

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD VIRTUALLY ON THURSDAY 24 JUNE 2021 AT 9AM VIA MICROSOFT TEAMS

Voting Members Present:

Mr A Johnson – Non-Executive Director (Committee Chair)
Col (Ret'd) I Crowe – Non-Executive Director
Ms D Mitchell – Acting Chief Operating Officer
Mr B Patel – Non-Executive Director

In Attendance:

Ms D Briggs – Interim Associate Director of Finance (for Minute 64/21/6)
Mr R Cooper – Financial Improvement Director
Ms K Gillatt – Associate Non-Executive Director
Ms C Loughhead – Project Manager (for Minute 59/21)
Mr I Orrell – Associate Non-Executive Director
Mr B Shaw – Director of Productivity
Mr J Shuter – Director of Operational Finance
Ms H Stokes – Corporate and Committee Services Manager
Mr M Williams – Non-Executive Director
Mr S Wombwell – Financial Consultant (for Minute 64/21/4)

ACTION

RECOMMENDED ITEMS

59/21 REPORT FROM THE DIRECTOR OF OPERATIONAL FINANCE

Recommended – that this Minute be classed as confidential and taken in private accordingly.

RESOLVED ITEMS

60/21 APOLOGIES FOR ABSENCE AND WELCOME

Apologies for absence were received from Miss M Durbridge Director of Quality Transformation and Efficiency Improvement, and Mr S Lazarus, Chief Financial Officer. The FIC Non-Executive Director Chair welcomed Mr B Shaw, Director of Productivity to the meeting in the absence of the Director of Quality Transformation and Efficiency Improvement.

61/21 DECLARATIONS OF INTERESTS

Mr A Johnson FIC Non-Executive Director Chair, Ms K Gillatt, Associate Non-Executive Director, and Mr J Shuter Director of Operational Finance declared their roles as (respectively) Non-Executive Chair, Non-Executive Director, and Finance Director and Company Secretary of Trust Group Holdings Ltd. As these were judged by the Committee to be non-prejudicial interests, they remained present at the meeting.

Resolved – that the declarations of interests be noted.

62/21 MINUTES

Resolved – that the Minutes of the 27 May 2021 Finance and Investment Committee be confirmed as a correct record.

63/21 MATTERS ARISING LOG

Paper B updated FIC on the status of actions from previous meetings, and the FIC Non-Executive Director Chair welcomed the progress being made in (appropriately) closing those. Ms K Gillatt Associate Non-Executive Director confirmed that she had provided updates to close actions 7 and 8, which would be reflected in the next iteration of the log.

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Resolved – that the matters arising log and associated updates be noted, and any

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further actions required be taken forward by the appropriate named lead.

LEAD(S)

64/21 KEY ISSUES FOR DISCUSSION AND ASSURANCE

64/21/1 2021/22 Month 2 Financial Position including H1 forecast

The Director of Operational Finance briefed FIC on the Trust's year to date financial performance as at month 2, noting that the Trust was broadly in line with plan. The actual position (including Top Up funding) was a £3.8m surplus, which was £0.1m favourable to forecast and plan. The Trust's cash position was currently strong, and a Cash Committee had now been set up to manage the anticipated tightening position as the year progressed. In response to a query from the FIC Non-Executive Director Chair, the Director of Operational Finance provided assurance that appropriate working capital processes were in place and agreed to confirm what was included in the non-NHS element of the 90-day receivables.

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The Trust was also forecasting to deliver its H1 breakeven plan (current forecast position £1m surplus) – the assumptions behind that forecast excluded any Covid-19 3rd wave impact, currently did not include any Elective Recovery Funds (although associated H1 expenditure was included), and – as per national guidance - excluded Agenda for Change pay awards. The Acting Chief Operating Officer outlined performance against the monthly ERF thresholds to date (delivered). In response to a query from Mr I Orrell Associate Non-Executive Director, the Director of Operational Finance advised that he was reasonably confident re: the H1 forecast and delivery, based on the review undertaken during month 2. He noted for information, however, that the H1 Health Education England allocation was not yet known. The Director of Operational Finance and the Acting Chief Operating Officer briefed FIC on system planning discussions re: Elective Recovery Funds (including the proportion assumed for UHL) and noted the need for further work on the implications of delivering the additional activity to qualify for the funding. Various gateways were also planned to validate the achievement of the Elective Recovery Fund thresholds. The quantum of the ERF monies was assumed as £6m across the system for 6 months. Mr M Williams Non-Executive Director emphasised the need for the Trust to maintain appropriate focus despite this and drive on its efficiency and CIP delivery, in addition to any additional appropriate income from ERF; this was strongly supported by all FIC Non-Executive and Executive Director members. The Acting Chief Operating Officer confirmed that additional activity should be viewed as an efficiency gain.

