

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

**MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD VIRTUALLY ON
FRIDAY 27 JANUARY 2023 AT 12.30PM VIA MICROSOFT TEAMS**

Voting Members Present:

Mr S Harris – FIC Non-Executive Director Chair
 Mr A Carruthers – Chief Information Officer
 Ms G Collins-Punter – Associate Non-Executive Director (up to and including Minute 13/23/2)
 Mr A Furlong – Medical Director
 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
 Mr J Worrall – Associate Non-Executive Director

In Attendance:

Ms B Cassidy – Director of Corporate and Legal Affairs
 Mr S Ceres – Deputy Director of Finance (Financial Management)
 Mr S Linthwaite – Deputy Director of Finance (Financial Services)
 Mr R Manton – Head of Risk Assurance
 Ms J Marsden – Head of Radiotherapy Physics (for Minute 2/23)
 Ms K Meats – Internal Audit (observing)
 Mr A Middleton – Property Manager (for Minute 3/23)
 Ms S Patel – Head of Financial Management, CHUGGS CMG (for Minute 2/23)
 Mr B Shaw – Director of Productivity
 Mr J Shuter – Director of Strategic Finance
 Ms H Stokes – Corporate and Committee Services Manager

		<u>ACTION</u>
	<u>RECOMMENDED ITEMS</u>	
1/23	BOARD ASSURANCE FRAMEWORK (BAF)	
	FIC reviewed all strategic risks (3, 4, 5, 6, 7a, 7b, 8 and 9) on the BAF aligned to its remit. FIC was satisfied there was positive assurance in relation to the key next steps identified within strategic risk 4 (' <i>culture within the finance team</i> ') and supported the proposal to both reduce the current risk score (from 12 to 8) to meet the tolerable rating and to close the risk on the BAF and incorporate the residual risk regarding culture (training & development) into operational risk 3922 (re operational finance culture change) on the UHL operational Risk Register. FIC also supported the proposal to update the risk event description for strategic risk 7a (' <i>deliver the 2022/23 financial reforecast</i> ') and to reduce the current risk score to moderate (from 15 to 12) based on updates to the risk event description. There were no further changes proposed to the scores of the remaining strategic risks (3, 5, 6, 7b, 8 and 9) aligned to FIC's remit.	DCLA/ CFO
	<u>Recommended</u> – that the following proposals be endorsed by FIC and recommended for Trust Board approval: (1) reducing the score for BAF risk 4 from 12 to 8, removing that risk from the BAF and incorporating it into the appropriate risk on the operational risk register, and (2) reducing the risk score for BAF risk 7 from 15 to 12.	DCLA/ CFO
2/23	ITEMS FOR APPROVAL	
	<u>Recommended</u> – that this Minute be classed as confidential and taken in private accordingly.	
3/23	REPORTS FROM THE DIRECTOR OF ESTATES AND FACILITIES	

	<u>Recommended</u> – that that this Minute be classed as confidential and taken in private accordingly.	
4/23	REPORT FROM THE DIRECTOR OF STRATEGIC FINANCE	
	<u>Recommended</u> – that that this Minute be classed as confidential and taken in private accordingly.	
	<u>RESOLVED ITEMS</u>	
5/23	APOLOGIES FOR ABSENCE	
	Apologies for absence were received from Mr S Barton Deputy Chief Executive.	
6/23	QUORUM	
	The meeting was confirmed to be quorate.	
7/23	DECLARATIONS OF INTERESTS	
	Mr J Worrall Associate Non-Executive Director, Mr S Harris FIC Non-Executive Director Chair, and Mr J Shuter Director of Strategic Finance declared their respective roles as Chair, 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, including for Minute 3/23.	
	<u>Resolved</u> – that the declarations of interests be noted.	
8/23	MINUTES	
	<u>Resolved</u> – that the Minutes of the 22 December 2022 FIC meeting be confirmed as a correct record.	
9/23	MATTERS ARISING LOG	
	FIC reviewed the log of actions from previous FIC meetings, and noted the additional updates now provided, which would be reflected in the next iteration of the log. The FIC Non-Executive Director Chair also requested that an update be sought on the action re: the % of locums who were already UHL substantive staff.	CPO
	<u>Resolved</u> – 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
10/23	REPORT FROM THE CHIEF OPERATING OFFICER	
	<u>Recommended</u> – that that this Minute be classed as confidential and taken in private accordingly.	
11/23	ICB FINANCE REPORT 2022/23 – MONTH 9	
	The Chief Financial Officer briefed FIC on the month 9 financial report from the ICB.	
	<u>Resolved</u> – that the position be noted.	
12/23	IN-YEAR REPORTING	
12/23/1	<u>2022/23 Financial Position – Month 9</u>	

