

Meeting title:	Trust Board – Public	Public Trust Board paper Q			
Date of the meeting:	09 June 2022				
Title:	Improvements to governance				
Report presented by:	Becky Cassidy, Director of Corporate & Legal Affairs				
Report written by:	Becky Cassidy, Director of Corporate & Legal Affairs				
Action – this paper is for:	Decision/Approval		Assurance	x	Update
Where this report has been discussed previously					

To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which
N/A

Impact assessment
N/A

<p>Acronyms used:</p> <ul style="list-style-type: none"> RSP – Recovery Support Programme IRSP – Intensive Recovery Support Team SOF – Single Oversight Framework UHL – University Hospitals of Leicester NHS Trust NHSEI – NHS England/Improvement CQC – Care Quality Commission SFI – Standing Financial Instructions SoD – Scheme of Delegation KPI – Key Performance Indicator WTE – Whole Time Equivalent
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Purpose of the Report

This report is to provide the Board with an overview of the improvements made to the financial governance in UHL since entering RSP in August 2020. The report also describes the ongoing steps being taken to ensure strong leadership and culture across the Trust.

Recommendation

The Trust Board is asked to receive and note the content of the paper.

Summary

Due to the deterioration of the Trust's finances in 2019/20, NHS England/Improvement (Trust's regulator) placed the Trust in Financial Special Measures, now known as the SOF 4 Recovery Support Programme, in August 2020. At the point of entering RSP, the Trust has been supported by the Intensive Recovery Support Team at NHSE/I to help oversee the required financial recovery across all areas and move towards a robust and sustainable financial position. Some of the key elements to this

being successful were to strengthen the internal financial governance arrangements and improve the overall leadership and culture at UHL. To date, there has been significant improvements made to governance, leadership and culture but there is a lot more to do as the Trust strives towards sustained improvements.

This paper provides further detail on the following areas:

Focus area	Status
Leadership and Culture	Ongoing
Board Development programme	In place - ongoing
Restructure Finance team	Complete
Culture and Behaviours programme	In place - ongoing
Strengthened Financial training	In progress
Grip and Control checklist	95% complete
2019/20 Accounts	Complete
2020/21 and 2021/22 Accounts	In progress
Risk Committee	Complete
Board Assurance Framework	Complete
SFIs and SoD	In progress

Main report detail

The Trust is actively delivering a ‘roadmap’ to sustainable financial improvement which sets out eventual outcomes that will demonstrate ‘good’ financial governance across the Board and the key actions that will support the delivery of these activities. In addition to the roadmap, the Trust is also addressing a number of statutory recommendations which were issued by the Trust’s External Auditors following their audit of the 2019/20 accounts, these are overseen via the Trust Audit Committee.

Leadership and Culture

A fundamental part to achieving sustainable financial improvements is to start with setting the right leadership and creating an organisational culture which is based on openness, transparency and integrity. Good processes and systems support good governance but the importance of building the right culture will bring about grounded debate and good judgement. The journey UHL has been on over the last 18 months requires the Board to reset, shape a better culture so that ultimately it can deliver the services that meet the needs of the patients and communities it serves.

There have been significant Executive Board-level changes since April 2021, these include:

Name and role	Appointment date
John Macdonald – Trust Chair	April 2021
Richard Mitchell – Chief Executive	September 2021
Lorraine Hooper – Chief Financial Officer	January 2022
Jon Melbourne – Chief Operating Officer	January 2022
Becky Cassidy – Director of Corporate and Legal Affairs	February 2022
Mike Simpson – Interim Director of Estates and Facilities	April 2022
Julie Hogg – Chief Nurse	May 2022
Clare Teeney – Chief People Officer	June 2022
Simon Barton – Deputy Chief Executive	June 2022

In addition to the above, there have been 5 newly appointed Non-Executive Directors join the Board over the last 6 months. Between these appointments it has particularly strengthened the financial and clinical skill set amongst the Board.

The Board of Directors are actively undertaking a programme of development which focusses on building effective relationships, working as a unitary Board and fostering a leadership culture which embodies openness and transparency. The designed programme is supported, and in part delivered by Deloitte who were appointed as further external support to the Board. The Board are carrying out their development sessions face to face on a monthly basis and to date have covered:

- Board chemistry – understanding individual styles, strengths and weaknesses and how collectively the Board works together
- The fundamental principles of a unitary Board and setting short term priorities and how these will achieve
- Agreed strategic themes as part of a refreshed and reformatted Board Assurance Framework
- Financial overview reflecting back, active on the present and looking to the future

Further sessions to be delivered during 2022 from the plan include, but are not limited to, developing the Trust Strategy, risk appetite and tolerance, people plan and culture and working as a system. In addition, a bespoke development session has been agreed with Deloitte to focus on financial analysis training for all Board members. This will clearly describe the role of the unitary Board, and as individual members, to understand difficult financial information to ensure robust and effective scrutiny and challenge leading to robust financial decision making.

