

Cover report to the Trust Board meeting to be held on 1 October 2020

Trust Board paper H3

Report Title:	Finance and Investment Committee – Committee Chair’s Report
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Reporting Committee:	Finance and Investment Committee
Chaired by:	Andrew Johnson Non-Executive Director
Lead Executive Director(s):	Simon Lazarus Interim Chief Financial Officer, Debra Mitchell Acting Chief Operating Officer
Date of FIC:	24 September 2020

Summary of key public matters considered by the Committee:

This report provides a summary of the key public issues considered by the Finance and Investment Committee on 24 September 2020 (*involving Mr A Johnson FIC Non-Executive Director Chair, Mr M Traynor Non-Executive Director [part], Mr M Williams Non-Executive Director, Ms D Mitchell Acting Chief Operating Officer, Mr J Shuter Director of Operational Finance, Miss M Durbridge Director of Quality Transformation and Efficiency Improvement, Mr R Cooper Financial Improvement Director, and Mr S Pizzey Head of Strategy and Planning [part]*). NB: full Minutes will be issued prior to the October 2020 FIC and November 2020 Trust Board meeting.

- **Minutes of the FIC assurance conference call held on 27 August 2020** – these were approved as presented, noting that detailed summaries of that meeting had been submitted to the Trust Board on 3 September 2020.
- **FIC 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.
- **2020/21 financial performance month 5** – the Director of Operational Finance briefed FIC on the month 5 position (breakeven including £39.9m Top Up funding. Excluding Top Up funding, the Trust’s position was a £39.9m deficit which was £11.7m favourable to plan. Although recognising the need to continue improving the underlying financial position, the Director of Operational Finance noted that UHL currently continued to perform better than expected against plan. The FIC Non-Executive Director Chair emphasised the need to understand (and emphasise in communication) UHL’s underlying deficit further, to learn more about current performance v. expectations. The FIC Non-Executive Director Chair welcomed UHL’s positive cash position in the month and overall. With regard to UHL’s 2020/21 capital programme, expenditure as at month 5 stood at £18.2m (v. £27m plan), which was discussed further below. Following previous FIC requests, pay analysis information was included as an appendix to the month 5 finance report. The Director of Operational Finance advised that UHL had a strong grip on its current year pay expenditure (including regular reviews of the pay position) and recognised the need to reduce headcount. The Director of Operational Finance provided reassurance of the need to focus on how UHL’s efficiency programmes would reduce both premium pay expenditure and overall headcount, noting that a rigorous quality impact assessment process was in place to review the patient safety aspects of any such schemes. Given that pay expenditure was the largest spend for the Trust, and noting the need for clear understanding of payroll increases/decreases including inflation elements, the FIC Non-Executive Director Chair welcomed the pay analysis information and requested that it be retained in the report going forwards (accompanied by data on WTE increases/decreases). Mr M Williams Non-Executive Director suggested a need to review how headcount was impacted by safer staffing requirements, vacancies, and sickness absence levels.

The Director of Operational Finance also confirmed that UHL’s national costing return would be presented to the October FIC for retrospective endorsement, with a view to reviewing this at FIC in September from 2021 onwards (ie ahead of the required submission). The FIC Chair pressed the Director of Operational Finance as to why the submission had not been available for this FIC, the reasons for which were now explained. In further discussion on the 2020/21 finance report for month 5, the FIC Non-Executive Director Chair noted he need for the Interim Chief Financial Officer and the Director of Operational Finance to be appropriately mindful of the 2021/22 financial and business planning cycle and to progress this at the appropriate time. The Director of Operational Finance provided assurance that he would agree a plan of action with the Interim Chief Financial Officer, the Acting Chief Operating Officer, and the Head of Strategy and Planning, noting that the next year’s planning process would normally start in October/November.

- **2020/21 capital plan** – the Director of Operational Finance briefed FIC on the Trust’s 2020/21 capital plan, noting the beneficial impact of £7.1m of national critical infrastructure funding. He also outlined potential risk factors to the programme, expressing his view that the quantum of that risk could be managed. 2020/21 expenditure as at

August 2020 stood at £18.2m against a £93.6m programme, and the FIC Non-Executive Director Chair voiced concern that the programme was significantly behind plan; he considered that this indicated a lack of control and planning, and he strongly emphasised the need for allocations to be spent in a timely manner. In response, the Director of Operational Finance provided reassurance that the capital plan spend was being appropriately re-profiled, with an updated, more realistic forecast scheduled for the October 2020 FIC. The Director of Operational Finance also advised that UHL's Capital Monitoring and Investment Committee would be focusing on delivery, and reporting upwards to the Financial Recovery Board. Although agreeing broadly with the FIC Non-Executive Director Chair's view, the Acting Chief Operating Officer noted the impact of Covid-19 on some aspects of the programme. Although reassured that the Director of Operational Finance was reviewing the process, the FIC Non-Executive Director Chair advised that he was not assured by the current progress of capital expenditure levels, and he requested that an appropriate format be developed for identifying and reporting back to FIC which capital schemes were on/off track each month.

- **Strengthening the UHL finance department update (verbal update)** – the Director of Operational Finance reported the good recruitment progress being made on strengthening senior finance resource within UHL. Some of the additional welcomed interim support from NHSE/I was also being targeted to the Trust's financial services function, including a review of the accounts close-down process for coming years (eg introducing a month 9 hard close, reflecting good practice). The anticipated substantive appointments would enable the Interim Chief Financial Officer and Director of Operational Finance to focus on priorities such as UHL's efficiency programme. In response to a query from the FIC Non-Executive Director Chair, the Director of Operational Finance considered that the recruitment programme to strengthen UHL's senior finance function was on track. FIC took assurance from this update.
- **Financial Recovery Board (FRB)** – FIC received and noted the action notes from meetings of the FRB meetings held on 25 August 2020 and 8 September 2020, and the agenda from the most recent (22 September 2020) FRB. Noting his previous concerns, the FIC Non-Executive Director Chair considered that these documents evidenced that FRB was now increasing its focus on its primary purpose of driving financial recovery, which he welcomed. The FIC Non-Executive Director Chair also particularly welcomed the Director of Quality Transformation and Efficiency Improvement's input to FRB. The Director of Operational Finance echoed these points, noting that resolving the 2020/21 investment round had required FRB attention previously. In further discussion, the FIC Non-Executive Director Chair emphasised, however, the need for FRB to delegate appropriate operational issues within the organisation, in order to ensure that it could focus on driving financial recovery through directing and delegating the resources available to it.
- **Items for noting** – the following reports were received for information:-
 - Executive Performance Board action notes from 25 August 2020, and
 - Executive Performance Board agenda from 22 September 2020.

Public 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 FIC meeting:	29 October 2020
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