

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD VIRTUALLY ON THURSDAY 25 NOVEMBER 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 R Mitchell – Chief Executive  
 Mr B Patel – Non-Executive Director

**In Attendance:**

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 Minutes 109/21 and 110/21)  
 Ms F Lennon – Deputy Chief Operating Officer (on behalf of the Acting Chief Operating Officer)  
 Mr S Linthwaite – Deputy Director of Finance (Financial Services) (for Minute 116/21/1)  
 Mr I Orrell – Associate Non-Executive Director  
 Mr J Shuter – Director of Operational Finance  
 Ms H Stokes – Corporate and Committee Services Manager

		<b><u>ACTION</u></b>
	<b><u>RECOMMENDED ITEMS</u></b>	
<b>109/21</b>	<b>REPORT FROM THE DIRECTOR OF ESTATES AND FACILITIES</b>	
	<b><u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly.</b>	
<b>110/21</b>	<b>REPORT FROM THE DIRECTOR OF FACILITIES AND ESTATES</b>	
	<b><u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly.</b>	
<b>111/21</b>	<b>REPORT FROM THE INTERIM CHIEF FINANCIAL OFFICER</b>	
	<b><u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly.</b>	
	<b><u>RESOLVED ITEMS</u></b>	
<b>112/21</b>	<b>APOLOGIES FOR ABSENCE AND WELCOME</b>	
	Apologies for absence were received from Mr A Furlong Medical Director, Mr A Haynes Adviser to the Trust Board, Ms D Mitchell Acting Chief Operating Officer, and Mr M Williams Non-Executive Director.	
<b>113/21</b>	<b>DECLARATIONS OF INTERESTS</b>	
	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.	
	<b><u>Resolved</u> – that the declarations of interests be noted.</b>	
<b>114/21</b>	<b>MINUTES</b>	
	<b><u>Resolved</u> – that the Minutes of the 28 October 2021 Finance and Investment Committee be confirmed as a correct record.</b>	

115/21	<b>MATTERS ARISING LOG</b>	
	Any updates now provided would be reflected in the next iteration of the action log. The FIC Non-Executive Director Chair queried whether UHL offered any reward for money-saving ideas from staff (it did not). To raise awareness of the existing forum for making improvement suggestions, it was agreed that the Director of Quality Transformation Efficiency and Improvement and the Chief Executive would generally review and refresh the existing 'ideas improvement forum' scheme outside the meeting.	DQTE/ CE
	<b>Resolved</b> – that the FIC matters arising log be noted, and any updates provided at this meeting be reflected in the next iteration.	Named leads
116/21	<b>KEY ISSUES FOR DISCUSSION AND ASSURANCE</b>	
116/21/1	<u>2021/22 Capital Plan Month 7 Update</u>	
	<p>As detailed in paper E, actual year to date capital expenditure was £25.2m as at month 7, representing an underspend of £2.8m against forecast (details as set out in the report, including reasons for the variance). In response to queries raised at the October 2021 FIC, the report advised that the Trust was forecasting to fully deliver its CDEL, and provided additional detail on the national TIF (targeted investment fund) bids. The combination of updated forecasts, inclusion of new schemes, and identification of additional funding had resulted in a current overall forecast slippage of £1.2m on the 2021/22 capital plan, which could be used both to provide headroom to address any emergency capital requirements between now and the financial year-end, and to provide an opportunity to bring forward any approved schemes from 2022/23 as appropriate. The Director of Operational Finance advised FIC that the capital impact of the Vanguard enabling works were being assessed by the Deputy Director of Finance (Financial Services), and he commented the increasing need to manage the capital envelope on a system basis.</p> <p>The FIC Non-Executive Director Chair welcomed the report, advising that he took assurance from the Trust's increasingly-active management of its capital plan, and from the more robust processes which were now in place. In light of the increasing activity and recruitment pressures facing the Trust, the FIC Non-Executive Director Chair noted the need for appropriately-innovative revenue and capital approaches to those pressures. He also noted the benefits of adopting a rolling 3-year 'capital horizon'. The Director of Estates and Facilities reiterated his previous comments on the challenges posed by late in-year notification of additional capital allocations, and the Deputy Director of Finance (Financial Services) noted the capital impact of IFRS16 changes from April 2022.</p>	
	<b>Resolved</b> – that the 2021/22 month 7 capital plan update be noted.	
116/21/2	<u>2021/22 Month 7 Financial Position</u>	
	<p>At month 7 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 £3.5m surplus, which was £3.5m favourable to plan, primarily due to operational drivers (continued constraints on elective recovery activity due to very significant emergency pressures). The year to date position was a £8.9m surplus. The waterfall chart within paper F showed the movements between the month 7 forecast outturn and the month 7 actual position. The Trust's cash position remained very strong, although the FIC Non-Executive Director Chair noted the need to plan appropriately in the event of anticipated future changes to that position. CMG and Corporate Directorate budgets for months 7 and 8 were based on the month 6 budget adjusted for the impact of the national pay award, with revised budgets for the remainder of H2 due to be presented to the December 2021 Executive Finance and Performance Board once detailed planning work was completed.</p> <p>The Interim Chief Financial Officer provided assurance to FIC that he considered the Trust's financial reporting to be significantly better than previously; this was echoed by FIC Non-</p>	

