

Trust Board paper Q

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 1 September 2016

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr M Traynor, Non-Executive Director

DATE OF COMMITTEE MEETING: 28 July 2016

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:

- **Minute 79/16/1 – Sustainability and Transformation Funding Guidance 2016-17;**
- **Minute 79/16/4 – Working Capital Strategy and Cash Flow;**
- **Minute 81/16/1 – Workforce update;**
- **Minute 83/16 – Emergency Care.**

DATE OF NEXT COMMITTEE MEETING: 25 August 2016

**Mr M Traynor
Non-Executive Director and Committee Chair**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE INTEGRATED FINANCE, PERFORMANCE AND INVESTMENT COMMITTEE (IFPIC), HELD ON THURSDAY 28 JULY 2016 AT 9AM IN THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY

Voting Members Present:

Mr M Traynor – Non-Executive Director (Committee Chair)
Mr J Adler – Chief Executive
Mr C Benham – Director of Operational Finance (on behalf of Mr P Traynor, Chief Financial Officer)
Colonel (Retired) I Crowe – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr R Mitchell – Chief Operating Officer
Mr R Moore – Non-Executive Director
Mr B Patel – Non-Executive Director
Mr K Singh – Trust Chairman

In Attendance:

Mr M Archer – Head of Operations, Clinical Support and Imaging CMG (for Minute 75/16/1)
Mr S Barton – Director of CIP and Future Operating Model
Ms C Ellwood – Chief Pharmacist (for Minutes 75/16/1 and 75/16/2)
Mr D Kerr – Director of Estates and Facilities
Mr A Furlong – Medical Director (from Minute 81/16)
Ms M Gordon – Patient Adviser
Ms S Leak – Director of Emergency Care, Emergency and Specialist Medicine CMG
Mr W Monaghan – Director of Performance and Information
Mr T Pearce – Major Projects Finance Lead (for Minutes 75/16/1 and 75/16/2)
Mrs K Rayns – Trust Administrator
Mr N Sone – Financial Controller (for Minute 79/16/4)
Ms L Tibbert – Director of Workforce and Organisational Development

	<u>RECOMMENDED ITEMS</u>	<u>ACTION</u>
75/16	INVESTMENT BUSINESS CASES	
75/16/1	<u>Confidential Report by the Director of Operational Finance</u> <u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.	CFO
75/16/2	<u>Confidential Report by the Director of Operational Finance</u> <u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly on the grounds of commercial interests.	

RESOLVED ITEMS

76/16	APOLOGIES <u>Resolved</u> – that apologies for absence from Mr P Traynor, Chief Financial Officer and Ms J Smith, Chief Nurse were noted.
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77/16 **MINUTES**

The Minutes of the meeting held on 30 June 2016 were confirmed as a correct record. The Committee Chair particularly highlighted Minute 66/16/2 where assurance had been provided that the Trust was able to meet its liabilities as they fall due.

Resolved – that the Minutes of the 30 June 2016 IFPIC meeting (papers A and A1) be confirmed as a correct record.

78/16 MATTERS ARISING

Paper B detailed the status of all outstanding matters arising from previous Integrated Finance, Performance and Investment Committee (IFPIC) meetings. The Committee particularly noted the updated information in respect of the following items:-

- (a) **Minutes 39/16 of 28 April 2016 and 123/15 (c) of 26 November 2015** – a verbal update on progress of the Capita site survey and the development of an Estates Routemap would be provided later in the meeting (Minute 80/16/2 refers), and
- (b) **Minute 31/16/4(a) of 24 March 2016** – the expected update on financial and operational performance within the Alliance contract had been deferred to the 25 August 2016 IFPIC meeting.

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

**NAMED
LEADS**

79/16 FINANCE AND PLANNING

79/16/1 Sustainability and Transformation Funding (STF) Guidance 2016-17

The Director of Operational Finance introduced paper C briefing the Committee on the arrangements for accessing the planned £23.4m of STF during 2016-17 and confirming that UHL had met the required criteria to secure payment for quarter 1. The breakdown of funding was noted to be 70% for delivering planned financial performance and 30% for performance against operational access targets (made up of 12.5% for RTT performance, 12.5% for ED 4 hour performance and 5% for cancer performance). Disappointingly, there was no STF attributed to diagnostics performance where the Trust was already compliant.

Members considered the risks surrounding achievement of the performance trajectories for the remainder of the year, noting the tolerance thresholds for access targets, opportunities to earn back missed payments of STF for compliant performance at the year end, and the available appeals mechanism in the event of any material changes to the underlying assumptions, such as an increase in GP referrals. It was particularly noted that quarter 4 performance would be based upon the forecast outturn position.

