

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD ON FRIDAY 25
AUGUST 2023 AT 2.30 PM VIA MICROSOFT TEAMS****Voting Members Present:**

Mr S Harris - FIC Non-Executive Director Chair
 Mr A Carruthers - Chief Information Officer
 Mr A Furlong - Medical Director
 Ms L Hooper - Chief Financial Officer
 Mr B Patel - Non-Executive Director
 Mr M Simpson - Director of Estates and Facilities (for minutes 116/23;125/23/7; and 125/23/8)
 Mr M Williams - Non-Executive Director
 Mr J Worrall - Associate Non-Executive Director

In Attendance:

Ms A Agboola - Assistant Director of Financial Planning (for minute 126/23/1)
 Mr M Blair - Head of Compliance (for minute 125/23/7)
 Ms R Briggs - Associate Director of Operations (Projects) (deputising for the Chief Operating Officer)
 Mr A Ennis - Director of Financial Sustainability
 Ms B Cassidy - Director of Corporate and Legal Affairs
 Ms S Glover - Deputy Head of Nursing (Renal) (for Minute 115/23)
 Mr S Linthwaite - Deputy Director of Finance
 Mr R Manton – Head of Risk Assurance
 Ms A Moss - Corporate and Committee Services Officer
 Mr S Pizzey - Associate Director of Strategy and Partnership (deputising form the Deputy Chief Executive)

ACTION**RECOMMENDED ITEMS****115/23 Report from Chief Operating Officer**

Recommended –that this Minute be classed as confidential and taken in private accordingly.

116/23 Annual Fire Report

The Director of Estates, Facilities and Sustainability presented the Annual Fire Report which set out the current position in relation to fire safety provision in the Trust premises (paper E refers).

The Director noted that the Building Safety Act 2022 created new challenges with respect to investment in staff and systems. To improve coverage and resilience of the service an additional Fire Safety Specialist Officer was being recruited.

It was reported that 221 fire risk assessments and reviews had been completed. Enhancements to fire alarm coverage had improved early detection and response times to fires. Issues relating to the fire alarm (particularly at the Leicester Royal Infirmary), means of escape and compartmentation were common themes identified during the inspections which required further investment to address.

Following the Covid-19 pandemic, face to face training had been resumed. However, this had not been well attended and training had reverted to being online. Fire safety training was 83% compliant for the last reporting year. Mr S Harris, Non-Executive Director Chair, expressed concern about the take-up of training and asked whether the position had improved. The Director agreed to update the Chair outside of the meeting, noting that he understood the lack of attendance being due to operational pressures and a training plan was being developed with the Clinical Management Groups to improve compliance.

DEFS

It was reported that unwanted fire signals had reduced, there had been four reported fires, and no enforcement notices.

Mr M Williams, Non-Executive Director, asked about the cause of the false alarms. The Director noted that they were not known to be malicious and that one caused by a by steam valve in a server room. There had been a review with the IM&T colleagues and lessons learnt. The Head of Compliance added that the fire service had attended Glenfield Hospital and Leicester General Hospital for fire signals. The systems at Leicester Royal Infirmary allowed for a five-minute investigation time prior to alerting the fire service. It was hoped that with the recruitment of additional staff there would be sufficient staffing to extend the provision to the other sites.

The Committee was assured with respect to the Board Assurance Framework (BAF) Risk 09 'estate infrastructure unfit for the future', noting that progress had been made in managing fire safety systems. However, it was noted that a risk-based approach had been adopted to mitigate the risks due to age and configuration of the estate and existing systems. The limitations of capital available to address back-log-maintenance remained a challenging position.

Recommended – that (A) the Annual Fire Report be recommended to the Trust Board and

DEFS

(B) the Director of Estates and Facilities update the Chair with respect to the latest training compliance rates.

117/23 Report from Chief Operating Officer

Recommended –that this Minute be classed as confidential and taken in private accordingly.

RESOLVED ITEMS

118/23 APOLOGIES FOR ABSENCE

The Chair welcomed Mr Adrian Ennis who was working with the Trust to support progress towards financial sustainability. Apologies for absence were received from Ms G Collins-Punter, Associate Non-Executive Director, Mr J Melbourne, Chief Operating Officer and Mr S Barton, Deputy Chief Executive.

119/23 QUORUM

The meeting was confirmed to be quorate.

120/23 DECLARATIONS OF INTERESTS

There were no declarations of interests made.

Resolved – that the declarations of interests be noted.

121/23 MINUTES

Resolved – that the Minutes of the 28 July 2023 FIC be confirmed as a correct record.

