

## Integrated Performance Committee

### Item 3

## Minutes

**Date of Meeting:** Tuesday 22<sup>nd</sup> March 2016  
**Time:** 10.00am  
**Venue:** Boardroom, Management Zone Portakabin

**Present:** Marion Savill/Non-Executive Director (In the Chair)  
 David Bricknell/Non-Executive Director  
 Mark Jones/Non-Executive Director

**In attendance:** Jim Davies/Deputy Chief Finance Officer  
 David Jago/Chief Finance Officer  
 Tony Wilding/Chief Operating Officer  
 Jennifer O'Brien/Secretary  
 Tony Bennett/Divisional Head of Operations-Clinical Services  
 Neaka Cope/Interim Divisional Head of Operations-Surgery  
 Robin Wiggs/Divisional Head of Operations-Medicine  
 Janet Doran/Head of HR

#### 1. Apologies for absence

None.

#### 2. Declarations of Interest Relating to Agenda Items:

There were none to declare.

#### 3. Minutes of the last meeting held on 25<sup>th</sup> January 2016

Noted and approved.

#### 4. Action Log

Item 1-David Jago would agree with Lucy Lavan the appropriate elements of Risk Management and Corporate Governance Committee that should be reported to Integrated Performance Committee. A further update would be provided at the April IPC.

Item 2-An update on cancelled operations was scheduled to be provided at the April IPC.

Item 3-A paper regarding debt owed to the Trust would be seen at the April IPC.

Item 4-The 2016/17 CIP programme was discussed below under agenda item 5.3. This item would be marked as complete and removed from the

action log.

Item 5-A paper detailing the findings following a review into the £4m planned investment in surgical capacity would be brought to the April IPC

Item 6-A presentation on SLR reporting would be seen at the July IPC

Item 7-The TAVI paper was discussed below under agenda item 5.5. This item would be marked as complete and removed from the action log.

It was confirmed that David Jago had provided an analysis of the provisions to the Board of Directors meeting on 26<sup>th</sup> January 2016 and another update would be provided to the private session on 29<sup>th</sup> March 2016. This item would be marked as complete and removed from the action log.

Item 8- It was confirmed that Tony Wilding had provided the actual number of patients affected by the Junior Doctors strike to the Board of Directors on 26<sup>th</sup> January 2016. This item would be marked as complete and removed from the action log.

Item 9- A paper would be presented to the Board of Directors in June 2016 once the annual planning work was complete for discussion on the Trust's strategy regarding private patient work.

## **5. Financial /Performance Planning and Reporting**

### **5.1 Month 11 Finance Report**

It was noted that the in-month planned performance had been achieved with a net deficit of £155k against a plan of £181k, although the year to date deficit position of £1,317k showed deterioration.

The Trust continued to forecast a year end deficit position of £1.2m which provided limited scope for any further deterioration in the remaining month of the financial year. This was dependent on the continuation of a range of recovery actions, which included accelerated recruitment plans (to minimise agency usage) and delivery of activity plans.

There would need to be continued focus for the remainder of 2015/16, and into the next financial year on CIP delivery; minimising agency usage and premium costs; and avoidance of further cost pressures. It was confirmed that £100k of provisions would need to be used to achieve the deficit position of £1.2m if the plan for March was delivered.

The question was raised over the £250k pay overspend in February and the anticipated overspend in March and how this compared to the planned pay for April and May. An update to the Board of Directors on run rate was agreed to be provided.

Committee members noted that the current above plan cash balance was largely due to creditors not having been paid and was a timing issue rather than a long term cash upside for the Trust.

**DJ**

A strong contribution performance in February was reported for the medicine division along with that in corporate, however continued significant underperformance was reported in the surgical division, which further highlighted the importance of the paper due at the April IPC regarding the review into the planned investment in surgical activity.

The year-end cash balances forecast £2.3m for 2016/17 demonstrated to Monitor the Trust's ability to manage within its own resources.

The use of provisions in 2015/16 and the underlying deficit position underpinning the delivery of a £4.8m deficit plan in 2016/17 would be presented to the private section of the Board of Directors on Tuesday 29<sup>th</sup> March 2016.

