

REPORT TO THE TRUST BOARD: PUBLIC
21 May 2020

Title	Finance, Business and Investment Committee (FBIC) 12 May and 20 March 2020 – Committee Chair's Report
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Purpose of the report

To bring to the Board's attention key issues and assurances discussed at the Finance, Business and Investment Committee (FBIC) meetings held on 12 May and 10 March 2020.

Issues to be brought to Board's attention

FBIC Minutes

The approved minutes of the FBIC meeting held on 14 January and 20 March 2020 are available on request by Board Directors from the Associate Director of Corporate Governance.

12 May 2020

At its meeting on 12 May 2020, the Committee considered a range of items including the finance report for month 12, financial viability, agency expenditure, capital projects, procurement, capital spending, aged debtors, and the investment register. The Committee wished to draw the Board's attention to its discussions on:

• **Finance Report Month 12**

- Draft accounts for 2019/20 were submitted on 11 May 2020 with final accounts to be presented to Board on 24 June 2020
- Surplus of £9.39m was larger than expected after allocating non-recurrent support and income received via STP (plan of £5.7m and control total of £8.38m)
- Cash balance of £106.4m as at end of March 2020
- Risk rating of 2 (high agency expenditure against the Trust agency cap has meant the Trust is not able to achieve a risk rating of 1 for 2019/20)
- As a result of COVID-19 the Trust financial arrangements have changed and a standard NHS-wide agreement is in place from 1 April to 31 October 2020 based on existing block contracts
- The Trust is able to access central funding to fund the COVID-19 response. However, there is now clearer guidance on what can be claimed and Trusts are now being expected to manage COVID-19 spend but not hamper response to the pandemic and desire to make progress on recover.

• **Agency**

- Current trend is towards the Trust routinely exceeding 50% variance from ceiling; medical staffing in Bedfordshire and Luton accounts for a high proportion of variance
- NHSE/I has been asked to raise the ceiling to reflect acquisition of Leighton Road GP Practice
- Newly-appointed Primary Care Director, Liz Dawson is developing new models of care that would reduce demand for agency staff, supported by Sam Everington, NED GP
- COVID-19 agency spend counts against the ceiling although is also reported and accounted for separately
- The Committee requested that the Appointments and Remuneration Committee provide an analysis of learning, what has worked well/not worked as part of their responsibility to monitor action plans to address agency spend.

• **Financial Viability**

- The report provided an overview of the impact of COVID-19 on the Trust's 2020/21 financial

- viability programme and some initial thoughts on how to proceed beyond the pandemic
- Financial Viability Management Office has had to adapt to the current environment and are running focused fortnightly sector group meetings through MS Team; initial feedback is that this approach is offering a number of benefits and efficiencies, and allowing the financial viability programme to progress
- Original 2020/21 plans have been analysed in the context of COVID-19 and have either been accelerated, delayed or continued
- Shaping our future: there are opportunities for culture change and integration of service and financial planning.

- **Capital Expenditure**

- The flexibility and speed with which the Trust has responded to adapt new facilities as a result of COVID-19, e.g. flexible working plans (planned for 2020/21) were brought forward to 2019/20, establishment of community and mental health crisis hubs, etc was commended
- Overspend of IT budgets likely to continue due to the rapid move to flexible working and changes to service delivery and infection control management; spend includes provision of equipment to staff as well as service users to provide equality of access
- COVID-19 related expenditure is being accounted for separately
- The process for agreeing capital expenditure for 2020/21 has changed; there is a capital spend limit for each STP and not by organisation as in previous years. The North East London STP allocation is less than the plans submitted by the Trust, which will result in a significant reduction to our plans.

- **Board Assurance Framework**

- The BAF was updated to take account of the impact of COVID-19 and the Trust's response
- The Committee agreed an increase in the current risk score for risk 8 to Significant 25 from High 25
- COVID-19 response presents opportunities to accelerate transformation and culture change which will be taken forward by the Shaping Our Future workstream
- