

*Published on the external website with the papers for 1.7.21 Trust Board meeting but not included in the Trust Board packs for this meeting.*

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

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

**DATE OF TRUST BOARD MEETING: 1 July 2021**

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

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

**DATE OF COMMITTEE MEETING: 27 May 2021**

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

- 2021/22 H1 draft financial plan (Minute 48/21),
- 2021/22 draft capital plan (Minute 49/21)

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

- Critical infrastructure risk management (Minute 54/21/2), and
- 2021/22 month 1 financial position (Minute 54/21/3).

**DATE OF NEXT COMMITTEE MEETING: 24 June 2021**

**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 27 MAY 2021 AT 9AM VIA MICROSOFT TEAMS**

**Voting Members Present:**

Mr A Johnson – Non-Executive Director (Committee Chair)  
Col (Ret'd) I Crowe – Non-Executive Director  
Mr S Lazarus – Chief Financial Officer  
Ms D Mitchell – Acting Chief Operating Officer  
Mr B Patel – Non-Executive Director

**In Attendance:**

Mr N Bond – Deputy Director of Estates and Facilities (for Minute 46/21, 47/21, and 54/21/1)  
Ms D Briggs – Interim Associate Director of Finance (for Minute 54/21/6)  
Mr R Cooper – Financial Improvement Director  
Miss M Durbridge – Director of Quality Transformation and Efficiency Improvement  
Ms K Gillatt – Associate Non-Executive Director  
Mr D Kerr – Director of Estates and Facilities (for Minute 46/21, 47/21, and 54/21/1)  
Mr I Orrell – Associate Non-Executive Director  
Mr J Shuter – Director of Operational Finance  
Ms H Stokes – Corporate and Committee Services Manager  
Mr M Williams – Non-Executive Director

**ACTION**

**RECOMMENDED ITEMS**

**46/21 REPORT FROM THE DIRECTOR OF ESTATES AND FACILITIES**

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

**47/21 REPORT FROM THE DIRECTOR OF ESTATES AND FACILITIES**

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

**48/21 2021/22 H1 FINANCIAL PLAN**

Further to Minute 34/21 of 29 April 2021, the Chief Financial Officer presented the updated draft financial expenditure plan for the first half (“H1”) of 2021/22 at paper E. The report set out the underpinning assumptions and approach used to develop the plan, highlighted any potential risks to delivery and the proposed mitigations, and in appendix 1 described the changes from Q3 2020/21 to H1 2021/22. A previous iteration of the draft plan had been reviewed by FIC in April 2021 and a draft version had been submitted – as required – to NHSE/I on 6 May 2021. As previously reported, the national planning guidance (issued on 25 March 2021) had confirmed that 2021/22 H1 should be based on activity assumptions experienced in quarter 3 of 2020/21, with H1 equating therefore to Q3 x 2 plus inflation. The draft financial plan for H1 2021/22 prepared on this basis anticipated a break-even position for UHL including the receipt of £21.1m system headroom funding (non-recurrent) and £618m expenditure, and the Director of Operational Finance emphasised the need now to focus on delivery of that plan. The consolidated H1 plan at system-level was also a break-even position.

The FIC Non-Executive Director Chair considered that the draft UHL plan was sensible, reflected a reasonable settlement, and would enable the Trust to meet its H1 requirements. Mr I Orrell Associate Non-Executive Director requested assurance on whether (in addition to delivering H1) the H1 plan also appropriately positioned UHL to deliver H2, and the Chief Financial Officer advised that in essence the H1 plan did not change the 2021/22 underlying £109m deficit position and he emphasised the crucial importance of the Trust’s Cost Improvement Programme (CIP) overall. With regard to the 2021/22 H1 CIP, Mr M Williams Non-Executive Director reiterated his comments from the April 2021 FIC, emphasising his continued considerable concerns over the delivery of the £4.8m and the need to move forward on that as a matter of urgency. He noted NHSE/I’s very clear expectations of delivery and advised that he would have welcomed a larger CIP target. Mr M Williams Non-Executive Director also strongly emphasised the need to remain focused on progress re: delivering the

2021/22 overall £35m CIP plan, which was echoed by the FIC Non-Executive Director Chair. These concerns would be highlighted to the Trust Board by FIC when recommending the 2021/22 H1 financial plan for approval.

FIC NED  
CHAIR

In further discussion on the draft 2021/22 H1 financial plan, Mr B Patel Non-Executive Director queried what methodology and clear parameters were in place for agreeing the allocation of the system headroom monies. In response, the Chief Financial Officer advised that this was done on the basis of collaborative discussion at CFO-level between system partners, taking an approach therefore of trust and partnership working rather than a more transactional/contractual stance. The Chief Financial Officer provided assurance that system clinical colleagues had also been appropriately involved in the discussions on sharing risks and opportunities, and he considered that the process had been a good one. At present, there were no further formal monies available to UHL beyond the £21.1m already reflected in the plan. Additional system transformation monies were available, however, and the Director of Quality Transformation and Efficiency Improvement provided assurance to FIC that those funds were being bid for by UHL where appropriate.

