

Trust Board paper K3

Meeting title:	Public Trust Board				
Date of the meeting:	10 October 2024				
Title:	Escalation Report from the Finance and Investment Committee (FIC): 27 September 2024				
Report presented by:	Mr D Moon, FIC Non-Executive Director Chair				
Report written by:	Ms G Belton, Corporate and Committee Services Officer				
Action – this paper is for:	Decision/Approval	X	Assurance		Update
Where this report has been discussed previously	Not applicable				

To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which

Yes. BAF risks within the remit of FIC are listed below:

BAF ref	Risk Cause	Risk Event
06-FIC	Insufficient capital funding	Unable to address statutory requirements such as health and safety standards and legislation, and address backlog maintenance requirements (concerning medical equipment, estate and IM&T)
07b-FIC	Significant financial challenge over 2023/24 and for the future 3 years across the LLR system to meet both operational and inflationary pressures and recovery from COVID	Failure to deliver the 2023/24 financial plan and achieve long term financial sustainability
08-FIC	IT Infrastructure unfit for the future	Unable to provide safe, high quality, modern healthcare services
09-FIC	Estate Infrastructure unfit for the future	Unable to provide safe, high quality, modern healthcare services

Impact assessment

N/A

Acronyms used:

BAF – Board Assurance Framework

CIP – Cost Improvement Programme

FIC – Finance and Investment Committee

ICB – Integrated Care Board

NHSE - NHS England

1. Purpose of the Report

To provide assurance to the Trust Board on the work of the Trust's Finance and Investment Committee (FIC), and escalate any issues as required.

2. Recommendations

There are no items from the meeting of FIC of 27 September 2024 requiring public Trust Board approval.

3. Summary

The FIC meeting was partly inquorate. Items for which the Committee was inquorate are indicated alongside each item below. Items for which the Committee was inquorate will feature as recommended items in the formal Minutes.

Items from the FIC meeting of 27 September 2024 are summarised below.

Discussion items:

3.1 **Board Assurance Framework** (*FIC was inquorate for discussion on this item*)

FIC received the BAF strategic risks which aligned to its terms of reference and noted updates with respect to controls, gaps and key next steps.

FIC was invited to receive and note the changes in the latest iteration of the BAF.

Summary of BAF changes this period

BAF risk 6 (*Insufficient capital funding*) – The risk had been reviewed; There were no proposed changes to the risk scores. The current risk score was Likelihood 4 (likely) x Impact 4 (major) = 16, with a tolerable rating of 12 and a target rating of 9.

BAF risk 7.2 (*Medium to long term financial challenge across the LLR system to meet both operational and inflationary pressures*) – The risk had been reviewed; There were no proposed changes to the risk scores. The current risk score was Likelihood 5 (Almost certain) x Impact 4 (major) = 20, with a tolerable rating of 12 and a target rating of 8.

BAF risk 7.3 (*In-year financial sustainability challenge*) – The risk had been reviewed; *The changes included the updated gap in control that the current financial forecast indicates an increasing likelihood of failure to achieve the 2024/25 financial plan and updated key next steps to implement additional financial grip & control measures e.g. pay controls (CFO: Oct 2024); to maximise operational productivity (within existing resources/cost) whilst maintaining high standards of patient safety and quality of care (COO: Oct 2024) and to review activity which results in a negative financial contribution (CFO: Oct 2024).* There were no proposed changes to the risk scores. The current risk score was Likelihood 5 (Almost certain) x Impact 4 (major) = 20, with a tolerable rating of 12 and a target rating of 8.

BAF risk 8 (Digital) – (*IT infrastructure unfit for the future may result in Unable to provide safe, high quality, modern healthcare services*) - The digital risks reported to FIC had been reviewed; There were no significant changes to report this period. The highest current risk score for the Digital risk was Likelihood 5 (Almost Certain) x Impact 4 (Major) = 20.

BAF risk 9 (Estates & Facilities) (*Estate infrastructure unfit for the future may result in Unable to provide safe, high quality, modern healthcare services*) – The risks had been reviewed; there were no significant changes to report this period and no proposed changes to the risk scores. The highest current risk scores were Likelihood 4 (Likely) x Impact 4 (Major) = 16.

FIC supported the BAF and the risk scores as presented.

This item is highlighted to the Trust Board for information.

3.2 **2024/25 Month 5 Financial Position**

Mr S Ceres, Deputy Director of Finance, presented the Month 5 year to date position for the Trust which was a deficit of £49.3m, which was £10.3m worse than plan. This was mainly driven by UEC pathway costs greater than plan by £6.5m and unfunded industrial action of £2.2m.

The emergency pathway continued to experience increasing activity pressures, with combined Emergency/Non elective inpatients 10.5% above planned levels and combined ED/Eye Casualty attendances 7.4% above plan.

The Trust had been informed that its planned deficit would be funded and this would be actioned at Month 6, thereby significantly improving the Trust's cash position, although monitoring of the cash position would be required particularly towards year-end.

The Chief Financial Officer reported verbally on the outcome of work undertaken to-date regarding the likely year-end financial position for the Trust.

3.3 2024/25 Month 5 CIP Delivery *(FIC was inquired for discussion on this item)*

The Associate Director of Financial Sustainability presented an update on CIP delivery as at Month 5, the contents of which were received and noted. At Month 5, the Trust was forecasting CIP delivery (including pipeline schemes) of £91.6m versus the target of £91.6m. Year to date, the Trust had delivered £35,546k actual versus a plan of £28,640k. The current CMG forecast delivery was £63,400k versus the 2024/25 CIP target of £91,606k. This was an improvement of £5,275k against the £58,125k declared in Month 4. The Trust had, however, identified opportunities of £28,206k which needed to be delivered at pace, supported by agreed workstreams and external partners. Achievement of the £91,606k efficiency target still represented a significant challenge and was high-risk.

At the request of the FIC NED Chair and in respect of those workstreams relating to the work of the Trust's external partner, the Associate Director of Financial Sustainability undertook to present year-to-date delivery separate from forecast in future iterations of this report.

3.4 ICB Finance Update 2024/25 M5 *(FIC was inquired for discussion on this item)*

FIC received and noted a report detailing the M5 ICB position. The LLR ICB system had an £80m deficit plan for 2024/25; the overall year-to-date (YTD) system position at M5 was a deficit of £65.2m which was an adverse variance of £18.8m against plan.

4. Items for Noting *(FIC was inquired for discussion on this item)*

The following items were received and noted:

- Trust Group Holdings – Assurance Meeting Update (particular discussion took place regarding the Accounts for Trust Group Holdings, which had a clear opinion, and it was agreed to discuss outside the meeting whether these should be submitted to the UHL Audit Committee in addition to the UHL Trust Board).
- Summary of Financial Implications of Cases presented for approval
- TLT agenda and actions