

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD VIRTUALLY ON
FRIDAY 26 MAY 2023 AT 12.30PM VIA MICROSOFT TEAMS**

Voting Members Present:

Mr J Worrall – Associate Non-Executive Director (FIC Acting Chair)
Mr S Barton – Deputy Chief Executive
Mr A Carruthers – Chief Information Officer
Ms G Collins-Punter – Associate Non-Executive Director
Mr A Furlong – Medical Director
Ms L Hooper – Chief Financial Officer
Mr J Melbourne – Chief Operating Officer
Mr B Patel – Non-Executive Director
Mr M Simpson – Director of Estates and Facilities

In Attendance:

Mr S Ceres – Deputy Director of Finance (Financial Management)
Mr G Holmes – Head of Finance (for Minute 80/23/3)
Mr R Manton – Head of Risk Assurance
Mr S Pizzey – Associate Director, Strategy and Partnerships (for Minute 78/23)
Mr J Shuter – Director of Strategic Finance
Ms H Stokes – Corporate and Committee Services Manager
Ms L Wall – Deputy Director of Organisational Transformation (for Minute 80/23/3)

		<u>ACTION</u>
	<u>RECOMMENDED ITEMS</u>	
70/23	ITEMS FOR APPROVAL	
	<u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly.	
71/23	FINANCE AND INVESTMENT COMMITTEE EFFECTIVENESS – ANNUAL REPORT 2022/23	
	<p>FIC considered and endorsed the 2022/23 annual report into the effectiveness of the Committee, and recommended it for Trust Board approval. The May 2023 meetings of the Operations and Performance Committee, People and Culture Committee, and Quality Committee were also reviewing annual reports into their effectiveness. The information contained within the report aimed to provide FIC itself and the Trust Board with assurance on an annual basis that FIC meetings had covered all essential areas within its remit which were also aligned with best practice and FIC's terms of reference. Members noted that going forward, digital strategy and transformation issues would be reported through the Reconfiguration and Transformation Committee rather than through FIC. FIC also considered a number of recommendations for the format of the report going forwards. FIC reviewed its performance against its core duties in detail (as set out in the 2022/23 annual report), and members noted their view that the Committee worked well and performed its duties effectively. FIC agreed to receive an update at its next meeting to clarify the position of the sub-groups which reported to FIC, and suggested also including an item on future agendas to capture any issues needing to be referred to other Board Committees. In terms of wider issues arising from the discussion on the 2022/23 FIC annual report, FIC queried how best to ensure that an appropriate benefits realisation/post-project evaluation took place re: approved investments, and how FIC might receive an overview of that information – it was agreed to contact the FIC Non-Executive Director Chair to discuss this further.</p> <p>In discussion later in the meeting, the FIC Non-Executive Director Acting Chair suggested it might also be helpful to review (at the end of each meeting) what had gone well/less well. For this particular meeting, the Deputy Chief Executive considered that there had been a</p>	<p>DCLA</p> <p>CFO</p>

	good level of challenge from Non-Executive and Executive Director colleagues, and he welcomed the approach by the FIC Non-Executive Director Acting Chair of actively encouraging comments on each item. Although not an issue at FIC meetings, Ms G Collins-Punter Associate Non-Executive Director commented on the need for appropriate signposting of papers in virtual meetings. She also commented on the welcoming and supportive culture at UHL.	
	<p><u>Recommended</u> – that (A) the 2022/23 annual report into FIC effectiveness be endorsed and recommended for Trust Board approval;</p> <p>(B) details of the sub-committees reporting into FIC be brought to the next meeting;</p> <p>(C) contact be made with the FIC Non-Executive Director Chair to discuss the principle of bringing investment post-project evaluation/benefits realisation reports to FIC, particularly for capital schemes, and</p> <p>(D) a section be included on future FIC agendas for ‘items for referral to other Committees’.</p>	<p>FIC NED CHAIR</p> <p>DCLA</p> <p>CFO</p> <p>CCSM</p>
	<u>RESOLVED ITEMS</u>	
72/23	APOLOGIES FOR ABSENCE	
	Apologies for absence were received from Mr S Harris FIC Non-Executive Director Chair, Ms B Cassidy Director of Corporate and Legal Affairs, and Mr M Williams Non-Executive Director.	
73/23	QUORUM	
	The meeting was confirmed to be quorate.	
74/23	DECLARATIONS OF INTERESTS	
	Mr J Worrall Associate Non-Executive Director (Acting FIC Chair), and Mr J Shuter Director of Strategic Finance declared their respective roles as Chair, and Finance Director and Company Secretary of Trust Group Holdings Ltd. As these declarations 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.	
75/23	MINUTES	
	<u>Resolved</u> – that the Minutes of the 2 May 2023 FIC be confirmed as a correct record.	
76/23	MATTERS ARISING LOG	
	FIC reviewed the log of actions from previous FIC meetings, and noted any additional updates now provided, which would be reflected in the next iteration of the log. The Chief Financial Officer confirmed her view that the action re: locums was no longer applicable, and Mr B Patel Non-Executive Director agreed that this action could be closed and that any elements needing further discussion would be raised at the People and Culture Committee which he chaired. It was agreed that previous IT/digital actions could be closed as oversight of such issues was now passing to the Reconfiguration and Transformation Committee – Ms G Collins-Punter Associate Non-Executive Director also provided assurance of her regular briefings on IT digital issues from the Chief Information Officer.	
	<u>Resolved</u> – that any updates provided at this meeting be reflected in the next iteration of the action log and taken forward by the appropriate lead.	Named leads

