

Trust Board paper Q

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 4 May 2017

COMMITTEE: Integrated Finance, Performance and Investment Committee

CHAIR: Mr K Singh, Trust Chairman (Acting IFPIC Chair)

DATE OF COMMITTEE MEETING: 30 March 2017

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

- **Minute 24/17 – Operational Plan 2017-19 Refresh.**

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

- **None.**

DATE OF NEXT COMMITTEE MEETING: 27 April 2017

**Mr K Singh
Trust Chairman and Acting IFPIC Chair**

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE INTEGRATED FINANCE, PERFORMANCE AND INVESTMENT COMMITTEE (IFPIC), HELD ON THURSDAY 30 MARCH 2017 AT 9AM IN THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY

Voting Members Present:

Mr K Singh – Trust Chairman (Acting Committee Chair)
Mr J Adler – Chief Executive
Colonel (Retired) I Crowe – Non-Executive Director
Dr S Crawshaw – Non-Executive Director (from Minute 32/17)
Mr R Mitchell – Chief Operating Officer
Mr B Patel – Non-Executive Director
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr S Barton – Director of CIP and Future Operating Model
Mr C Benham – Director of Operational Finance
Mr A Carruthers – Head of Design Authority, IM&T (for Minute 33/17/4)
Mr G Distefano – Head of Strategic Development (for Minute 24/17)
Ms C Ellwood – Chief Pharmacist (for Minutes 27/17 and 32/17/3)
Dr C Free – Deputy Medical Director (for Minute 25/17)
Mr L Gates – Senior Capital Projects Manager (for Minute 31/17/5)
Ms G Harris – Head of Operations (for Minute 31/17/5)
Mr D Kerr – Director of Estates and Facilities
Mr W Monaghan – Director of Performance and Information
Mrs K Rayns – Trust Administrator
Air Cdre A N C Reid – Royal Air Force (observing)
Mr N Sone – Financial Controller (up to and including Minute 31/17/2)
Ms L Tibbert – Director of Workforce and Organisational Development
Ms N Topham – Reconfiguration Programme Director (for Minute 25/17)

RECOMMENDED ITEMS

ACTION

24/17 OPERATIONAL PLAN 2017-19 REFRESH

The Head of Strategic Development tabled copies of paper H, providing a summary of the key changes required to UHL's Operational Plan in respect of activity, performance trajectories, finance and workforce. The proposed changes were in line with the relevant NHS Improvement guidance. IFPIC supported the proposed changes and recommended them for Trust Board approval on 6 April 2017, noting that the refreshed Operational Plan for 2017-19 would be submitted by midday on 30 March 2017. As agreed, a one page summary of the changes would be appended to the IFPIC meeting summary to inform the Board's approval.

CFO

The Chief Executive noted the links between this report and a subsequent agenda item on balancing demand and capacity (paper J and Minute 32/17/1 below refer). He also advised that the Executive Team had not yet reviewed the final version of the 2017-18 financial plan (including the processes for budget setting and identified cost pressures), but this was planned to be presented to the Executive Performance Board meeting on 25 April 2017 and IFPIC on 27 April 2017.

The Chief Operating Officer commented upon the need to control and reduce the current run-rate in 2017-18, particularly as the proposals to balance demand and capacity might cause some additional cost pressures. Colonel (Retired) I Crowe, Non-Executive Director

requested additional information about the number of Trusts nationally that had rejected their 2017-18 control totals and the quantum of capital that might be required to deliver the Plan B solution in the absence of an approved business case for an Electronic Patient Record, noting that this was not currently included in the plan and it was not likely to be affordable from internally generated capital.

Recommended – that (A) the proposed changes to UHL’s Operational Plan for 2017-19 be supported for Trust Board approval on 6 April 2017, and **CFO**

(B) a one page summary of the key changes to the Operational Plan 2017-19 be appended to the IFPIC summary to inform the Board’s approval. **HSD**

25/17 **CONFIDENTIAL REPORT BY THE CHIEF FINANCIAL OFFICER**

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

26/17 **CONFIDENTIAL REPORT BY THE DIRECTOR OF WORKFORCE AND ORGANISATIONAL DEVELOPMENT**

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

27/17 **CONFIDENTIAL REPORT BY THE CHIEF FINANCIAL OFFICER**

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

RESOLVED ITEMS

28/17 **APOLOGIES**

Resolved – that apologies for absence be noted from Mr M Traynor, Non-Executive Director (Committee Chair); Ms M Gordon, Patient Adviser, Mr A Johnson, Non-Executive Director and Mr R Moore, Non-Executive Director.

