

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MINUTES OF A FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD VIRTUALLY ON THURSDAY 29 JULY 2021 AT 9AM VIA MICROSOFT TEAMS

Voting Members Present:

Mr A Johnson – Non-Executive Director (Committee Chair)
Ms R Brown – Acting Chief Executive
Mr S Lazarus – Chief Financial Officer
Mr B Patel – Non-Executive Director
Mr M Williams – Non-Executive Director

In Attendance:

Mr R Cooper – Financial Improvement Director
Miss M Durbridge – Director of Quality Transformation and Efficiency Improvement
Ms K Gillatt – Associate Non-Executive Director
Mr A Haynes – Adviser to the Trust Board
Mr D Kerr – Director of Estates and Facilities (for Minute 69/21)
Mr S Linthwaite – Deputy Director of Finance (Financial Services) (for Minute 74/21/4)
Mr I Orrell – Associate Non-Executive Director

Ms H Stokes – Corporate and Committee Services Manager
Ms J Taylor – Deloitte (observing)
Ms S Taylor – Assistant Chief Operating Officer (on behalf of Ms D Mitchell, Acting Chief Operating Officer)
Mr S Wombwell – Financial Consultant (for Minute 74/21/5)

ACTION

RECOMMENDED ITEMS

69/21 REPORT FROM THE DIRECTOR OF ESTATES AND FACILITIES

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

RESOLVED ITEMS

70/21 APOLOGIES FOR ABSENCE AND WELCOME

Apologies for absence were received from Mr A Furlong Medical Director, Ms D Mitchell Acting Chief Operating Officer, and Mr J Shuter Director of Operational Finance. The FIC Non-Executive Director Chair welcomed Ms R Brown Acting Chief Executive, Mr A Haynes Adviser to the Trust Board, and Ms S Taylor Assistant Director of Ops (latter attending on behalf of the Acting Chief Operating Officer). The FIC Non-Executive Director Chair advised that he would be canvassing members' views over August 2021 regarding revised FIC terms of reference.

71/21 DECLARATIONS OF INTERESTS

Mr A Johnson FIC Non-Executive Director Chair, Ms K Gillatt, Associate Non-Executive Director, and Mr S Lazarus Chief Financial Officer declared their roles as (respectively) Non-Executive Chair, and Non-Executive Directors 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.

72/21 MINUTES

Resolved – that the Minutes of the 24 June 2021 Finance and Investment Committee be confirmed as a correct record.

73/21 MATTERS ARISING LOG

Paper B updated FIC on the status of actions from previous meetings, and the FIC Non-Executive Director Chair welcomed the continued progress being made in (appropriately)

closing those. The FIC Non-Executive Director Chair advised that he would contact Mr G Gilbert Interim Director of Corporate and Legal Affairs outside the meeting with regard to progressing the Intellectual Property Policy action (final action 20 of paper B refers).

**FIC NED
CHAIR**

Resolved – that the matters arising log and associated updates be noted, and any further actions required be taken forward by the appropriate named lead.

**NAMED
LEAD(S)**

74/21 KEY ISSUES FOR DISCUSSION AND ASSURANCE

74/21/1 2021/22 Month 3 Financial Position

The Chief Financial Officer presented paper B briefing FIC on the Trust's year to date financial performance. As at month 3, 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 anticipated break-even 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 (increased) CIP ask and ERF recalibration (the FIC Non-Executive Director Chair queried if that would result in less flexibility but in response the Chief Financial Officer considered that this was not believed to be the case. The Chief Financial Officer also advised that a potential higher H2 CIP ask was already reflected in UHL's planning). 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 FIC Non-Executive Director Chair advised that he would be highlighting the month 3 financial position to the 2 September 2021 Trust Board for information, via these Minutes. The FIC Non-Executive Director Chair welcomed the month 3 report, and considered that the waterfall chart was particularly helpful.

**FIC
NED
CHAIR**

Resolved – that the 2021/22 month 3 finance report be noted, and highlighted to the September 2021 Trust Board via these Minutes.

**FIC
NED
CHAIR**

74/21/2 2021/22 Becoming the Best Transformation and Cost Improvement Programme Update

The Director of Quality Transformation Efficiency and Improvement presented paper E; 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), particularly to members who were not on FIC. 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 and the H2 impact of the significant UHL workforce CIP schemes, particularly around premium pay reduction. Although the principles of the premium pay reduction workstream remained sound, 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 re: restoration and recovery staffing costs. 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-

ACE

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 sought assurance that UHL intended to maintain its 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.

Resolved – that the scope to use system headroom funding for restoration and recovery staff costs, be explored.

ACE

74/21/3 2021/22 H1 Investments

FIC noted for information the list of 2021/22 H1 investments approved by the Financial Recovery Board on 21 July 2021 (green rated schemes approved). Building on the 2020/21 process, the Director of Quality Transformation Efficiency and Improvement provided assurance that the robustness of the review process had further improved in 2021/22, 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 (ie for 2022/23 investments), and she provided assurance that all of those points were addressed through the investment Process Initiation Documents (PIDs) and QIAs as part of the investment consideration process.

DQTEI

**Resolved – that in future, reports on the approved investments also include information on the envisaged outcomes of the investment, and also whether the investments were:-
(1) recurrent/non-recurrent, and
(2) driven by demand or quality requirements.**

DQTEI

74/21/4 Report from the Chief Financial Officer

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

74/21/5 Report from the Chief Financial Officer

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

74/21/6 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 additional 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 finance team 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. The Financial Improvement Director also considered that where specific grip and control tasks were not being immediately progressed, the reasons for that were much more visible. FIC also noted the key linkage to the ongoing development on the medium term financial plan.

Resolved – that the position be noted.

74/21/7 Report from the Chief Financial Officer

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

74/21/8 Financial Recovery Board (FRB)

Resolved – that the 9 June 2021, 23 June 2021, and 7 July 2021 FRB action notes, the 21 July 2021 FRB actions, and the 21 July 2021 FRB agenda be noted (papers J1 – J5 respectively).

75/21 **ITEMS FOR NOTING**

Resolved – that the following items be received and noted at papers K2 and K2 respectively:

- (1) the 22 June 2021 Executive Finance and Performance Board action notes, and
- (2) the 27 July 2021 Executive Finance and Performance Board agenda.

76/21 **ANY OTHER BUSINESS**

There were no items of any other business.

77/21 **IDENTIFICATION OF ANY KEY ISSUES FOR THE TRUST BOARD**

Resolved – that (A) the item in confidential Minute 69/21 be recommended to the 2 September 2021 Trust Board for approval, and

**FIC NED
CHAIR**

(B) the items in Minute 74/21/1 and confidential Minute 74/21/5 be highlighted to the 2 September 2021 Trust Board for information.

**FIC NED
CHAIR**

78/21 **DATE OF NEXT MEETING**

Resolved – that the next meeting of the Finance and Investment Committee be held virtually on Thursday 26 August 2021, from 9am to 11.15am via Microsoft teams.

The meeting closed at 11.25am

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)	4	4	100	S Lazarus	4	3	75
R Brown	1	1	100	D Mitchell	4	3	75
I Crowe	3	3	100	B Patel	4	4	100
A Furlong	1	0	0	M Williams	4	4	100

Non-Voting Members/Attendees:

Name	Possible	Actual	% attendance	Name	Possible	Actual	% attendance
M Durbridge	4	3	75	I Orrell	4	4	100
K Gillatt	4	4	100	J Shuter	4	4	100
A Haynes	1	1	100				