

Trust Board paper J3

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD**

**DATE OF TRUST BOARD MEETING: 3 September 2020**

**COMMITTEE: Finance and Investment Committee (FIC)**

**CHAIR: Mr A Johnson, Non-Executive Director and FIC Chair**

**DATE OF COMMITTEE MEETING: 30 July 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:**

- 2020/21 month 3 financial performance and status of the capital programme 2020/21 (Minute 28/20/1)

**DATE OF NEXT COMMITTEE MEETING: 27 August 2020**

**Mr A Johnson, Non-Executive Director and FIC Chair**

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST****MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) ASSURANCE CONFERENCE CALL,  
HELD VIRTUALLY ON THURSDAY 30 JULY 2020 AT 9AM VIA MICROSOFT TEAMS**

*\*\*\*this is not a formally-constituted virtual Board Committee meeting. This conference call is confined to any time-critical items/governance must-dos only, and its purpose is to provide information on, and assurance of, progress\*\*\**

**Voting Members Present:**

Mr A Johnson – Non-Executive Director (Committee Chair) (excluding Minute 27/20/1)  
 Mr S Lazarus – Interim Chief Financial Officer  
 Mr K Singh – Trust Chairman (non-voting *ex-officio*) (up to and including Minute 28/20/5)  
 Mr M Traynor – Non-Executive Director

**In Attendance:**

Mr R Cooper – Financial Improvement Director (NHSE/I)  
 Miss M Durbridge – Director of Quality Transformation and Efficiency Improvement  
 Mr D Kerr – Director of Estates and Facilities (up to and including Minute 27/20/1)  
 Mr J Shuter – Deputy Chief Financial Officer  
 Ms H Stokes – Corporate and Committee Services Manager

**RECOMMENDED ITEMS****ACTION****22/20 REPORT BY THE DIRECTOR OF ESTATES AND FACILITIES**

**Recommended** – that this item be classed as confidential and taken in private accordingly.

**23/20 REPORT BY THE DIRECTOR OF ESTATES AND FACILITIES**

**Recommended** – that this item be classed as confidential and taken in private accordingly.

**RESOLVED ITEMS****24/20 APOLOGIES FOR ABSENCE**

No apologies for absence were received.

**25/20 DECLARATIONS OF INTERESTS**

Mr A Johnson FIC Non-Executive Director Chair, 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. Mr M Traynor Non-Executive Director also declared his 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.

**Resolved** – that the declarations of interests be noted.

**26/20 SUMMARY OF JUNE 2020 FIC ASSURANCE CONFERENCE CALL**

**Resolved** – that the summary of the 25 June 2020 Finance and Investment Committee assurance conference call be confirmed as a correct record.

**27/20 MATTERS ARISING**

The FIC Non-Executive Director Chair undertook a detailed, line by line review of each action on the log, emphasising the key need for appropriate (and clearly-scheduled) follow-up of all actions, for the provision of appropriate assurance to FIC, and to ensure that the stated timescales were delivered. The FIC Non-Executive Director Chair also highlighted instances where he considered that the current assurance provided by the Trust was not sufficient. The outcomes of that detailed review would be detailed in the action log (including additional comments from the FIC Non-Executive Director Chair unable to be reported due to a loss in connectivity and time constraints).

**CCSM/  
CFO**

**Resolved – that (A) the FIC action log be updated to reflect the detailed review undertaken at this meeting, and**

CCSM/  
ICFO

**(B) the actions in that log be progressed by the identified lead.**

LEADS

27/20/1 Report by the Interim Chief Financial Officer

**Resolved – that this item be classed as confidential and taken in private accordingly.**

28/20 **KEY ISSUES FOR DISCUSSION/DECISION**

28/20/1 2020/21 Finance Report – Month 3

In presenting paper E, the Interim Chief Financial Officer briefed FIC on the Trust's financial position for month 3 of 2020/21, noting that UHL had achieved a quarter 1 break-even position after its receipt of £24.2m top-up funding (national mechanism to support Trusts during the COVID-19 pandemic). Although needing to be partly balanced against a non-pay underspend, this performance was an improvement against plan (by circa £6-8m), and the Interim Chief Financial Officer advised that the strengthened financial controls and measures introduced were showing some signs of beginning to gain traction. Any requested investments were being rigorously scrutinised through UHL's fortnightly Financial Recovery Board meeting, and the Interim Chief Financial Officer considered that this was beginning to impact appropriately on CMG mindsets. National top-up funding would continue to be available to Trusts in August 2020 and potentially also through to the end of September 2020, and Mr R Cooper (NHSE/I) was working with UHL as Financial Improvement Director to develop a robust forecast position for post-September 2020. The month 3 report also set out the specific quarter 1 financial impact of Covid-19 (£14.2m) and the Interim Chief Financial Officer particularly drew members' attention to the stark impact of Covid-19 on activity levels (also shown in the report). The FIC Non-Executive Director Chair requested greater clarity in the month 4 report onwards as to the precise impact of the top-up funding, and the Trust's underlying position (costing according to a realistic UHL derived forecast recognising the nationally-required rise in activity for the remainder of 2020/21). The FIC Non-Executive Director Chair also requested that FIC be sighted to how Consultant time was accounted for, in the event of any future Covid-19 wave, in order to better understand how Consultant time was being utilised. The Interim Chief Financial Officer noted the NHSE/I requirement for Trusts to cost in the expected rise in activity for the remainder of 2020/21. The Trust Chairman emphasised the need to make appropriate provision for any second Covid-19 surge, and also reiterated the need for clear FIC understanding of UHL's costs and expenditure more generally.