29/17 **MINUTES**

Resolved – that the Minutes of the 23 February 2017 IFPIC meeting (papers A1 and A2) be confirmed as correct records.

30/17 **MATTERS ARISING**

30/17/1 **Matters Arising Progress Report**

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

(a) ***Item 4 (Minute 16/17/3 of 23 February 2017)*** – the Director of CIP and Future Operating Model advised that the requested briefing note on the arrangements for reducing clinical variation within the Outpatients setting would be circulated to Non-Executive Directors later that day;

(b) ***Item 8 (Minute 17/17/3 of 23 February 2017)*** – the Director of Estates and Facilities advised that the timescale for development of scenario modelling relating to the Strategic Infrastructure Review was dependent upon confirmation of funding for the Trust’s Reconfiguration Programme. The Chief Executive added that an Executive Team workshop was planned in the near future to consider the Trust’s options for reconfiguration of services;

**DCIP&
FOM**

- (c) **Item 11 (Minute 20/17 of 23 February 2017)** – members noted the Medical Director’s advice that no expressions of interest had been received in respect of an Executive-level Clinical Responsible Owner for EMRAD. The Chief Executive advised that a report on EMRAD featured on that afternoon’s Quality Assurance Committee agenda and he provided assurance that the Chief Information Officer and the Medical Director were actively progressing the outstanding issues. In addition, a Listening into Action event was being held to engage with EMRAD service users on 20 April 2017, and
- (d) **Items 22, 30 and 33 (Minutes 140/16(f), 116/16/1 and 41/16/3(a) of 22 December 2016, 27 October 2016 and 28 April 2016)** – the Trust Chairman advised that appropriate Trust Board thinking day discussions were being scheduled (in conjunction with the Director of Corporate and Legal Affairs) to cover themes relating to Lean Techniques, Board Effectiveness and a follow-up workshop with IBM.

Chair/
DCLA

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

30/17/2 Empath Staff Engagement and Feedback

Further to Minute 18/17/3 of 23 February 2017, the Chief Financial Officer introduced paper C, providing a short briefing on staff engagement within Pathology Services. Members noted the benefits of face-to-face meetings and the use of the Franklin Covey Leadership Programme to support service teams.

The Chief Executive commended Empath’s success in achieving NHS Improvement Pathfinder status, but he suggested that staff morale was unlikely to significantly improve until progress with strategic transformation plans became more visible. In response to a query from the Chief Executive, the Chief Financial Officer advised that the next meeting of the Empath Strategic Board had been postponed due to the Easter break but he undertook to ensure that a new date was arranged soon afterwards. Colonel (Retired) I Crowe, Non-Executive Director suggested that the Empath Management Team might like to explore a Listening into Action approach for improving staff engagement within the Laboratory environment.

Resolved – that (A) the update on Empath Staff Engagement be received and noted;

(B) the Chief Financial Officer be requested to ensure that the next meeting of the Empath Strategic Board was reconvened to take place soon after the Easter break, and

CFO

(C) the Chief Financial Officer be requested to liaise with the Empath Management Team to consider whether a Listening into Action approach would be helpful for improving staff engagement within the Laboratory environment.

CFO

31/17 **FINANCE AND PLANNING**

31/17/1 Month 11 Financial Performance 2016-17

The Chief Financial Officer and 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, and advising of a year to date deficit position of £29.8m, which was noted to be £19.3m adverse to plan including £10m non-recognition of Sustainability and Transformation Funding (STF). The Chief Financial Officer expressed a high degree of confidence that the Trust would deliver a 2016-17 year end deficit of £27.2m including £11.4m of STF, which reflected a £6.9m variance to plan.

Particular discussion took place regarding the continued trends relating to agency staffing

costs, the impact of cancelled elective activity and the recovery actions implemented to deliver the year end deficit forecast (as set out in appendix 2 to paper D). The Trust Chairman noted a reference to Lakeside within appendix 2 and he declared an interest in this item, which members agreed was non-pecuniary. Members noted that delivery of the 2016-17 control total was effectively a pre-requisite to accessing limited national capital resources to support the Trust's reconfiguration of services.

