

Trust Board paper J3

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 26 March 2020

COMMITTEE: Finance and Investment Committee (FIC)

CHAIR: Mr M Traynor, Non-Executive Director and FIC Chair

DATE OF COMMITTEE MEETING: 27 February 2020

RECOMMENDATIONS MADE BY THE COMMITTEE FOR PUBLIC CONSIDERATION BY THE TRUST BOARD:

- None

OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR NOTING BY THE PUBLIC TRUST BOARD:

- Capital programme 2020/21 (Minute 16/20/3)

DATE OF NEXT COMMITTEE MEETING: 26 March 2020 (subsequently cancelled)

Mr M Traynor, Non-Executive Director and FIC Chair

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A MEETING OF THE FINANCE AND INVESTMENT COMMITTEE (FIC), HELD ON THURSDAY 27 FEBRUARY 2020 AT 8AM IN THE BOARD ROOM, VICTORIA BUILDING, LEICESTER ROYAL INFIRMARY

Voting Members Present:

Mr M Traynor – Non-Executive Director (Committee Chair)
 Mr J Adler – Chief Executive
 Ms R Brown – Chief Operating Officer
 Ms K Jenkins – Non-Executive Director and Audit Committee Non-Executive Director Chair
 Mr A Johnson – Non-Executive Director and People, Process and Performance Committee [PPPC] Non-Executive Director Chair
 Mr S Lazarus – Interim Chief Financial Officer
 Mr K Singh – Trust Chairman (non-voting *ex-officio*)

In Attendance:

Mr N Bond – Deputy Director of Estates and Facilities (on behalf of Mr D Kerr, Director of Estates and Facilities)
 Mr A Carruthers – Chief Information Officer (for Minute 11/20)
 Mr B Shaw – Director of Productivity
 Mr J Shuter – Deputy Chief Financial Officer
 Mr N Sone – Financial Controller
 Ms H Stokes – Corporate and Committee Services Manager
 Mr M Wightman – Director of Strategy and Communications (up to and including Minute 16/20/2)

	<u>RECOMMENDED ITEMS</u>	<u>ACTION</u>
11/20	REPORT BY CHIEF INFORMATION OFFICER	
	<u>Recommended</u> – that this item be classed as confidential and taken in private accordingly.	
	<u>RESOLVED ITEMS</u>	
12/20	APOLOGIES FOR ABSENCE	
	Apologies for absence were received from Mr D Kerr, Director of Estates and Facilities.	
13/20	DECLARATIONS OF INTERESTS	
	Mr A Johnson Non-Executive Director, the Interim Chief Financial Officer, and the Deputy Chief Financial Officer declared their roles as (respectively) Non-Executive Chair, Non-Executive Director, and the Finance Director and Company Secretary of Trust Group Holdings Ltd. FIC had also previously been advised of the FIC Non-Executive Director Chair's role with the Cabinet Office as Small Business Crown Representative. As these were judged by the Committee to be non-prejudicial interests, they remained present at the meeting.	
	<u>Resolved</u> – that the declarations of interests be noted.	
14/20	MINUTES	
	<u>Resolved</u> – that the Minutes of the 30 January 2020 Finance and Investment Committee meeting be confirmed as a correct record.	
15/20	MATTERS ARISING	
	<u>Resolved</u> – that this item be classed as confidential and taken in private accordingly.	
16/20	KEY ISSUES FOR DISCUSSION/DECISION	
16/20/1	Report by the Interim Chief Financial Officer	
	<u>Resolved</u> – that this item be classed as confidential and taken in private accordingly.	

