

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD VIRTUALLY ON THURSDAY 23 DECEMBER 2021 AT 9AM VIA MICROSOFT TEAMS

Voting Members Present:

Mr A Johnson – FIC Non-Executive Director Chair
 Mr R Cooper – Interim Chief Financial Officer
 Mr A Furlong – Medical Director
 Mr R Mitchell – Chief Executive
 Mr B Patel – Non-Executive Director
 Mr M Williams – Non-Executive Director

In Attendance:

Mr M Brice – Deputy Financial Improvement Director (for Minute 127/21/1)
 Miss M Durbridge – Director of Quality Transformation and Efficiency Improvement
 Ms K Gillatt – Associate Non-Executive Director
 Mr A Haynes – Adviser to the Trust Board
 Mr D Kerr – Director of Estates and Facilities (for Minutes 121/21 – 127/21/2 inclusive)
 Mr I Orrell – Associate Non-Executive Director
 Mr J Shuter – Director of Operational Finance
 Ms H Stokes – Corporate and Committee Services Manager
 Ms S Taylor – Assistant Director of Operations (on behalf of the Acting Chief Operating Officer)

		<u>ACTION</u>
	<u>RECOMMENDED ITEMS</u>	
121/21	REPORT FROM THE DIRECTOR OF ESTATES AND FACILITIES	
	<u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly.	
122/21	REPORT FROM THE ASSISTANT DIRECTOR OF OPERATIONS	
	<u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly.	
	<u>RESOLVED ITEMS</u>	
123/21	APOLOGIES FOR ABSENCE	
	Apologies for absence were received from Ms D Mitchell Acting Chief Operating Officer.	
124/21	DECLARATIONS OF INTERESTS	
	Mr A Johnson FIC Non-Executive Director Chair, Ms K Gillatt, Associate Non-Executive Director, and Mr J Shuter Director of Operational Finance declared their roles as (respectively) Non-Executive Director Chair, Non-Executive Director, and Finance Director and Company Secretary of Trust Group Holdings Ltd. As these declarations were judged by the Committee to be non-prejudicial interests, they remained present at the meeting.	
	<u>Resolved</u> – that the declarations of interests be noted.	
125/21	MINUTES	
	<u>Resolved</u> – that the Minutes of the 25 November 2021 Finance and Investment Committee be confirmed as a correct record.	
126/21	MATTERS ARISING LOG	
	Any updates now provided would be reflected in the next iteration of the action log.	

	Resolved – that the FIC matters arising log be noted, and any updates provided at this meeting be reflected in the next iteration.	Named leads
126/21/1	<u>Report from the Director of Estates and Facilities</u>	
	Resolved – that this Minute be classed as confidential and taken in private accordingly.	
127/21	KEY ISSUES FOR DISCUSSION AND ASSURANCE	
127/21/1	<u>2021/22 Capital Plan Month 8 Update</u>	
	<p>As detailed in paper D, actual year to date capital expenditure was £28.7m as at month 8, representing an underspend of £0.7m against forecast (details as set out in the report, including reasons for the variance). The main area of underspend related to Estates schemes, particularly the Cath Lab. The UHL capital plan reported to the December 2021 Capital Monitoring and Investment Committee was £67.2m for 2021/22, including potential slippage of £1.8m against STP capital funding; reflecting schemes approved and other updates at that CMIC meeting, total forecast expenditure was increased to £70.6m with expenditure in line with the Trust's capital funding (excluding utilisation of system capital funding of £2.6m). However, Mr M Brice Deputy Financial Improvement Director advised FIC that should identified risks materialise, expenditure could increase to £71.3m resulting in utilisation of £0.7m of the available £2.6m system capital funding. The detailed movements underpinning these changes were explained in paper D, including removal of 2 lease schemes (final accounting treatment confirmation awaited). Following a review of their schemes by the UHL capital subgroup leads, the position re: system capital funding requirements would be confirmed to system colleagues by close of play on 24 December 2021.</p> <p>The Director of Operational Finance highlighted the challenges resulting from late in-year notification of specific large-scale capital funding opportunities, and advised that clarification was awaited re: the Targeted Investment Fund (TIF) envelope. The scope to carry forward capital funds would be reviewed in month 9. The Director of Operational Finance advised FIC that there were some significant risks to the capital programme, despite the active management and continuous review work by the capital subgroup leads. Mr M Williams Non-Executive Director echoed this risk, noting the significant spend required for the remainder of the year to deliver a £70m capital plan, and requested assurance that appropriate bring-forward schemes were being identified. In response, the Director of Operational Finance confirmed that bring-forward opportunities were being reviewed, and he noted also the need to be mindful of the resulting impact on the 2022/23 capital programme. In her comments, Ms K Gillatt Associate Non-Executive Director suggested that a specific pharmacy robot scheme for TrustMed Pharmacy might be appropriate for bring-forward. The FIC Non-Executive Director Chair noted that FIC was sufficiently reassured by the capital plan presented, but was not assured that it was sufficiently realistic given the amount of unspent and uncommitted funds and the proximity to year-end. Further detailed work was required to ensure that the commitments presented were realistic.</p>	
	Resolved – that the 2021/22 month 8 capital plan update be noted.	
127/21/2	<u>Report from the Director of Estates and Facilities</u>	
	Resolved – that this Minute be classed as confidential and taken in private accordingly.	
127/21/3	<u>2021/22 Month 8 Financial Position</u>	
	At month 8 of 2021/22 the Trust continued to be ahead of both plan and the H1 forecast, with an actual position (including Top Up funding) of a £2.1m surplus, which was £2m favourable to forecast and plan, primarily due to operational drivers (continued constraints on elective recovery activity due to very significant emergency pressures). The year to date position was an £11m surplus, reflecting appropriate adjustments relating to the previous year. There was a	