Resolved – that the month 11 Financial Performance report (paper D) and the subsequent discussion on this item be received and noted.

31/17/2 Confidential Report by the Chief Financial Officer

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

31/17/3 Confidential Report by the Chief Financial Officer

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

31/17/4 Cost Improvement Programme

The Director of CIP and Future Operating Model presented paper F1, providing the monthly update on progress of the CIP programme to achieve a £35m target during 2016-17. Actual year to date CIP delivery for 2016-17 stood at £32.0m against the trajectory of £31.8m and the forecast outturn remained at £35.8m against the £35m target. It was noted that approximately 90% of the programme was recurrent. For 2017-18, the intention was to focus on a smaller number of schemes and key thematic areas for improving efficiency and removing surplus costs. To date, £27.4m (83%) of the £33m target had been identified and appropriate escalation measures were in place to address the CIP gaps within Emergency and Specialist Medicine (£2m) and Women's and Children's (£2.7m).

The Chief Operating Officer acknowledged the significant achievements of the Director of CIP and Future Operating Model in delivering such a challenging CIP target for 2016-17. The Director of Estates and Facilities highlighted significant energy savings arising from a milder than expected winter and electricity generated by UHL's Combined Heat and Power plant. Paper F2 provided an overview of the cross-cutting Theatres CIP theme for members' information, advising of the forecast year end delivery of £2.4m based on improving both session and in-session utilisation rates. Demand and capacity plans had been signed off and £2.8m of CIP had been identified within this scheme for 2017-18.

Resolved – that the reports on CIP progress and the Theatres cross-cutting CIP theme be received and noted as papers F1 and F2 (respectively).

31/17/5 Update on Theatres Planned Preventative Maintenance (PPM) Programme

Further to Minute 141/16/3(b) of 22 December 2016, the Senior Capital Projects Manager and the ITAPS Head of Operations attended the meeting to introduce paper F3, setting out the maintenance strategy for operating theatre ventilation on the LRI site. The proposals relied upon a 12 month rolling programme of theatre closures, commencing with Theatre 7 which would be vacated in May 2017 when the Vascular Service was due to relocate to Glenfield Hospital.

Other essential maintenance procedures would be conducted in parallel, eg medical gases servicing, theatre lighting and full redecoration. IFPIC noted that the Executive Quality Board had supported the programme on 7 February 2017 and that similar proposals were

also being developed for the Glenfield and LGH theatres. Assurance was provided that there were no immediate safety concerns to patients and staff arising from exposure to anaesthetic agents or airborne microbiological particles, given the low air change rates in some theatres and anaesthetic rooms. Confirmation was also provided that there was good clinical engagement in the proposals.

Resolved – that the update on the Theatres PPM programme be received and noted as paper F3.

31/17/6 Update on the UHL Financial Turnaround Programme

The Director of Operational Finance introduced paper G, providing a progress report on the agreed internal turnaround actions that were underway to minimise UHL's financial variance during 2016-17 and ensure that effective controls were in place to support the required reduction in run rates for 2017-18. In discussion on the report, assurance was provided that all of the controls were now in place with the exception of the ban on use of agency staff for non-clinical roles. This control would be discharged at the Enhanced Recruitment Control Board meeting to be held w/c 3 April 2017. Discussion took place regarding opportunities to change the definition from non-clinical roles to non-operational roles, but the Chief Executive stated his preference to retain the former definition. It was agreed that a detailed report on the 2017-18 financial plan including an assessment of the associated risks would be presented to the 27 April 2017 IFPIC meeting.

CFO

Resolved – that (A) the update report on UHL's internal financial turnaround programme be received and noted as paper G, and

(B) a detailed report on the 2017-18 financial plan (including an assessment of the associated risks) be presented to the 27 April 2017 IFPIC meeting.

CFO

32/17 **STRATEGIC MATTERS**

32/17/1 Update on Organisation of Care Quality Commitment Workstreams (to address the Demand and Capacity Deficit)

The Chief Executive introduced paper J which summarised the latest position in terms of demand and capacity in 2017-18. Appendix 4 to paper J had been circulated separately and this set out the bed capacity bridge, timelines and proposed 2017-18 performance trajectories for RTT, 62 day cancer, diagnostics and ED.

