

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**MINUTES OF THE FINANCE AND INVESTMENT COMMITTEE (FIC) MEETING, HELD ON
FRIDAY 26 JULY 2024 AT 2.30 PM VIA MICROSOFT TEAMS****Voting Members Present:**

Mr J Worrall - Non-Executive Director (Acting Chair)
 Mr M Brearley - Interim Chief Financial Officer
 Mr S Harris – Associate Non-Executive Director
 Mr S Barton – Deputy Chief Executive
 Mr S Ceres – Deputy Director of Finance
 Mr A Furlong – Medical Director
 Mr D Moon - Non-Executive Director
 Mr J Melbourne – Chief Operating Officer

In Attendance:

Ms B Cassidy, Director of Corporate and Legal Affairs
 Ms K Ceesay – Deputy Chief People Officer
 Mr R Manton - Head of Risk Assurance
 Ms A Moss - Corporate and Committee Services Officer
 Ms K McKinlay - Deputy Director of Finance (Strategic Finance and Planning)
 Mr B Shaw – Associate Director of Financial Sustainability
 Mr D Shoker – Associate Director of Commercial Services
 Mr D Streets – Head of Procurement and Supplies (for Minute 99/24)

ACTION**RECOMMENDED ITEMS****99/24 REPORT FROM THE DEPUTY DIRECTOR OF FINANCE**

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

100/24 REPORT FROM THE INTERIM CHIEF FINANCIAL OFFICER

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

101/24 REPORT FROM THE CHIEF OPERATING OFFICER

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

RESOLVED ITEMS**102/24 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mr A Moore, Non-Executive Director, Mr A Carruthers, Chief Information Officer, and Mr S Linthwaite, Deputy Director of Finance.

103/24 QUORUM

The meeting was confirmed to be quorate.

104/24 DECLARATIONS OF INTERESTS

Mr D Moon, Non-Executive Director, declared a conflict of interest in item 99/24. Mr J Worrall, Non-Executive Director, and the Director of Corporate and Legal Affairs, declared a conflict of interest in relation to item 100/24.

105/24 MINUTES

Resolved – that the FIC Minutes of 28 June 2024 (papers A1 and A2 refers) be confirmed as a correct record.

CCSO

106/24 MATTERS ARISING LOG

The Committee received the latest iteration of the Matters Arising Log.

Resolved – that (A) the contents of this report be received and noted, and

(B) updates provided at this meeting be reflected in the next iteration of the action log and taken forward by the appropriate lead.

CCSO

107/24 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 (paper C refers). The key risks were noted as:-

BAF risk 6 (Insufficient capital funding) – The risk had been reviewed; new gaps in controls had been identified and next steps identified. There were no proposed changes to the risk scores. The current risk score was 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) – The risks had been reviewed; there were no significant changes or changes to the risk score of 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) - The risks had been reviewed; there were no significant changes to report this period. The risk score for the Procurement element was Likelihood 4 (Likely) x Impact 4 (Major) = 16. The risk score for the Digital capital risk, as agreed by Trust Board earlier in the month, 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 risk had been reviewed. There were no significant changes or proposed changes to the risk score of Likelihood 4 (Likely) x Impact 4 (Major) = 16.

Resolved – that the contents of this report be received and noted.

108/24 INTEGRATED CARE BOARD (ICB)**108/24/1 ICB Finance Update including any risks – Month 3**

The Deputy Director of Finance (Ms K McKinlay) presented the Month 3 2024/25 position for the LLR Integrated Care Board (ICB) (paper F refers). It was reported that the year-to-date position at Month 3 was a deficit of £41m, which was a variance of £8.5m against plan. Both UHL and ICB were reporting deficits adverse to plan. It was noted that ICB had a cost pressure relating to demand for Continuing Health Care costs.

Resolved – that the report be received and noted.

109/24 IN-YEAR REPORTING**109/24/1 2024/25 Month 3 Financial Position**

The Deputy Director of Finance (Mr S Ceres) presented the Financial Position (paper G refers). The report was considered in mitigation of BAF risk 7b - Significant financial challenge across the LLR system to meet both operational and inflationary pressures.

The Month 3 year-to-date position for the Trust was a deficit of £ £32.9m which was £5.2m worse than plan. This was primarily due to Urgent and Emergency Care pathway costs (£3.7m adverse to plan) and costs of industrial action.

