

Summary for Trust Board members

Report Title:	Finance and Investment Committee – Committee Chair’s Report
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Reporting Committee:	Finance and Investment Committee (FIC)
Chaired by:	Andrew Johnson Non-Executive Director <i>Summary to be introduced at the Trust Board by Steve Harris, FIC Non-Executive Director Chair as of 1 February 2022</i>
Lead Executive Director(s):	Richard Mitchell Chief Executive, Lorraine Hooper Chief Financial Officer, Debra Mitchell Acting Chief Operating Officer
Date of FIC:	27 January 2022

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 27 January 2022 (*involving Mr A Johnson FIC Non-Executive Director Chair; Mr M Archer Head of Operations CSI CMG [part]; Mr N Bond Deputy Director of Estates and Facilities [part]; Mr A Carruthers Chief Information Officer [part]; Mr R Cooper Financial Improvement Director; Miss M Durbridge Director of Quality Transformation Efficiency and Improvement; Mr A Furlong Medical Director; Mr S Harris Non-Executive Director; Dr A Haynes Adviser to the Trust Board; Ms L Hooper Chief Financial Officer; Ms D Mitchell Acting Chief Operating Officer; Mr R Mitchell Chief Executive; Mr B Patel Non-Executive Director; Dr P Patel Clinical Director CSI CMG [part]; Mr J Shuter Director of Operational Finance, and Mr M Williams Non-Executive Director*). Full Minutes will be submitted to the February 2022 FIC and next public Trust Board thereafter.

- **2021/22 month 9 capital plan update** – actual year to date capital expenditure was £32.9m as at month 9, representing an underspend of £0.27m against plan. Due to increased forecast spend on the Community Diagnostic Hub scheme, the capital programme for 2021/22 now stood at £73.3m, thus requiring a very significant level of spend (circa £40m) in the final quarter of the year. The Director of Operational Finance briefed FIC on the detailed programme reviews underway by the capital subgroup leads to assess in-year deliverability, and noted that the subgroup leads remained positive of achieving the 2021/22 capital plan. As the estates and facilities capital subgroup chair, the Deputy Director of Estates and Facilities advised that the estates and facilities capital programme was over-committed and could therefore be flexed in-year depending on the overall requirements. Although recognising the impact of Covid-19, the Deputy Director of Estates and Facilities outlined his confidence in delivering the estates and facilities capital plan for 2021/22. Mr M Williams Non-Executive Director noted the need to take appropriate account of all known risks, including (for example) the potential construction work impact of adverse weather conditions at this time of year. In response to a query from Mr S Harris Non-Executive Director, the Deputy Director of Estates and Facilities confirmed that capital projects spanning the end of this financial year and the beginning of the next would be accounted for in terms of the work delivered by 31 March 2022.

The Chief Financial Officer provided further assurance that appropriate actions were in hand to monitor expenditure and identify (with the Director of Quality Transformation Efficiency and Improvement) appropriate bring-forward schemes in the event of slippage. Mr M Williams Non-Executive Director commented on the need for UHL to have appropriate credibility with system partners on the deliverability of its capital plan. He also requested that thought be given to presenting a more granular capital update to future FIC meetings, to provide greater assurance on the key capital schemes and the critical gateway points for delivery – the need for improved information was supported, and the ongoing importance of system-wide credibility was emphasised by the FIC Non-Executive Director Chair. In terms of how capital plan ‘success’ would be measured, the Chief Financial Officer echoed the need for certainty and credibility, and to ensure that required year-end expenditure could be delivered. The Chief Executive also emphasised the key importance of transparency and openness.

The FIC Non-Executive Director Chair noted that FIC was reassured by the capital plan presented, but was not completely assured on deliverability, given the level of expenditure and activity across a number of projects required before year-end.

