

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD VIRTUALLY ON
TUESDAY 2 MAY 2023 AT 9.30AM VIA MICROSOFT TEAMS**

Voting Members Present:

Mr S Harris – FIC Non-Executive Director Chair
 Mr S Barton – Deputy Chief Executive
 Mr A Carruthers – Chief Information Officer
 Ms L Hooper – Chief Financial Officer
 Mr J Melbourne – Chief Operating Officer
 Mr B Patel – Non-Executive Director
 Mr M Simpson – Director of Estates and Facilities
 Mr M Williams – Non-Executive Director

In Attendance:

Ms B Cassidy – Director of Corporate and Legal Affairs
 Mr S Ceres – Deputy Director of Finance (Financial Management)
 Mr R Manton – Head of Risk Assurance
 Mr B Shaw – Director of Productivity (for Minute xx/23/4)
 Mr J Shuter – Director of Strategic Finance
 Ms H Stokes – Corporate and Committee Services Manager

		ACTION
	RECOMMENDED ITEMS	
56/23	BOARD ASSURANCE FRAMEWORK (BAF)	
	FIC reviewed all strategic risks on the BAF aligned to its remit (including 3, 5, 6, 7a, 7b, 8 and 9) and considered how the papers on its agenda today linked to those BAF risks. FIC noted the updates made in the month (included in the BAF in red text) to include new controls, gaps, and key next steps. FIC supported the request to make 2 significant changes to the BAF this month: firstly, following endorsement of the 2021/22 accounts at the 26 April 2023 extraordinary Audit Committee meeting (subject to Trust Board approval), FIC agreed to close off BAF risk 3 (material misstatements) as this risk had been treated. Secondly, FIC agreed that BAF risk 7a (delivery of the 2022/23 financial plan reforecast) had met its target rating and could be removed from the BAF, as any residual risk from 3 and 7a would be recorded on the operational risk register. The proposal to remove risks 3 and 7a from the BAF and incorporate them into the UHL operational risk register as appropriate was endorsed, and recommended for Trust Board approval.	FIC NED CHAIR
	There were no other significant changes proposed to risk scores or content this month. To note, the BAF risk scores were as follows: strategic risk 3 (material misstatements in the Trust's restated 2019/20 balance sheet): as stated, FIC supported removing this risk; strategic risk 5 (financial grip and control) current rating 8, tolerable rating 8 and target rating 4; strategic risk 6 (insufficient capital funding) current rating 20, tolerable rating 15 and target rating 9; strategic risk 7a (financial challenge may result in failure to deliver the 2022/23 financial plan reforecast): as mentioned, FIC agreed the risk had been reduced to the target rating and could be closed; strategic risk 7b (financial challenge over the next 3 years across the LLR system may result in failure to deliver the Medium Term Financial Plan) current rating 16, tolerable rating 12 and target rating 8; strategic risk 8 (IT Infrastructure unfit for the future) current rating 16, tolerable rating 12 and target rating 9; strategic risk 9 (Estate Infrastructure unfit for the future) current rating 16, tolerable rating 12 and target rating 9.	CFO
	Recommended – that the removal of risks 3 and 7a from the BAF be endorsed, and recommended for Trust Board approval (any residual risk to be incorporated in to the UHL operational risk register where appropriate).	CFO

