

Summary for Trust Board members

Report Title:	Finance and Investment Committee – Committee Chair’s Report
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Reporting Committee:	Finance and Investment Committee (FIC)
Chaired by:	Andrew Johnson, Non-Executive Director
Lead Executive Director(s):	Rebecca Brown Acting Chief Executive, Simon Lazarus Chief Financial Officer, and Debra Mitchell Acting Chief Operating Officer
Date of FIC:	29 July 2021

Summary of key public matters considered by the Committee:

This report provides a summary of the key public issues considered by the Finance and Investment Committee on 29 July 2021 (*involving Mr A Johnson FIC Non-Executive Director Chair; Ms R Brown Acting Chief Executive; Miss M Durbridge Director of Quality Transformation Efficiency and Improvement; Ms K Gillatt Associate Non-Executive Director; Mr A Haynes Adviser to the Trust Board; Mr D Kerr Director of Estates and Facilities [part]; Mr S Lazarus Chief Financial Officer; Mr S Linthwaite Deputy Director of Finance (Financial Services) [part]; Mr I Orrell Associate Non-Executive Director; Mr B Patel Non-Executive Director; Mr M Williams Non-Executive Director; Mr R Cooper Financial Improvement Director; Ms S Taylor Deputy Chief Operating Officer, and Mr S Wombwell Financial Consultant [part]*). Full Minutes will be issued prior to the August 2021 FIC and September 2021 Trust Board.

- **2021/22 month 3 financial performance including H1 forecast** – the Chief Financial Officer briefed FIC on the Trust’s year to date financial performance as at month 3, noting that the Trust was ahead of both plan and the H1 forecast. The actual position (including Top Up funding) was a £5.8m surplus, which was £1.1m favourable to forecast and £1.2m favourable to plan. The Trust’s cash position remained strong. Pay awards were not yet finalised and thus were not included in the position, but were expected to be funded nationally.

UHL continued to work closely with system colleagues regarding the overall financial position for H1; 2021/22 H2 planning guidance was not expected until September 2021 but it was anticipated that it would continue to reflect the existing Covid-19 regime. At the request of Mr I Orrell Associate Non-Executive Director, the Chief Financial Officer provided further detail on the assumptions anticipated for H2 in terms of the likely CIP ask and ERF recalibration (the FIC Non-Executive Director Chair queried if that would result in less flexibility but this was not believed to be the case). The Trust continued to face very significant operational pressures particularly in ED, and was working closely with system colleagues regarding the integrated, collaborative use of as much system headroom funding as possible to address these pressures, which was supported by the FIC Non-Executive Director Chair. At the request of Mr M Williams Non-Executive Director, the Chief Financial Officer provided further detail on the Elective Recovery Fund (ERF) assumptions and likely position for H2. The Chief Financial Officer also clarified that ERF income and cost elements were not currently reflected in the month 3 financial position but would be included from month 4 onwards.

The 2021/22 month 3 financial position is highlighted to Trust Board members for information.

- **Becoming the Best Transformation and 2021/22 CIP update** – the Director of Quality Transformation Efficiency and Improvement presented the report; following on from the recent Trust Board workshop, the report’s narrative was being refocused to be more accessible and clear for the wider Trust Board (to be in place from the August 2021 FIC onwards). The Trust remained confident of delivering £8m CIP in H1 of 2021/22, and was currently on track with £7.73m identified on the H1 tracker (cash-releasing/non-cash-releasing split as shown in the report). UHL was also involved in system-level work was also underway to review 9 key pathways.

