

Integrated Performance Committee

minutes

Minutes of the Integrated Performance Committee Meeting Monday 24th April 2022

Present:	Karen O'Hagan Margaret Carney Bob Burgoyne	Non-Executive Director (Chair) Non-Executive Director Non-Executive Director
In Attendance:	Val Davies Louise Robson Karen Edge Jonathan Mathews James Bradley Jennifer Ohlsson	Chairman (Observing) Non-Executive Director (Observing) Chief Finance Officer Deputy Chief Operating Officer Deputy Chief Finance Officer Senior Executive Assistant (Minutes)
Apologies for Absence:		

1. Apologies for Absence

No apologies noted

2. Declarations of Interest

None declared.

3. Minutes of meeting held on 25th January 2022.

Minutes from the meeting of 25th January were noted and approved.

4. Action Log

Action 1: COO informed colleagues that updates are taking place to align the performance packs. Action closed.

Action 2: Outpatients update to be included in performance packs. Action closed.

5. Financial / Performance Reporting

5.1 Finance Strategy, annual plan and capital update

CFO presented an overview of the system position and provided an ICB update. The interim submission on 17th March 2022 reflects an overall system deficit of £219m. This deficit reflects aggregation of organisation draft plans and as a result of this there is a significant CIP requirement driven by nationally set efficiency requirements. The feedback from the national team is that the final submission due on 27th April will require significant improvement and scrutiny continues on those organisations with a significant deterioration of run rate and balance sheet flexibilities.

The C&M 22/23 has £267m of system funding. System funding relates to 'top-up previously FRF/STF and Covid-19 funding. The proposal is to move from draft allocation to 'first principles' and any surplus is the position will be used to mitigate movement.

All systems in the North West are under pressure to deliver a break even target and an attempt to negotiate deficit 'control total' to recognise excess inflation in plans. The C&M proposal is £140m deficit, requiring an improvement of c£60m.

Final plan submissions are due 27th April with provider submissions to ICS on 22nd April. Key lines of enquiry to close the £60m gap include; CCGs in aggregate to manage costs within resource envelope, assume 100% of ERF, release remaining annual leave accrual, release up to 25% of balance sheer increase from 19/20, all organisations improve by 1% deficit organisation reduce the gap by 30% and increase recurrent CIP to a minimum of 3%. All organisations are asked to declare validated opportunities from ERF, annual leave and balance sheets. In addition slippage from WTE growth will be considered and the impact of the change in IPC guidance.

Comments and questions were welcomed and concern was raised regarding the request to help deliver further CIP system savings, given that LHCH have not reached target. CFO stated that LHCH would not be in a position to offer up anymore than 3% recurrent CIP and anything more than that would need to be non-recurrent and could potentially help to mitigate the system position this year.

The deficit within the Northwest system was noted and a query was raised regarding the national picture. CFO noted that the tactic at present is to petition for additional non-recurrent funding associated with excess inflation.

Clarity was sought on what happens if the financial position worsens later in the year and will the system contribution reduce accordingly. CFO confirmed that there has not been a confirmed commitment that any risk would be underwritten. There has been informal discussions and the level of support that LHCH has put into the system has been recognised. Updated will be provided at IPC and Board of Directors as things emerge in the coming year.

A query was raised on the risk to the Trust of the system not achieving the overall level of ERF. CFO confirmed that the ERF is a fixed allocation that the system has achieved. If the Trust hit activity plans, then essentially income is protected, even if other providers do not.

CFO presented the annual plan to IPC colleagues and noted that the current proposal delivers a break-even position, contingent on high levels of non-recurrent funding, most notably from the Elective Recovery Fund. The expenditure plans have not changed since the previous update to the Board. However, a number of income assumptions have been adjusted and IPC colleagues are asked to note the paper circulated prior to the meeting.

There have been some minor changes to the Operational plan, particularly related to the 52-week trajectory and outpatient activity. No changes have been made to the Workforce plan.

Comments and questions were welcomed and a query was raised on the impact of raised inflation on costs. CFO noted that Trust is in a procurement partnership with the other providers and the Associate Director has been preparing estimates of potential risk that may arise in terms of supplier inflation.