In further discussion on the month 2 finance report, both Mr M Williams Non-Executive Director and the FIC Non-Executive Director Chair queried the appendix 5 underspend and reduced payrate in light of the overactivity, and the FIC Non-Executive Director Chair voiced his concerns that the Trust continued to over-estimate paycosts and that there was a disconnect with the CIP. In response, the Director of Operational Finance acknowledged that there was scope to further improve the robustness of workforce forecasting in terms of recruitment profiling. The Acting Chief Operating Officer also provided further detail on how the current casemix and the (largely daycase and outpatient) activity profile was impacting on spend – this was also affecting the subsequent forecast upward non-pay trend after month 2 which had been queried by Ms K Gillatt Associate Non-Executive Director. Non-Executive Directors emphasised that it would be helpful to include appropriate explanation of variances in the finance report executive summary going forward, to pre-empt future similar questions, as the explanatory information now outlined had not been signposted in the current report. The Acting Chief Operating Officer noted the intention to move to a more integrated finance/activity authored report as part of wider governance changes. The Director of Operational Finance responded to a further technical accounting query from Ms K Gillatt Associate Non-Executive Director and provided assurance that appropriate checks were in place. The FIC Non-Executive Director Chair further queried the reason for the non-pay variance within Corporate Directorates and it was agreed to provide further detail in the month 3 report. Overall, the FIC Non-Executive Director Chair considered that the 2021/22 month 2 finance report indicated a steady position for the Trust, and he noted that he would be highlighting the 2021/22 month 2 financial position to the July 2021 Trust Board for information.

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Resolved – that (A) further explanatory detail re: the factors behind variances (including the Corporate non-pay variance), be included in future monthly finance reports, and

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(B) it be confirmed outside the meeting what was included in the non-NHS element of the 90-day receivables.

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64/21/1a Report by the Director of Operational Finance

Resolved – that this Minute be classed as confidential and taken in private accordingly.

64/21/2 2021/22 Becoming the Best Transformation and Cost Improvement Programme Update

The Director of Operational Finance presented the report at paper E, which sought to clarify the journey from the original £37m of potential CIP opportunities identified for 2021/22, through the various developments to the current £20.1m (as a minimum) full year programme, explaining the reasons for the revisions and setting out the current position. Key factors included the continued impact of Covid-19, and changes to the national NHS financial framework for calculating the H1 financial plan. The Trust was currently forecasting to over-deliver on the £4.8m 2021/22 H1 CIP target (£7.234m forecast). The Acting Chief Operating Officer also noted that certain productivity “savings” (eg ERF) were not yet factored in. The original opportunities would be revisited and re-energised once ‘normal’ business resumed, and a report would be provided to the July 2021 FIC on those ‘paused’ opportunities and where they sat beyond H2. The FIC Non-Executive Director Chair strongly advocated developing short, medium, and long term savings plans to ensure clarity of targeting, and he queried whether the ambition of the existing CIP plan was now thought to be appropriate. Mr B Patel Non-Executive Director considered that there was still some confusion over the actual numbers and how they had been reached, and he emphasised the need for clarity on the targets and key focus areas. This was strongly supported by the Financial Improvement Director, who commented on the need for clear assurance that the Trust continued to work on driving those wider opportunities; he also strongly advised including a clear, simple and concise summary paragraph at the front of the report setting out the key target figures for 2021/22 - this was supported by the FIC Non-Executive Director Chair and other members who suggested also including a high-level gross to net summary. Mr M Williams Non-Executive Director also reminded the Trust of the crucial need to address UHL’s underlying deficit position, as per the Statutory Recommendations, which needed to be a key element of the CIP narrative. FIC Non-Executive Director members also commented on the relative complexity of the NHS CIP process overall. The FIC Non-Executive Director Chair considered that overall, UHL was making progress on the articulation of its CIP plan, but that there was some way to go.

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Resolved – that (A) a report be provided to the next FIC on the ‘paused’ original CIP opportunities, and when they would be factored in beyond H2;

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(B) consideration be given to developing short, medium, and longterm savings plans, and

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(C) a simplified, clear summary paragraph be included at the beginning of future CIP reports, setting out the 2021/22 key target figures and current position.

DQTEI

64/21/3 Report from the Director of Operational Finance

Resolved – that that this Minute be classed as confidential and taken in private accordingly.

