

Meeting title:	Trust Board					
Date of the meeting:	13 July 2023					
Title:	Escalation Report from the Finance and Investment Committee (FIC): 30 June 2023					
Report presented by:	Steve Harris FIC Non-Executive Director Chair					
Report written by:	Helen Stokes Corporate and Committee Services Manager					
Action – this paper is for:	Decision/Approval	X	Assurance	X	Update	X
Where this report has been discussed previously	Not applicable					

To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which

Yes. BAF risks within the remit of FIC are listed below:

BAF ref	Risk Cause	Risk Event
05-FIC	Lack of financial grip and control, governance and financial processes	Financial transactions not carried out in accordance with the law and with Government policy and accounting standards.
06-FIC	Insufficient capital funding	Lack of clarity over the financial position and plan Unable to address statutory requirements such as health and safety standards and legislation, and address backlog maintenance requirements (concerning medical equipment, estate and IM&T)
07b-FIC	Significant financial challenge over 2023/24 and for the future 3 years across the LLR system to meet both operational and inflationary pressures and recovery from COVID	Failure to deliver the 2023/24 financial plan and achieve long term financial sustainability
08-FIC	IT Infrastructure unfit for the future	Unable to provide safe, high quality, modern healthcare services
09-FIC	Estate Infrastructure unfit for the future	Unable to provide safe, high quality, modern healthcare services

Impact assessment

N/A

Acronyms used:

BAF – Board Assurance Framework FIC – Finance and Investment Committee
CIP – Cost Improvement Programme ICB – Integrated Care Board

1. Purpose of the Report

To provide assurance to the Trust Board on the work of the Trust's Finance and Investment Committee (FIC), and escalate any issues as required.

2. Recommendations

2.1 There are 2 public items from the 30 June 2023 FIC requiring Trust Board approval.

3. Summary

The FIC meeting was quorate. Items from the FIC meeting of 30 June 2023 are summarised for the 13 July 2023 public Trust Board:

Recommended items:

3.1 Board Assurance Framework (BAF)

FIC reviewed all strategic risks on the BAF aligned to its remit (5, 6, 7b, 8 and 9), and discussed how the agenda items being discussed today linked to those risks. FIC noted the updates made in the month in red text to include new controls, gaps, and key next steps. For the reasons described in the report, FIC agreed to increase the current risk score in BAF risk 7b to 20 (impact remains at 4 and likelihood moved up from 4 to 5).

There were no other significant changes proposed to risk scores or content this month. To note, the BAF risk scores were as follows: strategic risks 3, 4 and 7a have been closed; strategic risk 5 (financial grip and control) current rating 8, tolerable rating 8, and target rating 4; strategic risk 6 (insufficient capital funding) current rating 20, tolerable rating 15 and target rating 9; strategic risk 7b (financial challenge over 2023/24 and for the future 3 years across the LLR system may result in failure to deliver the 2023/24 financial plan and achieve long term financial sustainability) current rating 16 (see above for increased risk score), tolerable rating 12 and target rating 8; strategic risk 8 (IT infrastructure unfit for the future) current rating 16, tolerable rating 12 and target rating 9; strategic risk 9 (Estate infrastructure unfit for the future) current rating 16, tolerable rating 12 and target rating 9. The Chief Financial Officer advised that more detail on BAF risk 5 would be brought to the July 2023 FIC.

The increase to 20 in the risk score for BAF risk 7b is endorsed, and recommended for Trust Board approval as per this escalation report.

3.2 FIC updated terms of reference

Subject to removal of the reference to the IM&T Strategy in the 'purpose' section, FIC endorsed its updated terms of reference which reflected the transfer of core oversight of digital transformation and IT strategy issues to the Reconfiguration and Transformation Committee as requested by the Trust Board. The Director of Corporate and Legal Affairs also confirmed that TGH contracts committee reporting would be added to the workplan.

