

Meeting title:	Public Trust Board				
Date of the meeting:	11 July 2024				
Title:	Escalation Report from the Finance and Investment Committee (FIC): 28 June 2024				
Report presented by:	Dr Andy Haynes, MBE, Non-Executive Director				
Report written by:	Alison Moss, 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

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 28 June 2024 requiring public Trust Board approval.

3. Summary

The FIC meeting was quorate. Items from the FIC meeting of 28 June 2024 are summarised below.

Discussion items:

3.1 Board Assurance Framework

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. The following risks had been reviewed and there were no significant changes:

BAF risk 6 (Insufficient capital funding) – Risk score Likelihood 4 (likely) x Impact 4 (major) = 16.

BAF risk 7b (Significant financial challenge across the LLR system to meet both operational and inflationary pressures) – Risk score Likelihood 5 (Almost certain) x Impact 4 (Major) = 20

BAF risk 8 (IM&T) (IT infrastructure unfit for the future may result in Unable to provide safe, high quality, modern healthcare services) - Risk score for the Procurement element Likelihood 4 (Likely) x Impact 4 (Major) = 16. Risk score for the Digital capital risk 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) – Risk score of Likelihood 4 (Likely) x Impact 4 (Major) = 16.

FIC supported the BAF and the risk scores as presented.

3.2 National Cost Collection Report

FIC noted there were minor issues to be resolved and the Trust was on track to make the National Cost Collection submission on 4 July 2024.

3.3 Accounts Receivable Deep Dive Update *(mitigating BAF risk 7b)*

FIC noted the work undertaken to address and manage the legacy and ongoing debt issues and processes and systems to minimise future debt. FIC took assurance from the work undertaken.

3.4 ICB Finance Update 2024/25 M2

The Month 2 2024/25 position for the LLR Integrated Care Board was noted as a deficit of £26.3m; a variance of £2.6m against plan.

3.5 2024/25 Month 2 Financial Position

The Month 2 year- to-date position for the Trust is a deficit of £20.6m which is £2.2m worse than plan. This is primarily due to Urgent and Emergency Care pathway costs greater than plan (variance of £3.3m). The position was partially off-set from utilities credits.

3.6 2024/25 Month 2 CIP Delivery *(mitigating BAF risk 7b)*

The Month 2 2024/25 position on delivery of CIP was noted as having delivered £3.843m against a plan of £8.557m. It was anticipated that this would improve as workstreams developed methodologies for capturing income and pay savings. A risk-based profile for the separate workstreams would be presented to the next meeting forecasting the best, likely and worst-case scenarios.

Noting the position to date, FIC expressed concern about the Trust's ability to achieve the very challenging 2024/25 CIP. FIC considered that it would be useful to explore schemes that could be considered less palatable but might be required.

This item is highlighted to the Trust Board for information.

3.5 2024/25 Month 2 Capital Position

FIC noted the Month 2 2024/25 capital position. There is an underspend of £1.4m due to recovery of VAT. The Trust's capital plan had been reduced by £4.9m (£5.8m for the LLR System) to £99.2m as a consequence of the Trust and System not submitting a balanced revenue plan for 2024/25. The Capital Management and Investment Committee had agreed to mitigate this loss through a range of measures including appropriate VAT recovery and slipping medical equipment schemes from 2024/25 to 2025/26. This increases the challenge for the next financial year. It was hoped that the Trust would secure additional capital funding in 2024/25 as opportunities arose.

3.6 Medium Term Financial Plan

FIC received the updated Medium Term Financial Plan. This has been refreshed in light of the planning submission for 2024/25 and shared with the Integrated Care Board. The Trust will move away from the existing model to use the NHSE model which plans for a five-year period and includes a balance sheet and cash flow and links to activity and workforce planning.

3.7 Productivity; Defining & Measuring Productivity

Detailed discussion took place on productivity issues, noting that this issue had also been considered at the June 2024 Operational Performance Committee. FIC noted that, in the absence of a national and consistent definition of productivity, the Trust will define it as: an improvement in the ratio of resource to patient treatment (represented in volume and/or outcomes)¹. This might present in treating more patients (or the same number with better outcomes) with the same or less resource or treating the same number of patients with less resource.

Although NHSE has developed metrics for productivity and noting the limitations, specifically in relation to case mix, the Trust proposes to use its own suite of metrics. This would be kept under review as it was an evolving picture.

There are four key lead measures and four lag measures. Current performance was noted.

This item is highlighted to the Trust Board for information and a stand-alone item is included on the agenda.

4. Items for Noting

The following items were received and noted:

- 2024/25 TLT Approved Investments
- TLT agenda and actions