

Cover report to the Trust Board meeting to be held on 9 January 2020

Trust Board paper L1

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):	Simon Lazarus, Interim Chief Financial Officer
Date of last meeting:	19 December 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 19 December 2019:-

- 2019/20 Month 8 Financial Performance** – paper C advised that the Trust had achieved a year-to-date financial deficit of £33.2m, 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 £11.4m which was in line with plan. The Director of Operational Finance highlighted (a) the accelerated use of £1.2m central reserves in month 8, (b) the impact of emergency activity pressures within the non-elective pathways, (c) strong elective performance against plan for month 8, and (d) work with Commissioners to agree the contractual position for 2019/20. Particular discussion took place regarding the concept of accelerating the use of central reserves, the phasing of PSF monies, risks relating to delivery of the CMG control totals, improving performance in Critical Care and ECMO activity, and the financial recovery actions that were required to deliver the year-end control total for 2019/20. Mr A Johnson, Non-Executive Director requested information on the quantum of the quarter 2 PSF income and the Director of Operational Finance agreed to provide this (outside the meeting);
- UHL Productivity Improvement Programme (PIP)** – the Director of Productivity introduced paper E providing an overview of UHL’s Productivity Improvement Programme, advising that savings of £26.9m had been identified against the 2019/20 target of £26.6m. Further improvement had been made by the CHUGGS CMG and it was only the MSS CMG where there was some concern about delivering their agreed PIP target. FIC received updated information on the programme of Getting it Right First Time (GIRFT) reviews, the Integrated Leadership Development Programme, Section 106 agreements, and the assumptions for productivity improvements in 2020/21. The Outpatients Transformation Manager attended the meeting to provide a presentation on Outpatient Transformation and opportunities to improve system working. FIC noted the significant benefits of this work stream and debated the proportion of savings that could be delivered by taking costs out, rather than improving income. The Chief Operating Officer noted her concerns about the Theatre Productivity Programme, noting the need to remove fixed costs in the event that utilisation of theatre sessions was reduced;
- Update on the 2019/20 Capital Programme** – the Director of Operational Finance introduced paper G1, updating FIC on the Capital Programme for 2019/20 and advising that written approval was still awaited for the Trust’s bid for £10m of emergency capital. The Interim Chief Financial Officer advised that written approval was expected to be received by the end of the week. The challenge to spend this additional capital within the current financial year had become greater with the delayed authorisation, but assurance was provided that this could be achieved through bringing forward key procurement schemes and slipping longer-term backlog maintenance schemes into the early part of 2020/21. Discussion took place regarding UHL’s Endoscopy Decontamination Project which was now being funded through the Reconfiguration Programme. The Chief Operating Officer sought and received assurance that £1.3m expenditure had been set aside for procurement of additional endoscopy equipment. FIC recognised the achievements of Mr M Norton, General Manager Medical Physics and his team who had been instrumental in preparing the successful national funding bid for 2 diagnostic CT machines at the LRI and mammography diagnostic equipment at the LGH;
- Reconfiguration Programme update and Timetable for Business Case Approvals** – the Director of Estates and Facilities reported verbally on progress since the announcement of the £450m capital allocation for UHL’s Reconfiguration Programme, advising that the notes of the Trust Board thinking day discussion held on 12 December 2019 were currently being validated by the Director of Corporate and Legal Affairs and they would be circulated imminently. The consultation process was now expected to commence on 31 March 2020. Project resources had been agreed at a recent Executive Planning Meeting and the proposed governance arrangements were planned to be discussed at the 16 January 2020 Trust Board thinking day. It was hoped that the ‘fly through’ visualisation tool would also be available for the same thinking day. A formal report on the arrangements for delivering the Reconfiguration Programme would be presented to the Trust Board

in February 2020. For members' information, the Chief Executive reported that Ms L Gale would not now be leaving the Trust as she had recently been appointed as the Senior Finance Manager for the Reconfiguration Programme;

- **Items for scrutiny and information** – the Committee received and noted the following reports for information:-
Paper J – FIC Calendar of Business 2019/20, and
Paper K – action notes from the Executive Performance Board meeting held on 26 November 2019.

Matters requiring Trust Board consideration and/or approval:

Recommendations for approval

- **Procurement and Supplies Strategy 2019-2022** – Mr D Streets, Head of Procurement and Supplies attended the meeting to present paper H, providing an update on year-to-date performance against the current procurement strategy and seeking approval of the new Procurement and Supplies Strategy for 2019-2022. He provided a detailed overview of delivery against key performance metrics, progress with procurement cost improvement schemes (noting that the target of £8.1m savings in 2019/20 was expected to be achieved), recent awards won by the service, key actions for the next 12 months, and the arrangements for staff involvement and engagement. The Committee endorsed the Procurement and Supplies Strategy for Trust Board approval. Discussion took place regarding the changing NHS Procurement landscape and the impact upon UHL's services. Assurance was provided that the Trust was working closely with the NHS Supply Chain in order to maximise the benefits of value based procurement.

Items highlighted to the Trust Board for information

- None

Matters referred to other Committees:

- None

Date of next meeting:

30 January 2020