57/23	ITEMS FOR APPROVAL	
	<u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly.	
	<u>RESOLVED ITEMS</u>	
58/23	APOLOGIES FOR ABSENCE	
	Apologies for absence were received from Ms G Collins-Punter Associate Non-Executive Director, Mr A Furlong Medical Director, and Mr J Worrall Associate Non-Executive Director.	
59/23	QUORUM	
	The meeting was confirmed to be quorate.	
60/23	DECLARATIONS OF INTERESTS	
	Mr S Harris FIC Non-Executive Director Chair, and Mr J Shuter Director of Strategic Finance declared their respective roles as 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.	
	<u>Resolved</u> – that the declarations of interests be noted.	
61/23	MINUTES	
	<u>Resolved</u> – that the Minutes of the 23 and 31 March 2023 FIC meetings be confirmed as a correct record.	
62/23	MATTERS ARISING LOG	
	FIC reviewed the log of actions from previous FIC meetings, and noted any additional updates now provided, which would be reflected in the next iteration of the log. The FIC Non-Executive Director Chair advised that he and the Chief Financial Officer would review outside the meeting whether the action re: locums had already been addressed through previous iterations of the finance report.	CCSM FIC NED CHAIR/ CFO
	<u>Resolved</u> – that (A) any updates provided at this meeting be reflected in the next iteration of the action log and taken forward by the appropriate lead, and (B) the FIC Non-Executive Director Chair and the Chief Financial Officer review whether the FIC action on confirming the % of locums who were already UHL substantive staff had already been addressed through previous finance reports.	Named leads FIC NED CHAIR/ CFO
63/23	LLR ICB FINANCE REPORT 2022/23 – MONTH 122	
	The Chief Financial Officer advised FIC that all ICB partner organisations had delivered their 2022/23 positions in line with their plan.	
	<u>Resolved</u> – that the position be noted.	
64/23	IN-YEAR REPORTING	
64/23/1	<u>Report from the Chief Operating Officer</u>	
	<u>Resolved</u> – that this Minute be classed as confidential and taken in private accordingly.	

64/23/2	<u>2022/23 Financial Position – Month 12</u>	
	This item was considered in mitigation of BAF risk 7a. FIC received assurance that the 2022/23 financial plan had been delivered (the month 12 position now clarified as being a deficit of £12.455m following adjustment). The detail of the 2022/23 CIP and capital positions was discussed in detail (see below), noting over-delivery on the former and a small underspend on the latter. The Trust's focus was therefore now on delivery of the 2023/24 financial plan. In response to a query from the FIC Non-Executive Director Chair, the Chief Financial Officer provided assurance that all actions involved in delivering the 2022/23 financial position had been developed appropriately and collaboratively.	
	Resolved – that the month 12 finance position be noted.	
64/23/3	<u>2022/23 Capital Programme Update – Month 12</u>	
	This item was considered in mitigation of BAF risk 6. FIC received assurance that the 2022/23 capital plan had been delivered save for a small underspend of £811k against the total £97m programme. This was a significant achievement, particularly given the in-year increase of circa £42m to the capital plan. Although the Trust had been confident of delivery due to the actions put in place, delivery had required continuous and proactive management. Although welcoming the Trust's delivery of the 2022/23 capital programme, the FIC Non-Executive Director Chair queried how the planning could be better balanced throughout the year (eg whether an approach of quarterly management might be used), and requested assurance that the process would be different in 2023/24. The Director of Strategic Finance reiterated the Trust's ambitious and proactive approach to medium term capital planning (which was echoed by the Director of Estates and Facilities), and noted the difficulty of predicting the scale of in-year allocations and the need to be mindful of equipment lead-in times. Although acknowledging the need to be appropriately quick and responsive in terms of spending capital, the Chief Financial Officer also highlighted the impact of depreciation and PDC. Mr M Williams Non-Executive Director queried what steps had been taken to ensure that goods and works had been received and undertaken by 31 March 2023 – in response the Director of Strategic Finance provided assurance to FIC that appropriate due diligence had been undertaken with key stakeholders and the capital subgroups to validate/evidence receipt.	
	Resolved – that the position be noted.	
64/23/4	<u>2022/23 Cost Improvement Programme (CIP) Update</u>	
	This item was considered in mitigation of BAF risk 5. FIC received assurance that the Trust had successfully (over)delivered its 2022/23 cash-releasing and non-cash-releasing CIP targets, albeit that the cash-releasing element of delivery had been enabled by non-recurrent schemes. The Transformation Team continued to work with CMGs and Corporate teams to identify plans for the 2023/24 CIP programme, and had also worked with the costing and coding teams in particular to develop new and innovative tools to identify CIP and productivity improvements. However, the Director of Productivity reiterated that the 2023/24 CIP was extremely challenging. Mr M Williams Non-Executive Director queried the outlined Corporate/CMG CIP split for 2023/24, and in response the Chief Financial Officer provided assurance that a robust methodology underpinned that calculation. Mr Williams also queried the extent of progress made at meetings with ICB partners re: system-level transformation, and FIC members recognised the need for a system-wide transformation plan with no unintended consequences for individual partners. Mr M Williams Non-Executive Director advised that he and the Director of Productivity would discuss this further outside the meeting, including how best to highlight (to partners) the need for an appropriate system-wide approach. There was also a need for a wider understanding amongst partners of ongoing risk levels and issues, noting the pace of change.	MWNED/ DoP
	The FIC Non-Executive Director Chair welcomed the successful delivery of UHL's 2022/23 CIP plan, and recognised the challenge of the 2023/24 CIP target. The challenging nature	