Subject to the amendment noted above, the updated terms of FIC reference are endorsed, and recommended for Trust Board approval as per this escalation report.

Discussion items:

3.3 2023/24 month 2 ICB finance update

FIC noted the 2023/24 month 2 ICB finance position as presented.

3.4 2023/24 month 2 UHL financial position (mitigating BAF risk 7b)

FIC discussed the factors behind the deficit position of £15.3m for the year to date as at month 2 (£5.2m adverse to plan), including the impact of industrial action (including lower than planned activity), agency staff use, and inflationary pressures. FIC recognised that – if not addressed – the month 2 position was a significant risk to delivering the year-end forecast, and noted that (as reported at the May 2023 FIC) a mitigation plan focusing on 5 key workstreams had been developed by the Trust after the month 1 position.

The CIP and capital expenditure positions for the year to date as at month 2 were also covered in detail in other reports on the FIC agenda (as outlined below).

The 2023/24 month 2 financial position and associated risk is highlighted to the Trust Board for information.

3.5 Exiting the Recovery Support Programme (RSP) – roadmap to sustainable financial recovery

The Chief Financial Officer updated FIC verbally on recent discussions with NHSE/I re: UHL's position in the RSP.

3.6 **2023/24 month 2 capital update** *(mitigating BAF risk 6)*

The Trust had delivered gross capital expenditure of £5.1m in month 2 of 2023/24 against a plan of £6.8m, representing an underspend against plan of £1.7m. As previously reported, this underspend was primarily due to the profiling of the East Midlands Planned Care Centre spend. FIC received positive assurance from the Deputy Director of Finance (Financial Services) that the Trust was forecasting to deliver on its revised 2023/24 capital programme of £97.4m, and noted the rationale for the movements to this revised programme from its original level of £103.9m. The Deputy Director of Finance (Financial Services) set out the mitigations for the risks to the capital plan, and advised FIC that the Trust's Capital Monitoring and Investment Committee was being refocused at a more strategic level. The FIC Non-Executive Director Chair requested that the information on risks to the capital plan be included in each monthly report to FIC. A system-level group looking at system capital allocations was also being established, to be chaired by the UHL Chief Financial Officer, and FIC also noted work at system level on a system estates strategy. The Chief Information Officer advised FIC of challenges within the UHL IT capital allocation for 2023/24 (a further report on which would be presented to FIC in July 2023), and noted further modelling underway re: the eQuip programme.

3.7 **2023/24 Cost Improvement Programme (CIP) delivery** *(mitigating BAF risk 7b)*

FIC received assurance that the Trust was continuing to focus on delivery of the very challenging £63m cash-releasing CIP target for 2023/24. Although specific month 2 delivery of £613k was below the plan of £1.422m, the Director of Productivity provided positive assurance to FIC that overall delivery for the year to date was in line with plan. Although reiterating his comments to the May 2023 FIC re: the very challenging nature of the 2023/24 target, the Director of Productivity anticipated a significant improvement in the month 3 CIP position (compared to month 2). FIC noted the mitigating actions presented, and was advised that the Transformation team continued to meet very regularly with both Clinical Management Groups and Corporate Directorates to explore their CIP schemes. The Chief Financial Officer recognised the CIP challenge for 2023/24, but noted that the in-year position for 2023/24 (as at the end of June 2023) was markedly better than the comparable time in 2022/23. There was still a gap to be bridged, however, and she commented on the need to improve the recurrent/non-recurrent split of schemes. In discussion on the 2023/24 CIP delivery update, the FIC Non-Executive Director Chair requested that future monthly reports include a RAG rating for the top 15 cash-releasing CIP schemes.

Items for noting

3.8 The following items were received and noted:

- updated list of in-year investments/approvals, and
- Trust Leadership Team/Patient Safety Committee agenda from 27 June 2023 and TLT actions from 20 June 2023.

4. Date of next meeting: 28 July 2023