ICFO

ICFO

In discussion, the FIC Non-Executive Director Chair sought assurance on whether CMGs were appropriately aware of their underlying financial positions, given that the figures in the report included the Covid-19 top-up funding, and he further queried if that was the optimum way of presenting the information to them. In response, the Interim Chief Financial Officer confirmed that the July 2020 Performance Review Meetings (PRMs) with CMGs had reviewed the CMG financial positions without that top-up funding, which was welcomed by the FIC Non-Executive Director Chair. The Interim Chief Financial Officer agreed that FIC needed to receive more detailed information on the CMG financial positions (also including a full forecast and budget per CMG, and demonstrating understanding of their pay positions as a crucial expenditure stream) – he would present a plan for providing this to FIC at its August 2020 assurance conference call (with a view to starting that augmented information from the October 2020 FIC onwards, thus starting with the month 6 position. The Interim Chief Financial Officer also commented on the need for some additional training for CMGs. The FIC Non-Executive Director Chair suggested a page per CMG showing its financial performance in both pictorial and narrative formats, which he considered would also provide FIC with assurance on the PRM process. Miss M Durbridge advised that in her role as Director of Quality Transformation and Efficiency Improvement she planned to review the working of the PRMs and improve them where needed. The FIC Non-Executive Director Chair stated that it was very important for Executive Board members to be able to gain authentic assurance at all the CMG PRMs through being presented with sufficient data and insight to allow them to ask relevant, probing, and challenging questions. The Interim Chief Financial Officer also noted the need to overlay the cost of restoring activity on to the run rate of the organisation.

ICFO

Although acknowledging the improved position on payment performance, Mr M Traynor Non-Executive Director requested assurance that plans were in place to move to the required 5-day payment of small and medium enterprise suppliers, given that UHL was broadly mid-table on this

nationally. Although cash availability and payment culture drivers were being addressed, the Interim Chief Financial Officer advised that internal payment process improvements were still needed to deliver that target (he particularly noted the manual intervention currently required to address any discrepancies, and commented on the need to have significantly more extensive automation of UHL's supply chain to payment processes), and he confirmed that this would be addressed through a specific financial project. In light of the need for further assurance on this issue, the FIC Non-Executive Director Chair requested that a plan for the project be reported to FIC accordingly, confirming the lead officer and identifying the preferred process to tackle both the oldest invoices and those most easily resolved. The Interim Chief Financial Officer agreed to provide that report to the September 2020 FIC.

ICFO

With regard to capital, the FIC Non-Executive Director Chair voiced concern that the month 3 report at paper E provided only a summary. The capital programme was behind plan, and the FIC Non-Executive Director Chair questioned when the situation would be recovered – he requested a report to either the August 2020 or September 2020 FIC on how the capital priorities identified in March 2020 would be managed. In light of current pressures on the Trust's finance team, the Interim Chief Financial Officer proposed targeting the September 2020 FIC at the earliest for that update, and he outlined ongoing work to bolster the capital programme management resource. The Interim Chief Financial Officer also highlighted the need for the capital plan to reflect realistic phasing assumptions. Although noting these points and recognising the resource issues, the FIC Non-Executive Director Chair stated therefore that FIC could not currently be assured on the Trust's capital programme 2020/21.

ICFO

**Resolved – that (A) future iterations of the monthly finance report to FIC include:**

ICFO

- (1) greater detail and clarity on the impact of the top-up funding;**
- (2) further detail on the CMG PRM information, showing performance in both pictorial and narrative form;**

**(B) consideration be given to how best to sight FIC to how Consultant time was accounted for, so that FIC could better understand how Consultant time was being utilised (in the event of any future Covid-19 wave);**

ICFO

**(C) the project plan re: moving to UHL 5-day payment of small and medium enterprise suppliers be presented to the September 2020 FIC, confirming the lead officer and identifying the preferred process to tackle both the oldest invoices and those most easily resolved;**

ICFO

**(D) a plan for managing the 2020/21 capital plan priorities identified in March 2020 be presented to the September 2020 FIC, and**

ICFO

**(E) the 2020/21 month 3 financial position, and FIC's lack of assurance on the 2020/21 capital programme, be highlighted to the August 2020 Trust Board via the summary of this conference call (presented to the Trust Board on 6 August 2020).**

FIC NED  
CHAIR

28/20/2 Trust Financial Controls and Policies – Update

Paper G from the Interim Chief Financial Officer updated FIC on the action plan to improve financial controls and strengthen financial governance at UHL, listing the planned actions and identifying their timescales and lead officer(s). Although welcoming the report as a starting point, the FIC Non-Executive Director Chair advised that it provided reassurance rather than assurance at this stage.

