

Trust Board paper K3

Meeting title:	Public Trust Board				
Date of the meeting:	12 September 2024				
Title:	Escalation Report from the Finance and Investment Committee (FIC): 30 August 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
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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 30 August 2024 requiring public Trust Board approval.

3. Summary

The FIC meeting was quorate. Items from the FIC meeting of 30 August 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.

FIC was invited to receive and note the changes in the latest iteration of the BAF in particular the Interim CFO's recommendation for a reduction of the current risk score for the Financial Sustainability risks, given that there was positive assurance around the management of the CIP for months 3 and 4, the annual forecast, and the information included in the CIP tracker.

1. Summary of BAF changes this period

BAF risk 6 (*Insufficient capital funding*) – The risk has been reviewed; There are no proposed changes to the risk scores. The current risk score is Likelihood 4 (likely) x Impact 4 (major) = 16.

BAF risk 7.2 (*Significant financial challenge across the LLR system to meet both operational and inflationary pressures*) – The risk has been reviewed; The Interim CFO reported Q1 forecast outturn to Trust Board & mitigating actions. *The Interim CFO recommended the current risk score be adjusted to reduce the Likelihood from 5 (Almost certain) to 4 (Likely) x Impact 4 (Major) = 16.*

BAF risk 7.3 (*CIP*) – The risk has been reviewed; *The Interim CFO recommended approving an adjusted risk score due to improved M3 and M4 and forecast CIP: The new current score proposed to be: Likelihood 4 (likely) x Impact 4 (major) = 16.*

BAF risk 8 (IM&T) – (*IT infrastructure unfit for the future may result in Unable to provide safe, high quality, modern healthcare services*) - The digital risks have been reviewed; All changes are included in red text for ease of reference, noting there are no significant changes to report this period. The highest current risk score for the Digital risk is 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 have been reviewed; there are no significant changes to report this period and no proposed changes to the risk scores. The highest current risk scores are Likelihood 4 (Likely) x Impact 4 (Major) = 16.

Following discussion, FIC was not sufficiently assured and did not endorse the recommendation to reduce the scores of BAF Risks 7.2 and 7.3. It was agreed that further discussions were required at the Risk Committee, further to which the risk score could be revisited and a recommendation made to FIC, and thereafter the Trust Board, as appropriate.

This item is highlighted to the Trust Board for information.

3.2 ICB Finance Update 2024/25 M4

FIC received and noted a report detailing the M4 ICB position. The LLR ICB system had an £80m deficit plan for 2024/25; the overall year-to-date (YTD) system position at M4 was a deficit of £(47.0)m, which was an adverse variance of £(6.8)m against plan. The system had a planned full year CIP total of £173.6m and was currently forecasting full delivery, noting schemes were not fully identified nor all in delivery. Year to date, system efficiencies were above planned levels by £8.6m, with all organisations overdelivering.

3.5 2024/25 Month 4 Financial Position

The Month 4 year to date position for UHL was a deficit of £38.7m, which was £4.7m worse than plan. This was mainly driven by UEC pathway costs greater than plan and unfunded industrial action offset by non-recurrent income received in month.

The emergency pathway continued to experience increasing activity pressures, with combined Emergency/Non elective inpatients 11.1% above planned levels and combined ED/Eye Casualty attendances 8.2% above plan.

Particular discussion took place regarding the Trust's worsening cash position and the need to deliver CIP to improve this position. Also discussed was the Trust's workforce position, which was above plan at M4, and the analysis currently underway to identify the reason behind an increase in use of bank, against an expectation of a reduction in bank usage, and the intended means by which the Trust would correct this position. The FIC Chair requested that a definitive position on workforce be presented at the next FIC meeting in September 2024 following conclusion of the described workstream.

This item is highlighted to the Trust Board for information.

3.6 2024/25 Month 4 CIP Delivery (mitigating BAF risk 7b)

At M4 the Trust was forecasting CIP delivery (including pipeline schemes) of £91.6m versus the target of £91.6m. Year to date (M4) the Trust had delivered £25,274k actual vs a plan of £20,335k. This improvement was largely due to the recoding of Q1 Operational Productivity and Workforce savings. The current CMG forecast delivery was £58,125k vs the 2024/25 CIP target of £91,606k. This was an improvement of £32,743k against the £25,382k declared in M3. The Trust had, however, identified opportunities of £33,481k which needed to be delivered at pace; supported by agreed Workstreams and UHL's external partners. Although progress was favourable at M4, achievement of the £91,606k efficiency target still represented a significant challenge and high risk.

It was highlighted that it would be useful to identify which workstreams were those relating to the work of the Trust's external partners and the reporting would continue to develop in this respect.

This item is highlighted to the Trust Board for information.

3.5 2024/25 Month 4 Capital Position and Medium-Term Capital Plan Update

At Month 4, net expenditure committed was £11.7m against a year-to-date plan of £15.1m (£3.4m underspend).

Capital planning for 2025/26 and the medium term had commenced, and further details of this were within the report presented to FIC, the contents of which were received and noted.

4. Items for Noting

The following items were received and noted:

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