

Trust Board paper F3

<b>Meeting title:</b>	Public Trust Board				
<b>Date of the meeting:</b>	12 December 2024				
<b>Title:</b>	<b>Escalation Report from the Finance and Investment Committee (FIC): 29 November 2024</b>				
<b>Report presented by:</b>	Mr D Moon, FIC Non-Executive Director Chair				
<b>Report written by:</b>	Ms G Belton, Corporate and Committee Services Officer				
<b>Action – this paper is for:</b>	Decision/Approval	X	Assurance		Update
<b>Where this report has been discussed previously</b>	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 is one item from the meeting of FIC of 27 September 2024 requiring public Trust Board approval (Board Assurance Framework – section 3.1 below).

**3. Summary**

The FIC meeting was inquorate for discussion of one item (Board Assurance Framework) as indicated below. This item therefore features as a recommended item in both this escalation report and the formal Minutes.

Items from the FIC meeting of 29 November 2024 are summarised below.

#### 4. Recommended Item:

##### 4.1 **Board Assurance Framework** (*FIC was inquired 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** (Finance (Capital) - *Insufficient capital funding*) – The risk had been reviewed by the CFO; 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. The key next steps included development of the 2025/26 Capital plan.

**BAF risk 7.2** (*Financial Sustainability - Medium to long term*) – The risk had been reviewed by the CFO; 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. The key next steps included working with local ICB and regional / national NHSE colleagues to develop a long-term recovery plan.

**BAF risk 7.3** (*Financial Sustainability - In year*) – The risk had been reviewed by the CFO; FIC in November 2024 were requested to approve the increase in the current score of the in-year finance risk 07 on the BAF to 25 (Almost certain (5) x Extreme (5) = 25) due to ongoing financial pressures in-year resulting in almost certain failure to deliver the 2024/25 financial plan. Additional actions to help improve the Trust's financial position were included in the papers to FIC.

**BAF risk 8 (4-Digital – Process - Procurement)** – (*Central NHS procurement decision making and a reliance on a single vendor and their capacity to deliver*) - The risk had been reviewed by the Group CIO – current rating 12 - The risk had been reviewed by the Group CIO and the Nov OFH&TC and FIC have been requested to approve the reduction in current risk score from 20 to the tolerable level of 12. This is based on strengthened IM&T contracts function, development and agreement of new commercial terms with Nervecentre incorporating sharing of risk and joined up customer base across EMAP trusts.

**BAF risk 8 (5-Digital – Process - Capital)** – (*Strategic investment in digital initiatives is unavailable or insufficient*) - The risk had been reviewed by the Group CIO – current rating 20. The risk had been reviewed by the Group CIO and no significant changes proposed for this period.

**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 by the Interim DEF; 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.

Particular discussion took place regarding BAF Risk 7.3 (Financial Sustainability – In Year) in terms of whether the risk score should increase to 25, as per the recommendation of the report, or remain at 20. Following due consideration, and in light of the fact that this risk was considered to be on a par with other risks elsewhere within the organisation, it was agreed that this BAF Risk should retain a current risk score of 20.

The recommendations of this report were approved, with the exception of BAF Risk 7.3, which it was agreed should retain a risk score of 20.

*This item is recommended to the Trust Board for approval.*

## **5. Discussion items:**

### **5.1 2024/25 Month 7 Financial Position**

Mr S Ceres, Deputy Director of Finance, presented the Month 7 year to date position for the Trust, which was a deficit of £17.3m worse than plan. This was mainly driven by UEC pathway costs greater than plan by £8.2m, net pay pressures of £8.3m, CIP under-delivery of £8.5m, offset by income over-recovery of £6.1m. The emergency pathway continued to experience increasing activity pressures, with combined Emergency/Non elective inpatients 9.6% above planned levels and combined ED/Eye Casualty attendances 5.6% above plan.

Particular discussion took place regarding the financial impact of the pay awards. The FIC Chair raised a specific query with regards to activity data for diagnostic imaging and the Chief Operating Officer undertook to look into this after the meeting and thereafter provide clarification on this point. Also discussed were the CMG workforce figures detailed within the report.

### **5.2 2024/25 Month 7 CIP Delivery**

The Associate Director of Financial Sustainability presented an update on CIP delivery as at Month 7, the contents of which were received and noted. At M7, the process for the recognition of CIP for both workforce and income CIP had been amended. This change meant that at M7, the Trust was £8,492k adverse to its year-to-date plan for CIP. Colleagues were in the process of identifying schemes and projects to bring the Trust back to its forecast figure of £91,606k.

### **5.3 ICB Finance Update 2024/25 M7**

FIC received and noted a report detailing the M7 ICB position. The overall year-to-date system position at M7 was a deficit of £81.3m, which was an adverse variance of £24.6m against plan. Key drivers of the variance included UEC pressures, personalisation growth, high-cost drugs, and pay pressures.

## **6. Items for Noting**

The following items were received and noted:

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