	<p>This item was considered in mitigation of BAF risk 7a. FIC noted the month 9 position for 2022/23, which was a deficit of £11.3m (£6.8m adverse to plan). Both pay and non-pay were at variance to plan, and key drivers for the position included additional emergency capacity above plan, additional elective capacity to support waiting list reduction, income, and inflation. UHL had issued revised control totals to all Clinical Management Groups and Corporate Directorates, and appropriate recovery actions had been developed, with performance being closely monitored through the cycle of Performance Review Meetings, and the Chief Financial Officer provided assurance that the Trust remained committed to delivering the 2022/23 year-end position of a £17.7m deficit as agreed with the System and NHSE/I (that position assumed delivery of a £35m UHL CIP, and the Deputy Director of Finance advised that there was currently a circa £1.5m shortfall on the CIP). However, there remained operational risks to delivery of the financial position, including continued emergency pathway demands, actions to reduce ambulance waiting times, and the implications of any further industrial action by Ambulance services, and the Chief Financial Officer emphasised to FIC that although she could see a path to delivering the 2022/23 £17.7m deficit position it would nonetheless be challenging. The Chief Financial Officer advised FIC that an update on the Chief People Officer's review of medical pay spend (particularly the position re: shift pay) would be provided at the next FIC.</p>	CPO/ CFO
	<p>Resolved – that an update on the Chief People Officer's review of medical pay spend (particularly re: shift pay) be included in the month 10 finance report.</p>	CFO/ CPO
12/23/2	<p><u>2022/23 Capital Programme Update – Month 9</u></p>	
	<p>This item was considered in mitigation of BAF risk 6. As previously reported, the pace of capital expenditure continued to increase, and year-to-date capital expenditure (net of donated income) at month 9 was £35m – although this was £2m ahead of the forecast profile (which was welcomed) FIC recognised that a significant amount of expenditure remained in the last 3 months of the financial year to deliver the 2022/23 capital programme of £80.9m. In-year capital allocations continued to be received, and FIC was given assurance by the Director of Strategic Finance that the capital position was being reviewed and proactively managed on a daily basis by the capital subgroup leads and the Capital Monitoring and Investment Committee. Appropriate schemes were being brought-forward where feasible, and opportunities were being taken to maximise spend for 2022/23. In response to a query from Mr M Williams Non-Executive Director as to the level of capital expenditure which would be paid by 31 March 2023, the Director of Strategic Finance advised that a 1-month lag on invoice expenditure was the norm. The FIC Non-Executive Director Chair strongly emphasised the need to be able to appropriately demonstrate that the works had been completed by year-end.</p>	
	<p>Resolved – that the position be noted.</p>	
12/23/3	<p><u>2022/23 Cost Improvement Programme (CIP) Update</u></p>	
	<p>This item was considered in mitigation of BAF risk 5. The Director of Productivity advised FIC that progress against the 2022/23 £35m CIP target was slightly off-track – although currently challenging, a number of bridging schemes had been developed and it was hoped to improve the position in month 10. The FIC Non-Executive Director Chair strongly pressed the Director of Productivity on the likelihood of delivering the bridging schemes, and FIC noted the relative level of confidence expressed in response. A further update on the delivery of the bridging schemes would be provided to the February 2023 FIC. Progress continued on developing the CIP plan for 2022/23, and a further progress update on that work would be provided to the February 2023 FIC. Mr M Williams Non-Executive Director commented on the need for UHL to focus on key spend areas which would yield the greatest impact.</p>	DoP
	<p>Resolved – that an update on the £5m bridging schemes be provided to the next meeting.</p>	DoP
12/23/4	<p><u>Exiting the Recovery Support Programme (RSP) – Roadmap to Financial Sustainability</u></p>	