The month 9 capital plan update is highlighted to Trust Board members for information

- **2021/22 month 9 financial performance** – the Trust was reporting a month 9 deficit of £1.9m, which was a £12k adverse variance to forecast. The year to date surplus was £9.2m, and the Trust continued to forecast a 2021/22 year-end break-even position. Detailed discussions were being held with Corporate Directorates and Clinical Management Groups, with a view to reviewing the financial forecast position at month 10 and ensuring a credible and transparent forecast. The Trust’s cash position remained strong and the Chief Financial Officer provided

assurance that a robust cash position would continue to be a key focus – the FIC Non-Executive Director Chair welcomed this assurance and voiced his support for the process improvements introduced and operating to date such as the Cash Committee. The FIC Non-Executive Director Chair also commented on the key importance of developing a wider and deeper understanding of PLICS (patient level information and costing system), welcoming the additional information provided on this within the month 9 finance report.

Mr M Williams Non-Executive Director queried what level of recruitment was required to deliver the forecast staffing levels, and requested assurance that this was realistic – in response the Director of Operational Finance advised that a detailed review was underway with CMGs to assess the likely deliverability of the workforce recruitment forecast (not all of which involved new posts). Mr M Williams Non-Executive Director reiterated his previous concerns that this level of recruitment was not achievable, and he requested specific assurance that appropriate and active leadership was designated and in place re: recruitment levels and actions. Although noting his view that the current recruitment position would be largely unchanged for the next 6 months, the Chief Executive advised that development of a workforce and recruitment plan would be a key priority area for the new Chief People Officer once in place, including retention and training/re-training. FIC Non-Executive Directors noted that reducing the time to hire was also key. In response to a query from the FIC Non-Executive Director Chair, the Chief Executive advised that the February 2022 public Trust Board would receive an update re: staff vaccination.

The FIC Non-Executive Director Chair welcomed the report, noted his increased confidence in the 2021/22 year-end break-even forecast given the action plan in place, although workforce numbers and conversion into activity would be key to the eventual outcome. He voiced his support for the intended month 10 review to ensure a robust and credible year-end forecast.

The month 9 financial position is highlighted to Trust Board members for information

- **Medium term financial plan (verbal update)** - the Chief Financial Officer advised that she would provide written progress reports from the February 2022 FIC onwards, including an update on 2022/23 financial planning. The medium term financial plan would be a key confidence area for Regulators, and the Chief Financial Officer advised that work was currently underway within UHL to review and refresh the model in the context of current financial funding arrangements. She considered that there were 3 strands to the medium term financial plan: year 1 (2022/23); years 2-5, and years 6-10.
- **Transformation and 2021/22 CIP update** – FIC discussed (1) the 2021/22 CIP position; (2) 2022/23 CIP planning, and (3) investments. With regard to the 2021/22 CIP position, the Trust was anticipating full delivery of the £22m programme comprising £16m cash-releasing savings element (slightly less than the December 2021 report due to a specific issue as now outlined to FIC) and £6m non-cash-releasing savings. 2022/23 CIP planning was well underway, and work continued to validate the schemes and thus ensure that the programme was realistic and credible. A more detailed report on the 2022/23 CIP plan would be presented to the February 2022 FIC. With regard to investments, the Director of Quality Transformation Efficiency and Improvement briefed FIC on 2 elements: (i) in-year schemes (2021/22 revenue underspend opportunities) and (ii) 2022/23 revenue investments. Circa £6.1m was available for in-year investments, and robust criteria had been developed to assess the bids received – the Director of Quality Transformation Efficiency and Improvement noted that £1.8m of the total was being allocated for cardiac monitors and telemetry equipment, noting the associated patient and operation flow benefits. A clear process was also in place for 2022/23 investments (as detailed in the report). FIC welcomed the good progress made on transformation and on CIP delivery and planning, and noted that the process recommendations had been approved by the January 2022 Executive Finance and Performance Board. The FIC Non-Executive Director Chair considered that the 2022/23 CIP programme looked more reasonable compared to the anticipated target, and was a continued improvement on previous iterations.
- **Executive Finance and Performance Board** – FIC received and noted the Executive Finance and Performance Board actions from 21 December 2021, and the agenda for the EFPB meeting on 25 January 2022.

Public matters requiring Trust Board consideration and/or approval:

Recommendations for approval

- none

Items highlighted to the Trust Board for information

- 2021/22 month 9 capital plan update, and
- 2021/22 month 9 financial position.

Public matters referred to other Committees:

- None

Date of next FIC meeting: 24 February 2022