The Deputy Director noted that the Trust would need to carefully manage cash flow, and this could impact on the metric for the Better Payment Practice Code. The priority for payment would be based on clinical safety and shared with Executive Directors.

The delivery of the Cost Improvement Programme (CIP) was a significant risk to the Trust in delivering its financial plan for 2024/25. The year-to-date position was delivery of £9m against a plan of £12.8m.

Mr D Moon, Non-Executive Director, noted the £9m variance to plan for 'Other operating Income'. It was noted that after the budget had been set, NHSE had allocated a further £10m for urgent and emergency care costs which had yet to be reflected in the budget. The Trust Leadership Team had approved the allocation in June 2024.

The Committee discussed the under delivery of the CIP. Whilst the non-recurrent savings were usually realised towards the end of the financial year the savings had been phased equally over 12 months. This meant it looked worse at the beginning of the year. The Interim Chief Financial Officer considered that the report reflected a conservative view of the performance of CIP, and this would improve as the year progressed. The Clinical Management Groups (CMGs) were being encouraged to ensure their schemes were reflected on the trackers. He noted an incentive for the Groups to delay registering schemes if they were unsure of the values as their budgets would be reduced accordingly.

Mr J Worrall, Non-Executive Director, expressed concern about the run rate and highlighted that delivery of the CIP was critical. Mr D Moon, Non-Executive Director, noted that trusts and systems were graded on their financial performance and that it was likely that NHSE could intervene if UHL's performance did not improve.

The Acting Chair summarised the discussion and asked for greater clarity regarding urgent and emergency care costs, and the CIP.

Resolved – that the report be received and noted.

109/24/2 2024/25 Month 3 CIP Delivery

The Associate Director of Financial Sustainability presented the Month 3 2024/25 position on delivery of the Cost Improvement Programme (CIP) (paper H refers). The report was considered in mitigation of BAF risk 7b - Significant financial challenge across the LLR system to meet both operational and inflationary pressures.

The Trust had set a CIP target of £91m for 2024/25. At Month 3, the Year-to-date position had delivered £8,953k against a plan of £12.836k.

The report noted that there were a number of schemes awaiting approval and to be added to the tracker. Performance in reducing bank and agency costs was positive.

The next steps were outlined and included greater visibility for schemes in the pipeline and risk profiles for schemes.

Mr D Moon, Non-Executive Director, asked about the performance of the consultancy firm Bain. The Deputy Chief Executive reported there were monthly reviews and in future the CIP tracker would denote which schemes Bain was assisting with. The company was working across four areas: workforce; operational productivity; procurement and automation. There was confidence that there would be a good return on investment.

Mr D Moon, Non-Executive Director, asked about the scheme to improve clinical coding and increase income. The Associate Director noted that Price Waterhouse Coopers would be assisting with corrections at month end and work was progressing. The Chief Operating Officer noted that there were two aspects to the work: technical coding and data capture by CMGs. He highlighted the need for operational staff to be fully cognisant of the tariffs.

Mr D Moon, Non-Executive Director, noting the underlying improvement in reducing bank and agency spend, observed that there had been a blip in Month 3 which he assumed was due to industrial action. He asked about delivery on the workforce target. The Deputy Chief People Officer noted the focus was on the number of substantive posts which was tracking above plan. The work to understand the establishment would conclude at the end of the month and be reported to the next meeting. She was confident that the review would inform the right actions to reduce workforce costs. The Interim Chief Financial Officer added that there was a need to understand which posts were funded and which were not. Whilst it might take time to address those posts which were filled but unfunded, the work would provide a baseline position.

The Acting Chair summarised the discussion noting the significant risk to the Trust relating to the CIP target. He noted the need for a more complete picture in relation to potential schemes and work undertaken by Bain, to provide more assurance.

Resolved – that the report be received and noted.

109/24/3 2024/25 Month 3 Capital Position

The Interim Chief Financial Officer presented the Month 3 capital position (paper 1 refers). This report was considered in mitigation of BAF risk 6 (Insufficient capital funding).

The Trust's revised capital plan was for £99.2m expenditure and at Month 3 expenditure was £6.6m against a year-to-date plan of £11.4m. It was noted that the capital programme was below plan and that was not atypical at this stage of the financial year.

NHSE had requested UHL and ICB submit a ten-year capital plan, and this was being worked up.