	This item linked to all BAF risks within FIC's remit. FIC took positive assurance from the January 2023 progress reported re: the actions necessary for UHL to exit the Recovery Support Programme. So that FIC's discussion on other agenda items could be appropriately contextualised, FIC agreed that the RSP update should be taken at the start of the meeting in future (after the BAF).	CFO
	Resolved – that this item be moved to the beginning of the FIC agenda for future meetings, after the BAF item.	CFO/ CCSM
12/23/5	<u>Balance Sheet Review</u>	
	This item linked to BAF risks 3 and 4. FIC took positive assurance from the historical analysis of UHL's balance sheet over the last 2 financial years and for 2022/23 (as at month 9). The Deputy Director of Finance (Financial Services) detailed the ways in which the Trust's balance sheet had been strengthened over that time, which was welcomed by FIC. Balance sheet management actions had been progressed on areas such as journals, purchase to pay, asset verification, receivables, and cash management. Positive work on the 'purchase to pay' process was also evidenced in the finance function KPI improvements. The FIC Non-Executive Director Chair particularly welcomed this update, and requested that a focus on the position re: aged debtors be provided to a future FIC meeting. In response to a query from the FIC Non-Executive Director Chair, the Deputy Director of Finance (Financial Services) clarified the nature of the term 'dividend'.	DoF(FS)
	Resolved – that detailed information re: debtors (particularly re: aged debtors) be presented to a future FIC.	DoF(FS)
12/23/6	<u>General Ledger and Financial Reporting – Internal Audit Report</u>	
	This item was considered in mitigation of BAF risk 5. FIC received an update on the Trust's management actions in response to this limited assurance Internal Audit report, which had also been discussed by the December 2022 Audit Committee. The report contained 7 recommendations, 2 of which were rated as medium risk, and the Deputy Director of Finance (Financial Services) provided assurance on the progress against each action. The FIC Non-Executive Director Chair sought assurance on the re-review frequency, and received assurance that this would be an annual review through the Internal Audit workplan.	
	Resolved – that the position be noted.	
12/23/7	<u>Position re: Actions from Internal Audit Reports</u>	
	This item was considered in mitigation of BAF risk 5. FIC received a summary overview of the status of Internal Audit report actions where Finance and Procurement had the lead responsibility for implementation. Good progress had been made in responding to the actions, with 26 of the 33 actions due by 31 December 2022 having been delivered. There were no high risk actions still outstanding. Mr M Williams Audit Committee Non-Executive Director Chair reiterated his previously-expressed concerns at the length of time taken to close down specific actions, and he strongly emphasised the need for historic actions to be either closed, or removed if no longer relevant. The Director of Estates and Facilities explained the position in respect of certain specific actions under his remit. The FIC Non-Executive Director Chair took some assurance from the progress made in closing actions, but he acknowledged the points made by the Audit Committee Non-Executive Director Chair on the continued scope for improvement.	
	Resolved – that the position be noted.	
12/23/8	<u>Estates and Facilities Reports</u>	
12/23/8.1	<u>Critical Path</u>	

	This item was considered in mitigation of BAF risk 9. FIC received an update on how backlog maintenance and critical infrastructure risks were being reduced through enabling projects at LRI as part of the Reconfiguration Programme. The Director of Estates and Facilities provided assurance to FIC that these elements were under continuous appropriate review internally.	
	Resolved – that the position be noted.	
12/23/8.2	<u>Estates and Facilities Compliance Audit</u>	
	This item was considered in mitigation of BAF risk 9. FIC received an update on progress following the compliance audit undertaken by an external company, and took assurance from the Director of Estates and Facilities' comments that there were no concerns requiring escalation at this stage. The FIC Non-Executive Director Chair took assurance from the report and welcomed the progress evidenced, noting the Director of Estates and Facilities' confirmation that an appropriate follow-up review would also be undertaken. The FIC Non-Executive Director Chair specifically queried the red assessment for December 2022, and noted that this involved both an external and internal assessment.	
	Resolved – that the position be noted.	
12/23/9	<u>Electronic Patient Record (EPR) Programme Review</u>	
	This item was considered in mitigation of BAF risk 8. In line with the FIC workplan, the Chief Information Officer provided a quarterly assurance update re: progress on the Electronic Patient Record programme. He briefed FIC on progress to date, key deliverables for 2023/24, and risks (particularly relating to the recruitment and retention of appropriate expertise) to the delivery of the EPR programme's outcomes. Ms G Collins-Punter Associate Non-Executive Director queried the timeframe for the proposed clinical digital leadership role, and received assurance that this was being progressed. The FIC Non-Executive Director Chair welcomed the update and the scale of work underway.	
	Resolved – that the position be noted.	
12/23/10	<u>Report from the Chief Information Officer</u>	
	Resolved – that that this Minute be classed as confidential and taken in private accordingly.	
13/23	PLANNING	
13/23/1	<u>Report from the Director of Strategic Finance</u>	
	Resolved – that that this Minute be classed as confidential and taken in private accordingly.	
13/23/2	<u>3-Year Capital Plan</u>	
	This item was considered in mitigation of BAF risk 6. FIC was briefed on the ongoing development of a 3-year UHL capital plan, and also specifically noted the position re: the 2023/24 draft capital plan. Capital availability was extremely challenged, with a potential negative impact on estates infrastructure/maintenance and IT schemes in particular (and their related BAF risks), and FIC emphasised the need to clearly understand the implications of which schemes were progressed/not progressed. Appropriate account also needed to be taken of any in-year capital spend decisions. Decisions on the risk-profiled capital schemes needed to be clinically-driven, and Mr M Williams Non-Executive Director sought particular assurance on the mechanics of the prioritisation process for the individual capital schemes – in response, he received assurance that the impact on patient safety and care would be the ultimate determining factor.	