Mr M Williams Non-Executive Director voiced concern over delivery on the significant UHL workforce CIP schemes, particularly re: premium pay reduction. Executive Directors advised that due to the significant operational pressures being experienced by the Trust, a flexible approach was currently needed in order to support clinical areas and quality requirements, and address backlogs. Appropriate system headroom funding options were also being explored. The Acting Chief Executive provided assurance, however, that fundamental process improvements continued to be made on this issue, and she considered that the Trust would be in a very strong position on this CIP scheme for 2022/23. The FIC Non-Executive Director Chair emphasised the need for appropriate grip and control on the issue of local allowances, although noting suggestions from Mr M Williams Non-Executive Director on the scope for an ‘invest to save’ approach. Mr M Williams Non-Executive Director also queried the position of the theatres CIP workstream – in response, the Director of Quality Transformation and Efficiency Improvement provided assurance that this workstream was progressing, but she acknowledged that it had been impacted by recent emergency pressures. The overall H2 impact was not yet known but the Director of Quality Transformation and Efficiency Improvement considered that the theatres CIP workstream would be well

placed for 2022/23 delivery. Mr I Orrell Associate Non-Executive Director also noted the need to ensure that UHL maintained close oversight of CIP reporting in H2, as he considered that the position would become more complex. The FIC Non-Executive Director Chair welcomed the improvement in the H2 CIP position, and emphasised the need for continued clear communication with staff.

- **2021/22 H1 investments** – FIC noted for information the list of 21/22 H1 investments approved by the Financial Recovery Board on 21 July 2021 (green rated schemes). The Director of Quality Transformation Efficiency and Improvement provided assurance that the robustness of the review process had further improved in 21/22, requiring very robust Quality Impact Assessments (QIAs) for each scheme and prioritising critical quality schemes. As requested by the Financial Recovery Board, a post-project-evaluation of the investments would be undertaken in October 2021. The Director of Quality Transformation Efficiency and Improvement further confirmed that 3 of the schemes had been approved for non-recurrent ERF monies. Although agreeing that a clear process was in place for reviewing and agreeing investments, the FIC Non-Executive Director noted the need to be mindful of cost-base increases, given the quantum of the investments agreed (circa £6m). He also queried the process for the amber and red rated schemes on the list. Ms K Gillatt Associate Non-Executive Director welcomed the report but advised that it would also be helpful to understand the recurrent/non-recurrent impact; whether the investments were driven by demand or quality requirements, and the subsequent outcome of the investments. The Director of Quality Transformation Efficiency and Improvement advised that these issues would be included in the next investment report, and she provided assurance that all of those points were addressed through the investment Process Initiation Documents (PIDs) and QIAs.
- **Roadmap to Sustainable Financial Improvement** – the Acting Chief Executive presented the July 2021 iteration of the assurance roadmap, which would be further updated for the September 2021 Trust Board. The Acting Chief Executive considered that the key risks identified in the report were appropriately reflected in the reports to FIC, which was welcomed, and she now provided a further progress update on the issues detailed in the roadmap. The Audit Committee continued to closely monitor progress on the 2019/20 accounts restatement, and the Acting Chief Executive also advised FIC that finance team support was in place until April 2022. The Financial Improvement Director agreed that the accounts restatement was a key focus and he noted the very significant work underway on that; having the correct level of capacity and expertise in place was crucial both for the current work and going forward. Although work remained to be done on the roadmap, the Financial Improvement Director considered that good progress was being made and advised that he was keen to see further improvement on the RAG rating of the key risks. FIC also noted the key linkage to the ongoing development on the medium term financial plan.
- **Financial Recovery Board (FRB)** – FIC received and noted for information the action notes from the FRB meetings held on 9 June 2021, 23 June 2021 and 7 July 2021, and the agenda for and actions from the 21 July 2021 FRB.
- **Items for noting** – the following reports were received for information:-
 - Executive Finance and Performance Board action notes from 22 June 2021, and
 - Executive Finance and Performance Board agenda from 27 July 2021.

Public matters requiring Trust Board consideration and/or approval:

Recommendations for approval

- none

Items highlighted to the Trust Board for information

- 2021/22 month 3 financial position.

Public matters referred to other Committees:

None

Date of next FIC meeting:

26 August 2021