**Resolved – that the position be noted.**

28/20/3 Report by the Interim Chief Financial Officer

**Resolved – that this item be classed as confidential and taken in private accordingly.**

28/20/4 Creating a framework to develop a 5-year plan to achieve a financially self-sustainable future for UHL

At the request of the FIC Non-Executive Director Chair (given the key importance of this issue), the Interim Chief Financial Officer provided a verbal report on this item, noting the need to establish a robust financial baseline for 2020/21 as UHL moved in to the Covid-19 restoration and recovery phase, and build a sustainability trajectory from that baseline. He anticipated that this baseline

would be developed through Autumn 2020 and be in place from the end of quarter 3 onwards – updates against that plan would therefore be provided to FIC from January 2021 onwards. Supporting these comments, Mr R Cooper (NHSE/I) emphasised the key need to have a robust-forecast and deliverable financial plan for 2020/21 (the delivery of which would lead to a smooth annual audit process and a demonstrable and sustainable plan with the necessary credibility). He provided assurance that he would integrate this aspect into the time-based financial improvement plan he was developing which would be available for scrutiny by FIC. The Trust Chairman welcomed this assurance, and emphasised the need also to impact on CMG behaviour through the Performance Review Meetings.

ICFO

**Resolved – that the January 2021 FIC be updated on the establishment (through Autumn 2020) of a robust financial baseline for 2020/21 and the building of a sustainability trajectory from that baseline (scheduled to be in place from the end of December 2020), noting that this element would be integrated into the time-based financial improvement plan being developed by the Financial Improvement Director.**

ICFO

28/20/5

### **Financial Recovery Board (FRB)**

FIC received and noted the actions from meetings of the FRB meetings held on 30 June 2020 and 14 July 2020, together with the agenda from the most recent (28 July 2020) FRB. In discussion on that agenda, the FIC Non-Executive Director Chair emphasised the need for FRB to be focusing primarily on actual financial recovery issues, and he queried whether that was the case at present given the number and range of other items on the agenda. The Interim Chief Financial Officer acknowledged this point, and outlined the role of recent FRB meetings in considering investment requests (only approved if required on quality and safety grounds).

The Interim Chief Financial Officer also updated FIC on the process for appointing a financial recovery programme partner, which (once formally concluded) would enable FRB to enhance its scrutiny re: financial recovery as an appropriately-central agenda item. The FIC Non-Executive Director Chair emphasised the need for the programme to yield measurable results, to be sustainable, and to also cover accountability and performance management. He advised a need for appropriate thought to be given to the timing of implementing the recovery initiatives, to ensure that they were deliverable. Given the various different strands involved, Mr M Traynor Non-Executive Director requested assurance on who would oversee the financial recovery programme, and received confirmation that this would be through the Interim Chief Financial Officer and the Acting Chief Executive (noting that the Project Management Office reported to the latter). The fully-integrated role of the Director of Productivity as the Deputy for the Director of Quality Transformation and Efficiency Improvement was also confirmed.

DQTEI/  
ICFO/  
ACE

**Resolved – that steps be taken to ensure that UHL and the FRB gave appropriate thought to the timing of implementing the financial recovery initiatives, to ensure that they were deliverable and sustainable.**

ICFO/  
DQTEI/  
ACE

29/20

### **ITEMS FOR NOTING**

**Resolved – that the Executive Performance Board action notes from 23.6.20 be noted for information.**

30/20

### **ANY OTHER BUSINESS**

There were no items of any other business.

31/20

### **ITEMS TO BE HIGHLIGHTED TO THE TRUST BOARD**

**Resolved – that a summary of the business considered at this conference call be presented to the Trust Board meeting on 6 August 2020, including the recommended confidential items at Minutes 22/20 and 23/20 above, and**

FIC NED  
CHAIR

**(B) the 2020/21 month 3 financial position and FIC lack of assurance on the capital plan 2020/21 (Minute 28/20/1) be highlighted for the Trust Board's attention.**

FIC NED  
CHAIR

32/20

### **DATE OF NEXT MEETING**

**Resolved – that the next meeting of the Finance and Investment Committee be held on**

Thursday 27 August 2020, from 9am to 11am virtually via Microsoft Teams.

The meeting closed at 11.12am

Helen Stokes **Corporate and Committee Services Manager**

**FIC Attendance Record 2020/21**

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
A Johnson (Chair)	4	4	100	K Jenkins	3	3	100
J Adler	0	0	N/A	S Lazarus	4	3	75
R Brown	0	0	N/A	K Singh ( <i>ex officio</i> )	4	1	25
				M Traynor	4	4	100

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
J Shuter	4	3	75	M Wightman	0	0	N/A