16/20/2	<u>Cash Update</u>	
	<p>The Interim Chief Financial Officer updated FIC on the improved monthly cash position as at 31.1.20 (paper F), and reiterated his view that UHL should therefore continue its aim of moving closer towards creditor payment in 30 days. The Financial Controller advised that creditor and debtor positions had both improved, which was welcomed by FIC. The Financial Controller anticipated a marked improvement in UHL's performance against the Better Payment Practice Code in the coming months, and he advised FIC that a key focus area for his team would now also be to review the invoice authorisation process with a view to further improving the timeliness of that process. At year-end, the Deputy Chief Financial Officer advised that cash would be differentiated between operational cash and capital cash (with a potential additional further differentiation of research cash), and he noted the Trust's approach of managing cash through the lens of the balance sheet. In response to a query from the People, Process and Performance Committee (PPPC) Non-Executive Director Chair, the Interim Chief Financial Officer outlined that any unanticipated adverse change in the Trust's cash position ahead of year-end would be managed through slowing the pace of movement towards 30-day creditor payment. FIC also noted the proportion of the cash balance made up by Trust Group Holdings Ltd. In response to further comments from the PPPC Non-Executive Director Chair on the drivers for cash injections, the Deputy Chief Financial Officer also advised that he was mapping out the monthly draw down for 2020/21.</p>	
	Resolved – that the position be noted.	
16/20/3	<u>2019/20 Capital Programme Update</u>	
	<p>The Interim Chief Financial Officer advised FIC of his view that the £54.2m 2019/20 capital programme (paper G) would be delivered. Capital expenditure of £25.8m was reported as at month 10 (January 2020), which was below plan. However, as previously reported, the 2020/21 capital programme was challenging and contained a very significant level of pre-commitments (£62.5m). Detailed discussions were scheduled for 28 February 2020 to review the capital priorities and ensure they remained valid, noting that the priorities on the list were all currently presented as being urgent. Once confirmed, items would only be added on an emergency basis. Delivery of the 2020/21 £93.1m capital programme was currently contingent on a £24.8m capital loan, and the Interim Chief Financial Officer noted the need therefore to develop an appropriate contingency plan (if all currently-included priorities remained on). CRL impacts were not yet included. The Deputy Chief Financial Officer advised that once the 2020/21 capital programme was approved, additions would only be possible on an emergency basis. In response to a specific question from the FIC Non-Executive Director Chair, the Financial Controller advised that the amount listed as 'donations' related to the Children's Hospital.</p> <p>Noting that she had yet to receive a response to her previous questions about the risks of not undertaking specific schemes, the Audit Committee Non-Executive Director Chair asked whether the benefits of delivering the capital programme schemes were clearly articulated. The Chief Executive provided assurance that that information was available (albeit within a number of different source documents), and it was agreed to include an appropriate narrative in the 2020/21 capital programme being submitted for endorsement to the March 2020 FIC. The PPPC Non-Executive Director Chair urged the Trust to ensure that it was receiving appropriate value for money on the cost of capital schemes, and to review all potential productivity opportunities.</p>	ICFO
	Resolved – that a narrative appropriately articulating the benefits of delivering those capital schemes, be included in the 2020/21 capital plan being presented to the March 2020 FIC.	ICFO
16/20/4	<u>Report by the Interim Chief Financial Officer</u>	
	Resolved – that this item be classed as confidential and taken in private accordingly.	
16/20/5	<u>Report by the Interim Chief Financial Officer</u>	
	Resolved – that this item be classed as confidential and taken in private accordingly.	
16/20/6	<u>Overseas Visitor Policy and Approach to Implementation</u>	