77/23	BOARD ASSURANCE FRAMEWORK (BAF)	
	FIC reviewed all strategic risks on the BAF aligned to its remit (including 5, 6, 7b, 8 and 9). FIC noted the updates made in the month in red text to include new controls, gaps, and key next steps. Following discussion at the Trust Board in May 2023, FIC confirmed its support to include the 2023/24 financial plan within BAF risk 7b, as it was part of longer term financial sustainability. The risk description for risk 7b had therefore been updated to include the 2023/24 plan and FIC noted the links between the BAF and the operational risk register with reference to 2 operational risks: (1) the financial plan, operational risk ID 3920, and(2) the CIP plan, operational risk ID 3910. The agreed change to risk 7b would be included in the next iteration of the BAF to the Trust Board, and FIC endorsed the proposed approach. Brief discussion also took place on IM&T risks (BAF risk 8).	
	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, 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.	
	Resolved – that the review of the BAF risks aligned to FIC’s remit be noted.	
78/23	2023/24 ANNUAL PLAN RISKS	
	At the request of the Trust Board, an overview of the identified 2023/24 Annual Plan delivery risks was being presented to all Board Committees, to enable the members of each Committee to assess which delivery risks aligned to their specific Committee as well as identifying if any other risks needed to be included. These risks would be managed through the respective Board Committee, with aggregated overall progress reported quarterly to the Trust Board. FIC reviewed in detail the 2023/24 annual plan risks ascribed to it, and made a number of suggested amendments as reflected in the resolutions below, which would be actioned by the Associate Director of Strategy and Partnerships accordingly	ADSP
	Resolved – that (A) the 2023/24 annual plan risks reporting table be amended to reflect that: (1) realisation of financial plan assumptions would be reported to FIC rather than OPC; (2) operational productivity would also be reported to OPC (financial implications to FIC), and (B) a quarterly progress report be provided to FIC.	ADSP
79/23	LLR ICB FINANCE REPORT 2022/23 – MONTH 1	
	The Chief Financial Officer advised FIC that the month 1 position was not reported at ICB level. She briefed FIC on plans to establish a system capital group to oversee the balance of capital risk and review the scope for standardisation of capital assumptions (eg life cycle). This system group would be chaired by the UHL Chief Financial Officer, with representation also from other UHL Executive Directors.	
	Resolved – that the position be noted.	
80/23	IN-YEAR REPORTING	
80/23/1	2023/24 Financial Position – Month 1	

