

Trust Board paper N3

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD**

**DATE OF TRUST BOARD MEETING: 1 February 2018**

**COMMITTEE: Finance and Investment Committee**

**CHAIR: Mr M Traynor, Non-Executive Director and FIC Chair**

**DATE OF COMMITTEE MEETING: 21 December 2017**

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

- **Minute 34/17/1 – Interpretation and Translation Contract Award.**

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

- **Minute 39/17/1 – Month 8 Financial Performance, and**
- **Minute 39/17/3 – Cost Improvement Programme.**

**DATE OF NEXT COMMITTEE MEETING: 25 January 2018**

**Mr M Traynor, Non-Executive Director and FIC Chair**

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF A MEETING OF THE FINANCE AND INVESTMENT COMMITTEE (FIC), HELD ON  
THURSDAY 21 DECEMBER 2017 AT 8.30AM 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 A Johnson – Non-Executive Director  
Mr K Singh – Trust Chairman (non-voting ex-officio)  
Mr P Traynor – Chief Financial Officer

**In Attendance:**

Mr K Allan – Patient Partner  
Mr C Benham – Director of Operational Finance  
Mr D Kerr – Director of Estates and Facilities  
Mrs K Rayns – Corporate and Committee Services Officer  
Mr N Sone – Financial Controller (up to and including Minute 39/17/2)  
Ms L Tibbert – Director of Workforce and Organisational Development (up to and including Minute 35/17/1)  
Mr M Wightman – Director of Strategy and Communications

**RECOMMENDED ITEMS**

**ACTION**

**34/17 BUSINESS CASES**

**34/17/1 Interpretation and Translation Contract Renewal – Option Appraisal**

The Director of Workforce and Organisational Development attended to introduce paper C, seeking the Committee's approval to award a new 2 year contract for the provision of face-to-face, telephone, written translation services to the Trust's preferred supplier. The Trust's previous provider of this service had gone into liquidation in February 2017 and an interim solution had been in place since that time. Following completion of an EU compliant procurement process, appropriate due diligence processes, equality impact assessments and visits to the reference sites had been undertaken. British Sign Language (BSL) and dual sensory (deaf-blind) services were currently excluded from the contract award but it was intended to incorporate the existing suppliers under a sub-contacting agreement with the preferred supplier who would then manage the bookings and provide appropriate management information to UHL.

Assurance was provided that clear guidance would be issued to Clinical Management Groups (CMGs) surrounding the appropriate use of face-to-face translation services for complex clinical discussions. CMGs held the budgets for their own translation services and the preferred supplier would be able to provide real-time cost reporting to enable budget holders to monitor expenditure accordingly. Assurance was also provided that the preferred supplier could provide a high quality service which represented good value for money. A detailed Service Level Agreement was being developed and this would be completed at the contract award stage. The Committee supported the proposed contract award and recommended it for formal Trust Board approval on 4 January 2018.

**FIC  
Chair**

**Recommended – that the contract award for Interpretation and Translation Services (as set out in paper C) be supported and recommended for Trust Board approval on 4 January 2018.**

**FIC  
Chair**

**35/17 FINANCE AND PLANNING**

**35/17/1 Confidential Report by the Chief Financial Officer**

**Recommended** – 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.

### **RESOLVED ITEMS**

#### **36/17 APOLOGIES**

Apologies for absence were received from Mr J Adler, Chief Executive, Mr T Lynch, Interim Chief Operating Officer and Mr R Moore, Non-Executive Director.

**Resolved** – that the apologies for absence be noted.

#### **37/17 MINUTES**

**Resolved** – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 30 November 2017 (papers A1 and A2) be confirmed as correct records.

#### **38/17 MATTERS ARISING**

Paper B detailed the status of all matters arising from the 30 November 2017 FIC meeting and any outstanding matters arising from the previous Integrated Finance, Performance and Investment Committee (IFPIC) meetings. Particular discussion took place regarding progress of the following items:-