In addition to the extensive changes made at Board level, the finance department has been on an intense journey of improvement to ensure it becomes best in class. A significant part of this was to undertake a review of its operating structure and address identified poor culture and behaviours. The finance department completed its re-structure in January 2022 which saw 25 new posts created and subsequently appointed to, enabling the creation of a finance team which was fit for purpose and reflective of peer Trusts in terms of WTE and grade of staff, leadership roles and number of qualified staff. Increasing the qualified posts within the structure has strengthened the financial control environment and supported improvements to financial reporting. In addition to the restructure, the team have embarked on a journey to address and challenge the culture and behaviours through a detailed action plan to improve how the directorate operates and feels, incorporating the need to ensure staff feel empowered to speak up. The action plan was informed by reviews with senior finance staff, Directorate-wide focus groups and Directorate staff survey questionnaires and incorporates 4 work streams, namely Training & Development, Communication, Culture & Behaviour and Integration. These work streams are each sponsored by a Very Senior Finance Team member and progress is overseen by the Finance and Procurement Staff Development working group which is a staff driven group that is chaired fortnightly by a Head of Finance. This work has already delivered a vast amount of improvements for the Directorate such as the creation of:

- Training & Development Policy
- Training Needs Analysis
- Induction Document for new starters
- Updated appraisal paperwork and promotion of appraisal training
- 'Beginners Guide to Finance'

- Monthly Engagement Events
- Structure charts with names
- New basis of format for staff recognition
- Monthly Elevenses with SFT
- Raised profile of H&WB
- SFT development sessions with external consultancy
- Staff-owned Directorate strapline
- Finance and Procurement training for non-finance staff
- Ethics Training
- Internal Team Development Sessions

The work delivered to date by this group has been instrumental in securing Level 1 accreditation with Future Focused Finance and accreditation with all the professional accountancy bodies. Key Performance Indicators (KPIs) have been created (see appendix 1) by the Senior Finance Team (SFT) to monitor the success of the restructure and the impact of the cultural changes made within the Directorate. The KPIs have been in place and measured since April 2022. Delivery of the KPIs is monitored at the Senior Finance Team meetings chaired by the Chief Financial Officer as well as shared at Directorate Engagement Events with all staff. Regular KPI updates will be shared at future Finance and Investment Committee meetings.

Financial and broader Governance

One key mechanism in place to drive and oversee continued financial improvements is the 'roadmap'. This is an improvement plan which incorporates requirements of and recommendations to the Trust with regard to the finances and maps actions and outcomes to the RSP exit criteria. The roadmap was developed with UHL senior responsible officers and action owners have been allocated. Since its creation this has remained a live document and progress against the remaining outstanding actions is now overseen at the RSP Exit Steering Group. The Steering Group meets every two weeks and is chaired by the Chief Financial Officer and is supported by members of the IRST, with monthly attendance by region NHSEI and system colleagues.

Besides leadership and culture improvements there have been a huge number of other actions to improve the financial governance over the past 2 years, these include:

Grip and Control

NHSE/I have a tool for organisations and systems to use to assess their grip and control of financial management called the Grip and Control checklist. The checklist is far reaching and covers 5 core areas with over 200 individual check list items. The Trust commenced the check list during Q3 of 2020 and as at April 2022 has completed over 90% of the check list and closed all but 9 remaining points. These remaining points have been absorbed into the appropriate governance structure for oversight of their completion. The internal grip and control around financial management has improved at the Trust by completing the check list and this has been formally recognised by the Trust External Auditors in their 2019/20 Annual Report.

Financial Recovery Board

In order to gain tighter oversight and scrutiny of the Trust's expenditure and investments a Finance Recovery Board was established in May 2020 and chaired by the Chief Executive, which provided

assurance directly to the Finance and Investment Committee. The Financial Recovery Board was absorbed into the Trust's Executive Finance and Performance Board in late 2021 to allow for appropriate clinical engagement and oversight to financial decision making.

Financial Accounts

In March 2022 the Trust formally approved its 2019/20 Annual Report and Accounts after an extensive amount of work took place to restate the balance sheet. The 2020/21 Annual Report and Accounts are underway with the delivery of these set for late Summer 2022.

