

Item 6.1.2.2

Integrated Performance Committee Item 3

minutes

Minutes of the Integrated Performance Committee Meeting held on Tuesday 24th April 2018

Present:	Marion Savill Mark Jones	Non-Executive Director (Chair) Non-Executive Director
In Attendance:	Jennifer O'Brien Lynda Robinson Tony Wilding Claire Wilson	Secretary Head of PMO & Business Transformation (Items 5.3 & 5.4 Only) Director of Strategic Partnerships & COO Chief Finance Officer
Apologies for Absence:	Darren Sinclair	Non-Executive Director

1. Apologies for Absence

As noted above.

2. Declarations of Interest Relating to Agenda Items

None declared.

3. Minutes of meeting held on 29th January 2018

Noted and approved.

4. Action Log

Item 1-The Chief Finance Officer (CFO) stated that a high level paper on the Long Term Financial Model (LTFM) would be presented to the Board of Directors (BoD) on Tuesday 1st May 2018. IPC members were assured that cash forecasting would be reviewed as part of this paper. This item would be marked as complete and removed from the action log.

The CFO stated that a variance analysis would be completed in relation to trends and pay costs as part of the year end processes.

Action

An update would therefore be provided as part of the Finance Paper seen at July 2018 IPC.

Item 2-The workforce report had been removed from the IPC work plan as it no longer needed to be seen at the Committee. This item would be marked as complete and removed from the action log.

Item 3-The CIP progress update was provided below under agenda item 5.4. This item would be marked as complete and removed from the action log.

Item 4-It was confirmed that Point ii, Integrated Governance, in the table provided in the IPC Committee annual report, the first point now had 'subject to recovery of RTT position' added to the end of it. This item would be marked as complete and removed from the action log.

5. 2017/18 Financial / Performance Reporting

5.1 Month 12 Finance Report (incl. Capital)

The report was noted as read by all members. The CFO informed members that since the paper had been drafted, the Trust had received notification that the bonus STF monies LHCH would be receiving for delivering the NHSI required Control Total amounted to £1.5m, considerably more than anticipated. It was noted that other specialist Trusts in the area had received similar amounts. Committee members noted that this would have a cash impact only which increased the surplus that the Trust reports, although this would have a positive impact on the capital requirements. The CFO also highlighted the following;

- Performance in Month 12 was stronger than anticipated with an increase in activity seen again. The Trust did not need to use the balance sheet as expected.
- To achieve the Control Total of £6.8m; the Trust reviewed its available resources for any non-recurrent flexibility and identified £1.3m to support a higher level of surplus in 2018/19. Of this total, £756k was from slippage on investment reserves. The reserve had been released in full within the position. At Month 12, a further £1.040m had been released to achieve the Control Total, including the £800k contingency. The final reserves position for 2017/18 was provided in the table on page seven of the report. It was noted that the financial plan for 2018/19 included any risks and the reserves in place to mitigate those risks, this would be presented to the BoD on 1st May 2018.
- NHS England had provided the Trust with £2.2m as non-recurrent support in relation to the HRG4+ dispute with the Welsh Specialised Services Commissioning Board (WSSCB). The CFO did ask the Committee to note that although the Trust had been assured the cash for the current HRG4+ dispute, no resolution had currently been met to solve the recurrent problem, however for the 2018/19 financial plan, the Trust had assumed they were going to receive any monies

payable by Wales.

Committee members noted the decrease in agency costs and acknowledged that whilst there had been a £96k greater than planned spend in month, there were not many more efficiencies that could be saved in this area and the CFO confirmed that this was not giving a financial pressure.

The CFO confirmed that the statement made on page two in relation to the contract challenges from Specialised Commissioning was referring to the issue where the Trust had overcharged Specialised Commissioning and undercharged the CCG's. The CFO would confirm the provision amount made in the accounts for the estimated liability with Committee members offline to this meeting. The CFO stated that this issue had been partly resolved, in that from April 2018 manual adjustments were now done, however issues were still being uncovered as the team realised that it was not just one issue causing the problem. This risk around the accuracy of income collection would be highlighted to the BoD under the BAF key issues of the IPC.

CW

MS

The Committee noted that in relation to the 2017/18 Knowsley COPD block contract, 30% of the income was subject to performance against a number of KPIs (£666k). The Trust had reached a final settlement with Knowsley in relation to non-delivery of the readmissions KPI of £199k with the £467k remaining to be paid. It was noted that this was an improvement on what was provided for in month 11.

The total value of debt outstanding at 31st March 2018 was £9,592k of which £4,346k was over 90 days old. Committee members requested that the CFO put more detail into the paper that would be seen at BoD on 1st May 2018, including whether the debt over 90 days was NHS or non NHS.

CW

IPC acknowledged the work of the finance team in producing this report whilst experiencing the pressures of year end and accounts submission. The Committee also noted the excellent performance in achieving the required Control Total and receiving the additional £1.5m STF monies as a result.