- (a) ***item 1 (Minute 26/17 of 30 November 2017 refers)*** – the Director of Workforce and Organisational Development provided a short verbal update on the contract renewal for electronic rostering, advising that a briefing note would be presented to FIC in January 2018. The selected medical staff rostering system was a different system from the nurse rostering system and the value of the 2 separate contracts would now fall below the threshold for FIC and Trust Board approval. Assurance was provided that appropriate medical engagement had taken place within the selection process;
- (b) ***item 10 (Minute 28/17/2b of 30 November 2017 refers)*** – a summary of the proposed Finance Improvement and Technical (FIT) actions had been circulated by email on 20 December 2017 and this would be considered later in the agenda (Minute 35/17/1 refers);
- (c) ***item 11 (Minute 28/17/2c of 30 November 2017 refers)*** – further discussion on the cash injection required to achieve compliance with the BPPC would be held later in the agenda (Minute 39/17/2 refers);
- (d) ***item 16 (Minute 29/17/2 of 30 November 2017 refers)*** – a presentation on the proposed vision for a Welcome Centre was provisionally scheduled for the FIC meeting to be held on 25 January 2018, and
- (e) ***item 26 (Minute 53/17/7 of 25 May 2017 refers)*** – the May 2017 action relating to renewal of the electronic rostering contract had now been superseded by Minute 26/17 of 30 November 2017. This would now be removed from future iterations of the action log.

**DWOD**

**CCSO**

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

#### **39/17 FINANCE AND PLANNING**

39/17/1 2017-18 Month 8 Financial Performance

The Chief Financial Officer introduced paper D, advising of a year-to-date deficit of £24.2m which was in line with plan. November 2017 financial performance had been relatively stable (in line with the planned position) and the year-to-date acceleration of reserves had not increased in-month. CIP performance was currently £1.7m adverse to plan and there was an unidentified CIP gap of £6.4m (including £1.1m non-delivery of the supplementary workforce CIP). The 2017-18 financial control totals had now been formally agreed with 6 of the 7 CMGs, and discussions with the Emergency and Specialist Medicine CMG were expected to be closed down imminently.

The key risks and mitigating actions remained consistent with the reported position at month 7. The Chief Financial Officer advised that greater clarity would be provided within the Executive Summary of future financial performance reports in relation to changes in planned technical adjustments and the EBITDA position. Mr A Johnson, Non-Executive Director requested that details of the previously-reported EBITDA position and the current EBITDA position be provided to him outside the meeting. Discussion also took place regarding pay expenditure controls, development of the Workforce Strategy, the quality of financial support available to the CMGs, future contractual arrangements with Commissioners, and benchmarking of efficiency and productivity data. The People, Process and Performance Committee (PPPC) now considered all workforce issues and that Committee would have overall accountability for overseeing the development of a precise set of smart target metrics for the Workforce Strategy going forwards. This would also link with the Trust's Efficiency Strategy and implementation of Lean working processes (due to be considered at the PPC meeting to be held later that day).

CFO

CFO

**Resolved – that (A) the 2017-18 month 8 Financial Performance report be received and noted as paper D;**

**(B) the Chief Financial Officer be requested to:-**

- (i) provide greater clarity within the Executive Summary accompanying future iterations of the report in relation to changes in planned technical adjustments and the EBITDA position, and**
- (ii) provide details of the previously-reported EBITDA position and the currently-reported EBITDA position to Mr A Johnson, Non-Executive Director (outside the meeting).**

CFO

CFO

39/17/2 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.**

39/17/3 Cost Improvement Programme (CIP)

The Director of Efficiency and CIP attended the meeting to introduce paper G, providing the monthly update on CIP progress (against the increased £44.2m CIP target) as at the end of November 2017 and advising of in-month delivery of £2.6m (reflecting an adverse variance of £1.1m compared to the planned £3.7m). Year-to-date CIP delivery stood at £22.124 (adverse to plan by £1.662m) and the forecast outturn stood at £37.7m against the target of £44.2m, adverse to plan by £6.433m (of which the supplementary CIP gap stood at £1.1m). Additional savings for 2017-18 had been identified within the Estates and Facilities Directorate and an associated £1.0m improvement was expected to be reported in month 9.

Assurance was provided that all CMGs and Corporate Directorates continued to seek additional savings to mitigate the forecast outturn position. FIC considered the type of cost improvement activity which other Trusts were already badging as CIP savings (eg activity growth, counting and coding changes and cost avoidance schemes) and potential opportunities to revise UHL's guidance on defining CIP schemes (if necessary). The Trust

appeared to be an outlier in respect of branded drug usage compared to generic alternatives, but a significant resource would be required to drive forward any changes in this area and there would be no direct financial benefit to UHL (unless a form of gain share could be agreed with Commissioners). The report also detailed progress against the cross-cutting CIP themes and key risk and mitigation measures. Progress against the key milestones for 2018-19 CIP planning was set out on page 12 of the report, noting that 24% of the total 2018-19 plan had been identified to date (against the target to identify 25% of schemes by the end of November 2017).

