

Meeting title:	Trust Board				
Date of the meeting:	13 June 2024				
Title:	Escalation Report from the Finance and Investment Committee (FIC): 31 May 2024				
Report presented by:	Andrew Moore, FIC Non-Executive Director Chair				
Report written by:	Gill 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

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 31 May 2024 requiring public Trust Board approval.

3. Summary

The FIC meeting was quorate. Items from the FIC meeting of 31 May 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 key risks were noted as:-

BAF risk 6 (*Insufficient capital funding*) – The risk has been reviewed; there are no significant changes to report this period and no proposed changes to the risk scores. The current risk score is 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 risk has been reviewed; there are no significant changes to report this period and no proposed changes to the risk scores.

BAF risk 8 (IM&T) – (*IT infrastructure unfit for the future may result in Unable to provide safe, high quality, modern healthcare services*) - The risk has been reviewed; there are no significant changes to report this period, *noting action due dates have been updated and a new action to socialise the Equipment Refresh Plan at TLT*, and no proposed changes to the risk scores.

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 has been reviewed *and the key next steps updated around asset register verification and compliance on the CAFM*; there are no significant changes to report this period and no proposed changes to the risk scores.

FIC received and noted the contents of this report. The Chief Operating Officer noted that the revised Financial Framework referenced changing capital allocations and this would have a consequent impact on risk. A review would need to be undertaken accordingly and an update provided at the FIC meeting in June 2024.

3.2 Agency Reduction Plans

FIC received and noted the contents of a report detailing progress with regard to agency reduction; noting that a monthly update on this issue was presented to each Trust Board meeting. The current position was extremely positive, with the Trust completely compliant with NHSE requirements. The Trust was a relatively low user of agency for its size and agency use was reviewed line-by-line on a monthly basis; with a further reduction in agency usage expected. In response to a query raised as to whether the Trust would deliver to Region’s total on agency, the Chief People Officer confirmed that this had already been achieved and further reductions were expected. FIC expressed their congratulations to the team for their achievements in this respect.

This item is highlighted to the Trust Board for information.

3.3 2024/25 Month 1 Financial Position (*mitigating BAF risk 7a*)

FIC received and noted the contents of a report detailing the financial performance of the Trust at Month 1 of 2024/25, noting the Month 1 deficit position of £11.2m, which was £1.4m worse than plan. This was predominantly driven by the direct costs of the Urgent and Emergency Care (UEC) pathway which was £1.4m overspent in M1. CMGs that had overspent at month 1 would have individual executive reviews to agree actions to return to plan. The emergency pathway continued to experience increasing activity pressures, with

combined Emergency/Non elective inpatients; 15% above planned levels and combined ED/Eye Casualty attendances 21% above plan. CIP delivery for month 1 was £0.7m, which was £3.6m worse than plan and represented a significant risk.

Particular discussion took place regarding the specific drivers for the overspend at Month 1 and the recorded 15% above plan levels with regard to the emergency pathway was highlighted; specifically in relation to the Trust's plan being flat in this respect. The Deputy Chief Executive confirmed that the Chief Operating Officer was leading work to reconcile this and understand the component parts.

In conclusion, FIC expressed disappointment at the Trust being off plan in Month 1 and emphasised the need for urgent corrective action, recognising the work already underway to understand the drivers for the UEC workstream.

This item is highlighted to the Trust Board for information.

3.4 2024/25 Month 1 CIP Delivery (mitigating BAF risk 7b)

The current CMG forecast was delivery of £4,151,000 against the 2024/25 CIP target of £91,606,000. However, the Trust had identified opportunities of £87,455,000 which needed to be delivered at pace; supported by agreed work programmes. Achievement of the £91,606,000 efficiency target represented both a significant challenge and a high risk to the Trust. Workstreams had been developed to support the delivery of the efficiency challenge.

Early indications for Month 2 showed positive movement from Month 1 against target, and an increasing number of CIP schemes were expected into Month 3. Particular discussion took place regarding the process for validating cash savings and also the process of communicating with Clinical Management Groups regarding additional savings requirements.

FIC expressed concern regarding the very significant challenges of the Trust's CIP programme for 2024/25 and emphasised the need for close monitoring of progress. Also discussed was the process for determining measures by which the Trust could seek to bridge any gap against its CIP programme over the course of the financial year and a request was made to receive information at a future FIC meeting (either in June or July 2024) detailing potential means by which the Trust could seek to bridge any gap, the resultant quality impacts of differing actions and the process for agreeing whether any of these options should be enacted and at what point. Discussion also took place regarding any opportunities available through TGH Ltd; albeit recognising that these would need to be in accordance with stringent governance rules.

This item is highlighted to the Trust Board for information.

3.5 National Cost Collection (NCC) Pre-Submission Report

FIC was requested to review the costing plan and supporting information provided to ensure that it met the expected requirements noted in the Approved Costing Guidance. FIC had delegated approval for costing from the Board. FIC noted the information provided to support the Board's assurance process for the NCC, alongside the progress update to be provided at the June 2024 FIC Committee meeting. The plan for submission covered the requirements for the submission and with Information and Costing gaps documented. There were no expected issues with resourcing (staffing or system). FIC approved the process in place as sufficient to provide assurance to the Board on the plan to complete the mandated costing submissions for 2023/2024.

In response to a query raised, Ms McKinlay, Deputy Director of Finance, undertook to determine and report back on the largest costs being collected.

4. Items for Noting

The following items were received and noted:

- Verbal Update from the Chief Operating Officer clarifying the process for refinement of the Integrated Performance Report
- 2024/25 TLT Approved Investments
- TLT agenda and actions