DJ

Going forward the Committee requested that the finance paper show the underlying position with provisions made and released clearly identified.

## **5.2 2016/17 Annual Financial Plan Review**

There were no significant changes to the draft version of the plan IPC had previously received and the Committee were well sighted on the £4.8m deficit that was submitted to Monitor. Committee members were reminded that LHCH did not sign up to the control total. There were no changes to the metrics anticipated for 2016/17.

Committee members were informed about the revised CQUIN scheme with the potential risk to the finance plan of £400k. When questioned whether this would mean an increase on the deficit to £5.2m, it was confirmed that the work agreed with the external auditors regarding the upside of I&E at £600k in respect of depreciation would fully mitigate the CQUIN risk. It was brought to the Committee's attention that this piece of work had been noted in the draft operational plan submission to Monitor in February 2016. This would be discussed at the Board of Directors on Tuesday 29<sup>th</sup> March 2016.

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Cost pressures of £2.7m for 2016/17 were shown to Committee members with considerable investment relating to staffing with the point of concern raised that any slippage in these areas could potentially have an adverse effect in some areas on the delivery of the plan and any implications needed to be fully understood. It was noted that the impact of any slippage was to be presented in a paper to the Board of Directors on 29<sup>th</sup> March 2016.

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It was confirmed that a presentation would be made to the Board of Directors on the monthly run rate costs for February-May 2016, due to the overspend in February and anticipated overspend in March (as discussed above).

DJ

The Committee also requested that the Board of Directors should be sighted on the forecast minimum cash balances at month ends and mid-month as a declaration would be required to be made by the Board of Directors confirming reasonable resources are available in 2016/17 to maintain the deficit position without the need for distressed finance.

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### 5.3.1 Deep Dive of Divisional Schemes

Robin Wiggs presented the CIP schemes for the medicine division showing £40m of expenditure divided equally into pay and non-pay with a £48m income.

It had been determined that in the second half of 2014/15 not all the diagnostic income due to the Trust was being collected. Therefore, a multidisciplinary approach was taken to determine the reason behind this. It was discovered that the outpatient department was not correctly recording the income due for carrying out complex ECHO exams. Clinicians signed off coding assumptions which meant there was no change in the service so this change could be implemented instantaneously.

The Trust would now look at implementing this change in other areas such as private patients.

Tony Bennett presented the CIP scheme for the clinical services division.

Committee members were given details surrounding the therapy workforce redesign including a summary of the project objective and that the changes would occur over three phases. Members were informed that there would be a consultation period occurring throughout the area which would be reported through the People Committee to ensure that it was managed appropriately and staff were fully supported during that period.

Neaka Cope informed IPC members that the surgery division were looking at reducing the numbers of cancelled operations. Reasons for cancellations were given together with the proposed action plan to reduce the numbers of cancelled procedures at the Trust.

It was reported that ten to fifteen operations were cancelled per month at a cost of £10,000 per case and the goal was to reduce this figure by 20% with the help of 'Surgeon of the Day' and the opening of further beds on Cedar ward to help with the flow of patients.

The divisions were praised for providing good examples of CIP schemes which would also allow departments to work better for the benefit of the Trust.

Discussions ensued surrounding the project initiation document's (PIDs) for e-rostering and agency & bank staff with a concern raised that these savings had been reported across two areas. It was confirmed that the projects would be led by the HR team whilst working alongside the divisions to implement the ideas throughout the hospital.

It was clarified that the expenditure budgets for the divisions were gross and any monies saved as a result of CIP schemes would have to be deducted from that particular division's budget. It was also confirmed in response to a question from the Committee that the plan showing all the CIP savings phased through the financial year would be complete by 1 April so that progress could be monitored against this, and all savings currently shown as trust wide would be allocated to divisions.

The delivery of CIP schemes would be monitored through the monthly CIP steering group and the PMO structure. The Committee requested that the reporting against the phased plan should also be presented at all IPC meetings to provide assurance that the savings are on track together with deep dives into any schemes as requested by the IPC.