	Resolved – that the position be noted.	
13/23/3	Medium Term Financial Plan	
	This item was considered in mitigation of BAF risk 7b. FIC was briefed on progress in developing a UHL medium-term financial plan (MTFP) alongside the Trust's overarching strategy, recognising the significant financial challenge facing UHL as a result of operational and inflationary pressures in a flat cash context. The 'next steps' included ensuring that CMGs and Corporate Directorates understood the transformative opportunities to support delivery of the 2023/24 savings, and progressing both the operational and financial planning requirements for 2023/24. Finalisation of the MTFP was anticipated as May 2023 in line with that operational and financial planning process. FIC noted that further discussion on the MTFP would take place at a Trust Board workshop in March 2023.	
	Resolved – that the position be noted.	
14/23	ITEMS FOR NOTING	
	FIC welcomed the progress outlined on the finance function KPIs, and took assurance from the full delivery of 4 specific indicators. FIC approved the request to change the target for KPI 9 (timely issuing of budget-holder reports) to 5 working days. The other reports in this section of the agenda were received and noted with no discussion, following assurance from the Chief Financial Officer that there were no issues needing to be drawn to FIC's attention.	
	Resolved – that (A) the requested change to KPI 9 of the finance function KPIs (re: timely issuing of budget-holder reports) be approved (from 4 days to 5 days), and (B) the following reports be received and noted for information: (1) updated list of in-year investments/approvals; (2) Finance and Procurement Skills Development (FPSD) working group annual report October 2022; (3) Executive Finance and Performance Board actions from 20 December 2022 and agenda from 24 January 2023.	CPO
15/23	ANY OTHER BUSINESS	
	There were no items of any other business.	
16/23	IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD	
	Resolved – that (A) the item in Minute 1/23 and in confidential Minutes 2/23 – 4/23 above be recommended to the Trust Board for approval, and (B) the item in Minute 12/23/4 above be highlighted to the Trust Board.	FIC NED CHAIR FIC NED CHAIR
17/23	DATE OF NEXT MEETING	
	Resolved – that the next meeting of the Finance and Investment Committee be held virtually on Friday 24 February 2023 from 12.30pm.	

The meeting closed at 2.58pm

Helen Stokes **Corporate and Committee Services Manager**

FIC Attendance Record 2022/23

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
S Harris	12	11	92	J Melbourne	11	10	91
S Barton (from 1 July 2022)	7	7	100	R Mitchell (until 30 June 2022)	4	3	75

A Carruthers (from Dec 2022)	2	2	100	B Patel	12	11	92
G Collins-Punter (from Dec 2022)	2	2	100	M Simpson (from Dec 2022)	2	2	100
A Furlong	11	7	64	M Williams	12	12	100
L Hooper	12	11	92	J Worrall (from Dec 2022)	2	2	100

Regular Non-Voting Members/Attendees:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
S Barton (until 30 June 2022)	1	1	100	M Durbridge	10	10	100
A Carruthers (until Dec 2022)	6	6	100	J Shuter	12	12	100
B Cassidy	12	11	92	M Simpson (until Dec 2022)	6	4	67
G Collins-Punter (until Dec 2022)	6	4	67	J Worrall (until Dec 2022)	10	10	100