	of the 2023/24 CIP, and attendant risks, would be highlighted to the Trust Board via the escalation report from this FIC meeting.	
	Resolved – that consideration be given to how to highlight to the LLR ICB finance group the need for appropriate system-wide transformation investment.	MW NED/ DoP
64/23/5	Report from the Director of Estates and Facilities	
	Resolved – that this Minute be classed as confidential and taken in private accordingly.	
64/23/6	Finance Restructure KPIs – Quarterly Update	
	<p>This item was considered in mitigation of BAF risks 4 and 5. FIC took assurance from the latest quarterly update on progress against the finance restructure 20 KPIs. 9 of those KPIs had now been fully delivered, with a further 3 partially or nearly delivered. 3 KPIs were not yet due, and 5 were not currently delivering to target. FIC welcomed this significant progress, and (in response to a query) took assurance from the work now described that good quality appraisals were being delivered. FIC also particularly noted the Trust's significant over-delivery on the achievement of Future Focused Finance level 1 accreditation, with a level 2 accreditation bid now already also submitted.</p> <p>Although recognising that this was not solely within the control of the Finance team, Mr B Patel and Mr M Williams Non-Executive Directors queried the timescale for enforcing the 'no PO no pay' approach, and wondered whether a more robust approach was required. The Chief Financial Officer noted this point, and although the specific delivery timescale was yet to be confirmed she provided assurance to FIC that this was a key focus for her team.</p> <p>The FIC Non-Executive Director Chair considered that FIC could take assurance on the improvement trajectory evidenced by the KPI update, and noted his view that UHL's delivery on the financial and capital position and on accounts progress had been good. FIC's confidence in UHL's ability to deliver the required standards would therefore be highlighted to the Trust Board via this escalation report.</p>	FIC NED CHAIR
	Resolved – that the update – and FIC's level of confidence – be noted and highlighted to the Trust Board.	FIC NED CHAIR
65/23	PLANNING	
65/23/1	Report from the Deputy Chief Executive and the Chief Financial Officer	
	Resolved – that this Minute be classed as confidential and taken in private accordingly.	
66/23	ITEMS FOR NOTING	
	Resolved – that the following reports be received and noted for information: (1) updated list of in-year investments/approvals; (2) update on Exiting the Recovery Support Programme – roadmap to sustainable financial recovery, and (3) Trust Leadership Team actions from 18 April 2023 and agenda from 25 April 2023.	
67/23	ANY OTHER BUSINESS	
	There were no items of any other business.	
68/23	IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD	
	Resolved – that (A) the items in Minute 56/23 and confidential Minute 57/23 above be recommended to the Trust Board for approval, and	FIC NED CHAIR

	(B) the items in Minutes 64/23/4 and 64/23/6 above be highlighted to the Trust Board.	FIC NED CHAIR
69/23	DATE OF NEXT MEETING	
	<u>Resolved</u> – that the next meeting of the Finance and Investment Committee be held virtually on Friday 26 May 2023 at 12.30pm.	

The meeting closed at 11.02am

Helen Stokes **Corporate and Committee Services Manager**

FIC Attendance Record 2023/24

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
S Harris	1	1	100	J Melbourne	1	1	100
S Barton	1	1	100	B Patel	1	1	100
A Carruthers	1	1	100	M Simpson	1	1	100
G Collins-Punter	1	0	0	M Williams	1	1	100
A Furlong	1	0	0	J Worrall	1	0	0
L Hooper	1	1	100				

Regular Non-Voting Members/Attendees:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
B Cassidy	1	1	100	J Shuter	1	1	100
S Ceres	1	1	100				