

Meeting title:	Public Trust Board	Public Trust Board paper P				
Date of the meeting:	12 October 2023					
Title:	Escalation Report from the Finance and Investment Committee (FIC): 2 October 2023					
Report presented by:	Steve Harris, FIC Non-Executive Director Chair					
Report written by:	Alison Moss, Corporate and Committee Services Officer					
Action – this paper is for:	Decision/Approval	X	Assurance	X	Update	X
Where this report has been discussed previously	Not applicable					

To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which		
Yes. BAF risks within the remit of FIC are listed below:		
BAF ref	Risk Cause	Risk Event
06-FIC	Insufficient capital funding	Unable to address statutory requirements such as health and safety standards and legislation, and address backlog maintenance requirements (concerning medical equipment, estate and IM&T)
07b-FIC	Significant financial challenge over 2023/24 and for the future 3 years across the LLR system to meet both operational and inflationary pressures and recovery from COVID	Failure to deliver the 2023/24 financial plan and achieve long term financial sustainability
08-FIC	IT Infrastructure unfit for the future	Unable to provide safe, high quality, modern healthcare services
09-FIC	Estate Infrastructure unfit for the future	Unable to provide safe, high quality, modern healthcare services

Impact assessment	
N/A	
Acronyms used: BAF – Board Assurance Framework CIP – Cost Improvement Programme CRO – Carbapenem-resistant Organisms	FIC – Finance and Investment Committee ICB – Integrated Care Board TGH – Trust Group Holdings

1. Purpose of the Report

To provide assurance to the Trust Board on the work of the Trust’s Finance and Investment Committee (FIC), and escalate any issues as required.

2. Recommendations

There are no items from the meeting of FIC on 2 October requiring Trust Board approval.

3. Summary

The FIC meeting was quorate. Items from the FIC meeting of 2 October 2023 are summarised below.

4. Discussion items

4.1 Board Assurance Framework

FIC received the BAF strategic risks which aligned to its terms of reference and noted updates with respect to controls, gaps, and key next steps.

There were no significant changes proposed to risk scores. The BAF risk scores were:

- strategic risk 6 (Insufficient capital funding) current rating is 20, tolerable rating is 15 and target rating is 9;
- strategic risk 7b (financial challenge over 2023/24 and for the future 3 years across the LLR system may result in failure to deliver the 2023/24 financial plan and achieve long term financial sustainability) current rating is 20, tolerable rating is 12 and target rating is 8;
- strategic risk 8 (IT Infrastructure unfit for the future) current rating is 16, tolerable rating is 12 and target rating is 9;
- strategic risk 9 (Estate Infrastructure unfit for the future) current rating is 16, tolerable rating is 12 and target rating is 9.

4.2 ICB Finance Update - Month 5 (*mitigating BAF risk 7b*)

FIC noted that the Integrated Care System was reporting a year-to-date deficit of £51.6m, which was a variance of £31.8m against plan. UHL's deficit contributed £36m of that deficit and £16.9m of the variance to plan.

4.4 2023/24 Month 5 Financial Position (*mitigating BAF risk 7b*)

FIC noted a year-to-date deficit of £36m which was £17m adverse to plan. The main drivers were the impact of the industrial action (£9.7m); inflation above plan (£5.6m); underperformance on the Cost Improvement Plan (£0.5m) and other pressures (£1.2m). A significant proportion of the deficit was due to circumstances beyond the Trust's control. The Clinical Management Groups' recovery plans which had been reviewed and would be progressed.

The Trust had forecasted £4.5m income for activity above plan. Whilst there had been an adjustment for the industrial action in April 2023, it was unclear how NHSE would account for the subsequent strikes.

FIC noted the increase in staff in post and the need to understand workforce requirements and productivity.

FIC noted the work plan for the Financial Sustainability Group for the next three months focussed on reducing run rate and improving the underlying position.

4.3 2023/24 CIP Delivery (*mitigating BAF risk 7b*)

FIC considered the delivery of the Cost Improvement Programme noting the plan to achieve an outturn of £63m in 2023/24. The Year-to-Date performance was £12.33m against the plan £12.873m which was a variance of £543k.

Only 34% of the savings were recurrent. This created significant risk for 2024/25 and future years. There was a need to check whether the recurrent savings had been captured correctly on the tracker and identify new recurrent schemes. The list of options being

considered to close the gap was referenced in the paper with update to be provided in future meetings.

4.4 2023/24 Month 5 Capital Update *(mitigating BAF risk 6)*

FIC noted that expenditure at Month 5 was £15.6m; this represented a £1.2m underspend. The Trust was forecasting to deliver its capital plan although there were risks that were being overseen by CMIC. There would be further discussion regarding the risks to the capital plan and availability of capital funding at the Trust Board Development Day on 2 November 2023.

CMIC had recommended approval of capital for the Paediatric Bed Base Reconfiguration and for Hinckley Community Diagnostic Centre. It noted the potential request for capital for the TGH pharmacy scheme over 3 years. CMIC also acknowledged the need for funding in 2023/24 relating to infection prevention and control at LRI. These costs would need to be met from slippage elsewhere in the Programme which would create risk for future financial years.

5. Items for noting

The following items were received and noted:

- In-year Investments/Approvals – Update
- Trust Leadership Team LT agenda and actions