Resolved – that the guidance on Sustainability and Transformation Funding for 2016-17 be received and noted as paper C.

79/16/2 Strengthening Financial Performance and Accountability in 2016-17

Paper C1 set out a series of actions for stabilising NHS finances in 2016-17 and annex D provided a provisional analysis of providers' pay growth between 2014-15 and 2016-17. UHL was noted to be one of the 63 providers with significant paybill growth; however a large proportion of this growth was attributed to the development of an in-house facilities management service and assuming the management of the LRI Urgent Care Centre. The Chief Executive advised that he would be providing a formal response to NHS Improvement setting out the factors that had affected UHL's pay growth.

The Committee Chair sought and received additional information regarding potential interventions for Trusts which failed to rise to the challenge, noting in response that a programme of financial special measures had been implemented and that consideration was being given to the development of a form of special measures for Trusts that failed to address emergency care performance. The Director of Operational Finance also highlighted references to the new Single Oversight Framework within paper C1, noting that this framework was currently out to consultation.

Resolved – that the report on strengthening financial performance and accountability in 2016-17 be received and noted as paper C1.

79/16/3 Month 3 Financial Performance 2016-17

The Director of Operational Finance introduced paper D, providing the monthly summary of performance against the Trust's statutory duties, financial performance, cash flow and capital expenditure. IFPIC members noted that the Trust had delivered an £8.1m deficit for the year to date, including recognition of £5.9m STF for delivery of the quarter 1 targets. Contingency funding of £1.1m had been released to date and this was in line with plan. Over-performance in non-elective patient care activity had offset under-performance in elective care and the table on page 7 of paper D detailed over-performance against contract for the 3 CCGs and Specialised Commissioners. Non-pay expenditure was £2m adverse to plan and this was being driven by increased drugs, clinical supplies and the cost of providing additional patient care activity above plan. Agency staffing expenditure continued to be monitored closely.

Further to Minute 66/16/1 of 30 June 2016 IFPIC meeting, clarity was provided that a £114k stock adjustment related to some consumable supplies being included within the year-end stock count without an appropriate provision being made for the value of the purchase order. This issue had arisen as a result of additional items being included within a managed equipment service and appropriate steps had been taken to rectify such issues in future years.

As previously agreed, a detailed year-end forecast would be provided to the 25 August 2016, based upon the quarter 1 performance. No further clarity had yet been provided in respect of national capital availability for 2016-17 and the Trust continued to manage the position through a range of alternative scenarios. The impact of these scenarios upon the Trust's reconfiguration, estates and facilities, IM&T and medical equipment programmes was being monitored closely by the Capital Monitoring and Investment Committee.

Resolved – that the month 3 Financial Performance report (paper D) and the subsequent discussion on this item be received and noted.

79/16/4 Working Capital Strategy/Cash Flow

The Financial Controller attended the meeting to introduce paper F, briefing the Committee on the arrangements in place to manage the Trust's current cash position, noting that a Cash Committee had now been established to provide additional scrutiny and oversee the additional actions required. Particular issues were noted within the following income streams:-

- (a) delayed release of Treasury Interim Revolving Working Capital (IRWC);
- (b) delays with payment of STF money;
- (c) delayed payments from the CCGs for patient care activity above plan;
- (d) late payments for facilities management services provided to other LLR healthcare providers, and
- (e) under-spending on depreciation.

Assurance was provided that appropriate arrangements were in place to protect small and medium sized businesses where delayed invoice payments would have the most impact. A mechanism for escalating those invoice payments directly impacting upon business continuity or patient care was also being developed.

The Audit Committee Chair highlighted a range of additional information required to inform the next iteration of this report (such as the number of creditor days, 13 week cashflow modelling and full year cash bridge). He undertook to send a list of these to the Financial Controller (outside the meeting). In addition, he requested that a short briefing note on the underlying reasons for the recent deterioration in cash flow be provided to the 25 August

2016 IFPIC meeting, to strengthen Board members' awareness of the issues involved..

Resolved – that (A) the update on the Trust's current and forecast cash position be received and noted as paper F;

(B) the Audit Committee Chair be requested to provide a list of additional information to the Financial Controller for inclusion in the next iteration of this report, and

AC
Chair

(C) a further cash flow report be presented to the 25 August 2016 IFPIC meeting, to include the additional items to be advised by the Audit Committee Chair and a short briefing on the underlying reasons for the recent deterioration in UHL's cash flow.

