

Trust Board paper G3

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD**

**DATE OF TRUST BOARD MEETING: 3 December 2020**

**COMMITTEE: Finance and Investment Committee (FIC)**

**CHAIR: Mr A Johnson, Non-Executive Director and FIC Chair**

**DATE OF COMMITTEE MEETING: 29 October 2020**

**RECOMMENDATIONS MADE BY THE COMMITTEE FOR PUBLIC CONSIDERATION BY THE TRUST BOARD:**

- updated iteration of the financial governance improvement plan (Minute 56/20 – recommended item due to inaccuracy)

**OTHER KEY ISSUES IDENTIFIED BY THE COMMITTEE FOR NOTING BY THE PUBLIC TRUST BOARD:**

- None

**DATE OF NEXT COMMITTEE MEETING: 26 November 2020**

**Mr A Johnson, Non-Executive Director and FIC Chair**

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF A PARTIALLY INQUORATE FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING,  
HELD VIRTUALLY ON THURSDAY 29 OCTOBER 2020 AT 9AM VIA MICROSOFT TEAMS**

\* = partly inquorate items    \*\* = wholly inquorate items

**Voting Members Present:**

Mr A Johnson – Non-Executive Director (Committee Chair)

Mr S Lazarus – Interim Chief Financial Officer (excluding Minute 55/20 [part], and Minutes 56/20 and 57/20)

Ms D Mitchell – Acting Chief Operating Officer (excluding Minute 55/20 [part], and Minutes 56/20 and 57/20)

Mr M Traynor – Non-Executive Director (excluding Minutes 53/20, 54/20, and 62/20/2 – 62/20/4, and Minute 62/20/6)

**In Attendance:**

Mr A Carruthers – Chief Information Officer (for Minute 54/20)

Mr R Cooper – Financial Improvement Director (NHSE/I) (excluding Minute 55/20 [part], and Minutes 56/20 and 57/20)

Mr D Kerr – Director of Estates and Facilities (for Minutes 53/20, 62/20/1 and 62/20/2 [part])

Mr J Shuter – Director of Operational Finance

Ms H Stokes – Corporate and Committee Services Manager

Mr M Williams – Non-Executive Director

**ACTION**

**RECOMMENDED ITEMS**

- 53/20        REPORT FROM THE DIRECTOR OF ESTATES AND FACILITIES**
- Recommended** – that this item be classed as confidential and taken in private accordingly.
- 54/20        REPORT FROM THE CHIEF INFORMATION OFFICER**
- Recommended** – that this item be classed as confidential and taken in private accordingly.
- 55/20        \* REPORT FROM THE INTERIM CHIEF FINANCIAL OFFICER**
- Recommended** – that this item be classed as confidential and taken in private accordingly.
- 56/20        \*\* FINANCIAL GOVERNANCE IMPROVEMENT PLAN**
- Recommended** – that the update report be noted for information.
- 57/20        \*\* REPORT FROM THE INTERIM CHIEF FINANCIAL OFFICER**
- Recommended** – that this item be classed as confidential and taken in private accordingly.

**RESOLVED ITEMS**

- 58/20        APOLOGIES FOR ABSENCE**
- There were no apologies for absence.
- 59/20        DECLARATIONS OF INTERESTS**
- Mr A Johnson FIC Non-Executive Director Chair, the Interim Chief Financial Officer, and Mr J Shuter Director of Operational Finance declared their roles as (respectively) Non-Executive Chair, and the Finance Director and Company Secretary of Trust Group Holdings Ltd. Mr M Traynor Non-Executive Director also declared his role with the Cabinet Office as Small Business Crown Representative. As these were judged by the Committee to be non-prejudicial interests, they remained present at the meeting.
- Resolved** – that the declarations of interests be noted.

60/20 MINUTES OF SEPTEMBER 2020 FIC

**Resolved** – that the Minutes of the 24 September 2020 Finance and Investment Committee be confirmed as a correct record.

61/20 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. With regard to the September 2020 discussion on the causative factors behind headcount increases, the FIC Non-Executive Director Chair requested that the Director of Operational Finance contact the Deputy Director of HR and the Workforce Manager to discuss (i) the causative factors behind UHL's headcount increase, and (ii) how those factors can be controlled by UHL, and then report accordingly to FRB and FIC. With regard to the underlying causes of the Trust's deficit, the FIC Non-Executive Director Chair advised of his wish to understand the split between exceptional developments and 'business as usual' elements – the Interim Chief Financial Officer advised that he would report to Trust Board in March 2021, following joint Corporate Operations and Finance-led work to understand how far the costs in the 2<sup>nd</sup> half of 2020/21 were genuinely non-recurrent.

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**Resolved** – that the matters arising log be noted and updated to reflect any further verbal updates now provided, and any related actions be progressed by the identified lead.