	The Chief Operating Officer introduced this draft new UHL policy at paper J, on which NHSE/ comments were awaited. Once approved, the operational implementation of that policy would be key and a working group had been established accordingly. With regard to the roles and responsibilities set out in the draft policy, the Audit Committee Non-Executive Director Chair advised that it would be appropriate for FIC to receive the proposed regular updates on this issue, rather than the Audit Committee as currently stated, and it was agreed to amend the policy accordingly. In response to his query, the PPPC Non-Executive Director Chair received assurance from the Chief Operating Officer that the private patient and overseas visitor staff posts were not additional new posts. FIC welcomed the policy.	COO
	Resolved – that the draft policy be amended to route the regular updates to FIC (rather than to the Audit Committee as currently stated).	COO
16/20/7	<u>Overpaid Salaries Debt</u>	
	As specifically requested by the FIC Non-Executive Director Chair, FIC received a report on debt relating to overpaid salaries, including the level of debt involved, the circumstances of how it had arisen, and the steps taken to recover it (paper K). This type of debt was very challenging to recover once incurred, and FIC emphasised the need to focus on avoiding such debts. Although noting comments on potential manager training measures and 'detective' controls which could be implemented, the Audit Committee Non-Executive Director Chair emphasised the need to put appropriate preventive controls in place. FIC also noted comments from the Interim Chief Financial Officer that this was a chronic problem within the wider NHS as a whole. The Chief Executive advised that he would raise this issue at an Executive Planning Meeting, with a view to potentially including it in the Internal Audit Plan for 2020/21 – in response, the Audit Committee Non-Executive Director Chair requested that if included, Internal Audit also be asked to undertake it as part of a wider leavers review (including eg return of ID badges, removal of IT access etc).	CE
	Resolved – that this issue be discussed further at an Executive Planning Meeting, with a view to potential inclusion in the Internal Audit Plan 2020/21 (possibly as part of a wider review into leaver issues).	CE
17/20	ITEMS FOR ASSURANCE	
17/20/1	<u>Report by the Alliance Director</u>	
	Resolved – that this item be classed as confidential and taken in private accordingly.	
17/20/2	<u>Report by the Director of Productivity</u>	
	Resolved – that this Minute be classed as confidential and taken in private accordingly.	
17/20/3	<u>Verbal report by the Director of Estates and Facilities</u>	
	Resolved – that this Minute be classed as confidential and taken in private accordingly.	
17/20/4	<u>Report by the Director of Estates and Facilities</u>	
	Resolved – it be noted that this item had been covered in Minute 15/20 above.	
17/20/5	<u>Implementation of new contract with Commissioners 2020/21</u>	
	The Interim Chief Financial Officer advised FIC that there was no further update to provide on this issue.	
	Resolved – that the position be noted.	
18/20	ITEMS FOR NOTING	
	Resolved – that (A) the following items be received and noted at papers N1 – N3 respectively: (1) Reconfiguration programme update and timetable for business case approvals; (2) FIC calendar of business 2019/20;	

	(3) Executive Performance Board action notes from 28.1.20, and (B) it be noted that the operation of the Revenue Investment Committee, and the Capital Monitoring and Investment Committee was currently under review by the Interim Chief Financial Officer.	
19/20	ANY OTHER BUSINESS	
19/20/1	Report by the Audit Committee Non-Executive Director Chair	
	Resolved – that this Minute be classed as confidential and taken in private accordingly.	
20/20	ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD	
	Resolved – that a summary of the business considered at this meeting be presented to the Trust Board meeting on 5 March 2020, including the recommended confidential item at Minute 11/20 above, and (B) the capital plan 2020/21 (Minute 16/20/3) and the item from confidential Minute 16/20/1 be highlighted for the Trust Board’s attention.	FIC NED CHAIR FIC NED CHAIR
21/20	DATE OF NEXT MEETING	
	Resolved – that the next meeting of the Finance and Investment Committee be held on Thursday 26 March 2020 from 8am to 11am in the Board Room, Victoria Building, Leicester Royal Infirmary.	

The meeting closed at 11.15am

Helen Stokes Corporate and Committee Services Manager

FIC Attendance Record 2019/20

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Traynor (Chair)	11	11	100	S Lazarus (Interim CFO from 12.12.19)	3	3	100
J Adler	11	9	82	K Singh (<i>ex officio</i>)	11	10	91
R Brown	11	9	82	P Traynor (CFO until 31.10.19)	7	6	86
K Jenkins	11	8	73	C Benham (Acting CFO from 1.11.19 to 31.12.19)	1	1	100
A Johnson	11	10	91				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Allan (Patient Partner) until 30.5.19	1	0	0	J Shuter (DCFO from 13.1.20)	2	2	100
C Benham (DOF until 31.12.19)	8	7	88	M Wightman	11	9	82
D Kerr	11	10	91				