

Item 6.1.3a

Integrated Performance Committee

minutes

Minutes of the Integrated Performance Committee Meeting Monday 26th October 2020

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| Present: | Karen O'Hagan Bob Burgoyne Mark Jones | Non-Executive Director (Chair) Non-Executive Director Non-Executive Director |
| In Attendance: | Karen Edge Hayley Kendall Frankie Morris Jennifer Ohlsson | Chief Finance Officer Chief Operating Officer Deputy Chief Finance Officer Senior Executive Assistant (Minutes) |
| Apologies for Absence: | | |

1. Apologies for Absence

None to note.

2. Declarations of Interest

None declared.

3. Minutes of meeting held on 26th July 2020

Minutes from the meeting of 26th July 2020 were noted and approved.

4. Action Log

Item 1: Chief Finance Officer informed IPC colleagues that an update on the STP capital allocation will be provided as part of the Finance Report.
Action closed

Item 2: CIP programme captured on agenda. Action closed.

Item 3: Capital report captured on agenda and will be presents at Board of Directors. Action closed

Item 4: Capital action plan captured on agenda. Action closed

Item 5: Performance report captured on agenda. Action closed

Item 6: Covid recovery plan now included on IPC workplan. Action closed.

5. Financial / Performance Reporting

5.1 Finance Report including CIP

Chief Finance Officer provided an overview of the month 6 finance report. Key highlights to note include that the trust is in a break even position in month due to the requirements of the COVID-19 response, resulting in a block top up equivalent of £13.9M to ensure a break even position. Included in that position is £3.4M of COVID-19 costs incurred year to date.

Income is balanced against trust expenditure. Activity levels are below planned levels however significant improvement has been noted in September 2020.

Pay costs are underspend by £1.3K in month, £555K year to date due to the reduced activity levels.

Drugs and clinical supplies costs are underspent by £127K in month and £3,365K below year to date, also related to lower activity levels.

Non-clinical supplies and overheads are £297K worse than plan in month and £2440K year to date related in main to COVID-19 costs.

There is a recurrent CIP delivery of £688K against a target of £939K providing a shortfall of £250K, this is offset by £178K of non-recurrent schemes leaving a gap of £72K. Chief Finance Officer noted that there are still schemes that are currently impacted by COVID-19 however after review it was found that they are still valid, recurrent schemes that would be expected to deliver in a post COVID-19 environment.

Phase 3 final forecast was submitted on 19th October 2020, which assumed 90% of 19/20 activity and no second surge, including STP allocations highlighted a £1.5M deficit. Chief Finance Officer informed IPC colleagues that this forecast is being refined to include a range of scenarios. It was also noted that Non-Executive Directors receive regular updates via the weekly Non-Executive Director's call.

There were no further questions on the finance report.

Chief Finance Officer provided IPC colleagues with an update on CIP. CIP has been reviewed in light of the new financial regime and reset and recovery work. The financial impact of recovery is non-recurrent and funded via slippage or COVID-19 costs. The reset work involves looking at working differently going forwards. The assumption is that this would be cost neutral at a minimum. The plan is to potentially gain efficiencies from the benefits of working in a new way due to COVID-19. The 21/22 financial regime is not yet known but it is likely to include some level of efficiency.

Historically divisions have been provided with a CIP target based on a percentage of the expenditure budget. Chief Finance Officer stated that a different MATRIX approach is being considered across the trust where

a target will be set based on the greatest opportunities to deliver that will include looking at opportunities to contribute to CIP from the corporate and support areas. None PbR income will also be considered and where commercial revenue could be maximised via private patient income or franchise and retail opportunities. The remaining CIP ask would then go to the clinical divisions as a percentage target to be delivered. CFO noted that there has been pre and post lockdown CIP workshops and benchmarking has been updated. From initial output there has been 160 CIP ideas that have been developed. CFO assured IPC colleagues that despite working in a COVID-19 environment there is work being undertaken on next year's CIP programme.

Chief Finance Officer invited questions and comments from IPC colleagues, a request was made for CIP to be included as part of the performance dashboard.

Clarity was sought on efficiencies that the trust hope to gain via a new way of working. CFO confirms that the reset work stream is ongoing and noted that there are opportunities found with less travelling and less course attendance. There are also opportunities with digital enablement and virtual working, including outpatients. These opportunities have the potential to reduce costs and CFO also noted that the trust will also look at areas where these costs may need to be reinvested due to the increased level of infection control needed in the new environment the trust will be working in.

A query was also raised what the expectations would be from procurement and CFO noted that in terms of pharmacy there is advice that can be provided in terms of generic versus branded drugs and ensuring there is a consistent approach. There is also work to be done in reducing medicine wastage and understanding take home prescriptions in more details.

There were no further questions from IPC colleagues on the CIP.

Chief Finance Officer provided an update on STP Capital. A new regime was introduced for 2020/21 for Capital to be managed at an STP level within a defined envelope. In May an analysis of the STP identified a shortfall of £25M against the submitted plans. There was a request to providers to voluntarily give up 2020/21 capital allocations and £18M of resource was identified for release leaving a gap of £7M. LHCH gave up £0.6M as part of the programme review. The agreement was to manage the gap via the year end process and expected slippage.

In late July the government announced additional Capital funding to the NHS to target backlog maintenance risk. Cheshire and Merseyside received an allocation of £21M and it was agreed that the first £7M would address the envelope risk. LHCH received an allocation of £0.6M making the capital allocation for LHCH £10.6M.

CFO also noted that LHCH received £247K of capital during phase 1 of COVID-19 and during this phase the trust was able to commit capital resources and received retrospective payments. During phase 2 the trust submitted a capital request of £1.5M for bed capacity, PPE

shortage and COVID secure working however it has been confirmed that the trust will receive the phase 1 funding only.