LEADS

61/20/1 Update from the Director of Estates and Facilities and the Director of Quality Transformation and Efficiency Improvement

**Resolved** – that this item be classed as confidential and taken in private accordingly.

61/20/2 Report by the Financial Improvement Director

**Resolved** – that this item be classed as confidential and taken in private accordingly.

62/20 KEY ISSUES FOR DISCUSSION AND ASSURANCE

62/20/1 Report from the Director of Estates and Facilities

**Resolved** – that this item be classed as confidential and taken in private accordingly.

62/20/2 Report from the Director of Estates and Facilities

**Resolved** – that this item be classed as confidential and taken in private accordingly.

62/20/3 Report from the FIC Non-Executive Director Chair

**Resolved** – that this item be classed as confidential and taken in private accordingly.

62/20/4 Report from the Interim Chief Financial Officer

**Resolved** – that this item be classed as confidential and taken in private accordingly.

62/20/5 2020/21 Transformation/Cost Improvement Programme (CIP) Schemes Update

Paper I from the Director of Quality Transformation and Efficiency Improvement updated FIC on the progress of the Trust's £8m cost improvement programme for months 7-12 of 2020/21. The Director of Quality Transformation and Efficiency Improvement, Project Management Office (PMO), Interim Chief Financial Officer and Director of Operational Finance were all reinforcing the need for appropriate governance, responsibility, and rigour to Clinical Management Groups (CMGs) and Corporate Directorates. Differential CIPs had been set for 2020/21, and schemes were only included on the tracker once signed off by the appropriate Head of Finance (thus confirming that postholder's accountability for and ownership of the scheme). Executive-level ownership was then monitored through the Financial Recovery Board by the appropriate Executive Director Senior Responsible Officer. Approximately 600

schemes were currently included on the overarching CIP tracker, which was monitored daily and was supported by very detailed underpinning information at CMG level. The Director of Quality Transformation and Efficiency Improvement shared an updated iteration of the CIP tracker at the FIC meeting, noting that £5.281m of the 2020/21 CIP had now been identified, with a further circa £1m of schemes currently being worked up. The Director of Quality Transformation and Efficiency Improvement noted her high level of confidence in the £5.281m on the tracker, and she outlined the actions underway to identify the remaining amount, including work with the Alliance and also a key focus on UHL premium pay costs across all CMGs. The PMO was meeting with all CMGs to understand their premium pay costs (bank, locum and agency spend information had been requested from all areas) and explore any local blockers to reducing those.

Although welcoming the report, the FIC Non-Executive Director Chair emphasised the crucial need for CMGs to have a real understanding of the evidential basis for their CIP schemes, eg what savings would be delivered and when, and he considered that this needed strengthening. In identifying the remainder of the 2020/21 CIP, the FIC Non-Executive Director Chair also emphasised the need to focus attention appropriately on the areas of highest-opportunity – in response, the Director of Quality Transformation and Efficiency Improvement provided assurance that such a focus was in place, but she noted her wish also not to lose sight of Alliance-related transformational opportunities. In response to a query from Mr M Traynor Non-Executive Director re: weekly pay arrangements, the Director of Quality Transformation and Efficiency Improvement advised that further work was needed to improve the accessibility of UHL's staff bank processes. The Acting Chief Operating Officer supported the Director of Quality Transformation and Efficiency Improvement's view that there was further scope to reduce the Trust's premium pay costs, and she emphasised the need for appropriate pace on making any changes. The FIC Non-Executive Director Chair reiterated the need for accurate data, and reminded members that only the premium time element of pay costs would be saved.

The FIC Non-Executive Director Chair considered that the CIP position was likely to be significantly challenging for the remainder of 2020/21, and highlighted his concerns at the meeting. He also noted his view that there was likely to be some slippage on the already-identified schemes, leading to a potential increase in the current shortfall. In terms of delivery of the wider financial position, the Financial Improvement Director emphasised the need to improve UHL's forecasting ability re: ongoing costs. The Financial Improvement Director welcomed the improvements made to the previous CIP process – although noting that the 2020/21 CIP was relatively small compared to the Trust's overall budget, he noted the key importance of having a realistic and workable CIP process in place to maximise delivery, even if the programme was not delivered in full. The Financial Improvement Director also advised of the need to be clear on the full year effect of CIPs for the 2021/22 year, emphasising the importance of robust delivery ability within CMG management teams.

**Resolved – that the update on the 2020/21 transformation and CIP schemes be noted.**

62/20/6 Report from the Interim Chief Financial Officer

**Resolved – that this item be classed as confidential and taken in private accordingly.**

62/20/7 Financial Recovery Board (FRB)

FIC received and noted the action notes from the FRB meetings held on 22 September 2020 and 6 October 2020, and the actions and agenda from the most recent (20 October 2020) FRB. The FIC Non-Executive Director Chair welcomed the changes to the latest FRB agenda, demonstrating an improved focus on its primary purpose of driving financial recovery, and emphasised the need to keep this focus on track.

**Resolved – that the actions from and agenda (and the comments thereon) for the Financial Recovery Board meetings be noted and acted on, or reasons given for non-compliance for FIC to review.**

63/20 **ITEMS FOR NOTING**

**Resolved – that the Executive Performance Board action notes from 22 September 2020 and the agenda from the Executive Finance and Performance Board meeting held**

on 27 October 2020 be noted for information.

**64/20 ANY OTHER BUSINESS**

There were no items of any other business.

**65/20 IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD**

**Resolved** – that the item in private Minutes 53/20 and 54/20 be recommended for approval by the 5 November 2020 Trust Board, and the item in private Minute 62/20/2 be highlighted to the 5 November 2020 Trust Board for information.

**FIC NED  
CHAIR**

**66/20 DATE OF NEXT MEETING**

**Resolved** – that the next meeting of the Finance and Investment Committee be held virtually on Thursday 26 November 2020, from 9am to 11.15am via Microsoft teams.

The meeting closed at 11.31am

Helen Stokes **Corporate and Committee Services Manager**

**FIC Attendance Record 2020/21**

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
A Johnson (Chair)	7	7	100	S Lazarus	7	5	71
K Jenkins (until end June 2020)	3	3	100	D Mitchell (Sep+)	2	2	100
				M Traynor	7	7	100

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
J Shuter	7	6	86	M Williams (Sep+)	2	2	100