

Trust Board paper K3

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 5 November 2020

COMMITTEE: Finance and Investment Committee (FIC)

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

DATE OF COMMITTEE MEETING: 24 September 2020

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

- None

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

- None

DATE OF NEXT COMMITTEE MEETING: 29 October 2020

Mr A Johnson, Non-Executive Director and FIC Chair

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD VIRTUALLY ON THURSDAY 24 SEPTEMBER 2020 AT 9AM VIA MICROSOFT TEAMS

Voting Members Present:

Mr A Johnson – Non-Executive Director (Committee Chair)
Ms D Mitchell – Acting Chief Operating Officer
Mr M Traynor – Non-Executive Director (up to and including Minute 48/20/2)

In Attendance:

Mr R Cooper – Financial Improvement Director (NHSE/I)
Miss M Durbridge – Director of Quality Transformation and Efficiency Improvement
Mr S Pizzey – Head of Strategy and Planning (for Minute 48/20/2)
Mr J Shuter – Director of Operational Finance
Ms H Stokes – Corporate and Committee Services Manager
Mr M Williams – Non-Executive Director

ACTION

RECOMMENDED ITEMS

43/20 REPORT FROM THE DIRECTOR OF QUALITY TRANSFORMATION AND EFFICIENCY IMPROVEMENT

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

RESOLVED ITEMS

44/20 APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr S Lazarus Interim Chief Financial Officer.

45/20 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.

46/20 MINUTES OF AUGUST 2020 FIC ASSURANCE CONFERENCE CALL

Resolved – that the Minutes of the 27 August 2020 Finance and Investment Committee assurance conference call be confirmed as a correct record.

47/20 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.

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

LEADS

47/20/1 Update from the Director of Estates and Facilities

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

48/20 KEY ISSUES FOR DISCUSSION AND ASSURANCE

48/20/1 Report from the Director of Operational Finance

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

48/20/2 Report from the Acting Chief Operating Officer

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

48/20/3 2020/21 Month 5 Financial Position

Paper E from 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). August 2020 Covid-19 expenditure had amounted to £21m, reflecting lower than expected Covid-19-related activity. 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 in Minute 48/20/5 below).

ICFO

Following previous FIC requests, pay analysis information (adjusted for inflation) was included as an appendix to the month 5 finance report. The Director of Operational Finance stated that UHL appeared to have a strong grip on its current year pay expenditure (including regular reviews of the pay position) and recognised the need to reduce headcount, noting that the Trust had seen an increase in pay expenditure over the last 2 years. 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 paybill 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 and pay increases/decreases). The FIC Non-Executive Director Chair also welcomed the fact that inflation costs were now included in the pay analysis. Mr M Williams Non-Executive Director suggested a need to review how headcount was impacted by safer staffing requirements, vacancies, and sickness absence levels.

**ICFO/
DOF**

ICFO

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 date). The FIC Chair pressed the Director of Operational Finance as to why this year's submission had not been available for this FIC, the reasons for which were now explained and were linked to the annual accounts process. 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, to plan ahead and 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.

DOF

DOF

Resolved – that (A) greater clarity be provided in future monthly reports re: the underlying element of the Trust deficit;

ICFO

(B) new appendix 3 (pay analysis) be retained in the monthly finance report, supplemented by information on the increase/decrease in WTEs;

ICFO

(C) consideration be given to an appropriate time (and forum) for a wider review of how headcount was impacted by safer staffing requirements, vacancies, and sickness

ICFO

absence levels;

(D) the planning timetable for 2021/22 be discussed with the Interim Chief Financial Officer, Acting Chief Operating Officer, and the Head of Strategy and Planning, and DOF

(E) from 2021 onwards, UHL's national costing return be presented to FIC for review and approval ahead of the national submission date (noting that the current year submission would be presented to the October 2020 FIC for retrospective approval). DOF

48/20/4 Report from the Director of Operational Finance

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

48/20/5 2020/21 Capital Plan Update

Paper G from 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. The Director of Operational Finance outlined potential risk factors to the programme, expressing his view that the quantum of that risk could be managed and noting the need for robust management of in-year allocations. 2020/21 capital plan 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. He strongly emphasised the need for allocations to be spent in a timely manner and for schemes to be progressed to the original plan. 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 [phasing] aspects of the programme.

DOF

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 projects, and he requested that an appropriate "exception report" format be developed for identifying and reporting back to FIC which capital schemes were on/off track each month.

DOF

Resolved – that (A) an appropriate format be developed for identifying and reporting back to FIC which capital schemes were on/off track each month, and DOF

(B) an updated, re-profiled 20/21 capital plan be presented to the October 2020 FIC. DOF

48/20/6 Strengthening the UHL Finance Department – Update

The Director of Operational Finance reported verbally 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 also enable the Interim Chief Financial Officer and Director of Operational Finance to focus on priorities such as UHL's efficiency programme, winter funding needs, etc. 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.

Resolved – that the update on strengthening the UHL finance department be noted.

48/20/7 Report from the Director of Financial Improvement

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

48/20/8 Financial Recovery Board (FRB)

FIC received and noted the action notes from 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.

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.

49/20 ITEMS FOR NOTING

Resolved – that the Executive Performance Board action notes from 25 August 2020) and the agenda from the EPB meeting held on 22 September 2020 be noted for information.

50/20 ANY OTHER BUSINESS

There were no items of any other business.

51/20 IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD

Resolved – that the item in private Minute 43/20 be recommended for approval by the 1 October 2020 Trust Board, and the item in private Minute 48/20/2 be highlighted to the 1 October 2020 Trust Board for information. **FIC NED CHAIR**

52/20 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Investment Committee be held virtually on Thursday 29 October 2020, from 9am to 11am via Microsoft teams.

The meeting closed at 11.05am

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)	6	6	100	S Lazarus	6	4	67
K Jenkins (until end June 2020)	3	3	100	D Mitchell (Sep+)	1	1	100
				M Traynor	6	6	100

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
J Shuter	6	5	83	M Williams (Sep+)	1	1	100