5.2 Month 12 Performance Report

The report was noted as read by all IPC members with the following points note;

- A strong performance in RTT had been seen within quarter 4 with delivery of the target in all three months with performance of 92.11% in January, 92.04% in February and 92.08% in March. This performance was against the backdrop of the pressures over this period within the health economy caused by winter and the additional capacity given over to support the delivery of urgent procedures.
- Delivery of the 6-week diagnostic target had proven challenging and the Trust failed this target for the fourth

consecutive month. The pressures with sleep studies had eased following the action plan that was put in place and the backlog was now virtually all driven by CT and MRI scanning pressures. The Trust had been putting on additional sessions using mobile vans and their own equipment, however LHCH couldn't keep pace with demand. The business case for additional CT and MRI capacity would go to the BoD on the 1st May 2018 and once there was agreement on the way forward the Trust could plan to get this target back in line, however, this could be towards the end of this calendar year and recovery trajectories were under development.

It was noted that the Commissioners thought that it was predominately lifestyle that was driving this increase in demand, with obesity at an increased level, which in turn can cause sleep apnoea in individuals.

It was noted that the pressure on acuity throughout December, January and February 2018 related to patients being too sick to leave critical care, despite there being ward beds available. This pressure was factored into next year's plan.

The Director of Strategic Partnerships & Chief Operating Officer confirmed that an RCA had been reported through the Commissioners in relation to the 52 week breach as detailed on page 3 of the report.

Committee members were informed that the Trust had received correspondence from the Welsh Commissioners with regards to approximately six patients waiting over 36 weeks, putting LHCH onto enhanced monitoring as a consequence. The Director of Strategic Partnerships & COO confirmed that LHCH had met with Welsh colleagues regarding this matter and monthly update meetings were now in place. Committee members did note that once the Trust had reviewed the patients mentioned, several of them were actually late referrals.

The addendum provided as item 5.2a showed that overall referrals were above target for the month and up 16.13% YTD, with a spike in January 2018 of 800 patients. The IPC were informed that this was due to a product recall on pacemakers whereby patients would now have to come into Hospital to have an amendment to the device carried out. This reason would be articulated to the Information Team in order that they can manage it appropriately. This would result in an increase in activity within EP and Cardiology and was included within the 2018/19 plan.

In relation to DNA's (did not attend) the Director of SP & COO stated that reminder letters not having gone out in November 2017 did have an impact on the increase. It was noted that KPMG were reviewing on the national average against locally set targets. The Trust had an action plan in place to support delivery. IPC members stated that the Trust had to ensure unrealistic targets were not set.

Committee members questioned the implications of failing the NHSI

diagnostics target in particular in relation to segmentation. It was stated that there was an action plan trajectory that Commissioners wished to see, although there were no penalties.

It was noted that trend shown in aortics did not give the full picture in relation to acuity & complexities and out of hospital arrests. The Trust were awaiting audit data to recognise the impact on critical care.

IPC noted the recovery in RTT performance and the hard work undertaken to achieve this. There would be reporting to the BoD on how NHSI segmentation worked, and the impact of missing performance targets on this.

TW/CW

5.3 Carter Report Update

The paper showed the actions that had been completed and further progress made to achieve the Carter recommendations. The key areas of progress across each of the Carter headings were detailed as;

- Significant collaboration had yielded efficiencies in the Estate services and progress was being made through relationships with the other Specialist Trusts on Procurement and Finance Services with definite collaboration opportunities available. It was noted that this was an area LHCH benchmarked high in.
- Getting it Right First Time (GIRFT) Cardiothoracic report had been embraced by the surgical division with the acceleration of the same day admission unit development and the clinical review of patient outcomes in relation to strokes and theatre re-admission.
- Model Hospital continued to be an important vehicle for benchmarking and identifying efficiencies with further progress anticipated as the Head of Financial Strategy co-ordinated this work.

It was noted that in relation to the Model Hospital NHSI initially focused on non-specialist acute providers however over the last 6 months more performance metrics had been populated for specialist hospitals including the Trust and LHCH actively used this as a tool to identify long term CIP.

IPC members were informed of a tender document in relation to an outpatient pharmacy for a proposed 100 sqm Pharmacy at the shared main entrance and this would be a CIP for LHCH, RLBUHT & Specialised Commissioning and patients would benefit from receiving their medication immediately.

IPC noted the Model Hospital as a potentially useful tool but expressed caution in relation to the data quality, for example, whether the acuity of the patients was taken into account. It was suggested that some 'quick wins' should be reported to the BoD in Q2 2018/19 to ensure visibility of this important work.

