9	100%	D Wynford-Thomas	2	0	0%
K Shields	2	1	50%				