122/23 MATTERS ARISING LOG

FIC reviewed the log of actions from previous FIC meetings, and noted any additional updates provided, which would be reflected in the next iteration of the log.

Resolved – that any updates provided at this meeting be reflected in the next iteration of the action log and taken forward by the appropriate lead.

Named leads

123/23 BOARD ASSURANCE FRAMEWORK (BAF)

The Chief Financial Officer reported that the BAF risks relating to the Committee had been reviewed and changes indicated in red text (paper C refers).

With respect to BAF risk 7b (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 may result in failure to deliver the 2023/24 financial plan and achieve long term financial sustainability) it was reported that action and due dates had been updated, noting the external support from Viridian to progress the Financial Recovery Plan.

With respect to BAF risk 8 (IM&T) changes had been made to reflect the discussion at the private Trust Board meeting earlier in the month. The Chief Information Officer noted that there would be a further report to the Trust Board with respect to the Electronic Patient Records and Patient Administration System.

Resolved – that the report be received and noted.

124/23 ICB FINANCE UPDATE12423/1 ICB Finance Update (Month 4)

The Chief Financial Officer provided a verbal update on the position of the Integrated Care Board (ICB) noting that the Finance Committee would be meeting the following week.

The ICB was reporting a year-to-date deficit of £34m and that UHL's deficit contributed £28M of that deficit.

Resolved – that the report be noted.

125/23 IN-YEAR REPORTING12523/1 2023/24 Month 4 Financial Position

The Chief Financial Officer provided an update on the Trust's financial Position and in mitigation of BAF Risk 7A 'Failure to Deliver the 2023/24 Financial Plan' (paper F refers)

The Trust was reporting a year-to-date deficit at Month 4 of £28.4m which was £11.9m adverse to plan. The main drivers were the impact of the industrial action to Month 4 (£7.5m); inflation above plan (£3.4m); emergency agency nursing/one to one for specialising (£2.9m) and underperformance in the Cost Improvement Programme (CIP) (£0.7m). There had been some favourable offsets amounting to £2.6m.

Due to the size of the variance, and the risk based forecast deficit, a Recovery Plan had been instigated. The Clinical Management Groups (CMGs) were developing plans to improve CIP delivery and reduce costs.

The actions being taken to reduce the financial risk were noted. These included increasing the number of CIP schemes and strengthening controls, specifically around vacancies and temporary staffing. An escalation framework was being developed to increase controls for when CMGs were not able to deliver within plan.

There had been progress in reducing the run-rate for nursing costs, specifically for specialising of patients. Assurance was provided that this had not impacted on patient safety.

It was noted that the costing team was reviewing the data to measure productivity and an improvement had been seen for different specialities and points of delivery which helped to understand the challenges and support needed. There was a challenge in the emergency

pathway as the elective pathway had demonstrated improvements in productivity. The analysis would support the Trust in moving towards financial sustainability.

Mr J Worrall, Non-Executive Director, asked about the system's deficit and how much would be attributed to the Trust. The Chief Financial Officer noted that the agreement had been that whilst the Trust held the planning assumption for £10m savings for the urgent and emergency care pathway, the deficit, should the saving not be realised, would be shared between the partners in the system.

The Chief Financial Officer noted the need to articulate the impact of activity being paid via a block contract and the ability to increase income through activity.

Mr S Harris, Non-Executive Director Chair, expressed concern regarding the year-to-date deficit noting that the risk increased as the year progressed. He acknowledged the need to understand the run rate and investments scheduled later in the year. The Chief Financial Officer agreed and noted the need to increase controls particularly on recruitment. She noted that the Chief Nurse had successfully reduced staffing costs. Mr B Patel, Non-Executive Director, noted that there were a number of developments in the capital programme that required recruitment to new posts. The Chief Financial Officer added that there was a working group to assess the risks related to recruitment for the East Midlands Planned Care Centre, additional wards at Glenfield Hospital and the Hinckley Community Diagnostic Centre which collectively increased the establishment by 600 FTE posts.

The Director of Financial Sustainability reported on the establishment of the Financial Sustainability Group and charters to set out what the Responsible Officers needed to achieve. The Group would report to the Trust Leadership Team and Board Committees as appropriate. Mr B Patel, Non-Executive Director, asked whether there was enough capacity to support the Group. The Director noted that there was good engagement, and the Group was seen as supportive and a forum to solve problems rather than an additional burden.

In response to a question from Mr J Worrall, Non-Executive Director, the Chief Financial Officer confirmed the target for the current financial year was £63m for the Cost Improvement Plan.