Private Patient income was raised, and a query was raised on whether there was any indication of a trajectory to get back to pre-covid-19 levels. DCFO noted that Private Patient income had picked up in the second half of 21/22 and each division has put forward a plan of what they anticipate to-do next year.

DCFO provided an overview of the capital plan the proposed plan for 2022/23 remains in draft form as the total capital allocation for the Cheshire & Merseyside Integrated Care System (ICS) is heavily oversubscribed. The Trust capital plan is likely to be significantly reduced because of this. The internal plan includes the on-going Catheter lab development in addition to a risk-based approach to critical infrastructure risks and clinical equipment replacement. The process of prioritisation at an ICS level has just commenced, with submissions required for each proposed plan. The Trust is complying with this requirement and seeking to maximise the capital allocation. The Trust has sufficient cash resources to deliver the proposed programme.

Comments and questions were welcomed, and it was noted that the allocation is dependent on what LUHFT get allocated and a query was raised on when this would be known. DCFO confirmed that LUFHT brought forward £18m of the ask into 21/22 and timings are not yet confirmed.

It was stated that it appears that the Trust are in a more positive position and DCFO noted that it is not yet know what other Trusts are submitting, however LHCH have a confirmed deprecation of £5.5m

It was noted that there will be a shortfall in the capital allocation and a query raised on how this will be managed. CFO confirmed that schemes have been ranked and prioritised the backlog maintenance schemes. The mitigation for those schemes not done would be increased levels of maintenance checks and scrutiny.

5.2 Finance Report month 12

CFO provided an overview of the finance month 12 report and noted the financial performance for the year ending 31st March 2022 is a £42k surplus. The financial plan for the year was to achieve a breakeven position. This was reliant on non-recurrent funding, particularly the Elective Recovery Fund.

ERF income for H2 has now been confirmed by the Integrated Care System and assumed in the March position. The total H2 payment was £3,810k, bringing the total ERF income earned during 21/22 to £8,039k.

As agreed with colleagues across the ICS, funding was removed in month 12 to ensure that the system funding was appropriately distributed.

The Isle of Man and Private Patients income remains on a cost per case arrangement. The total variance is £1,251k above plan in the year-to-date position, with the in-month performance being £428k above plan.

Research & Development is below plan by £386k due to slow recovery of clinical trials.

Expenditure is above plan, with the year-end position being a £2,749k overspend against budget. Pay costs are higher than budget due to a high use of bank, and the long supernumerary period for new international nursing recruits. Non-pay is overspent in utilities costs, expenditure on minor equipment and unachieved CIP. This is partially offset by lower drugs and clinical supplies costs.

Unachieved CIP resulted in a £1,348k budgetary pressure in the year. This is currently offset by the risk reserve as planned.

External valuers carried out an annual review of the estate, which resulted in an increased value, reversing previous impairments. When assessing financial performance, the impact of this revaluation is removed.

Elective activity, including day cases, is compared to the 2019/20 activity levels, with a strong focus on restoring activity to pre-Covid levels. The Trust delivered elective activity that was 107% of 2019/20 activity in March and 93% of 19/20 levels in the year to date. However, the casemix has changed since 19/20, and when costed at tariff, the activity would be 103% of 19/20 levels.

Capital expenditure was £14,510k against a plan of £11,994k. The main variances are £1,576k additional PDC unknown at the planning stage, and additional allocation agreed with the Integrated Care System which allowed the Trust to increase its capital expenditure.

Comments and questions were welcomed and the pressure surrounding the international nurses was noted and a query was raised on whether this pressure could have been anticipated and whether there would be any pressure on future year budgets. CFO confirmed that the pressure was more significant than anticipated in the last quarter as there has been a significant number of international recruits coming into the UK

over the past year. Adequate processes were not in place for training and examination. Work is being done to recover this position and the numbers next year are less than this year, however there may still be a pressure that will need to be managed. CFO added that this is a short-term cost pressure for potentially avoiding cost pressures in the future with bank and agency. It was agreed that work would be done to look at this cost pressure and how it can be mitigated non-recurrently. Trajectories on when the international nurses will come into post have been requested from the Heads of Nursing.

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A query was raised on the capital programme and whether there was a positive impact of bringing schemes forward to 21/22. CFO confirmed allowed room within the internal plan to accommodate the Surgical Corridor works.