CFO informed IPC colleagues that looking forward the STP regime is set to continue in future years however at present there has been no discussion as to what criteria would be used to allocate a resource envelope. It was noted that that trust has submitted a 5 year capital projection that includes the Cath Lab works and an estimate of the trusts capital priorities.

It was noted that charitable funds are keen on considering if any of the charitable funds can be used to support the projects on the capital plan and CFO informed colleagues that Mary Liley attended Capital Management Group and has agreed to follow up any potential projects that would benefit from involvement of the charitable funds. Chief Operation Officer also mentioned approaching the charity with regard to the trusts University Status bid and the redevelopment Highfield House.

It was agreed to remove action 1 regarding STP capital off the action log.

5.2 Capital Report

5.2.1. 6 month review

5.1.2 5 Year capital plan

Chief Operating Officer provided an overview of the Capital Progress Report and noted that IPC colleagues will be sighted on the programme going forwards. The trusts capital programme is complex for the 2020/21 financial year with significant investments in the Cath Lab reconfiguration and following the 2019 MIAA audit of the approach to the capital programme and management within the trust, there has been significant investment in the capital project capacity and introduction of a clear and robust governance structure. COO noted the introduction of the partnership with Propcare to support the overall delivery.

IPC colleagues were asked to note the paper that sets out the trusts financial position at month 6. The trust is currently underspent however there is a forecast to achieve plan by the end of the year.

COO provided an update on the progress with the Cath Lab reconfiguration and roof replacement. Construction work is now underway and good relationships have been developed with the construction company. The scheme is currently on programme from a finance and timing point of view.

COO also provided an update on the progress with electrical infrastructure programme. The major works have commenced with the key interdependencies with the Cath Lab refurbishment and roofing projects being worked through at an early stage and construction is going well.

A query was raised regarding how the trust would meet the full budget if the underspend was £970K at the mid-year point and Chief Operating Officer reassured IPC colleagues that the programme had been reviewed and there is confidence that the programme will deliver and

noted that contractors are currently working in a COVID-19 secure way so the programmes are able to progress.

Clarity was sought regarding the situation with the insulation and the insurance company and it was confirmed that the risk around the insulation has now been resolved through an exceptional agreement with the insurers. Planning for future developments would need to consider insurers new requirements.

5.3 Q2 Performance Report

5.3.1. Strategy report

Chief Operating Officer presented the new strategic performance dashboard to IPC colleagues. The proposal is that Special Causes for concern and red indicators are highlighted and a written executive summary is included for the committee. The committee agreed that this was a positive change that should be the standard reporting format used across workforce, finance and general performance and COO confirmed that this will be presented to the Chairman at the weekly NED's call to start the transition before presentation at Board of Directors.

HK

In terms of strategic performance COO provided an overview of the report and noted the improved performance however noted an area of concern in delayed transfers of care. As COVID-19 continues and hospitals are getting busier, care homes have struggled taking patients back into social care settings with COVID-19 positive results.

5.3.2. Target performance report

Chief Operating Officer asked IPC colleagues to note the target performance report, circulated at item 5.3.2 and stated that there are no other areas of concern to raise and noted the improved DNA performance.

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The high DNA rate of follow up appointments in the medicine division was queried and COO stated that this would be picked up with the divisions at Operational Board to explore the reasons behind this.

Staff sickness was raised and it was noted that Mersey Care are now involved with the trust to provide support to staff and the Non-Executive Directors are receiving regular updates.

Clarity was sought over the gap between the RRT performance of Welsh patients and English patients and COO confirmed that this is a result of a natural variation across the waiting list and that patients are prioritised based on wait time and clinical prioritisation.

An update was requested on the issues relating to the CT scanner and it was confirmed the maintenance company will replace the faulty part on the scanner. This part has now been replaced and the CT scanner is back in use and a business case is now being drafted in order to replace this scanner in the 21/22 financial year.

5.4 Covid Recovery & Performance against phase 3 recovery trajectories

Chief Operating Officer presented the phase 3 update which highlights the performance against improvement trajectories. There are 166 fewer patients on the backlog compared to plan and compliance is better than expected at 68.09%. Radiology completed 17 more cases compared to the plan and MR completed 26 more cases compared to plan. This has been achieved by adding additional sessions. The proposal is to approach RMS agency to help provide extra resilience to the Radiology staffing. From an elective activity point of view medicine have achieved 9 more cases compared to plan. Surgery achieved 16 cases against a plan of 50 and this was due to the halt in elective activity.

Overall performance has been strong. There has been high occupancy of ward and critical care areas during September and mutual aid is being provided to partners with regard to cancer services. COO informed IPC colleagues that there is now a date of 2nd November to start the liver cancer operating on site. It was noted that Non-executive Directors are kept updated on the recovery trajectories on a weekly basis.

6. Governance

6.1 IPC Work Plan Review

IPC colleagues noted the IPC work plan and it was agreed to include the long term capital programme on the work plan.

6.2 Finance & Improvement Steering Group Approved Minutes & Issues of Escalation for the IPC (16.07.2020 & 20.08.2020)

IPC colleagues noted the Finance & Improvement Steering Group Minutes.

6.3 Reference cost submission

IPC colleagues are asked to note the approval process for the National Cost Collection (NCC) in advance of the deadline of 4th November 2020. Approval is sought to provide the Chief Finance Officer the authority to submit the cost submission. The committee provided approval.

7. Evaluation of Meeting

It was agreed that pre-comment forms will be circulated prior to each Integrated Performance Committee.

8. Date and Time of Next Meeting:

Monday 25th January 2021, 09.30am – 11.30am, Microsoft Teams

