

Trust Board paper I3

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 7 January 2021

COMMITTEE: Finance and Investment Committee (FIC)

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

DATE OF COMMITTEE MEETING: 26 November 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:

- None

DATE OF NEXT COMMITTEE MEETING: 17 December 2020

Mr A Johnson, Non-Executive Director and FIC Chair

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD VIRTUALLY ON THURSDAY 26 NOVEMBER 2020 AT 9AM VIA MICROSOFT TEAMS

Voting Members Present:

Mr A Johnson – Non-Executive Director (Committee Chair)
Mr S Lazarus – Chief Financial Officer
Ms D Mitchell – Acting Chief Operating
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 (for Minutes 68/20 – 72/20/1 inclusive)
Mr J Shuter – Director of Operational Finance
Ms H Stokes – Corporate and Committee Services Manager
Mr M Wightman – Director of Strategy and Communications (for Minute 67/20)
Mr M Williams – Non-Executive Director (for Minutes 68/20 – 72/20/2 inclusive)

ACTION

RECOMMENDED ITEMS

67/20 REPORT FROM THE DIRECTOR OF STRATEGY AND COMMUNICATIONS

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

RESOLVED ITEMS

68/20 APOLOGIES FOR ABSENCE

There were no apologies for absence.

69/20 DECLARATIONS OF INTERESTS

Mr A Johnson FIC Non-Executive Director Chair, Mr S Lazarus Chief Financial Officer, and Mr J Shuter Director of Operational Finance declared their roles as (respectively) Non-Executive Chair, 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.

70/20 MINUTES OF OCTOBER 2020 FIC

The Chief Financial Officer reiterated FIC's October 2020 position that a complete alternative solution was needed for the issue discussed in Minute 62/20/20, as the proposal which had been presented was not viable.

Resolved – that the Minutes of the 29 October 2020 Finance and Investment Committee be confirmed as a correct record.

71/20 MATTERS ARISING LOG

The FIC Non-Executive Director Chair undertook a review of the actions, receiving updates from lead Executive Directors. The matters arising log would be amended to reflect these updates. The FIC Non-Executive Director Chair welcomed the progress being made to resolve/close actions (reflected in the number of '5' RAG ratings), and where actions were identified as being subject to some delay he welcomed that as a realistic assessment. The FIC Non-Executive Director Chair also noted the need to understand the relative priority of actions 22 and 22a of the log.

LEADS

	<u>Resolved</u> – that the matters arising log be noted and updated to reflect any further verbal updates now provided, and any related actions be progressed by the identified lead.	LEADS
71/20/1	<u>Report from the FIC Non-Executive Director Chair (Minute 62/20/3)</u>	
	<u>Resolved</u> – that this item be classed as confidential and taken in private accordingly.	
72/20	KEY ISSUES FOR DISCUSSION AND ASSURANCE	
72/20/1	<u>Report from the Director of Estates and Facilities</u>	
	<u>Resolved</u> – that this item be classed as confidential and taken in private accordingly.	
72/20/2	<u>Report from the Chief Financial Officer</u>	
	<u>Resolved</u> – that this item be classed as confidential and taken in private accordingly.	
72/20/3	<u>Report from the Chief Financial Officer</u>	
	<u>Resolved</u> – that this item be classed as confidential and taken in private accordingly.	
72/20/4	<u>2020/21 Transformation/Cost Improvement Programme (CIP) Schemes Update</u>	
	<p>The Director of Quality Transformation and Efficiency Improvement updated FIC on the progress of the Trust's £8m cost improvement programme for months 7-12 of 2020/21, noting that she would circulate (for information) the slides being used for a forthcoming meeting with NHSE/I. An update on that meeting would be provided to the December 2020 FIC. £6.5m of the 2020/21 CIP had now been identified, which was an increase on the £5.281m reported to the October 2020 FIC. Focused work was underway to identify the remaining CIP, and the Director of Quality Transformation and Efficiency Improvement was confident that the full £8m 2020/21 CIP would be achieved. Significant preparatory work was also underway on the UHL 2021/22 CIP – this was being closely monitored through the Financial Recovery Board and more detail on the 2021/22 CIP schemes would be available in January 2021 once the 2021/22 budgets had been set. The Director of Quality Transformation and Efficiency Improvement provided assurance to FIC that she was working closely with the senior Finance Team. The Transformation team continued to work closely with CMGs, and premium pay costs were being addressed through a key CIP workstream.</p>	DQTEI
		DQTEI
	<p>Although welcoming the report, the FIC Non-Executive Director Chair reiterated his continued concerns over the delivery of the 2020/21 £8m CIP, particularly given the reliance on pay cost schemes and the related need for appropriate phasing of such schemes. He requested additional assurance therefore on the level (and robustness) of that confidence of delivery. In response, the Director of Quality Transformation and Efficiency Improvement detailed the work underway with CMGs to progress true efficiencies, which would be clarified in future updates. She also recognised that not all of the £8m was recurrent. The Chief Financial Officer emphasised the need for the £8m CIP to be genuine cash reduction, and he outlined his discussions with the Financial Improvement Director on causation elements and the agreed approach that all cash-reducing savings would be classed as CIP. The Chief Financial Officer supported the Director of Quality Transformation and Efficiency Improvement's assessment that the £8m would represent true savings. The FIC Non-Executive Director Chair also sought assurance on the preparedness of CMGs for the 2021/22 pay cost CIP schemes and their phasing – in response, the Director of Quality Transformation and Efficiency Improvement acknowledged that further work was needed with CMG management teams to progress their understanding further. She clarified that the information in the report was high level at present and was aiming to provide assurance that the 'top 10' schemes were already being looked at for 2021/22 – it was recognised that further work was needed on the granularity of those schemes.</p>	DQTEI
	<u>Resolved</u> – that (A) the slide deck from the NHSE/I CIP oversight meeting be circulated to FIC members for information;	DQTEI
	(B) the December 2020 FIC be updated on the outcome of the meeting in (A) above, and	DQTEI