	<p>potential for further appropriate such adjustments until the final accounts were closed. UHL continued to forecast a break-even position for 2021/22 year-end, as system headroom funding would only be draw down if required – the position re: operational pressures and the need for access to system headroom funding would continue to be closely monitored with the Trust's Clinical Management Groups. The Trust's cash position remained strong and, as previously requested by FIC, the monthly finance report now also showed the WTE forecast as at month 8.</p>	
	<p>At the request of the FIC Non-Executive Director Chair, the Director of Operational Finance provided a further explanation of the favourable variances on the waterfall chart (showing the movements between the month 8 forecast outturn and the month 8 actual position). The Director of Operational Finance also noted that although an adverse movement in month 8, the bad debt provision variance was favourable overall for the year to date. The FIC Non-Executive Director Chair also reiterated his view that the current year-end break-even forecast was optimistic about the level of expenditure possible and, in his opinion, the actual year-end position was likely to be more of a surplus than the current forecast. The Director of Operational Finance agreed that the month 9 position would be crucial. The Finance Team continued to monitor the position closely, and were reviewing the total available flexibility at system level.</p> <p>Ms K Gillatt Associate Non-Executive Director requested clarity and assurance on the position re: pay costs and the workforce profile, noting high levels of both substantive staffing and bank/agency use. In response, the Interim Chief Financial Officer commented that winter was usually associated with higher levels of bank and agency staff use; he noted the Trust's continued focus on pay spend and he considered that CMGs were able to demonstrate a grip on spend. He acknowledged, however, that it would be challenging to deliver the envisaged recruitment levels. Although noting these points, Ms K Gillatt Associate Non-Executive Director considered that greater understanding was needed on the substantive paycost drivers and whether the position was recoverable; she also queried the national position in terms of staff recruitment. The FIC Non-Executive Director Chair also considered that the forecast staffing numbers were optimistic given the current position. He noted the key risk issue of staff sickness absence and its effect on activity plans. The Director of Operational Finance noted the key need to understand the current workforce planning position, which was potentially a focus issue for the People and Culture Committee rather than FIC. The Chief Executive considered that the short-term priority was to ensure that safe staffing levels were in place through the current pressures to year-end, with a longer-term workforce plan required for beyond that. The Chief Executive also emphasised the need to improve UHL's ability to recruit and retain staff, including looking at training and education issues.</p> <p>With regard to the month 8 finance report, the FIC Non-Executive Director Chair considered that the position was a relatively controlled one, and well-balanced other than the staffing issues. He also commented on the good CIP progress this year and on the well-advanced plans for 2022/23.</p>	
	<u>Resolved</u> – that the month 8 finance report be noted.	
127/21/4	<u>2021/22 H1 Financial Plan: Month 9-12 Budgets</u>	
	Paper G from the Interim Chief Financial Officer confirmed the proposed budgets for months 9-12 of 2021/22, based on the financial plan submitted to NHSE/I on 25 November 2021.	
	<u>Resolved</u> – that the 2021/22 month 9-12 budgets be noted.	
127/21/5	<u>Medium Term Financial Plan (verbal update)</u>	
	The Interim Chief Financial Officer noted the need to incorporate the clinical strategy and system-wide position, and advised that increased system input would be sought going forward.	
	<u>Resolved</u> – that the position be noted.	