	Executive Directors and Associate Non-Executive Directors. The Interim Chief Financial Officer advised, however, that it would be beneficial to add a forward 3-month forecast of WTEs to the 'key highlights' slide of the report. He also briefed FIC on the likely basis of 2022/23 planning assumptions, and advised that the early planning now underway by UHL would be helpful in demonstrating its appropriate grip on costs. The Chief Executive further emphasised the need for UHL to clearly focus its spending on patient care, on improving the emergency pathway, and on reducing waiting lists. With regard to UHL's financial position overall, the Interim Chief Financial Officer strongly encouraged the Trust to sight system colleagues to any anticipated significant forecast year-end underspend.	ICFO
	The Deputy Chief Operating Officer advised FIC that in partnership with the finance team she met with CMGs on a weekly basis to track their expenditure. Although welcoming the improved financial reporting the FIC Non-Executive Director Chair commented that a break-even position had been anticipated for H1 rather than the current surplus, and he noted that the Trust was currently significantly down on its WTE planned position. He also emphasised the need for the Trust to remain appropriately mindful of its underlying financial position, to ensure that it made best use of the financial resources available to it, and to consider assessing whether there was any scope to convert the current lower-than-expected staffing position to permanent future CIP savings. Ms K Gillatt Associate Non-Executive Director commented that the bridge within the month 7 report included a number of non-recurrent windfalls, which should be disregarded going forward. She also considered that more forensic tracking of the pipeline of staff costs and in particular planned recruitment would improve the ability to forecast expenditure, and she noted her interest in valuation methods applied for intangible assets.	DQTEI/ ICFO
	<b><u>Resolved</u> – that (A) a forward 3-month forecast of WTEs be included in future iterations of the monthly finance report, and</b>  <b>(B) an assessment be undertaken of whether there was any scope to convert the current lower-than-expected staffing position to permanent future CIP savings.</b>	ICFO  DQTEI/ ICFO
116/21/3	<u>Medium Term Financial Plan (verbal update)</u>	
	The Interim Chief Financial Officer noted the benefits of moving towards a 5-year plan reflecting planning and reconfiguration aspects, although this was an issue for the future once new Trust Board members were fully in place rather than an immediate priority.	
	<b><u>Resolved</u> – that the position be noted.</b>	
116/21/4	<u>Becoming the Best Transformation and Cost Improvement Programme</u>	
	Paper H from the Director of Quality Transformation Efficiency and Improvement updated FIC on (1) the 2021/22 CIP position; (2) investments, and (3) 2022/23 CIP planning. With regard to the 2021/22 CIP position, the Trust was anticipating full delivery of the £22m CIP, comprising £16m cash-releasing savings and £6m non-cash-releasing savings. The FIC Non-Executive Director Chair welcomed the progress made on the cash-releasing/non-cash-releasing split. The recurrent position had improved to 68% as at month 6, however there was a risk to the 2022/23 position if recurrent schemes were not found in-year, and the transformation team continued to use the regular accountability meetings to appropriately challenge CMGs and Corporate Directorates to assess whether non-recurrent schemes could be made recurrent. Quality and safety considerations remained of paramount importance however. In response to her query, Ms K Gillatt Associate Non-Executive Director received assurance from the Director of Quality Transformation Efficiency and Improvement that any transferable lessons from over-achieving CMG/Corporate CIP delivery were appropriately shared. Ms Gillatt also queried if appropriate steps were being taken to ensure patient and public involvement; in response the Director of Quality Transformation Efficiency and Improvement outlined plans to further strengthen engagement in 2022/23, and she also advised that she would circulate a report on the CIP Quality Impact Assessment process (which was being discussed at the 25 November 2021 Quality Committee) to FIC members for information.  In further discussion and in light of the Trust's current overall financial surplus, the Chief	DQTEI