Mr M Williams, Non-Executive Director, noted that the Integrated Care Board needed to deliver the planned savings on the Urgent and Emergency Care pathway. The Committee expressed concern about the pace of work to identify these savings.

Resolved – the report was received and noted.

125/23/2 2023/24 Month 4 Capital Update

The Deputy Director of Finance presented the Trust's 2023/24 capital position at Month 4 (paper G refers).

It was reported that expenditure at Month 4 was £10.4m which was an underspend of £13m. The reasons were set out in the report and the Director was optimistic that the Trust was on target to deliver the forecasted expenditure.

The report set out the three-year capital plan noted that a number of additional material risks had emerged, including the potential risks and areas for which funding had not yet been identified. A System Capital Group had been established, chaired by UHL's Chief Financial Officer, that aimed to identify strategic capital requirements and overall capital risk and agree principles for allocation of funding. This group was in the early stages having met twice.

It was noted that there remained risks in relation to funding estates infrastructure, IT development and medical equipment.

Mr M Williams, Non-Executive Director, considered that the Trust Board needed to be sighted to the criteria used to prioritise investment. The Chief Financial Officer noted, with reference to the System Capital Group, the need to understand the strategic risks for all partners in order to inform discussions with NHSE.

The Committee was assured in relation to delivery of the capital programme for 2023/34 and development of the three-year plan in mitigation of BAF Risk 06 'unfunded high-risk schemes (estates compliance and replacement medical equipment), IT infrastructure and operational developments'.

Resolved – that the report be received and noted.

125/23/3 2023/24 Cost Improvement Plan (CIP) Delivery

The Director of Financial Sustainability updated the Committee in relation to delivery of the CIP (paper H refers).

For Month 4 2023/24, the Trust had achieved cash out CIP savings of £2,739k against a plan of £4,256k. The target for the financial year 2023/24 was £63m and the forecast outturn was £50.4m. Of the overall target, 60% needed to be recurrent savings which equated to £37m. Failure to reach that target would create greater risk for 2024/25.

To address the risk, individual schemes were being reviewed to validate the forecast. Whilst existing schemes were being progressed new opportunities were being identified. Key themes that were emerging related to temporary staffing controls, primarily through removing localised booking arrangements, and improving the depth of coding to achieve greater income.

Mr S Harris, Non-Executive Director Chair, asked the Director about his first impressions of the Trust's position. He observed that the CIP was mature and there was good analysis and engagement across the Executive portfolio and clinical triumvirates. There were issues about accessing data for decision-making, for example, optimal levels of staffing. A piece of work had been commissioned to create a workforce dashboard.

Mr M Williams, Non-Executive Director, asked whether budgets were based on an agreed establishment, safe staffing levels and/or historic patterns.

The Director of Financial Sustainability noted there was detailed work ongoing on reducing agency spend relative to the NHSE ceiling. There was an imperative to reduce spend on agency staffing.

Mr B Patel, Non-Executive Director, reflecting on previous experience before the pandemic, noted that local arrangements were made to fill rotas that created a myriad of systems and undermined central controls. He cautioned against unintended consequences. The Chief Financial Officer noted that the Financial Sustainability Group had an important role in co-ordinating activity and assessing any impacts on quality of provision.

The Committee took assurance from the report in respect of BAF risk 7b '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'.

Resolved – that the report be received and noted.

125/23/4 Report from the Chief Operating Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly.

125/23/5 Finance Function Key Performance Indicators (KPIs) – quarterly update

The Chief Financial Officer provided an update on delivery of the Finance Restructure KPIs (paper J refers).

The Committee requested that progress continued to be reported on a six-monthly basis and it was agreed to incorporate the update in the standard reports.

CFO

Resolved – that (A) the report be received and noted, and

(B) further reports be made for information on a six-monthly basis.

CFO

125/23/6 General Pharmaceutical Council Inspection Improvement Action Plan Progress

The Chief Financial Officer provided an update on the improvement action plan submitted to the General Pharmaceutical Council (GPhC) following the initial inspection at TrustMed Pharmacy, at the Leicester Royal Infirmary (LRI) site, in November 2022 (paper K refers).

It was reported that progress was being made and some of the practicalities being worked through. The vaccination hub had been agreed to be a suitable space for the outpatient pharmacy at the LRI. There was a risk that the capital costs associated with the works might be higher than planned.

A Trust Group Holdings Oversight Group had been established to give better oversight and unblock contract issues. It was noted that recruitment for the Management Director was in train.