Members noted the potential need for further development of the proposed ED trajectories, noting the multiple factors that impacted upon patient flows, occupancy levels and the numbers of actual breaches against the 4 hour target. At the current time, the trajectories were felt to represent an appropriate balance between ambition and realism, but it may be that they would need revising following discussion with NHS Improvement on 31 March 2017. The Chief Operating Officer advised that he would be trying to obtain benchmarking data relating to the trajectories being signed up to by other Trusts. He also commented on the comparative strength of the capacity plans for the LRI site, suggesting that the plans for Glenfield Hospital would be harder to deliver once the Vascular Service moved to that site and occupied the additional capacity ward (ward 23).

The Trust Chairman advised that a Trust Board thinking day session would be arranged to review the demand and capacity plans, UHL performance trajectories, and the underlying assumptions. In response to a query, the Chief Executive confirmed that this information had already been shared with Commissioners and would be included in his next staff briefing sessions. Members noted the importance of robust communications processes in relation to any variance to the bed reduction plans originally outlined in the LLR Sustainability and Transformation Plan.

Chairman
/DCLA

Resolved – that (A) the update on Organisation of Care Quality Commitment

Workstreams be received and noted as paper J, and

(B) the Trust Chairman and the Director of Corporate and Legal Affairs be requested to schedule a Trust Board thinking day discussion on demand and capacity plans, operational performance trajectories and the underlying assumptions.

Chairman
/DCLA

32/17/2 Corporate Services Review

Further to Minute 116/16/2 of 27 October 2016, the Director of Workforce and Organisational Development introduced paper K providing a progress update on UHL's review of Corporate Services, noting that the LLR Sustainability and Transformation Plan (STP) back office review was yet to start. A limited project management resource had now been identified to shape the Project Initiation Document (PID) and a workshop was due to be held in May 2017. In addition to the CIP savings already identified by each area, further savings in the region of £1.5m were required to be identified and this target would be added to the 2017-18 CIP tracker upon completion of the May 2017 workshop.

In discussion on this report, the Chief Executive commented that the timescale for the wider STP back-office review was expected to be accelerated over the next month. Further updates on the UHL Corporate Service Review and the LLR STP Back Office Review would be presented at the May 2017 IFPIC meeting.

DWOD

Resolved – that (A) the progress update on the UHL Corporate Service Review be received and noted as paper K, and

(B) further updates on the UHL Corporate Services Review and the LLR STP Back Office Review be presented to the May 2017 IFPIC meeting.

DWOD

32/17/3 Confidential Report by the Director of Operational Finance

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

33/17 **PERFORMANCE**

33/17/1 Workforce Update

The Director of Workforce and Organisational Development introduced paper O, providing a comprehensive update on UHL's Workforce and Organisational Development Plan and key workforce metrics. IFPIC members particularly noted that a case-by-case review of individuals potentially affected by the new IR35 tax legislation was being undertaken, but appropriate guidance was in place and monitoring processes were underway. It was noted that approximately 60 individuals might be affected by the new legislation from a variety of areas within the Trust, including the Ambulatory Care Centre at Glenfield, the LRI Urgent Care Centre, Pharmacy and Theatres.

The report also updated the Committee on the new Workforce and Organisational Development Board, a continued focus on the medical workforce paybill, improved utilisation of the staff bank, reductions in vacancy rates, establishment level/budget reviews, implementation of the Junior Doctor contract, time to hire data, apprenticeship levy and Information Governance (IG) training. IFPIC commended progress in appointing 248 apprenticeships against the target of 334 for 2017. IG training compliance stood at 94%, which was just 150 people away from the target of 95% and there was a high degree of confidence that this figure would be met by the end of March 2017.

The Acting Committee Chair highlighted the increasing costs relating to the Trust's workforce and the need to monitor workforce productivity appropriately going forwards. However, the Chief Executive balanced this view by noting that the majority of external reviews by regulatory bodies (such as the Care Quality Commission) called for additional resources to be implemented in order to deliver safe clinical services.

Resolved – that the Workforce Update report (paper O) and the subsequent discussion be received and noted.

33/17/2 Month 11 Quality and Performance Report

Paper P provided an overview of UHL's quality, patient experience, operational targets, and HR performance against national, regional and local indicators for the month ending 28 February 2017. The Director of Performance and Information briefed the Committee on recent diagnostics, Referral to Treatment (RTT), cancer, 52 week waits and cancelled operations performance. He particularly noted the operational impact of cancelled elective surgery during February and March 2017 and advised that RTT performance was expected to deteriorate again in April 2017, due to the Easter holiday period.

