

Trust Board paper U3

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 4 April 2019

COMMITTEE: Finance and Investment Committee

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

DATE OF COMMITTEE MEETING: 28 February 2019

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

- None

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR NOTING BY THE TRUST BOARD:

- Minute 18/19/2 – financial performance for Month 10, and
- Minute 19/19/1 – progress of the Productivity Improvement Programme.

DATE OF NEXT COMMITTEE MEETING: 28 March 2019

**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 28 FEBRUARY 2019 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
Ms R Brown – Chief Operating Officer
Ms K Jenkins – Non-Executive Director
Mr A Johnson – Non-Executive Director
Mr K Singh – Trust Chairman (non-voting ex-officio)
Mr P Traynor – Chief Financial Officer

In Attendance:

Mr C Benham – Director of Operational Finance
Mr J Clarke – Chief Information Officer (for Minute 13/19)
Mr D Kerr – Director of Estates and Facilities
Mr T Pearce – Major Projects Finance Lead (for Minute 13/19)
Mrs K Rayns – Corporate and Committee Services Officer
Mr B Shaw – Director of Productivity
Ms L Simons – Head of Projects and Programmes (for Minute 13/19)
Mr N Sone – Financial Controller (for Minutes 13/19 to 18/19/3 inclusive)
Mr M Wightman – Director of Strategy and Communications

RECOMMENDED ITEMS

ACTION

13/19 CONFIDENTIAL REPORT BY THE CHIEF INFORMATION 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

14/19 APOLOGIES

An apology for absence was received from Mr K Allen, Patient Partner.

Resolved – that the apology for absence be noted.

15/19 DECLARATIONS OF INTEREST

The Chief Financial Officer and Mr A Johnson, Non-Executive Director declared their respective roles as Non-Executive Director and Non-Executive Chair of Trust Group Holdings Ltd. The Committee Chair also declared his role with the Cabinet Office as Small Business Crown Representative. As these were judged by the Committee to be non-prejudicial interests, they remained present at the meeting.

Resolved – that the declarations of interest be noted.

16/19 MINUTES

Resolved – that the Minutes of the Finance and Investment Committee (FIC) meeting held on 31 January 2019 (papers A1 and A2) be confirmed as correct records.

17/19 MATTERS ARISING

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.

18/19 KEY ISSUES FOR DISCUSSION/DECISION

18/19/1 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.

18/19/2 2018/19 Month 10 Financial Performance

Paper E advised that the month 10 (January 2019) deficit of £55.3m excluding Provider Sustainability Funding (PSF) was £31.7m adverse to plan, driven by the cessation of the Facilities Management LLP (FM LLP) and the crystallisation of unmitigated risk within the Financial Recovery Board actions. Including PSF, the year to date deficit was £52.9m which was adverse to plan by £46.3m due to non-recognition of PSF within the Quarter 2 reporting period. The Trust continued to forecast a year-end outturn of £51.8m, although there remained a further degree of risk (between £2m and £6m) which was intended to be addressed through increased pay controls and proactive management of risks and opportunities to achieve the best possible outturn.

January 2019 performance had been robust in terms of delivering planned elective activity, theatre productivity and operational performance and this had been achieved within the context of robust winter planning and without any pay bill growth. Appendix 2 provided a new slide to assist the Committee with the monitoring of pay expenditure controls. Assurance was provided that the Clinical Management Groups (CMGs) had demonstrated commitment and risen to the challenge to deliver their January 2019 control totals (wherever possible) and that the quantum of any variance was relatively small.

To date, February 2019 performance appeared to be following a similar pattern and the 2018/19 financial forecast remained on plan to be delivered. Discussions were being held with Commissioners regarding the current level of contractual challenges and every effort was being made to ensure that the Trust was being fairly recompensed for all of the clinical activity undertaken. Members noted that the overall level of elective activity remained within the planned trajectory, although the proportion of elective procedures being undertaken by other providers had reduced.

In discussion on the report, Mr A Johnson, Non-Executive Director sought and received additional information regarding the underlying over-performance in emergency care and outpatients which was driving the favourable variance in patient care income and received assurance that the in-month balance sheet provisions had been broadly in line with plan. He commended the month 10 performance results, noting the Chief Financial Officer's comment about contributions that CMGs and Corporate Directorates had made in delivering their control totals. Finance and Investment Committee members commented upon the importance of maintaining a continued focus on financial performance during the remaining months of the financial year in order to deliver the forecast outturn, noting that Commissioner affordability would be a key issue in this respect. Looking ahead to the 2019/20 financial year, the Chief Financial Officer briefed FIC on planned changes to the emergency care tariff and the expected impact that this would have on the Trust's underlying financial position in future years.

Resolved – that the Month 10 Financial Performance report be received and noted as paper E.

18/19/3 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.

19/19 ITEMS FOR ASSURANCE

19/19/1 UHL Productivity Improvement Programme – Month 10

The Director of Productivity introduced paper G providing an overview of the performance status of the programme, progress of the enabling workstreams, key performance indicators, risks and mitigations, cross-cutting workstream highlights, CMG and Corporate Directorate productivity measures, and a review of the governance framework. The forecast outturn against the £51.5m CIP target for 2018/19 stood at £49.7m and the proportion of schemes that had been approved via the quality impact assessment process had increased from 69% to 70%.

