

Summary for Trust Board members

Report Title:	Finance and Investment Committee – Committee Chair’s Report
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Reporting Committee:	Finance and Investment Committee (FIC)
Chaired by:	Andrew Johnson Non-Executive Director
Lead Executive Director(s):	Richard Mitchell Chief Executive, Simon Lazarus Chief Financial Officer, and Debra Mitchell Acting Chief Operating Officer
Date of FIC:	28 October 2021

Summary of key public matters considered by the Committee:

This report provides a summary of the key public issues considered by the Finance and Investment Committee on 28 October 2021 (*involving Mr A Johnson FIC Non-Executive Director Chair; Mr R Cooper Financial Improvement Director; Miss M Durbridge Director of Quality Transformation Efficiency and Improvement; Ms K Gillatt Associate Non-Executive Director; Mr D Kerr Director of Estates and Facilities [part]; Mr S Lazarus Chief Financial Officer; Ms D Mitchell Acting Chief Operating Officer; Mr R Mitchell Chief Executive; Mr I Orrell Associate Non-Executive Director; Mr B Patel Non-Executive Director; Mr B Shaw Director of Productivity [part]; Mr J Shuter Director of Operational Finance, and Mr M Williams FIC Non-Executive Director*). Full Minutes will be issued prior to the November 2021 FIC and January 2022 Trust Board.

- 2021/22 month 6 capital plan update** – actual year to date capital expenditure was £22.5m as at month 6, representing an underspend of £3.3m against forecast (details as set out in the report, including reasons for the variance). The full-year forecast was £72.4m and delivery of the Trust’s CDEL (capital departmental expenditure limit). A revised reconfiguration spend forecast was expected in month 7. The month 6 capital update set out a list of additional schemes in the 2021/22 capital programme and provided the previously-requested assurance on the Linac installation costs. The Director of Operational Finance took FIC through each of the additional schemes in detail, and explained the challenges posed by in-year additional capital allocations. The additional schemes identified would result in a slight year-end forecast capital underspend of £56k. An update would be provided to the November 2021 FIC on the in-year deliverability of the various national TIF (targeted investment fund) bids. In discussion on the capital update, Ms K Gillatt Associate Non-Executive Director sought further clarity on whether UHL would deliver its 2021/22 CDEL, and it was agreed to provide further detail on the figures at the November 2021 FIC. Mr B Patel Non-Executive Director sought (and received) assurance that the consequences of accepting late in-year capital allocations were carefully considered before such allocations were accepted; the Director of Operational Finance advised FIC that scheme deliverability and any impact on the wider capital programme were robustly considered. It was noted that such monies could not be carried forward, and would therefore create pre-commitments on the following year’s capital plan if the schemes could not be delivered in-year. However, it was agreed that wherever possible, in-year allocations should be accepted, and Mr M Williams Non-Executive Director noted the need to have appropriate schemes ready to go when allocations were received. FIC noted that the Director of Operational Finance was currently more involved than usual in reviewing the detail of the 2021/22 capital plan, due to the focus of other senior finance staff on the annual accounts process. The FIC Non-Executive Director Chair welcomed the detail provided in the month 6 capital plan update and concluded that FIC was assured by the update and that the capital plan was being actively managed to ensure full use of capital resources available.
- 2021/22 month 6 financial performance** – at month 6 the Trust continued to be ahead of both plan and the H1 forecast, although the level of surplus had reduced. The actual position (including Top Up funding) was a £5.4m surplus, which was £1m favourable to forecast and £5.4m favourable to plan, primarily due to operational drivers (continued constraints on elective recovery activity due to very significant emergency pressures). The waterfall chart detailed the movements between the month 5 forecast outturn and the month 6 actual position, and the Chief Financial Officer now described each element to FIC in detail. The report also now contained a slide on the underlying financial position, which was being further reviewed with NHSE/I in an ongoing process to agree the position. At the request of Mr I Orrell Associate Non-Executive Director, the Financial Improvement Director outlined the nature of the discussions with NHSE/I (including the need to clarify the recurrent/non-recurrent nature of funding), and noted his view that having a credible 2022/23 budget in place by February/March 2022 was crucial. The Chief Executive advised FIC that he was keen to closely engage Clinical Directors in the budget-setting process.