72/20/5 2020/21 Capital Programme

Paper F updated FIC on the 2020/12 UHL capital programme. The Chief Financial Officer advised FIC of a meeting held on 25 November 2020 chaired by the Acting Chief Executive, which had agreed that the relevant capital programme leads would review the monthly profile. This would not change the forecast outturn but would result in more realistic phasing. The updated plan would be reviewed further at the next Capital Monitoring and Investment Committee meeting, which would also explore the potential slippage on the estates capital programme (due to late receipt of funding) and how to appropriately mitigate that through bring-forward schemes from 2021/22. Further confirmation of Covid-19 capital funding was awaited. The FIC Non-Executive Director Chair reiterated his previous concerns that the Trust was not spending its capital funding; he considered that there was a lack of control and that UHL was not making optimum use of its available capital. Noting previous FIC comments, the Director of Operational Finance outlined the challenges of looking at overcommitting the capital programme when not all funding was known in advance.

Resolved – that the update on the 2020/21 capital programme be noted.

72/20/6 Report from the Chief Financial Officer

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

72/20/7 Report from the Financial Improvement Director

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

72/20/8 Report from the Director of Operational Finance

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

72/20/9 Financial Recovery Board (FRB)

Resolved – that the actions from the 20 October 2020 and 3 November 2020 FRB meetings, and the agenda from the 17 November 2020 FRB meeting, be noted.

73/20 **ITEMS FOR NOTING**

Resolved – that the Executive Finance and Performance Board action notes from 27 October 2020 and the agenda from the Executive Finance and Performance Board meeting held on 24 November 2020 be noted for information.

74/20 **ANY OTHER BUSINESS**

There were no items of any other business.

75/20 **IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD**

Resolved – that the item in private Minute 67/20 be recommended for approval by the 3 December 2020 Trust Board, and the items in private Minutes 72/20/1 and 72/20/2 be highlighted to the 3 December 2020 Trust Board for information.

FIC NED
CHAIR

76/20 **DATE OF NEXT MEETING**

Resolved – that the next meeting of the Finance and Investment Committee be held virtually on Thursday 17 December 2020, from 9am to 11.15am via Microsoft teams.

The meeting closed at 11.04am

Helen Stokes **Corporate and Committee Services Manager**

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
A Johnson (Chair)	8	8	100	S Lazarus	8	6	75
K Jenkins (until end June 2020)	3	3	100	D Mitchell (Sep+)	3	3	100
				M Traynor	8	8	100

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
J Shuter	8	7	88	M Williams (Sep+)	3	3	100