The number of cancer patients being treated by UHL had remained broadly stable but urgent referrals for the 2 week wait pathway had increased by approximately 11%. The Chief Operating Officer recognised the challenges surrounding delivery of UHL's access standards in the light of the continued high levels of emergency activity and he acknowledged the significant contributions made by the Head of Performance and Improvement and his team in this respect.

Resolved – that the Month 11 Quality and Performance report (paper P) and the subsequent discussion be noted.

33/17/3 UHL Peer Comparison Summary Trend Data

Paper Q provided a monthly and trend peer group analysis for key performance data for members' information. The report had also been reviewed at the 28 March 2017 Executive Performance Board. IFPIC members noted that UHL appeared to be an outlier in respect of 31 day cancer performance. Following a visit to Newcastle NHS Foundation Trust, a range of learning points had been identified and these were detailed in section 5 of the report.

Resolved – that the Peer Comparison Summary Trend Data (paper Q) and the subsequent discussion be noted.

33/17/4 IBM Contract Performance

The Head of Design Authority attended the meeting on behalf of the Chief Information Officer, to present paper R providing an overview of IBM contractual performance, noting improvements in the customer satisfaction scores (95% for February 2017) and daily ETL reporting (relating to the process for extracting, transforming and loading data). ETL performance stood at 95% against the 98% target and further actions were being undertaken to drive up performance in March 2017.

In respect of the Emergency Floor development, the infrastructure works were on track and some additional Nerve Centre software was due to be released on 12 April 2017. A number of parallel discussions were underway to identify the optimum IT solution in the absence of an approved Electronic Patient Record (EPR) business case and proposals would be presented to the 4 May 2017 Trust Board meeting for approval. In addition, the Chief Executive reported on the exploration of opportunities to phase in the replacement of outdated IT hardware via a type of managed equipment arrangement. Colonel (Retired) I Crowe, Non-Executive Director sought and received additional information regarding the lessons learned following a recent cyber information security incident, and members commended the speed of the response and the robust staff communications processes.

CIO

Resolved – that (A) the report on IBM contractual performance (paper R) and the subsequent discussion be received and noted, and

(B) proposals for the alternative IT solution in the absence of an approved EPR business case to be presented to the 4 May 2017 Trust Board meeting for approval.

CIO

34/17 SCRUTINY AND INFORMATION34/17/1 Timetable for UHL Business Case Approvals**Resolved** – that the update on the approvals process for Strategic Business Cases be received and noted as paper S.34/17/2 IFPIC Calendar of Business 2017-18**Resolved** – that the IFPIC calendar of business for 2017-18 be approved as paper T.34/17/3 Executive Performance Board**Resolved** – that the notes of the 21 February 2017 Executive Performance Board meeting be received and noted as paper U.34/17/4 Capital Monitoring and Investment Committee**Resolved** – that the notes of the 9 February 2017 Capital Monitoring and Investment Committee meeting be received and noted as paper V.34/17/5 Revenue Investment Committee**Resolved** – that the notes of the 9 February 2017 Revenue Investment Committee meeting be received and noted as paper W.**35/17 ANY OTHER BUSINESS****Resolved** – that no items of other business were noted.**36/17 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 6 April 2017, andTA/
Chair

(B) the following item be particularly highlighted for the Trust Board’s attention:-

- Minute 24/17 – Operational Plan 2017-19 Refresh.

37/17 DATE OF NEXT MEETING**Resolved** – that the next meeting of the Integrated Finance, Performance and Investment Committee be held on Thursday 27 April 2017 from 9am to 1pm in the Board Room, Victoria Building, Leicester Royal Infirmary.The meeting closed at 12:42pmKate Rayns, **Trust Administrator****Attendance Record 2016-17**

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	12	11	92	R Mitchell	12	11	92
J Adler	12	10	83	R Moore	12	9	75
S Crawshaw	3	3	100	B Patel	9	8	67
I Crowe	12	11	92	K Singh	12	10	83
S Dauncey	3	3	100	P Traynor	12	11	92
A Johnson	12	11	92				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Gordon	12	7	58	L Tibbert	12	11	92
D Kerr	12	11	92				