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### **5.3.2 PMO Management Update**

The committee was informed about the decision to advertise for a Band 8c post of Head of PMO and Transformation as the previously advertised Band 8a post did not produce the quality of candidates needed by the Trust. The paper articulated the details behind this change, the new proposed structure, reporting lines and the focus on the delivery of CIP.

It was hoped that the successful candidate would be in post in July 2016, however any delays or issues surrounding the recruitment of this post would be reported to the IPC committee in April 2016.

Committee members expressed some concern over the ability to drive the CIP programme until this post is filled, in particular Trust wide CIP schemes with regards to allocation to divisions and the responsibility of the delivery. The DHO's confirmed that they were sighted on what schemes needed completing Trust wide, although it was anticipated that the new post would help with the delegation process and provide the support necessary to deliver all CIP schemes.

### **5.4 Trust's proposed response to the Carter review**

It was recognised that the Carter review referred to general acute hospitals rather than specialist Trust's such as LHCH, however the organisation should consider how the findings could be translated to fit the needs of the Trust.

Following discussions between all Committee members it was agreed that the following metrics as identified in the review would be relevant to LHCH;

- Clinical Performance-which SLR Reporting and NCBC Benchmarking already cover
- Admin Costs
- Pharmacy & Pathology
- Estates
- Procurement

It was noted that an Estates paper is already proposed to go to Board of Directors in April 2016, and NCBC benchmarking data and SLR reporting are on the agenda for the July 2016 IPC committee. Opportunities to identify further efficiencies in these areas should be an area of focus at these meetings. It was agreed that a work programme for the remainder of the year would be presented to the July meeting of IPC showing how and when the Trust would start to benchmark its performance in the

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other areas identified.

### **5.5 TAVI Performance 2014/15-actual, 2015/16-planned & actual and 2016/17 Plan**

The paper showed that the number of TAVI's carried out for 2015/16 would be 98 against a target of 105, it was noted that 3 were lost due to the recent junior doctors strike. This compared to 55 in 2014/15.

IPC members noted that the paper gave significant assurance that the processes that had been put in place had delivered the additional activity required.

## **6. Governance**

### **6.1 Review Estates Strategy**

The report was noted by the Committee.

It was confirmed that as this strategy linked into the financial plan through the Capital Management Group a separate paper was no longer required and it would form part of the finance reporting that IPC receive.

The workplan would be updated to reflect this change.

**DJ**

### **6.2 Review of SLA's**

The report was noted by the Committee.

It was confirmed that SLA's should be incorporated into the finance report received at this committee and therefore a separate paper was no longer required.

The workplan would be updated to reflect this change.

**DJ**

### **6.3 Risk Management & Corporate Governance: Reporting against Regulatory and Statutory Compliance**

Tony Wilding informed Committee members about the potential risk surrounding RTT in March 2016. The Trust were currently at 91.5% against a 92% target although every effort was being made to bring this up to the 92% mark. It was noted that the two upcoming bank holidays and the previous loss of three TAVI cases due to the junior doctors strike had had an adverse effect on figures.

Failure to achieve target in March would result in a second quarterly fail for the Trust as RTT had failed in December 2015. IPC members noted this risk and understood further discussions would take place at the Board of Directors on Tuesday 29<sup>th</sup> March 2016 regarding the risks to the Trust's licence if a third consecutive fail were to occur.

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#### **6.4 Risk Consideration/BAF Key Issues Summary**

Nothing additional to add.

#### **6.5 Reference Costs Audit Update**

The paper was noted as read by all Committee members.

It was determined that the reference costs audit updates would be seen at IPC rather than Audit Committee, subject to the agreement of the Chair of Audit Committee.

IPC members were assured that the system was now robust and the Trust had successfully implemented the actions put in place following the audit into the reference cost process that was completed in summer 2015.

#### **7. Date and Time of Next Meeting:**

Friday 22<sup>nd</sup> April 2016 at 2.00pm, Boardroom, Management Zone