

**Cover report to the Trust Board meeting to be held on 1 August 2019**

Trust Board paper K

<b>Report Title:</b>	Finance and Investment Committee – Committee Chair’s Report (formal Minutes will be presented to the next Trust Board meeting)
<b>Author:</b>	Kate Rayns, Corporate and Committee Services Officer
<b>Reporting Committee:</b>	Finance and Investment Committee
<b>Chaired by:</b>	Martin Traynor, Non-Executive Director
<b>Lead Executive Director(s):</b>	Chris Benham, Director of Operational Finance Rebecca Brown, Chief Operating Officer Mark Wightman, Director of Strategy and Communications
<b>Date of last meeting:</b>	25 July 2019

**Summary of key matters considered by the Committee and any related decisions made:**

This report provides a summary of the following key issues considered at the Finance and Investment Committee on 25 July 2019:-

- 2019/20 Month 3 Financial Performance** – paper C advised that the Trust had achieved a year-to-date financial deficit of £20m, excluding Provider Sustainability Funding (PSF), Financial Recovery Funding (FRF) and Marginal Rate Emergency Tariff (MRET). Including PSF/FRF/MRET, the Trust had achieved a year-to-date deficit of £13.6m which was in line with plan. The year-to-date position included release of £1.8m contingency funding which was £0.5m less than plan. Urgent and emergency care activity was over-performing against plan by £4.8m, although this was offset by the blended tariff adjustment of £1.7m and the cost of delivering this additional activity. Elective activity was beginning to under-perform against plan and this was partly due to changes in the pension tax annual allowance. These national changes meant that some higher-salaried clinicians were financially disincentivised to undertake discretionary additional sessions. UHL was reliant upon these sessions in some specialties to deliver its core activity plans. Discussion took place regarding the national context surrounding the pension tax changes, opportunities to explore potential solutions and an expectation that the position might deteriorate further as more individual clinicians became affected. Four of the CMGs and the Estates and Facilities Directorate were now reporting a variance against plan in month 3 and an in-depth analysis would be undertaken during the forthcoming Performance Review Meetings to establish the drivers for their variances. The Director of Operational Finance confirmed that UHL would qualify to access the quarter 1 2019/20 PSF allocation, although it was not yet clear when this funding would be made available to Trusts. Performance against the mandated agency staffing expenditure cap remained strong, although the Chief Operating Officer advised that agency staffing costs were likely to increase in the near future as external locums would be required to cover a proportion of the waiting list initiative sessions which were being declined by UHL’s own clinicians as a result of the above pension tax changes. Finally, the Director of Operational Finance highlighted the Trust’s receipt of an Activity Query Notice from the CCGs in respect of contractual over-performance, advising that Commissioners had expressed their concerns regarding affordability of this additional activity and the impact upon the forecast financial outturn for the System in 2019/20;
- 2019/20 Capital Programme** – paper F1 updated the Committee on the capital programme for 2019/20 which had been constructed on the basis that no external funding would be made available. As requested at the 27 June 2019 FIC, this report now provided the reconciliation between the initial draft programme of £89m and the current programme of £40.5m. The table in section 2.5 identified the key movements and identified the main areas of risk. Assurance was provided that the Board Assurance Framework had been updated to ensure that the risk profiles associated with the constrained capital programme were appropriately reflected. Members noted that appropriate emergency capital bids had been submitted for up to £10m and a further £8.6m of emergency capital funding had been sought for the decontamination scheme;
- UHL Productivity Improvement Programme (PIP)** – paper G provided an overview of UHL’s Productivity Improvement Programme, advising that savings of £26.7m had been identified against the 2019/20 target of £26.6m. In the absence of the Director of Productivity at this meeting, the report was taken as read. However the Director of Operational Finance highlighted the risks surrounding income schemes, Commissioner

affordability and the proposed implementation of an additional £3m CIP target. Following the June 2019 FIC meeting, a presentation on the patient level information costing system (PLICS) had been provisionally scheduled for the October 2019 FIC meeting;

- **Update on UHL's Commercial Strategy and Intellectual Property Policy** – the Director of Operational Finance advised that some further Non-Executive Director comments on the original version of the IP Policy were awaited prior to the formal review of this document. The Corporate and Committee Services Officer agreed to send a further reminder email, attaching the existing documentation for review;
- **CQC Use of Resources update** – paper H advised that the date for UHL's assessment against the CQC Use of Resources Framework had been scheduled for 15 October 2019 and the draft timetable for the assessment day was provided at appendix 1. The self-assessment template was in the process of being completed and it was likely that this would reflect a 'Requires Improvement' rating. Discussion took place regarding the excellent work that was taking place within the Trust in respect of nurse e-rostering, GIRFT, Vital Few, Model Hospital data, and agency staffing controls. However, the financial deficits that the Trust had recently delivered and the forecast position for 2019/20 were expected to adversely influence UHL's final rating. The Director of Operational Finance agreed to seek appropriate advice before finalising the self-assessment for approval by FIC and submission to NHSI/E;
- **Costing Update – National Cost Collection** – the Director of Operational Finance introduced paper I briefing the Committee on the arrangements for UHL's compliance with NHS Improvement's newly mandated National Cost Collection. Appendix 1 set out the remaining actions to be completed to finalise the submission. Appendix 2 described the areas where the Trust was currently unable to fully implement the Healthcare Costing Standards for England, including the actions being taken to address these issues for 2019 and for future submissions, and
- **Items for scrutiny and information** – the Committee received and noted the following reports for information:-  
 Paper J – Timetable for UHL Business Case Approvals;  
 Paper K – FIC Calendar of Business 2019/20;  
 Paper L1 – action notes from the Executive Quality and Performance Board meeting held on 11 June 2019, and  
 Paper L2 – action notes from the Executive Quality and Performance Board meeting held on 25 June 2019.

**Matters requiring Trust Board consideration and/or approval:**

**Recommendations for approval**

- None

**Items highlighted to the Trust Board for information**

- None

**Matters referred to other Committees:**

- **None**

<b>Date of next meeting:</b>	29 August 2019
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