	Executive queried if it would be preferable at this stage to focus efforts on the 2022/23 CIP. He reiterated the need to focus on cost control, and queried whether discussions had been held with CMGs and the wider Trust leadership community on ideas for reducing waiting lists – in response, the Deputy Chief Operating Officer and the Director of Quality Transformation Efficiency and Improvement provided assurance that the latter was discussed at the CMG Performance Review Meetings. The FIC Non-Executive Director Chair welcomed this challenge from the Chief Executive, suggesting that the implications of and potential initiatives arising from it should be discussed further in an executive forum.	CE
	Paper H also outlined the process for annual consideration of investments, noting the intention to bring a Standard Operating Procedure (SOP) to the next FIC which would replicate the robust, 3-stage investment review used in 2021/22. With regard to 2022/23 CIP planning, a detailed discussion had taken place with CMGs at the November 2021 Executive Finance and Performance Board, and the Director of Quality Transformation Efficiency and Improvement outlined the 4 key principles informing the Trust's approach. An early draft of the plans, together with any associated risks and issues was attached to paper H, and a further update would be presented to the next FIC (following further internal and system-level engagement), with the final version anticipated for the January 2022 FIC. The transformation team was also reviewing UHL's CIP against that of peer Trusts, and would include an update on that work in the next CIP update report to FIC. The FIC Non-Executive Director Chair queried if the level of ambition for 2022/23 was appropriate given the overall expectations of the Trust to seek savings beyond the generic NHS targets.	DQTEI  DQTEI  DQTEI
	<b>Resolved</b> – that (A) views be sought from CMGs and the wider UHL leadership group on how to reduce waiting times/improve patient pathways;  (B) the 2022/23 investment process SOP (currently in development) be presented to the next Executive Finance and Performance Board and FIC meetings;  (C) the 25 November 2021 Quality Committee report on the QIA process be circulated to FIC members for information, and  (D) a further update on the 2022/23 CIP programme be presented to the next FIC, including an assessment of UHL's CIP plan compared to those of peer Trusts (final 2022/23 CIP plan then to be provided to the January 2022 FIC).	CE  DQTEI  DQTEI  DQTEI
116/21/5	<u>Report from the Interim Chief Financial Officer</u>	
	<b>Resolved</b> – that this item be classed as confidential and taken in private accordingly.	
116/21/6	<u>Report from the Interim Chief Financial Officer</u>	
	<b>Resolved</b> – that this item be classed as confidential and taken in private accordingly.	
116/21/7	<u>Financial Recovery Board (FRB)</u>	
	<b>Resolved</b> – that the 27 October 2021 FRB actions be noted as per paper J (FRB now stood down and its business routed through the Executive Finance and Performance Board).	
117/21	<b>ITEMS FOR NOTING</b>	
	<b>Resolved</b> – that the 23 November 2021 Executive Finance and Performance Board agenda be received and noted as per paper K.	
118/21	<b>ANY OTHER BUSINESS</b>	
	There were no items of any other business.	
119/21	<b>IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD</b>	
	<b>Resolved</b> – that (A) the items in confidential Minutes 109/21 – 111/21 inclusive be recommended to the next private Trust Board for approval, and	FIC NED CHAIR

	<b>(B) the discussions in Minutes 11621/2 and 116/21/4 be highlighted to the Trust Board for information.</b>	<b>FIC NED CHAIR</b>
<b>120/21</b>	<b>DATE OF NEXT MEETING</b>	
	<b><u>Resolved</u> – that the next meeting of the Finance and Investment Committee be held virtually on Thursday 23 December 2021, from 9am to 11.15am via Microsoft teams.</b>	

The meeting closed at 11.21am

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)	8	7	88	S Lazarus	7	6	86
R Brown	3	3	100	D Mitchell	8	6	75
I Crowe	3	3	100	B Patel	8	8	100
A Furlong	5	1	20	M Williams	8	7	88

Non-Voting Members/Attendees:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Durbridge	8	7	88	I Orrell	8	8	100
K Gillatt	8	8	100	J Shuter	8	7	88
A Haynes	5	4	100				