Resolved – the report be received and noted.

125/23/7 Estates and Facilities Compliance Update

The Head of Compliance updated the Committee on progress made in respect of compliance audit undertaken in 2022 (paper M refers).

There were 12 overarching areas for improvement and whilst all actions were being addressed the greater focus was on the highest risks (water, asbestos, fire and pressure systems).

In response to a question from Mr M Williams, Non-Executive Director, the Head of Compliance outlined the process for legionella testing.

Mr S Harris, Non-Executive Director Chair, asked of which of the actions RAG rated red gave the greatest cause for concern. The Head of Compliance considered that they all gave rise to some concern but the issues relating to fire safety could have the greatest impact and water management as there were challenges due to the age of the infrastructure and complexity of systems. There was always a balance to be struck between estates maintenance and interrupting clinical services.

The Director of Estates, Facilities and Sustainability wished to assure the Committee that the Trust was developing an asset management system that would create a better structure for undertaking risk assessments. A further audit would be undertaken once the actions had been completed.

The Committee took assurance with respect to BAF Risk 09 – ‘estate infrastructure unfit for the future’ from the progress made and actions planned.

Resolved – that the report be received and noted.

125/23/8 Report of Director of Estates, Facilities and Sustainability

Resolved – that this Minute be classed as confidential and taken in private accordingly.

125/23/9 IM&T Strategic IT Partner Contract Update

The Chief Information Officer provided an update on the delivery of IT services to the Trust by its Managed Business Partner, NTT, and progress with improvement projects (Paper L refers). The report was received in mitigation of BAF Risk 08 – IT infrastructure unfit for the future’.

It was reported that the Key Performance Indicators were being reviewed as they incentivised speed of response which was possibly impacted on the quality of the service and effective resolution. As restrictions from the pandemic had lifted colleagues based in Bangalore were now able to visit the Trust and build a greater understanding of the organisation. In the last two years visibility of the service and support for the Electronic Patient Record had improved.

There was a need to ensure the support arrangements between the NTT and UHL were aligned. A Contract Oversight Group would be established and report to Finance and Investment Committee. The contract would expire in 2026 and work to review the next steps would begin 18 months prior to the expiration.

The report highlighted the service transformation activities and the intention to review capacity across the UHL IM&T, NTT Data and wider UHL digital teams to support 2024/25 planning.

Mr B Patel, Non-Executive Director, asked whether the Estates and Facilities Directorate were effectively linked in to IMT service and development. The Chief Information Officer noted that in the last six months a Digital and Estates Group had been established, jointly chaired by the respective Executive Directors. This had created a better alignment and improved the dialogue. The Chief Information Officer would review Mr Patel’s suggestion for the Directorate to have representation on the Contract Oversight Group.

The Chief Information Officer requested that members provide any suggestions and feedback to him.

126/23 PLANNING126/23/1 Report from Chief Financial Officer

Resolved – that this Minute be classed as confidential and taken in private accordingly.

127/23 ITEMS FOR NOTING

Resolved – that the following reports be received and noted for information:

- (1) Procurement Contracts Committee report**
- (2) updated list of in-year investments/approvals, and**
- (3) Trust Leadership Team actions from 8 August 2023 and agenda from 22 August 2023.**

128/23 ANY OTHER BUSINESS

There were no items of any other business.

129/23 IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD/REFERRAL TO OTHER BOARD COMMITTEES

Resolved – that (A) the following items be referred to the Trust Board for approval:

- **115/23 Report from Chief Operating Officer (to the Private Trust Board)**
- **116/23 Annual Fire Report**
- **117/23 Report from Chief Operating Officer (to the Private Trust Board)**

There were no items to be referred to other Board Committees.

130/23 DATE OF NEXT MEETING

It was noted that the date of the next meeting had yet to be confirmed. [Later confirmed as Monday 2 October 2023 at 1.00 pm via MS Teams]

The meeting closed at 4.39 pm

Alison Moss **Corporate and Committee Services Officer**

FIC Attendance Record 2023/24

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
S Harris	5	3	60	J Melbourne	5	3	60
S Barton	5	3	60	B Patel	5	5	100
A Carruthers	5	5	100	M Simpson	5	4	80
G Collins-Punter	5	3	60	M Williams	5	4	80
A Furlong	5	4	80	J Worrall	5	3	60
L Hooper	5	5	100				

Regular Non-Voting Members/Attendees:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
B Cassidy	5	4	80	J Shuter (until July 2023)	3	2	67
S Ceres	5	3	60				