LR/CW

5.4 CIP Progress Update

The paper provided an update on the performance of the Trust's 2017/18 Cost Improvement Programme (CIP), and progress against the 2018/19 CIP plan. The Trust had achieved £3,061k (82%) of its CIP target recurrently. A further £449k has bridged the gap through non-recurrent savings, leaving a shortfall of £209k in 2017/18.

In 2018/19 the performance monitoring was slightly different to previous years with each scheme assessed against maturity level and a feasibility rating of red, amber or green. These were tracked weekly and distributed to the Executive Team and the divisions as well as reported to the Business Transformation Steering Group on a monthly basis.

The Head of PMO & Transformation confirmed that current performance against the CIP was not a level the Trust were satisfied with, however several things were being done to improve the position. The Divisional Head of Operations (DHoO's) would be presenting at the next Executive away day to support their plans, with the CFO commenting on the divisions;

- Surgery was at 98% therefore no concerns
- Corporate-some red schemes with small values, not overly worried.
- Clinical Services-done a lot in recent years and lots of on-going issues within the radiology department, so although plans were on-going there was a limit in this area as to what else could be done.

Medicine was the biggest risk. Historically the division has been able to identify CIPs in device procurement, and is finding the process more challenging now that this area has been exhausted. A secondee would be supporting the division for two months to focus on the CIP's and provide support to the Managers in order to progress with their schemes.

IPC noted the CIP 2017/18 progress and achievement as well as noting the £1.3-1.5m risk attached to CIP for 2018/19. Committee members did acknowledge that there were fewer quick win schemes available and therefore more effort was needed to get larger schemes in place. It was positive to see forward looking schemes which go beyond the single planning year to 2019/20. However, the level of risk around achievement of the 2018/19 CIP was a major concern, and this would be highlighted to the BoD under the BAF key issues of the IPC.

MS

5.5 Financial Plan 2018/19

The Trust submitted a 2 year financial plan in December 2016 covering the period 2017/18 to 2018/19. The Trust was required to update the second year of this plan for 2018/19 in line with national planning requirements. The initial draft submission was made on the 8th March 2018, with a final submission due on 30th April 2018.

The draft income and expenditure plan, as submitted in March 2018 was provided as appendix 1 to the report with inflation assumptions in appendix 2.

Full details of the risks and subsequent mitigations was seen on page six of the report and included;

- Welsh Commissioners
- Cost Improvement Plan (CIP)
- CQUIN
- Knowsley COPD
- Activity Plan
- Zero Cost Model
- Activity recording challenges
- Capital
- A general contingency has been maintained at £800k
- A specific contingency of approx. £1.5m had been earmarked for any financial risk associated with the move to national device procurement plus any payment challenges in relation to CF income.
- Identification of missing activity or revised tariffs to offset any commissioner challenges.
- Close working with partners across North Mersey in order to facilitate successful 'acting as one' behaviours to mitigate against any financial risks that arise during the year on these contracts.

IPC members were informed that the estate had been valued and the valuation had gone up by 12% to £8m. It was noted that this had only been valued using desk top evaluations using industry indices, therefore LHCH would be instructing another valuer to gain a second opinion. If the value remained at the increased amount there would be a risk of missing the Control Total as the depreciation had gone up.

The CFO informed members that NHS England were currently requesting that 5 devices were moved onto the Zero Cost Model by the end of July 2018 with an impact of £3.8m, the CFO confirmed that most organisations had moved at least one device. The CFO stated that the first four devices could be moved within the first three quarters of 2018/19, with the 5th, implantable cardiac devices (ICD's), pushed into Q4.

IPC members noted the draft 2018/19 financial plan, including the risks and mitigations described within the report.

The CFO and Director of Strategic Partnerships & COO would draft a

short summary of the capital programme to ensure the BoD had sight of the plan.

CW/TW

The CFO would ensure that the detailed paper going to the BoD on Tuesday 1st May 2018 included information on the cash position and any associated risks.

CW

6. Governance

6.1 Business Transformation Steering Group Approved Minutes 14/12/17, 22/01/18 & 15/02/18 and Update

The minutes of the three meetings were noted.

The CFO was questioned whether there had been learning from the non-completed QIA for Pulmonary Function noted in the December 2017 minutes. The CFO confirmed that there had been learning taken from this and there was now a clear process in place. Any further concerns would be expressed at the Quality Committee meeting.

6.2 Forward Look Work Programme Review

Committee members were satisfied that work was being carried out per the work programme schedule.

Following a recommendation from the internal auditors 'Evaluation of Meeting' would be added as a standing agenda item to the work plan. The attendees considered the conduct of the meeting and confirmed their satisfaction that it had been well conducted, with an appropriate focus on the major issues rather than too much detail.

6.3 Change to Committee Membership

The Chair acknowledged David Bricknell's contribution to the Integrated Performance Committee, noting that he had retired from his NED role on 28th February 2018.

7. Date and Time of Next Meeting:

Tuesday 24th July 2018 at 9.30-11.30am, LHCH Conference Room