

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:	Mike Williams, Non-Executive Director (Acting FIC Chair for this meeting)
Lead Executive Director(s):	Rebecca Brown Acting Chief Executive, Simon Lazarus Chief Financial Officer, and Debra Mitchell Acting Chief Operating Officer
Date of FIC:	26 August 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 26 August 2021 (*involving Mr M Williams FIC Non-Executive Director Deputy Chair [Acting Chair for this meeting]; Ms R Brown Acting Chief Executive; Miss M Durbridge Director of Quality Transformation Efficiency and Improvement; Mr A Furlong Medical Director [part]; 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; Ms D Mitchell Acting Chief Operating Officer; Mr T Moore Deputy Financial Improvement Director [part]; Mr I Orrell Associate Non-Executive Director, and Mr B Patel Non-Executive Director.* Full Minutes will be issued prior to the September 2021 FIC and November 2021 Trust Board.

- 2021/22 month 4 financial performance** – the Chief Financial Officer briefed FIC on the Trust’s year to date financial performance as at month 4, noting that the Trust was ahead of both plan and the H1 forecast. The actual position (including Top Up funding) was a £4.6m surplus, which was £1.1m favourable to forecast and £1.7m favourable to plan. The Trust’s cash position remained strong. UHL continued to work closely with system colleagues regarding the overall break-even financial position for H1. UHL’s H1 forecast assumed £3m of Elective Recovery Fund (ERF) monies, and the timing of that expenditure was being reviewed further in month 5. 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 (re: both restoration and recovery and emergency care pressures, on a non-recurrent basis).

In discussion on the month 4 financial report, Non-Executive Director members of FIC particularly queried the pay trend upswing forecast in months 5 and 6, given the current significant pay underspend against plan. Ms K Gillatt Associate Non-Executive Director particularly sought assurance that the pay/WTE forecasts were accurate, and queried whether the current underspend position would continue. The FIC Non-Executive Director Acting Chair advised that system-wide staff recruitment and retention risks were being discussed by the ICS. The Chief Financial Officer and the Acting Chief Operating Officer acknowledged that staffing levels across the Trust were challenging, with an impact on risk, capacity, and urgent care delivery, and they noted the need to invest non-recurrently in medical and nursing staff in order to manage emergency pressures and ensure that the elective targets for ERF monies could be delivered. Current Covid-19 pressures were impacting significantly on elective capacity, and on (eg overseas) staff recruitment. The Acting Chief Operating Officer and the Acting Chief Executive advised that the pay position was being reforecast, and they noted the need to explore all appropriate options for meeting staffing level requirements. Enhanced support had also been put in place within the Trust’s recruitment team and the locum/bank booking team, to expedite processes. The Trust’s priority continued to be to address clinical risk, and the Acting Chief Executive advised FIC that some of the planned workforce efficiency cost improvement programme schemes were likely to be temporarily paused. In response to an Associate Non-Executive Director query on the position of the risk register and the frequency that document should be seen at Trust Board, the Acting Chief Executive provided assurance that workforce risks were well-documented and monitored at Executive level, and the FIC Non-Executive Director Acting Chair advised that a Trust Board workshop on the Board Assurance Framework/risk register was scheduled for September 2021.

FIC Non-Executive Directors considered that the alignment between HR and Finance could be improved in terms of the pay runrate, and queried whether a deeper understanding of forecasting was required through the Trust. The Chief Financial Officer emphasised the need for Clinical Management Groups (CMGs) to be accountable for their own forecasting, with appropriate central assurance then obtained through rigorous confirm and challenge sessions. Although agreeing the need for CMGs to appropriately triangulate their activity and workforce plans, the Acting Chief Operating Officer reiterated comments over the continuing significant pressures on staff as a result of Covid-19, and she noted that CMGs had initially needed to develop ambitious activity (and therefore workforce) forecasts to meet restoration and recovery targets. Although significant progress had been made on CMG forecasting, that process of improvement continued. The FIC Non-Executive Director Acting Chair emphasised the

need for UHL to sharpen its forecasting ability, noting the need to maintain credibility at system level in terms of the forecast break-even position.

The discussions above on forecasting, staff pressures, and the impact on service delivery are 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, noting that the September 2021 FIC would also receive a detailed update on the enabling work of the Improvement Collaborative (linked to transformation programmes such as endoscopy, fractured neck of femur, and surgery). A detailed report on Quality Impact Assessments was being discussed by the August 2021 Quality Committee. With regard to the H1 position, the amount of cash-releasing schemes on the tracker now stood at £8.075m, with the transacted amount having increased to £5.5m since the previous update. The recurrent/non-recurrent split of savings also continued to improve. Noting that H1 now looked to deliver approximately twice what had been planned, the FIC Non-Executive Director Deputy Chair queried how this impacted on H2 and on the break-even position being forecast for H1.

Following on from the month 4 finance report discussion above, the Director of Quality Transformation Efficiency and Improvement advised FIC that some of the theatres productivity schemes had been temporarily halted, in light of the current constraints on elective work. Although £2.9m of workforce-related scheme savings would be delivered in H1, the Trust was now reviewing whether it was appropriate to continue with all of the planned H2 actions, given the clinical risk position. In response to a query from the FIC Non-Executive Director Deputy Chair, the Director of Quality Transformation Efficiency and Improvement provided examples of how/where premium pay savings had been delivered in H1; the examples provided included converting locum posts in dermatology and rheumatology into substantive posts, and reviewing skillmix requirements when posts became vacant. Locum payment levels were a recognised issue within hard to recruit to specialties. The FIC Non-Executive Director Deputy Chair queried the extent to which such examples addressed premium pay spend. Significant work was also underway to address underlying process issues, such as bringing the Trust into line on Agenda for Change overtime provisions re: part-time staff, and reducing the number of different Waiting List Initiative rates. FIC Non-Executive Directors sought assurance that changes would be appropriate embedded and therefore sustained; the Acting Chief Operating Officer advised that this would be the case, but both she and the Acting Chief Executive emphasised the need to consider what measures were appropriate at the current time of significant Covid-19 challenges and resulting activity pressures.

- **Roadmap to Sustainable Financial Improvement** – the Acting Chief Executive and the Deputy Financial Improvement Director presented the August 2021 iteration of the assurance roadmap, which would be further updated for the September 2021 Trust Board. They took FIC through the current RAG ratings for each of the 5 key risks, and FIC noted its agreement with each. The Deputy Financial Improvement Director also outlined his ongoing work with the Director of Operational Finance on the grip and control checklist, a detailed progress report on which was scheduled for the end of September 2021 Financial Recovery Board. He emphasised that the checklist was not a ‘checkbox’ exercise.
- **Financial Recovery Board (FRB)** – FIC received and noted for information the action notes from the FRB meetings held on 21 July 2021 and 4 August 2021, and the agenda for and actions from the 18 August 2021 FRB.
- **Items for noting** – the following reports were received for information:-
 - Executive Finance and Performance Board action notes from 27 July 2021, and
 - Executive Finance and Performance Board agenda from 24 August 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 4 financial position and discussions on forecasting, staffing, and service delivery pressures.

Public matters referred to other Committees:

None

Date of next FIC meeting: 30 September 2021