

Cover report to the Trust Board meeting to be held on 7 November 2019

Trust Board paper H1

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):	Paul Traynor, Chief Financial Officer Rebecca Brown, Chief Operating Officer Mark Wightman, Director of Strategy and Communications
Date of last meeting:	31 October 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 31 November 2019:-

- **2019/20 Month 6 Financial Performance** – paper C advised that the Trust had achieved a year-to-date financial deficit of £30.2m, 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 £15.8m which was in line with plan. Discussion took place regarding the key risks which included (a) delivery of the CMG control totals, (b) system imbalance, (c) Commissioner affordability, (d) identification of additional financial recovery actions to bridge the residual planning gap, and (e) the impact of emergency pressures upon elective capacity. Some additional ITU capacity was due to open on the LGH site during week commencing 4 November 2019, which would help to reduce the number of elective cancellations. Locum fill-rates were improving to address the shortfall in the number of clinicians willing to undertake additional sessions as a result of national changes to pension tax allowance. A high number of contractual challenges had been raised by Commissioners, but the Chief Financial Officer advised that there was genuine intent at a system level to ensure that the Trust was paid fairly for the clinical activity undertaken and the level of overdue receivables from the CCGs was expected to reduce significantly once these challenges were resolved. In respect of CMG performance, it was confirmed that each CMG had a clear set of actions required to deliver the best possible outturn in 2019/20 and the 2 CMGs which had been identified as requiring ‘special measures’ under the Accountability Framework were receiving additional support. The Committee requested a detailed briefing on the financial performance of the CHUGGS CMG for November 2019. It was also agreed that the impact of the recently implemented medical pay award would be reported on a separate line in the month 7 financial performance report;
- **Update on the 2019/20 Capital Programme** – the Director of Operational Finance introduced paper F1, updating FIC on the Capital Programme for 2019/20 and advising that the Trust’s bid for £10m of emergency capital had been approved verbally, but written confirmation was still awaited. The Chief Financial Officer and the Director of Strategy and Communications both agreed to write to NHSI/E seeking written confirmation of the emergency capital funding, noting that expenditure would need to be completed within the current financial year to qualify. The Audit Committee Chair expressed concern that she was not currently sighted to the items which had not been prioritised for the 2019/20 Capital Programme. She requested that a short narrative be included in the next iteration of this report setting out the key risks surrounding those schemes which were not being funded for 2019/20. Discussion also took place regarding the ‘State of the Nation’ report on Estates Infrastructure which was scheduled for Trust Board consideration in February 2020;
- **Draft Five Year Capital Programme** – the Director of Operational Finance introduced paper F2, providing the second draft of UHL’s five year capital programme which had been updated to include the £450m capital funding allocation and the additional £10m emergency capital funding. He highlighted the significant challenges for the 2020/21 financial year and the work that would be taking place at the Capital Monitoring and Investment Committee to mitigate any cost pressures on UHL’s internal CRL. FIC agreed to receive regular updates on the five year capital programme;
- **Reconfiguration Programme update and Timetable for Business Case Approvals** – the Director of Estates and Facilities introduced paper L, providing a high level overview of the next steps following the announcement of the £450m capital allocation and the approvals process for the pre-consultation business case. Mr A Johnson, Non-Executive Director noted the need for a wider project plan taking into account the consultation periods, noting that the Development Control Plan included only the construction periods. In response, the Director of Estates and Facilities confirmed that this wider project plan was available, but the document appended to the report was intended to demonstrate how the schemes would be broken down into manageable projects;

- **Alliance Contract Quarterly Update** – paper M provided the quarterly update on operational and financial performance within the Alliance Contract. The report was received and noted and the Chief Financial Officer advised FIC that this model of working was likely to be replicated in future as part of system-wide changes;
- **Update on the Use of Resources Self-Assessment held on 15 October 2019** – paper N briefed the Committee on the Trust’s Use of Resources Assessment which was held on 15 October 2019. The follow-up letter had since been received and the Trust was in the process of compiling the requested evidence for submission to NHSI/E. The outcome of the assessment would be issued by the CQC alongside their main report when it was presented to the Trust for factual accuracy checking;
- **UHL Productivity Improvement Programme (PIP)** – paper O provided an overview of UHL’s Productivity Improvement Programme, advising that savings of £27.0m had been identified against the 2019/20 target of £26.6m. Subject to availability, the Director of Productivity was planning to arrange for presentations on the Outpatients and Coding Improvement productivity themes to be provided at the November 2019 FIC meeting. This item would therefore feature in the ‘for exploration’ section of the FIC agenda for that meeting;
- **Review of Board Assurance Framework 2019/20 – Principal Risk 9** – paper P provided the latest iteration of BAF Principal Risk 9 (failure to meet the financial control total including through improved productivity). For September 2019, the actual risk score rating was 16 and the target rating was 12, but members noted that these ratings had been accidentally transposed within the report. In addition, the Chief Financial Officer and the Director of Operational Finance were invited to review whether the target ratings of 8 in December 2019 and March 2020 were likely to be achievable;
- **Items for scrutiny and information** – the Committee received and noted the following reports for information:-
Paper Q – FIC Calendar of Business 2019/20;
Paper R – action notes from the Executive Performance Board meeting held on 24 September 2019, and
Paper S – schedule of FIC Meeting dates in 2020/21.

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:

28 November 2019