In response to a query from the FIC Non-Executive Director Chair on the quantum of the ERF monies, the Chief Financial Officer advised that the financial value of achieving the Elective Recovery Fund (ERF) targets in H1 was not yet known, but would be included in the H1 outturn forecast being developed for month 2. In response to a further query from the FIC Non-Executive Director Chair re: surpluses from Q3 of 2020/21, the Chief Financial Officer outlined the H1 system allocation for 2021/22 (£21.1m from the overall headroom monies agreed to be allocated to UHL). Noting its continued concerns over the CIP plan (size and progress) and the need to progress the CIP as a matter of urgency, FIC endorsed the 2021/22 draft H1 financial plan for Trust Board approval.

FIC NED  
CHAIR

**Recommended – that (A) the 2021/22 H1 draft financial plan be endorsed as presented and recommended for Trust Board approval, noting concerns over the CIP, and**

FIC NED  
CHAIR

**(B) (in the H1 outturn forecast being developed for month 2) the financial value of achieving the Elective Recovery Fund (ERF) targets in H1 be confirmed.**

CFO

#### 49/21 CAPITAL PLAN 2021/22

Due to time constraints at the April 2021 FIC it had not been possible to review the 2021/22 draft £80.3m capital plan in detail, and the plan was therefore now re-presented for review with an update on month 1 performance (paper I). Actual committed expenditure in month 1 was £4.1m against £4.7m planned, and the position would continue to be closely reviewed on a monthly basis through improved Capital Monitoring and Investment Committee reporting. The Director of Operational Finance advised FIC that UHL had a good understanding of its capital programme and processes; given the challenges posed by late in-year national capital allocations it was key to remain agile and appropriately-sighted to developments. The FIC Non-Executive Director Chair commented that the draft plan was based on constrained capital availability, and the Director of Operational Finance advised FIC that the UHL 2021/22 capital programme was essentially cash financed, avoiding borrowing as far as possible. FIC endorsed the 2021/22 draft capital plan for Trust Board for approval (noting that FIC had endorsed the schemes progression at its April 2021 meeting).

FIC NED  
CHAIR

**Recommended – that the 2021/22 draft capital plan be endorsed as presented, and recommend it for Trust Board approval.**

FIC NED  
CHAIR

### **RESOLVED ITEMS**

#### 50/21 APOLOGIES FOR ABSENCE

None.

#### 51/21 DECLARATIONS OF INTERESTS

Mr A Johnson FIC Non-Executive Director Chair, Ms K Gillatt, Associate Non-Executive Director, Mr S Lazarus Chief Financial Officer, and Mr J Shuter Director of Operational Finance declared their roles as (respectively) Non-Executive Chair, Non-Executive Directors, and Finance Director and Company Secretary of Trust Group Holdings Ltd. 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.**

**52/21 MINUTES**

**Resolved – that the Minutes of the 29 April 2021 Finance and Investment Committee be confirmed as a correct record.**

**53/21 MATTERS ARISING LOG**

Paper B updated FIC on the status of actions from previous meetings, and the FIC Non-Executive Director Chair welcomed the progress being made in (appropriately) closing those. He noted that several papers had been submitted in a more timely manner this month, although there was still room for continued improvement. Noting the discussions held with the Emergency and Specialist Medicine Clinical Management Group on action 17 of paper B, FIC agreed to a revised September 2021 action date. This and any other additional verbal updates now provided would be included in the next iteration of the action log (for the June 2021 FIC).

**Resolved – that the matters arising log and associated updates be noted, and any further actions required be taken forward by the appropriate named lead.**

**NAMED  
LEAD(S)**

**54/21 KEY ISSUES FOR DISCUSSION AND ASSURANCE**

54/21/1 Report from the Director of Estates and Facilities

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

54/21/2 Critical Infrastructure Risk Management

In addition to the 2021/22 capital plan at Minute 49/21 above, FIC also received a report on the methodology for the prioritisation of capital investment for critical infrastructure projects to ensure safe delivery of services. This covered issues such as fire, water compliance, food safety, and critical ventilation. The Director of Estates and Facilities welcomed that UHL was in the position of being able to develop and progress this plan earlier in the year than previously, and he advised FIC that the proposed £10.4m critical infrastructure risk (CIR) investment was in line with the assumptions in the Estates 'state of the nation' report (that report was also being refreshed through Summer 2021). The investments were risk based, and used information from condition and compliance reports (including the previous 6-facet survey), as well as being driven by business continuity needs and statutory compliance requirements. This assessment was an iterative process, also involving Operations and clinical colleagues, and also looked at pre-emptive management of risks. The estates capital management group had now been reinstated and would monitor all schemes closely. The report set out the overall critical infrastructure risk position by UHL site, split into high/significant/moderate/low risk categories. Investment would be focused on statutory responsibility areas. The Deputy Director of Estates and Facilities advised FIC that the costs in the report excluded VAT, professional fees, project management and decant costs. The FIC Non-Executive Director Chair noted that the state of the nation report had previously highlighted some concerns over the backlog maintenance position, and he commented that residual risk would remain after this proposed investment.