	<p>This item was considered in mitigation of updated BAF risk 7b. FIC discussed the factors behind the month 1 deficit position of £9.4m (£4.2m adverse to plan), including the impact of industrial action, agency staff use, and inflationary pressures. FIC recognised that – if not addressed – the month 1 position was a significant risk to delivering the year-end forecast, and the Committee reviewed a range of 5 key workstreams being focused on by the Trust to mitigate this position as early as possible: urgent and emergency care; cost improvement programme; productivity; workforce, and financial reporting and oversight. The Chief Financial Officer reiterated to FIC that there was known risk in the 2023/24 financial position, and she noted that this had materialised earlier in the year than in 2022/23. FIC received assurance that it would be kept informed of progress on the 5 key workstreams through the monthly finance reports. Non-Executive Directors also queried how far the listed factors behind the month 1 position were within the Trust's control, and sought assurance on whether the current variance would worsen with further industrial action episodes. In further discussion the FIC Non-Executive Director Acting Chair also queried whether there was any underlying activity/income deficit.</p> <p>The Chief Financial Officer and Executive Director colleagues were working closely with Clinical Management Groups and Corporate Directorates on actions to recover the financial position. In terms of appropriate forward planning, the Finance team was already reviewing a range of potential year-end scenarios, and a year-end forecast update would be brought to FIC with the month 3 position. The Chief Financial Officer also reiterated the key need for financial sustainability.</p> <p>Although noting the actions outlined, FIC voiced concern over the financial position and the potential challenge involved in recovering that, and strongly emphasised the need for assurance that progress would be made before the end of summer. FIC agreed to highlight the 2023/24 month 1 financial position to the June 2023 Trust Board for information.</p>	<p>CFO</p> <p>CFO/ DDF(FM)</p>
	<p><u>Resolved</u> – that (A) an initial year-end forecast be presented to FIC with the month 3 finance position, and</p> <p>(B) FIC be kept informed of progress on the 5 key mitigation workstreams, via the monthly finance report.</p>	<p>CFO/ DDF(FM)</p> <p>CFO</p>
80/23/2	<u>2023/24 Capital Programme Update – Month 1</u>	
	<p>This item was considered in mitigation of BAF risk 6. The Trust had delivered gross capital expenditure of £1.9m in month 1 of 2023/24 against a plan of £3.7m, representing an underspend against plan of £1.8m. This underspend was primarily due to timing issues connected with the East Midlands Planned Care Centre, and FIC was also briefed on work being undertaken to identify additional funding for that facility from System capital. Aside from this underspend on one specific scheme, the Chief Financial Officer provided assurance to FIC that the Trust was progressing at pace in spending its overall 2023/24 capital programme of £103m (recognising FIC's comments on the in-year spend profile in previous years), which was significantly assisted by the existence now of a Trust medium term capital plan.</p>	
	<u>Resolved</u> – that the 2023/24 month 1 capital position be noted.	
80/23/2.1	<u>Report from the Chief Operating Officer and the Chief Financial Officer</u>	
	<u>Resolved</u> – that this Minute be classed as confidential and taken in private accordingly.	
80/23/3	<u>2023/24 Cost Improvement Programme (CIP) Update</u>	
	<p>This item was considered in mitigation of BAF risk 5. FIC received assurance that the Trust was focusing on delivery of the very challenging £63m cash-releasing CIP target for 2023/24. This was a significant increase on the 2022/23 programme, and the month 1 delivery of £2.2m was ahead of the £1.4m plan (however, a significant chunk of that £2.2m</p>	

	was due to the release of a specific £1.7m accrual from 2022/23). Nonetheless, FIC received assurance from the Deputy Director of Organisational Transformation that CMGs and Corporate Directorates had robust CIP plans in place for month 2. Although recognising the 2023/24 CIP challenge, the Deputy Director of Organisational Transformation also provided assurance on the good level of CMG engagement with and buy-in to the 2023/24 process. The Chief Financial Officer advised that work was underway to refine CIP reporting (including greater clarity on the recurrent/non-recurrent ratio and the pipeline of CIP schemes), and FIC further requested that CIP progress and any required mitigating actions be more clearly set out in future iterations.	DoP
	Resolved – that the recurrent/non-recurrent CIP split be clarified in future reports, and FIC be more clearly sighted to what CIP plans were in the pipeline, CIP progress, and any mitigating actions required.	DoP/ CFO
80/23/4	Report from the Director of Estates and Facilities	
	Resolved – that this Minute be classed as confidential and taken in private accordingly.	
81/23	PLANNING	
	There were no planning items to discuss.	
82/23	ITEMS FOR NOTING	
	Resolved – that the following reports be received and noted for information: (1) updated list of in-year investments/approvals; (2) update on Exiting the Recovery Support Programme – roadmap to sustainable financial recovery, and (3) Trust Leadership Team actions from 16 May 2023 and agenda from 23 May 2023.	
83/23	ANY OTHER BUSINESS	
	There were no items of any other business.	
84/23	IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD	
	Resolved – that (A) the items in confidential Minute 70/23 and in Minute 71/23 above be recommended to the Trust Board for approval, and (B) the items in Minute 80/23/1 and in confidential Minute 80/23/2.1 above be highlighted to the Trust Board.	FIC NED CHAIR FIC NED CHAIR
85/23	DATE OF NEXT MEETING	
	Resolved – that the next meeting of the Finance and Investment Committee be held virtually on Friday 30 June 2023 at 2.30pm.	

The meeting closed at 2.44pm

Helen Stokes **Corporate and Committee Services Manager**

FIC Attendance Record 2023/24

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
S Harris	2	1	50	J Melbourne	2	2	100
S Barton	2	2	100	B Patel	2	2	100
A Carruthers	2	2	100	M Simpson	2	2	100
G Collins-Punter	2	1	50	M Williams	2	1	50

A Furlong	2	1	50	J Worrall	2	1	50
L Hooper	2	2	100				

Regular Non-Voting Members/Attendees:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
B Cassidy	2	1	50	J Shuter	2	2	100
S Ceres	2	2	100				