

Cover report to the Trust Board meeting to be held on 6 June 2019

Trust Board paper N

Report Title:	Finance and Investment Committee – Committee Chair’s Report (formal Minutes will be presented to the next Trust Board meeting)
Author:	Kate Rayns, Corporate and Committee Services Officer
Reporting Committee:	Finance and Investment Committee
Chaired by:	Martin Traynor, Non-Executive Director
Lead Executive Director(s):	Rebecca Brown, Chief Operating Officer Paul Traynor, Chief Financial Officer Mark Wightman, Director of Strategy and Communications
Date of last meeting:	30 May 2019

Summary of key matters considered by the Committee and any related decisions made:

This report provides a summary of the following key issues considered at the Finance and Investment Committee on 30 May 2019:-

- **Matters Arising:-**

Item 3 – the Chief Financial Officer advised that the previously-requested summary of 2018/19 balance sheet adjustments would be provided to Mr A Johnson, Non-Executive Director during week commencing 3 June 2019;

Item 22a – the Chief Operating Officer noted that the formal Emergency Department (ED) Getting it Right First Time (GIRFT) visit was in the process of being rescheduled and she expressed her view that it would not be worthwhile arranging an internal GIRFT-type session. This action to be marked as complete and removed from the progress log;

Item 23 – the Chief Financial Officer advised that the deadline for integrating UHL’s Long Term Financial Strategy (LTFS) with the System-wide LTFS would be in October 2019, but he was planning to present the draft version of UHL’s LTFS to FIC in June 2019. The FIC Chair noted his preference for this to be presented to FIC in July 2019, following the Committee’s consideration of the ‘State of the Nation’ report on UHL’s estates infrastructure. It was agreed that the Chief Financial Officer and the Director of Strategy and Communications would consider and agree the timetabling of this item (outside the meeting);

- **2019/20 Month 1 Financial Performance** – paper C advised that the Trust had achieved a year-to-date financial deficit of £10.3m, excluding Provider Sustainability Funding (PSF), Financial Recovery Funding (FRF) and Marginal Rate Emergency Tariff (MRET). Including PSF/FRF/MRET, the Trust had achieved a year-to-date deficit of £8.2m which was in line with plan. The planning and budget-setting processes for 2019/20 had all been signed off and appropriate governance arrangements were in place to monitor performance against the CMG and Corporate Directorate control totals. Month 1 patient care activity levels had been higher than plan with £1.3m over-performance in Emergency, Day Case, Elective Inpatients and Outpatients. However, Emergency over-performance had been off-set by the application of a blended rate tariff adjustment, pass-through costs for drugs and devices and the cost of delivering this additional activity. Assurance was provided that there had been no use of contingency or reserves during April 2019. Discussion took place regarding opportunities to improve value and drive out inefficiencies at a service level through the ‘Vital Few’ workstream and the CMG Performance Review meetings and it was suggested that it would be helpful for FIC to see some examples of the analysis work being undertaken within the CMGs. The Chief Financial Officer drew members’ attention to the 2019/20 review of establishment and UHL’s pay profile, noting the need to model the impact of approximately 800 vacant posts within the context of the total paybill in future iterations of the monthly financial performance report;

- **UHL Productivity Improvement Programme (PIP)** – paper F provided an overview of UHL’s Productivity Improvement Programme, advising that savings of £25.0m had been identified against the 2019/20 target of £26.6m. In the absence of the Director of Productivity at this meeting, it was agreed that the deep-dive discussion would be re-scheduled for a future FIC meeting. A brief discussion took place regarding opportunities to create more ambitious plans for productivity and efficiency savings to create some additional headroom and

the scope for developing a future programme of System-wide efficiency savings across the LLR health economy;

- **Costing Update – National Cost Collection** – the Head of Finance (Costing) attended the meeting to introduce paper H briefing the Committee on the arrangements for UHL’s compliance with NHS Improvement’s newly mandated National Cost Collection. Members noted that the level of collection had changed from average HRG costs to individual patient level. As described in the detailed project plan (provided at appendix 2), the final submission would be presented to the 25 July 2019 FIC for approval ahead of submission to NHS improvement by 23 August 2019. Following the previous year’s failed submission, the Trust had procured a replacement software solution and implementation was progressing well. A detailed discussion took place regarding the powerful nature of the data being collated and the importance of robust clinical engagement. The Chief Operating Officer advised that the Trust had invested in some specialist software (Click Sense) which would provide clinicians with access to the relevant data and equip them with the tools to interpret the data appropriately. The Director of Strategy and Communications added that it was important for clinicians to have confidence that any proposed improvements in patient pathways arising from the data analysis would be supported going forwards;
- **6-monthly update on the Pathology Network** – the Chief Financial Officer advised that there was nothing significant to report on the development of the Pathology Network;
- **CQC Use of Resources update** – paper I, the expected briefing note on CQC Use of Resources had been deferred from this agenda due to the workload associated with the financial year-end. The Chief Financial Officer advised that UHL’s assessment of compliance with CQC Standards for Use of Resources would encompass a number of key lines of enquiry including financial performance, budgetary management, efficiency programmes and interactions with CMGs and Corporate Directorates. In response to a query from Mr A Johnson, Non-Executive Director it was confirmed that External Audit’s Value for Money opinion was expected to have a bearing on the Trust’s overall CQC assessment, but it was also important for UHL to demonstrate that it was operating as effectively as possible within the current funding constraints. Assurance was provided that the Trust was preparing and planning appropriately for this CQC assessment. A further briefing on this subject would be presented to the June 2019 FIC meeting;
- **Potential Reforms to Simplify VAT Rules on Contracted Out Services** – paper J, the expected briefing note on the above subject had been deferred from this agenda due to the workload associated with the financial year-end. The FIC Chair sought and received assurance from the Chief Financial Officer that the proposed reforms would not present a significant risk to UHL, providing that the appropriate tariff adjustments were enacted alongside any changes to the NHS financial architecture. A briefing note would be presented to the June 2019 FIC meeting;
- **Items for scrutiny and information** – the Committee received and noted the following reports for information:-
 Paper K – Timetable for UHL Business Case Approvals;
 Paper L – FIC Calendar of Business 2019/20;
 Paper M – action notes from the Executive Performance Board meeting held on 23 April 2019, and
 Paper N – action notes from the Capital Monitoring and Investment Committee meeting held on 19 March 2019.

Matters requiring Trust Board consideration and/or approval:

Recommendations for approval

- None

Items highlighted to the Trust Board for information

- None

Matters referred to other Committees:

- **None**

Date of next meeting:

27 June 2019