Noting the crucial importance of this issue, Mr B Patel Non-Executive Director welcomed the report and requested that an 'amber' flag be added to any items within the 'significant risk' category to ensure continued attention. Mr I Orrell Associate Non-Executive Director queried whether figures were held on critical infrastructure failures, and the Director of Estates and Facilities provided assurance that reactive jobs would be tracked via the new performance report being used in estates. Mr M Williams Non-Executive Director highlighted the issue for the public sector as a whole of PFI schemes coming to an end over the next few years and returning assets which might need attention (impacting therefore on demands for system-wide capital allocations) – although recognising this as a wider issue, the Director of Estates and Facilities confirmed that UHL had no PFI or LIFT schemes.

**Resolved – that critical infrastructure risk management plan be approved as presented,**

**DEF**

subject to adding an 'amber' flag to any items within the 'significant risk' category, to ensure their continued attention.

54/21/3 2021/22 Month 1 Financial Position

The Chief Financial Officer briefed FIC on the Trust's year to date financial performance as at month 1 of 2021/22, noting that the Trust was broadly in line with plan. The actual position (including Top Up funding) was a £0.1m surplus, which was £0.3m favourable to plan. The FIC Non-Executive Director Chair noted his view that the relatively small variance was good progress and reflected improved financial control. The Chief Financial Officer advised that CIP delivery remained a concern, and would be discussed later in the meeting. The report was a shorter version than usual but the full format of the monthly finance report would be returned to from month 2 onwards and would at that point also include an H1 outturn forecast accompanied by any mitigating actions (should they be required). The Acting Chief Operating Officer then briefed FIC on activity performance as at month 1 and explained the potential impact of the Elective Recovery Fund (ERF) monies associated with restoration and recovery delivery. Month 1 activity levels had improved, and the Acting Chief Operating Officer noted that she would circulate the detailed activity position against the ERF thresholds to FIC members for information. She also advised, however, that the ERF thresholds related to the actual financial value of the activity; that reconciliation exercise was currently underway. Trust Board-level discussions were planned re: the focus on driving restoration and recovery, noting the potential financial impact if thresholds were not met. The FIC Non-Executive Director Chair noted his support for driving activity and meeting the ERF thresholds. FIC noted that the 2021/22 month 1 financial position would be highlighted to the June 2021 Trust Board for information via the FIC meeting summary.

CFO

ACOO

**Resolved** – that (A) an H1 outturn forecast be included in the month 2 finance report (identifying any remedial actions being taken), and

CFO

(B) a briefing paper be circulated to FIC members on activity progress re: the Elective Recovery Fund targets.

ACOO

54/21/4 Report from the Director of Quality Transformation and Efficiency Improvement

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

54/21/5 Report from the Financial Improvement Director

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

54/21/6 Report from the Chief Financial Officer

**Resolved** – that consideration of paper H be deferred to the 24 June 2021 FIC, due to pressure of time.

54/21/7 Financial Recovery Board (FRB)

**Resolved** – that the 28 April 2021 FRB action notes, the 12 May 2021 FRB actions, and the 26 May 2021 FRB agenda be noted.

55/21 **ITEMS FOR NOTING**

**Resolved** – that the following items be received and noted:  
(A) the 27 April 2021 Executive Finance and Performance Board action notes, and the 25 May 2021 Executive Finance and Performance Board agenda.

56/21 **ANY OTHER BUSINESS**

There were no items of any other business.

57/21 **IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD**

**Resolved** – that (A) the items in Minutes 46/21 – 49/21 inclusive be recommended to the 3 June 2021 Trust Board for approval, and

FIC NED  
CHAIR

(B) the items in Minutes 54/21/2 and 54/21/3, and in confidential Minutes 54/21/4 and 54/21/5 be highlighted to the 3 June 2021 Trust Board for information.

FIC NED  
CHAIR

45/21 **DATE OF NEXT MEETING**

**Resolved** – that the next meeting of the Finance and Investment Committee be held virtually on Thursday 24 June 2021, from 9am to 11.15am via Microsoft teams.

The meeting closed at 11.24am

Helen Stokes **Corporate and Committee Services Manager**

**FIC Attendance Record 2021/22**

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
A Johnson (Chair)	2	2	100	D Mitchell	2	2	100
I Crowe	2	2	100	B Patel	2	2	100
S Lazarus	2	2	100				

Non-Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
K Gillatt	2	2	100	J Shuter	2	2	100
I Orrell	2	2	100	M Williams	2	2	100