127/21/6	<u>Transformation and Cost Improvement Programme</u>	
	<p>Paper H and its 3 appendices updated FIC on (1) the 2021/22 CIP position; (2) investments; (3) 2022/23 CIP planning, and (4) CIP learning from other Trusts. With regard to the 2021/22 CIP position, the Trust was anticipating full delivery of the £22m CIP, comprising £16m cash-releasing savings (although a specific £750k adjustment was required in respect of Estates and Facilities) and £6m non-cash-releasing savings. The recurrent/non-recurrent split had improved, and the Director of Quality Transformation Efficiency and Improvement noted that the target for the 2022/23 CIP plan was for 80% recurrent savings. A risk-based investments process/timeline had also now been developed by the Transformation Team and presented to the December 2021 Executive Finance and Performance Board; the process for 2022/23 would largely mirror that used in 2021/22.</p> <p>The list of potential CIP opportunities for 2022/23 had been updated following Clinical and Executive Director discussion in November 2021, and the updated version with estimated values was attached to paper H. The Director of Quality Transformation Efficiency and Improvement took FIC through the various changes to the estimated CIP values for those opportunities (particularly noting discussions on the medical productivity (efficiency savings) workstream), resulting in a potential £30m CIP opportunity of which £22m was cash-out. With regard to CIP learning from other Trusts, UHL was considered to be broadly in the pack of its peers, although there were transferable lessons on the appropriate badging of CIP schemes.</p>	
	The FIC Non-Executive Director Chair welcomed the report, particularly the detail on 2022/23 CIP planning and the learning from other Trusts. The FIC Non-Executive Director Chair considered that good progress had been made, resulting in greater control of UHL's CIP process than previously. He also noted the key importance of the recurrent/non-recurrent split in order to understand the impact on the bottom line.	
	Resolved – that the CIP and transformation update be noted.	
127/21/7	<u>Roadmap to Financial Sustainability – Assurance Report for December 2021</u>	
	The Interim Chief Financial Officer advised FIC of positive progress on 3 risks, which were now rated as 'green'. A further stocktake of UHL's Financial Special Measures position would take place at the end of March 2022, ahead of updating NHSE/I regional colleagues. The accounts risk remained red, as in previous iterations of the assurance roadmap. The FIC Non-Executive Director Chair welcomed the 'completed evidence' summary in section C of the roadmap, and considered that the forward look section was clearer than had previously been the case.	
	Resolved – that the position be noted.	
127/21/8	<u>Report from the Interim Chief Financial Officer</u>	
	Resolved – that this item be classed as confidential and taken in private accordingly.	
127/21/9	<u>Executive Finance and Performance Board (EFPB)</u>	
	Resolved – that the 23 November 2021 EFPB actions and the 21 December 2021 EFPB agenda be noted as per papers J1 and J2.	
128/21	ITEMS FOR NOTING	
	There were no items for noting.	
129/21	ANY OTHER BUSINESS	
	There were no items of any other business.	
130/21	IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD	
	Resolved – that (A) the items in confidential Minutes 121/21 and 122/21 be recommended	FC NED CHAIR

	to the next private Trust Board for approval, and (B) the discussion in Minutes 127/21/3 and 127/21/6 be highlighted to the Trust Board for information.	FC NED CHAIR
131/21	DATE OF NEXT MEETING	
	Resolved – that the next meeting of the Finance and Investment Committee be held virtually on Thursday 27 January 2021, from 9am to 11.15am via Microsoft teams.	

The meeting closed at 10.45am

Helen Stokes **Corporate and Committee Services Manager**

FC Attendance Record 2021/22

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
A Johnson (Chair)	9	8	89	S Lazarus	7	6	86
R Brown	3	3	100	D Mitchell	9	6	67
I Crowe	3	3	100	B Patel	9	9	100
A Furlong	6	2	33	M Williams	9	8	89

Non-Voting Members/Attendees:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Durbridge	9	8	89	I Orrell	9	9	100
K Gillatt	9	9	100	J Shuter	9	8	89
A Haynes	6	5	83				