64/21/4 Process for Development of a Medium Term Financial Model

Mr S Wombwell Financial Consultant attended to brief FIC on the proposed process for developing a medium-term UHL financial plan. A task and finish group had been convened of key individuals, looking at the following key workstreams: (i) a diagnostic on the drivers of the deficit (using the standard NHS process); (ii) long term financial modelling (again using the standard NHSE/I model); (iii) development of a 2-5 year savings programme at headline level, and (iv) linkages to other wider strategic, clinical, and planning work. Mr Wombwell Financial Consultant also outlined the challenges facing this work, including the need to develop local benchmarking (as national benchmarking information was based on the annual accounts and was therefore not yet available), the need to review and reflect reconfiguration investments, the need to appropriately prepare for issues such as the carbon neutral agenda, and the need to understand the split of UHL’s income in more detail, a significant level of which came from outside local Commissioners (eg from Specialised Commissioners, research and innovation, teaching etc). The FIC Non-Executive Director Chair welcomed this work and the logical process outlined, but voiced concern that the circa 8-week timescale was extremely challenging and reduced the scope for meaningful bottom-up input and for challenge by all

	stakeholders. Ms K Gillatt Associate Non-Executive Director welcomed the benchmarking work planned, which she felt would provide detailed and useful insights and highlight areas where the Trust was an outlier. It was agreed to receive an update on the development of the medium term UHL financial plan at the July 2021 FIC. The FIC Non-Executive Director Chair noted that he would be highlighting this item to the July 2021 Trust Board for information.	CFO
	<u>Resolved</u> – that a progress update be provided to the next FIC.	CFO
64/21/5	<u>Roadmap to Sustainable Financial Improvement</u> The Financial Improvement Director presented the June 2021 iteration of the assurance roadmap at paper H, which was being further updated for the July 2021 Trust Board. Key risk 1 would be updated to reflect the agreed additional resource, although it was possible that the timescale for that overall risk would move further. The FIC Non-Executive Director Chair noted that risk 1 was not solely within UHL’s control. With regard to key risk 5, work continued to review grip and control issues against the appropriate national checklist to identify immediate priorities and a revised timescale for non-immediate actions. The key risk on the 2021/22 H1 financial position had now improved to be ‘green’ rated, and the FIC Non-Executive Director Chair agreed that this improvement was justified based on the H1 and CIP positions.	
	<u>Resolved</u> – that the position be noted.	
64/21/6	<u>Report from the Director of Operational Finance</u> <u>Resolved</u> – that that this Minute be classed as confidential and taken in private accordingly.	
64/21/7	<u>Financial Recovery Board (FRB)</u> <u>Resolved</u> – that the 26 May 2021 FRB action notes, the 9 June 2021 FRB actions, and the 23 June 2021 FRB agenda be noted (papers J1 – J3 respectively).	
65/21	ITEMS FOR NOTING In reviewing paper K1, FIC members requested that a clearer copy of the new Transformation Team structure be circulated.	DoP
	<u>Resolved</u> – that (A) the following items be received and noted: (1) the Transformation Team structure and strategy; (2) the 25 May 2021 Executive Finance and Performance Board action notes, and the 22 June 2021 Executive Finance and Performance Board agenda, and (B) a readable copy of the Transformation Team structure be circulated for information.	DoP
66/21	ANY OTHER BUSINESS	
66/21/1	<u>FIC Membership</u> A report to confirm FIC membership from July 2021 onwards would be discussed at the 1 July 2021 Trust Board. The FIC Non-Executive Director Chair thanked Col (Ret’d) I Crowe Non-Executive Director for his previous input to FIC, and noted the intention for the Acting Chief Executive and Mr A Haynes Adviser to the Trust Board to attend FIC from 29 July 2021 onwards.	
	<u>Resolved</u> – that the position be noted.	
67/21	IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD <u>Resolved</u> – that (A) the item in Minute 59/21 be recommended to the 1 July 2021 Trust Board for approval, and (B) the items in Minutes 64/21/1 and 64/21/4 be highlighted to the 1 July 2021 Trust Board for information.	FIC NED CHAIR FIC NED CHAIR

68/21 DATE OF NEXT MEETING

Resolved – that the next meeting of the Finance and Investment Committee be held virtually on Thursday 29 July 2021, from 9am to 11.15am via Microsoft teams.

The meeting closed at 11.17am

Helen Stokes **Corporate and Committee Services Manager**

FIC Attendance Record 2021/22

Voting Members:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
A Johnson (Chair)	3	3	100	D Mitchell	3	3	100
I Crowe	3	3	75	B Patel	3	3	100
S Lazarus	3	2	67				

Non-Voting Members/Attendees:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Durbridge	3	2	67	J Shuter	3	3	100
K Gillatt	3	3	100	M Williams	3	3	100
I Orrell	3	3	100				