Risk Committee

In 2021 Deloitte undertook a review of the Executive level governance structure and proposed a new structure which specifically incorporated an Executive Risk Group and Hospital Management Board with sub reporting aligned to CQC domains 'well-led', 'responsive' and 'safety & caring'. A risk committee was established in March 2022 and currently takes place every 2 weeks, chaired by the Chief Executive and a standing membership of all Executive Directors and open invitation to Clinical Directors and senior corporate leaders. The committee has met on 8 occasions to date and will have heard from every CMG and corporate directorate by July 2022. This committee is instrumental to strengthen the broader understanding of the Trust's risks, the mitigations in place and actions taken to address identified gaps. The committee also receive all new risks rated 15 and above for appropriate challenge prior to being accepted to the register. The forward plan for this committee contains every CMG and corporate area, this includes the finance department. The Finance department presented their high rated risks to the committee in May 2022 and as a result have completely reviewed and refreshed their risk register. The committee is in its early stages and there is more work to do for it to become mature at managing risks but this is a good start. The committee places emphasis on the Executive Directors to be fully accountable for the risks on their register and how these are managed. Later in 2022 the Board will hold a development session to explore its approach to risk appetite and tolerance.

Board Assurance Framework

The Board Assurance Framework has undergone a significant review and refreshed strategic themes have been agreed. There are 6 themes aligned with quality, finances, system working, people, infrastructure and research. The Board have collectively discussed and agreed the themes which will be presented to the Board in June 2022 for formal approval. The finance risks have been developed and populated on the BAF and these will be reviewed and scrutinised at each Finance and Investment Committee. There is further work to complete to enhance the governance to enable assurance to be sought through Board committees.

Standing Financial Instructions and Scheme of Delegation

The Standing Financial Instructions and Scheme of Delegation are actively under review and will be presented to Audit Committee for support in June 2022 prior to formal approval at Board in July 2022. The review specifically looks to enable improve the delegated responsibilities which are well governed but allow the appropriate pace to enable decision making. This review will be a staged review in terms of level of spending due to the Trust being special measures. This will be an ongoing review over the next 12 – 18 months. Following approval at July Board there will be an education and engagement piece of work to socialise the newly formed SFIs and SoD to support colleagues to implement the new instructions and follow the scheme of delegation.

Conclusion and next steps

The Trust has been, and continues to be, under close scrutiny of NHSE/I to ensure the right improvements are made to achieve a robust and sustainable financial position. This paper reflects an incredible amount of progress made to date to strengthen the financial governance and foster and grow an open and transparent culture. Many of these improvements and changes, including that of the Board of Directors membership, are in their infancy and require time to allow them to develop and embed these improvements. The Trust has learned many lessons over the last 2 years and has been in an unprecedented journey in the NHS but is now in a strong position to drive through the changes and ensure sustainable improvement.

Going forwards, the Trust will continue to deliver and embed the actions from the roadmap and eventually exit RSP. The Trust will welcome the CQC later this year to complete a well led review which will provide further external scrutiny of what is currently working well and where the Trust needs make further improvements to be become better led. It is fully expected there will be more the Trust can do to be better on reflection of the journey it has been on.

The wider governance at UHL will continue to be reviewed over the coming months and will be led by the Director of Corporate and Legal Affairs.

The Trust will continue to assess the effectiveness of the changes made to its governance and strive to become recognised as a well governed organisation. In summer 2023 an externally commissioned review of the governance will be undertaken to provide an independent view on the strength of the governance and how the changes have embedded over time.

The engagement and communication with CMGs is an area the Trust wishes to strengthen to enable better localised management of finances. The Trust is in the early stages of considering how it will devolve responsibility to ensure ownership of finances in particular.

UHL are operating within the Leicester, Leicestershire and Rutland system and the building of relationships amongst our partners is important to us. From a finance perspective, this journey has enabled good and open relationships with our regulators and further strengthened our relationships with stakeholders across the system.

Supporting documentation

Appendix 1 – KPIs

Finance Restructure KPIs

Over 90 day PP and OSV debt to be less than 40% of overall over 90 day debt

Exit Recovery Support Programme

Submit 22/23 annual accounts to national deadline with unqualified opinion

% of invoices that 3-way match at first attempt when processed (PO-GRNI-Invoices) automatically and manually

Better Payment Practice Code (NHS & Non NHS)

Purchase Order (PO) to No Pay Expenditure % (in relation to POs on CEDAR only)

Improved compliance with Internal Audit actions

Improved timeliness with month end close down (FM & FS)

Issue budget holder reports on day 4

Internal customer survey - questions to compare delivery in 22/23 to 21/22 (focused on areas such as: reports more timely, more responsive service, higher quality service, increased strategic support)

Continued compliance with Trust wide mandatory finance training

Improvement in responses across all areas from finance staff undertaking the Directorate Staff Survey

Finance staff increased awareness of Freedom to Speak Up processes

Increased appraisal rate for staff in the finance team

Increased Mandatory training completion for staff in the finance team

Compliance with newly introduced Leadership training modules and Ethics training

Finance team accreditation with professional bodies

Achieve Future Focused Finance (FFF) level 1 accreditation

Increase in percentage of qualified accountants at Band 7 and above

Improved positioning in the Corporate Returns regarding spend on finance team