

**Cover report to the Trust Board meeting to be held on 2 May 2019**

Trust Board paper L

<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>	Rebecca Brown, Chief Operating Officer Paul Traynor, Chief Financial Officer Mark Wightman, Director of Strategy and Communications
<b>Date of last meeting:</b>	25 April 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 April 2019:-

- 2018/19 Month 12 Financial Performance** – paper C advised that (subject to audit) the Trust had achieved a year to date deficit of £51.8m excluding Provider Sustainability Funding (PSF) and Impairment which was £30.6m adverse to plan, driven by the cessation of the Facilities Management LLP and the crystallisation of unmitigated Financial Recovery Board risk together with financial deterioration within the CMGs. Including PSF, the Trust had achieved a deficit of £48.5m representing a £50.3m adverse position to plan due to non-recognition of PSF from quarter 2. However, the Chief Financial Officer welcomed a recent additional allocation of a £7.7m PSF, noting that this would further improve the 2018/19 year-end outturn and provide a much-needed injection of cash to support improvements in accounts payable performance. As required, the unaudited Statutory Accounts for 2018/19 had been submitted to the Centre on 24 April 2019. The 4 week External Audit process was already underway and the External Audit Opinion on the Statutory Accounts would be presented to the Audit Committee and the Trust Board on 24 May 2019. In response to a query from the Audit Committee Chair, the Chief Financial Officer agreed to liaise with the Director of Corporate and Legal Affairs to agree an appropriate timescale for the circulation of the Audit Committee and Trust Board reports.

Discussion took place regarding the Trust’s strong operational and financial performance during the third and fourth quarters of 2018/19 and the need to maintain this momentum into 2019/20 in order to build up UHL’s financial credibility. The Chief Executive acknowledged the significance of maintaining operational delivery through the winter period in achieving the revised financial control total, particularly noting the level of risk (£11m) that had been mitigated since the quarter 2 re-forecast. He provided assurance that the Financial Recovery Board would continue to meet (at a lesser frequency throughout April, May and June 2019), as this had proved to be an effective forum for controlling non-essential expenditure and had provided a robust framework for business planning and budget setting processes. Mr A Johnson, Non-Executive Director requested a list of the balance sheet adjustments enacted during 2018/19 for his own information. In response, the Chief Financial Officer confirmed that he was asking his teams to review whether any adjustments had been made in month 12 which might impact upon the month 1 position. The Audit Committee Chair noted that assurance on this point would also be provided by the External Auditors via their report on any audit differences;

- 2019/20 Financial Plan** – the Chief Financial Officer introduced paper F, providing the final version of UHL’s plan to deliver the forecast income and expenditure deficit of £48.7m (as approved by the Trust Board on 4 April 2019 as part of the 2019/20 Annual Operational Plan) and in line with the control total issued by NHS Improvement. Section 2.1 of paper F provided the breakdown of additional central funding that the Trust would be able to access for signing up to the control total and for delivering the financial plan. Appendix 3 set out the proposed profile of income, pay and non-pay expenditure and cost improvement savings by month throughout the year. Particular discussion took place regarding the risks associated with the 2019/20 financial plan and the actions planned to address the current planning gap of £7.8m. A draft version of UHL’s longer term Financial Strategy was due to be considered by FIC in May 2019. The Director of Strategy and Communications briefed FIC on the process for development of the LLR System Plan and potential changes to the narrative surrounding UHL’s

structural deficit in relation to UHL's Strategic Reconfiguration Programme. The Committee also considered the arrangements for developing more detailed action plans to support the delivery of the 2019/20 control total, embedding the lessons learned from 2018/19 and noting the importance of establishing a unified approach to efficiency and productivity aligned with the Quality Strategy. It was agreed that an in-depth discussion would be held at the May 2019 FIC regarding the Productivity Improvement Programme and that this item would feature under the 'For Exploration' section of the agenda;

- **UHL Productivity Improvement Programme (PIP)** – paper H provided an overview of UHL's Productivity Improvement Programme, advising that savings of £51.59m had been achieved against the 2018/19 target of £51.48m. To date, savings of £23.6m had been identified for 2019/20 which represented 89% of the overall £26.6m target. The report was received and noted on the basis that a more detailed discussion on Productivity Improvements was planned for the May 2019 FIC meeting. In response to a query, the Director of Strategy and Communications noted that Mr B Shaw, Director of Productivity was the main point of contact for discussions on Section 106 agreements;
- **Alliance Contract Update** – the Alliance Director attended the meeting to present paper I providing a comprehensive overview of the financial and operational performance of the UHL pillar of the Alliance Contract. Members particularly noted the forecast adverse variance of £190k for 2018/19, non-admitted RTT performance in community paediatrics, cancelled operations, DNA rates, slot availability, outpatients correspondence, outpatient dermatology activity, a reduction in the waiting list for circumcisions and expansion of the medical workforce. Robust pre-assessment processes had been implemented across all sites and it was hoped to convert the one-way text reminder service into a two-way text system. The Alliance Director briefed FIC on the plans for Hinckley Hospital and a recent donation which would provide suitable theatre ventilation at Melton Hospital thus enabling Cataract Surgery to be undertaken on that site. A workshop was planned to be held in June 2019 with all partner agencies to explore the system requirements for the activity currently being undertaken by the Alliance at the end of the contract in March 2021, and
- **Items for scrutiny and information** – the Committee received and noted the following reports for information:-  
 Paper J – Productivity Strategy 2019-23  
 Paper K – Timetable for UHL Business Case Approvals;  
 Paper L – FIC Calendar of Business 2019/20, and  
 Paper M – action notes from the Executive Performance Board meeting held on 26 March 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>	30 May 2019
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