In discussion on the month 6 finance report, Mr M Williams Non-Executive Director sought assurance on where the staffing WTE figures were obtained (it was confirmed that these were from the general ledger system via the Electronic Staff Record) and whether they were considered to be robust. Building on the issue of staffing, Ms K

Gillatt Associate Non-Executive Director queried whether the forecast recruitment plans as reported to the People and Culture Committee were realistic and appropriately triangulated to activity and performance levels. Although recognising the need for realistic recruitment plans, Executive Directors emphasised the crucial need for safe staffing levels (which was echoed by FIC Non-Executive Directors). Although recognising that detailed discussions on recruitment issues was not within FIC's remit, the FIC Non-Executive Director Chair suggested that it would be helpful for the WTE element of the monthly finance report to include an additional line showing establishment levels. The Acting Chief Operating Officer and the Director of Operational Finance also agreed to consider outside the meeting how best to include an appropriate narrative on this in the monthly finance report, ie aligning the financial and workforce projections and providing context on the level of risk. Mr M Williams Non-Executive Director further queried the measures in place for managing winter pressures and the level of additional staffing required. In response to a specific point on bed occupancy, the Acting Chief Operating Officer clarified that UHL's current bed occupancy was 91% and she detailed the challenges being faced re: the discharge of medically-fit patients due to social care pressures. As discussed at the September 2021 FIC, the Acting Chief Operating Officer reiterated the staffing pressures within UHL, noting that Covid-19 pressures continued. The Chief Executive agreed that discharge was a key limiting factor, and noted his view that UHL's internal bed capacity was broadly appropriate. The FIC Non-Executive Director Chair noted that these discussions were within the remit of the Quality Committee and People and Culture Committee, rather than within the remit of FIC. However the issues were relevant to current operating constraints and he would bring them to the attention of the Trust Board to ensure appropriate recognition and focus.

The month 6 financial position is highlighted to Trust Board members for information.

- **Becoming the Best Transformation and 2021/22 CIP update** – with regard to the H1 CIP position, the amount of cash-releasing schemes on the tracker now stood at £8.375m; £4.290m of that was recurrent and further work was underway to improve the recurrent/non-recurrent split in H2. CMGs were sometimes reluctant to badge some vacancies as recurrent CIPs even where those vacancies were longstanding, and work was in hand to discuss how to appropriately overlay the workforce plan and the CIP plan. The Director of Quality Transformation Efficiency and Improvement advised that she continued to hold fortnightly accountability meetings with CMGs to review their position, but she acknowledged that CMGs were currently focusing on day to day operational pressures. The Director of Quality Transformation Efficiency and Improvement considered that robust CIP plans were now in place for H2; all clinical and Corporate areas had accepted their H2 CIP targets, although discussions continued with some areas re: potential delivery challenges. In discussion, the FIC Non-Executive Director Chair emphasised the need for appropriate alignment/consistency between the UHL CIP figures internally and at system-level, as it appeared that the ICS forecasts for H2 were potentially out of step with UHL internal targets.
- **Roadmap to Sustainable Financial Improvement** – the Financial Improvement Director presented the October 2021 iteration of the assurance roadmap, which would be further updated for the November 2021 Trust Board. He highlighted key risk 1 (annual accounts finalisation) and provided assurance to FIC that he met very regularly with External Audit to discuss progress on that issue. Although the Financial Improvement Director considered that UHL's grip and control continued to improve, he noted the significant demand placed on the Trust's finance team in completing the accounts process for 2019/20 and 2020/21 as well as managing the finance function day to day.
- **Financial Recovery Board (FRB)** – FIC received and noted for information the action notes from the FRB meeting held on 29 September 2021, the actions from the 13 October 2021 FRB, and the agenda from the 29 September 2021 FRB.
- **Items for noting** – the following reports were received for information:-
 - Executive Finance and Performance Board action notes from 28 September 2021.

Public matters requiring Trust Board consideration and/or approval:

Recommendations for approval

- none

Items highlighted to the Trust Board for information

- 2021/22 month 6 financial position, and
- the need to recognise workforce headcount as a key current constraint on operating performance.

Public matters referred to other Committees:

- None

Date of next FIC meeting:	25 November 2021
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