CFO

79/16/5 Cost Improvement Programme

The Director of CIP and Future Operating Model presented paper E1, providing the monthly update on progress of the CIP programme to achieve a £35m target during 2016-17. Year to date CIP delivery stood at £7.535m (as at the end of June 2016) against the planned £6.394m. The Executive Performance Board had agreed a plan to mitigate against the forecast CIP shortfall in Women's and Children's. Discussion took place regarding income-related efficiency schemes (delivering additional clinical activity using the same capacity) and the arrangements for reducing clinical variation. Mr A Johnson, Non-Executive Director commented upon the importance of encouraging expansion and increasing income generation (where appropriate) within the cost improvement programme.

The Chief Operating Officer commented upon the significance of the £124m cost improvements achieved over the last 3 years. He also provided assurance that the Women's and Children's CMG was making every effort to identify additional savings opportunities, but they were (to some extent) constrained by some challenging issues and their workforce ratios.

IFPIC also received and noted paper E2, providing a summary of the cross-cutting non-pay CIP theme. There were no questions raised in respect of this report.

Resolved – that the CIP progress report and cross-cutting Non-Pay CIP update be received and noted as papers E1 and E2.

79/16/6 Final Reference Cost Submission 2016

Further to Minute 66/16/4 of 30 June 2016, paper G briefed the Committee on the process for preparation of UHL's Reference Costs return for submission to the Department of Health on 27 July 2016 and provided a copy of the finalised return at appendix 1. Following central validation, an analysis of the national data would be presented to IFPIC in December 2016 or January 2017.

CFO

Resolved – that (A) the Reference Costing update and the finalised return submission be received and noted as paper G, and

(B) an analysis of the national Reference Cost data be provided to IFPIC in December 2016 or January 2017 (when available).

CFO

80/16 **STRATEGIC MATTERS**

80/16/1 Chief Executive's Briefing

The Chief Executive provided a verbal briefing on the issues discussed at a recent meeting with Mr J Mackey, NHS Improvement Chief Executive to consider the LLR Sustainability and Transformation Plan. Discussion had taken place regarding demand management,

capacity constraints, whole system emergency care performance, a revised approach to capital funding, and the consultation arrangements for the Better Care Together Programme. On 18 July 2016, the Trust Board had hosted a meeting with Mr E Smith, NHS Improvement Chairman, at Glenfield Hospital (followed by visits to the East Midlands Congenital Hearts Centre and the Clinical Decisions Unit).

Resolved – that the Chief Executive’s briefing on recent meetings with NHS Improvement be noted.

80/16/2 Report by the Director of Estates and Facilities

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

81/16 **PERFORMANCE**

81/16/1 Workforce Update

The Director of Workforce and Organisational Development presented paper H, providing the monthly update on key workforce metrics, noting the corrective actions underway to address adverse trends in pay expenditure and agency staffing costs. The report also focused upon staff turnover, vacancy levels, sickness hotspots, staff wellbeing, flu immunisation, engaging with staff to manage health outcomes, and diversity targets.

In respect of staff turnover trends, a total of 73 EU international nurses had left the Trust during June 2016 and some further work was taking place to understand their reasons for leaving. In addition, further campaigns were planned to counter the potential impact of the EU referendum. International recruitment was being explored from countries such as India and the Philippines (subject to immigration requirements). Negotiations were underway with LPT and DeMontfort University to attract additional nurse trainees and improve the quality of their placements. A workshop would be held in September 2016 to further develop the LLR Workforce Strategy and a separate report would be presented to the September 2016 IFPIC meeting in respect of HR Services.

DWOD

Colonel (Retired) I Crowe, Non-Executive Director commented upon plans to strengthen the arrangements for managing expenditure on staff wellbeing initiatives, via charitable funding and staff lottery funding. He also noted an interest in the workforce changes planned to be delivered with the opening of the new emergency floor.

Resolved – that (A) the Workforce Update report (paper H) and the subsequent discussion be noted, and

(B) a report on the future plans for HR Services be presented to the September 2016 IFPIC meeting.

DWOD

81/16/2 Update on Demand and Capacity Modelling

Paper I, the expected update on demand and capacity, was withdrawn and the Chief Operating Officer briefed the Committee on demand and capacity modelling as part of his update on Emergency Care (Minute 83/16 below refers).

Resolved – that the discussion on demand and capacity modelling be noted under Minute 83/16 below.

81/16/3 Month 3 Quality and Performance Report

Paper J provided an overview of UHL’s quality, patient experience, operational targets, and HR performance against national, regional and local indicators for the month ending 30 June 2016. The Director of Performance and Information drew members attention to RTT

performance, cancer performance, 52 week waits and diagnostics performance. A contract query had been raised with Commissioners regarding the volume of increased referrals above the contracted activity levels for 2016-17. In respect of cancelled operations not rebooked within 28 days, HDU capacity had been a major constraint, but assurance was provided that appropriate clinical prioritisation arrangements were in place.

