

Meeting title:	Public Trust Board	Public Trust Board paper N				
Date of the meeting:	14 September 2023					
Title:	Escalation Report from the Finance and Investment Committee (FIC): 25 August 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 FIC – Finance and Investment Committee
 CIP – Cost Improvement Programme ICB – Integrated Care Board
 CFO- Chief Financial Officer

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 is one public item from the 25 August 2023 FIC requiring Trust Board approval. The discussion on this item is set out below, and a stand-alone report features on the Trust Board agenda for 14 September 2023 accordingly.

3. Summary

The FIC meeting was quorate. Items from the FIC meeting of 25 August 2023 are summarised below.

Recommended items

3.1 Annual Fire Report (mitigating BAF risk 9)

The Committee in considering the Annual Fire Report welcomed the improvements made, specifically in relation to fire alarm coverage, early detection, and response times to fires. However, concern was expressed at the level of compliance with respect to mandatory training.

The Committee noted that a risk-based approach had been adopted to mitigate the risks from the age and configuration of the estate and existing systems. The limited capital available to address back-log-maintenance remained a challenge.

The Annual Fire Report was recommended to the Trust Board as a stand-alone report to its meeting on 14.9.23.

Discussion items

3.2 Board Assurance Framework (BAF)

The Committee received all strategic risks on the BAF aligned to the committee (including 6, 7b, 8 and 9). The Committee noted the updates in the BAF in red text for the month including new controls, gaps, and key next steps. There were no significant changes proposed to risk scores or content this month. To note, the BAF risk scores are as follows: strategic risks 3, 4, 5 and 7a have been closed; 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.

3.3 ICB Finance Update - Month 4 (mitigating BAF risk 7b)

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

3.4 2023/24 Month 4 Financial Position (mitigating BAF risk 7b)

The Committee noted a year-to-date deficit of £28.4m; £11.9m adverse to plan at Month 4.

Due to the size of the variance and the forecasted deficit a Recovery Plan had been instigated and a Financial Sustainability Group established. The Clinical Management Groups were developing plans to improve CIP delivery and reduce costs. The CIP target was £63M. Controls had been strengthened, particularly around vacancies and temporary staffing. The challenge was in the pace of change and the ability of the Trust to improve its position in the second half of the financial year.

The costing team was reviewing data to measure productivity and an improvement seen for different specialities and points of delivery which helped to understand the challenges and support needed. The analysis would support the Trust in moving towards financial sustainability.

It was noted that the System had agreed a target to save £10m on the urgent and emergency care pathway. The Committee expressed concern about the pace of work to identify these savings.

3.5 2023/24 Month 4 Capital Update *(mitigating BAF risk 6)*

The Committee noted that expenditure at Month 4 was £10.4m; an underspend of £13m. Assurance was provided that the Trust would deliver the plan.

The three-year capital plan was noted, including the potential risks and areas for which funding may not be available. A system capital group has been established, chaired by the UHL CFO, 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.

There remained risks in relation to funding estates infrastructure, IT development and medical equipment.

3.6 2023/24 Cost Improvement Programme (CIP) delivery *(mitigating BAF risk 7b)*

The Trust had achieved cash out CIP savings of £2,739k against a plan of £4,256k at Month 4. The target for the financial year 2023/24 was £63m and forecast outturn was £50.4m. . 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 progress new opportunities were being identified. Key themes emerging related to temporary staffing controls (primarily through removing localised booking arrangements) and improving the depth of coding to achieve greater income.

3.7 Finance Function Key Performance Indicators (KPIs)

An update on delivery of the Finance Restructure KPIs was received.

3.8 General Pharmaceutical Council Inspection Improvement Action Plan Progress *(mitigating BAF risk 9)*

The Committee noted the progress on the improvement action plan submitted to the General Pharmaceutical Council following the initial inspection at TrustMed Pharmacy, at the LRI site, in November 2022. A Trust Group Holdings Oversight Group had been established to give better oversight and unblock contract issues.

3.9 Estates and Facilities Compliance Update *(mitigating BAF risk 9)*

Progress made in respect of the compliance audit undertaken in 2022 was noted. 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).

3.10 Items for noting

The following items were received and noted:

- Procurement Contracts Committee report
- In-year investments/approvals, and
- Trust Leadership Team actions from 8 August 2023 and agenda from 22 August 2023.