The Committee was asked to approve recommendations from the Capital Management and Investment Committee (CMIC) for inclusion in the 24/25 Capital Plan. These related to IFRS 16 schemes (extension of leases for franking machines; NCP Car Park and Vanguard Endoscopy) and Urgent and Emergency Care (to deliver capacity for winter 2024/25).

Resolved– that (A) the report be received and noted, and

(B) the IFRS and UEC schemes recommended by CMIC be included in the 2024/25 capital plan.

109/24/4 2024/25 Month 3 Workforce Plan Position

The Deputy Chief People Officer presented an update on the workforce position (additional paper 2 refers). The report was considered in mitigation of BAF risk 7b - Significant financial challenge across the LLR system to meet both operational and inflationary pressures.

The Trust submitted its workforce plan in May 2024. The Trust planned to have 18,291 staff at the end of June 2024 and was over plan with 18,434 whole time equivalents. There had been a reduction in bank and agency staffing. Controls were in place for substantive recruitment and an Executive-led vacancy panel met weekly.

The Interim Chief Financial Officer highlighted the need to ensure that the establishment was reflected on the ledger.

Mr D Moon, Non- Executive Director, noted that the Trust was £4.8m overspent on pay and most of that related to medical staff. He asked whether that correlated to the Trust being over-establishment. It was noted that the Trust had exercised greater control over bank and agency

staffing but there had been a slight upturn to cover for industrial action. It was also noted that some medical posts were specialised and hard to recruit to, so there would always be the need for agency staffing. There had also been an increase in the run rate for staffing in light of the pay award. The Deputy Chief People Officer noted that there had been considerable progress in reducing bank and agency spend in 2023/4 which had stabilised the workforce. The upward trend in pay seen in the previous year had been arrested and there was a focus on reducing premium pay and overtime.

Mr J Worrall, Non-Executive Director Acting Chair, noted that the progress and support provided by Bain would be evident in future CIP reports.

Resolved – that the report be received and noted.

110/24 ITEMS FOR NOTING

The following items were presented to FIC for noting:

- 2024/25 TLT Approved Investments (paper J), and
- TLT agenda and actions (papers K1 and K2).

Resolved – that the reports be received and noted.

111/24 ANY OTHER BUSINESS

There were no further items of business.

112/24 IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD / REFERRAL TO OTHER TRUST COMMITTEES

Mr J Worrall, Non-Executive Director Acting Chair, recommended the following item to the Trust Board for information. This item would be highlighted to the Trust Board through the escalation report process and represent a standalone item on the relevant Trust Board agenda:-

- Minute 109/24/1 - 2024/25 Month 3 Financial Position
- Minute 109/24/3 - 2024/25 Month 3 Capital Position

113/24 ITEMS NOT RECEIVED IN LINE WITH THE FIC WORK PLAN FOR THIS MONTH – none.

114/24 DATE OF NEXT MEETING

Resolved – that the next meeting be held on Friday 30 August 2024 from 2.30 pm on MS Teams.

The meeting closed at 4.10 pm

Alison Moss - **Corporate and Committee Services Officer**

FIC Attendance Record 2024/25

Voting Members:

| Name | Possible | Actual | % attendance | Name | Possible | Actual | % attendance |
|---------------------------------------|----------|--------|--------------|-------------------------------------|----------|--------|--------------|
| A Moore | 4 | 1 | 33 | L Hooper <i>(until May 2024)</i> | 2 | 1 | 50 |
| S Barton | 4 | 4 | 100 | J Melbourne | 4 | 4 | 100 |
| M Brearley <i>(from June 2024)</i> | 2 | 1 | 50 | D Moon | 4 | 3 | 75 |
| A Carruthers | 4 | 3 | 75 | B Patel <i>(until July 2024)</i> | 3 | 0 | 0 |
| A Furlong | 4 | 3 | 75 | J Worrall | 4 | 3 | 75 |
| S Harris | 4 | 3 | 75 | | | | |

Regular Non-Voting Members/Attendees:

| Name | Possible | Actual | % attendance | Name | Possible | Actual | % attendance |
|--------------|----------|--------|--------------|------------|----------|--------|--------------|
| B Cassidy | 4 | 2 | 50 | K McKinley | 4 | 4 | 100 |
| S Ceres | 4 | 2 | 50 | R Manton | 4 | 4 | 100 |
| S Linthwaite | 4 | 2 | 50 | | | | |