Resolved – that the month 3 Quality and Performance report (paper J) and the subsequent discussion be noted.

81/16/4 E-Referrals Update

The Director of Performance and Information provided a verbal update on e-referrals performance, noting that this data had recently been removed from the monthly Quality and Performance report. Members noted a 5% improvement had occurred in June 2016 (compared to May 2016), however 30% of these appointments had reverted to a telephone booking which was subsequently confirmed by letter.

Resolved – that the verbal update on e-referrals performance be noted.

82/16 SCRUTINY AND INFORMATION

82/16/1 IFPIC Calendar of Business 2016-17

Resolved – that the updated IFPIC calendar of business be received and noted as paper K.

82/16/2 Updated Timetable for UHL Business Case Approvals

Resolved – that the updated timetable for Strategic Business Case Approvals be received and noted as paper L.

82/16/3 Executive Performance Board

Resolved – that the notes of the 28 June 2016 Executive Performance Board meeting be received and noted as paper M.

82/16/4 Capital Monitoring and Investment Committee

Resolved – that the notes of the 17 June 2016 Capital Monitoring and Investment Committee meeting be received and noted as paper N.

82/16/5 Revenue Investment Committee

Resolved – that the notes of the 17 June 2016 Revenue Investment Committee meeting be received and noted as paper O.

83/16 EMERGENCY CARE

Following an informal discussion over the lunchtime period, Ms S Leak, Director of Emergency Care attended from the Emergency and Specialist Medicine CMG to introduce paper R alongside the Chief Operating Officer. The Committee received an update on the actions considered at the 14 July Trust Board thinking day to address internal inefficiencies affecting UHL's emergency care performance including further work on the forecast imbalance between demand and capacity for the remainder of 2016-17 and for 2017-18. A recommendation had been made to prioritise access to beds for RTT and cancer patients. The action plan appended to paper R described the 37 actions being taken in order to:-

- (a) reduce the imbalance between demand and capacity (14 actions),
- (b) improve ED flow (14 actions), and
- (c) improve CDU processes (9 actions).

A revised governance structure was provided on page 5 of the report and a new standardised reporting format was being developed. Discussion took place regarding medical leadership (including the appointment of 3 new Heads of Service), staff behaviours, joined up patient pathways and the arrangements for embedding external support from ECIP. IFPIC noted that the action plan was a live document and this was subject to change once feedback was provided from the ECIP gap analysis. The Chief Operating Officer agreed to sight NHS Improvement to the proposed actions, prior to submission to the 4 August 2016 Trust Board meeting.

Finally, the Chief Operating Officer briefed the Committee on the national and regional position relating to emergency care performance and the expected level of support that UHL would be receiving from the improvement team. At a local level, the LLR emergency care workstream was being redeveloped to focus upon streaming at the front door, NHS 111, ambulance services, organisational flows and discharge models. Communications processes were being established to raise public awareness of other healthcare providers and the arrangements for accessing medical advice at an earlier point during an illness in order to prevent subsequent deterioration requiring admission to hospital.

Resolved – that (A) the update on the actions considered at the July 2016 Trust Board thinking day to strengthen emergency care performance be noted, and

(B) the Chief Operating Officer be requested to sight NHS Improvement to the proposed actions, prior to submission to the 4 August 2016 Trust Board meeting.

COO

84/16 **ANY OTHER BUSINESS**

Resolved – that no items of other business were noted.

85/16 **ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD**

Resolved – that (A) a summary of the business considered at this meeting be presented to the Trust Board meeting on 4 August 2016, and

TA/
Chair

(B) the following items be particularly highlighted for the Trust Board's attention:-

- Minute 79/16/1 – Sustainability and Transformation Funding Guidance 2016-17;
- Minute 79/16/4 – Working Capital Strategy and Cash Flow;
- Minute 81/16/1 – Workforce update;
- Minute 83/16 – Emergency Care.

86/16 **DATE OF NEXT MEETING**

Resolved – that the next meeting of the Integrated Finance, Performance and Investment Committee be held on Thursday 25 August 2016 from 9am to 1pm in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 1.20pm

Kate Rayns,
Trust Administrator

Attendance Record 2016-17

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	4	4	100	R Mitchell	4	4	100
J Adler	4	3	75	R Moore	4	4	100
I Crowe	4	4	100	B Patel	1	1	100
S Dauncey	3	3	100	K Singh	4	4	100
A Johnson	4	4	100	P Traynor	4	3	75

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Gordon	4	4	100	L Tibbert	4	4	100
D Kerr	4	3	75				