5.3 CIP Update

DCFO presented a CIP update and noted each year there is a national efficiency requirement that is built into the national tariff assumptions. For 2022/23, the national efficiency target has been set at 1.1%. Accordingly, this has been applied to contract values to impose a savings target on all providers. In addition, as the Cheshire and Merseyside region is currently spending above its fair-shares formula, an additional convergence adjustment has been applied to the ICS funding allocations. This reduces resources for the region by 0.9%. This gives a total efficiency requirement of 2% for the Trust.

All aspects of annual planning have been coordinated through the Annual Planning Group. The CIP targets have been communicated to the Divisional teams and they have started to identify schemes for delivery. The key focus is on the full year effect of schemes; the recurrent scheme value. The in-year shortfall can be mitigated through the use of non-recurrent reserves, but a shortfall on recurrent schemes will have an impact on financial sustainability. Currently the Trust has identified 45% of the target recurrently and further work is required increase the number of schemes in development to close the gap.

There were no further comments or questions.

5.4 Q4 Performance Report

5.4.1. Strategy report

COO presented an overview of the performance report and noted there have been improvements made to the performance reporting and IPC colleagues were asked to note the paper circulated prior to the meeting.

Trust continued to have staffing challenges within Q4 but have been able to deliver improved performance in several indicators in ending this financial year. The Trust continues to experience issues with staffing across Cath Labs, Theatres and Radiology but these are being mitigated as far as possible. The clinical and operational teams are well sighted on the required performance and targets for 22/23 which will be

managed through divisional governance structures and Operational Board.

5.4.2. Target performance report

IPC colleagues were asked to note the targeted performance report, circulated prior to the meeting.

5.5 Covid Recovery & Performance against phase 3 recovery trajectories

COO presented an update on the covid recovery and performance and noted that activity was 105% in March. Key pressure points include bed capacity, urgent non elective demand and staffing additional capacity

52 and 104 week planning have seen a decline in the trajectory given the sickness position. There are LAAO, EP and Cardiac surgery main sib speciality pressures. All 52 week breaches have a completed harm review & are prioritised where possible/ All 104 week patients are re reviewed

18 week performance validation has been impacted by sickness an redeployment of resources to Covid-19 support.

Admitted clock stops position has remained above 100% and non-admitted 98%

The P2 position has been consistently managed. There is a robust process for looking at these patients

There is a strong cancer performance. There is a trajectory and action plan led by Surgery with cross divisional requirements for CT guided biopsy & EBUS. Staffing levels in CT have significantly impacting the position/recovery plans for Q4

Comments and questions were welcomed, and the Radiographer position noted and a query raised on how the Trust position can be improved, if the Trust are being asked to support the C&M position of 120%. COO confirmed that this is a challenge, however there is engagement with the diagnostic hubs to expand the capacity overall.

Clarity was sought on the trajectories around outpatient attendance. COO confirmed that there is outpatient transformation work led by the Divisional Head of Operations of Clinical Services. The focus is around enhancing advice and guidance and PIFU trajectories.

Recent press regarding reducing the infection prevention measures was raised and clarity was sought on the impact on the trajectory. COO confirmed that there is a reduction in PCR tests with a move to lateral flow and added there is some opportunity but does not feel that it will significantly impacts activity.

Further clarity was sought on the amber RAG rating for staffing issues. COO confirmed that this had been benchmarked against other Trusts and noted that there are good actions in place and further recruitment. CFO provided some assurance around the financial impact of staffing

issues and noted that pay costs are relatively stable. CFO added that risks surrounding staffing are mitigated operationally and amber is a sensible RAG rating.

6. Governance

6.1 IPC Work Plan Review

IPC colleagues were asked to note the IPC workplan and it was agreed that a CIP update will be included as a standing item.

6.2 Finance and Performance Group Approved minutes & Issues for escalation for the IPC

IPC colleagues were asked to note the Finance & Performance Group minutes and there were no further comments or questions.

7. Evaluation of Meeting

All committee members confirmed that the meeting had been conducted effectively and useful documentation had been received and useful discussions had taken place.

IPC colleagues were informed that the Chairmanship of IPC will be handed over to Louise Robson, newly appointed NED.

8. Date and Time of Next Meeting:

Monday 25th July 2022, 09.30am – 11.30am, Microsoft Teams