The Committee discussed the Model Hospital workstream, noting that a workshop would be held with the CMGs on 4 January 2018 and a further workshop would be arranged once the Model Hospital Database had been populated with the 2016-17 data. The Chief Financial Officer and the Director of Strategy and Communications undertook to promote these workshops in order to maximise attendance. Following a suggestion by the Director of Strategy and Communications, it was also agreed that the outline CIP targets for 2018-19 would be submitted to and Executive meeting forum in January 2018.

**CFO/  
DSC**

**DECIP**

**Resolved – that (A) the report on progress with the Trust’s Cost Improvement Programme be received and noted as paper G;**

**(B) the Chief Financial Officer and the Director of Strategy and Communications be requested to promote the Model Hospital workshops to maximise attendance, and**

**CFO/  
DSC**

**(C) outline CIP targets for 2018-19 be presented to an Executive meeting forum in January 2018.**

**DECIP**

**40/17 STRATEGIC ISSUES**

40/17/1 Updated Timetable for UHL Business Case Approvals

Paper H provided the updated timescales for the Strategic Reconfiguration Programme reflecting the next steps for delivering a co-located EMCHC service, the resources required to support the approval process and guidance received that the OBCs and FBCs could be merged for STP funded projects with a value of less than £30m. Appendix 1 listed the key milestones for each scheme and appendix 2 set out the high level phasing of the development control plan.

**Resolved – that the updated timetable for UHL Business Case Approvals be received and noted as paper H.**

40/17/2 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.**

40/17/3 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.**

40/17/4 Procurement Strategy – 6 Monthly Update

The Head of Procurement and Supplies attended the meeting to introduce the 6 monthly update on UHL’s Procurement Strategy (paper I refers). He highlighted the key achievements and progress against the procurement enabled non-pay CIP schemes, which stood at £7.3m against the 2017-18 target of £8m. Further to discussion at the 29 June 2017 IFPIC meeting, it was confirmed that if the consumables expenditure contained

within the Asterol and Synergy contracts was included within the benchmarking data, then UHL's position within the benchmarked rankings would be less favourable. FIC commended the achievement of Level 2 accreditation against the NHS Standards of Procurement, noting the significant contribution that good clinical engagement and robust CIP tracking processes had made in this respect.

**Resolved** – that the 6 monthly update on the UHL Procurement Strategy be received and noted as paper I.

40/17/5 IBM Contract – Quarterly Update

The Chief Information Officer attended the meeting to present paper J, advising that 2 supplementary reports (providing the monthly service delivery summary and performance data against the SLA) had now been provided to the Corporate and Committee Services Officer for onward circulation to Committee members after the meeting. A full service improvement plan had been implemented to address a deteriorating trend with desktop support and there had been no SLA failures in November 2017. A scheme to replace 6,000 old computers was currently being explored using a variety of potential funding scenarios. This scheme would also require a significant amount of space for storing and decommissioning the old devices and setting up the new devices. The impact upon the rolling equipment programme in future years was also being considered alongside the depreciation charges and accruals for future years. The Chief Information Officer provided assurance that he was broadly comfortable that IBM were delivering the required metrics. He also highlighted an area of growth in the number of Nerve Centre users (which would now incur additional costs within the contract).

**Resolved** – that the quarterly update on the IBM contract be received and noted as paper J.

41/17 **SCRUTINY AND INFORMATION**

41/17/1 Finance and Investment Committee Calendar of Business 2017-18

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

41/17/2 Executive Performance Board

**Resolved** – that the notes of the 28 November 2017 Executive Performance Board meeting be received and noted as paper L.

41/17/3 Capital Monitoring and Investment Committee

**Resolved** – that the notes of the 10 November 2017 Capital Monitoring and Investment Committee meeting be received and noted as paper M.

41/17/4 Revenue Investment Committee

**Resolved** – that the notes of the 10 November 2017 Revenue Investment Committee meeting be received and noted as paper N.

42/17 **ANY OTHER BUSINESS**

**Resolved** – that no items of other business were noted.

43/17 **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 4 January 2018, and

CCSO/  
Chair

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

- Minute 34/17/1 – Interpretation and Translation Contract Award;
- Minute 39/17/1 – Month 8 Financial Performance, and
- Minute 39/17/3 – Cost Improvement Programme.

**44/17 DATE OF NEXT MEETING**

**Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 25 January 2018 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.**

The meeting closed at 11:00am

Kate Rayns, Corporate and Committee Services Officer

**FIC Attendance Record 2017-18**

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	4	4	100	R Moore	4	1	25
J Adler	4	3	75	K Singh (Ex-officio)	4	4	100
A Johnson	4	4	100	P Traynor	4	4	100
T Lynch	4	2	50				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	3	2	67	D Kerr	4	4	100
C Benham	4	4	100	M Wightman	3	3	100