FIC noted that the proportion of clinical coding being undertaken from case notes had risen from 68% to 79% (subject to validation) and that a business case was being developed for additional clinical coding support. In response to a query from Ms K Jenkins, Non-Executive Director, discussion took place regarding the rationale behind the inclusion of clinical coding improvements as a CIP scheme. Members recognised that this should be considered to be business as usual, but it did require significant resources to deliver it effectively and (once they had been established) robust coding processes became an enabler for other improvement work streams. The Chief Operating Officer chaired UHL's Clinical Coding Board and the existing CIP framework and methodology would support the improvements required. The Draft Productivity Improvement Programme Governance Framework was appended to paper G and the Director of Strategy and Communications commented upon the need to revisit this with a view to 'dovetailing' the governance structures surrounding the Productivity Improvement Programme and the Quality Strategy.

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A meeting was being held with Local Authority Planning Officers on 8 March 2019 to consider the proposed arrangements for Section 106 agreements. The Director of Productivity agreed to invite Mr A Middleton, Property Manager to join him in attending this meeting. At the Executive Performance Board meeting on 26 February 2019, the CMGs had been supportive of the proposed approach to Corporate Directorate CIP targets for 2019/20 and the actual targets would now be agreed within the next week. Mr A Johnson, Non-Executive Director requested additional information regarding the monthly phasing of the cost improvement targets for 2019/20, noting in response that this level of detail was not yet available. However, the Chief Financial Officer advised that he would expect a 40/60 split between the first and second halves of the financial year, respectively. Assurance was also provided that the Trust was planning to implement a 5-year tracker tool for capturing the development of CIP schemes, with the aim of creating a rolling programme for measuring CIP performance.

DP

CFO/DP

Resolved – that (A) the month 10 update on UHL's Productivity Improvement Programme (PIP) be received and noted as paper G,

(B) the Chief Financial Officer and the Director of Productivity be requested to finalise the Corporate Directorate CIP targets within the next week,

CFO/DP

(C) the Director of Productivity to arrange for Mr A Middleton, Property Manager to accompany him in attending a meeting with Local Authority Planning Officers on 8 March 2019, and

DP

(D) the Chief Executive be requested to explore the scope to 'dovetail' the

CE

governance structures surrounding the Productivity Improvement Programme and the Quality Strategy.

19/19/2 Quarterly Contract Update

The Chief Financial Officer introduced paper H, briefing the Committee on contractual performance against the NHS Standard Contracts for Acute and Specialised Services as at the end of Quarter 3 (December 2018), noting over-performance against plan of £8.0m for Acute services and £3.3m for Specialised. There continued to be a significant level of contractual challenges from both main Commissioners, but the Chief Financial Officer was confident that sensible agreements would be reached by the end of the 2018/19 financial year and that this would be monitored through the monthly triangulation process. Table 1 on page 2 of the report detailed the notional sanctions that would have been applied within Quarter 3 of the contract – had the Trust and the CCGs not reached a local arrangement to remove all contractual levers for a 2 year period. The FIC Chair sought and received information about the proposed system-wide approach to contracting for 2019/20, and beyond.

Resolved – that the Quarterly Contract Update be received and noted as paper H.

19/19/3 Confidential Report by the Director of Strategy and Communications and 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.

19/19/4 Confidential 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.

19/19/5 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.

19/19/6 Draft FIC Calendar of Business 2019/20

Paper J provided the first draft of the FIC calendar of business for 2019/20 for the Committee's consideration, following initial discussions with the Committee Chair and the Chief Financial Officer. Following discussion, the calendar of business was approved, subject to further clarification being provided on the timescales for the Committee's consideration of reports on Annual Planning/Financial Planning and the Unified Approach to Quality Improvement, Productivity and Efficiency.

**CFO/
DSC/
DP**

Resolved – that the draft FIC calendar of business for 2019/20 be approved, subject to clarification of the timescales for the Committee's consideration of reports on Annual Planning, Financial Planning and the Unified Approach to Quality Improvement, Productivity and Efficiency.

**CFO/
DSC/
DP**

20/19 ITEMS FOR NOTING

20/19/1 Timetable for UHL Business Cases

Resolved – that the Timetable for UHL Business Cases be received and noted as paper K.

20/19/2 Executive Performance Board

Resolved – that the notes of the 29 January 2019 Executive Performance Board meeting be received and noted as paper L.

20/19/3 Capital Monitoring and Investment Committee (CMIC)

Resolved – that the action notes of the CMIC meeting held on 18 January 2019 be received and noted as paper M

20/19/4 Revenue Investment Committee (RIC)

Resolved – that the action notes of the RIC meeting held on 18 January 2019 be received and noted as paper N.

21/19 **ANY OTHER BUSINESS**

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

22/19 **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 7 March 2019, and

CCSO/
Chair

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

- Minute 18/19/2 – financial performance for Month 10, and
- Minute 19/19/1 – progress of the Productivity Improvement Programme.

23/19 **DATE OF NEXT MEETING**

Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 28 March 2019 from 8.30am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.

The meeting closed at 11am

Kate Rayns
Corporate and Committee Services Officer

FIC Attendance Record 2018-19

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	11	11	100	A Johnson	11	10	91
J Adler	11	9	82	R Moore (to 29.11.18)	8	5	63
R Brown (from 28.6.18)	9	8	80	K Singh (Ex-officio)	11	9	82
E Doyle (to 21.6.18)	2	2	100	P Traynor	11	10	91
K Jenkins (from 1.12.18)	3	3	100				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner)	11	4	36	D Kerr	11	9	82
C Benham	11	11	100	M Wightman	11	11	100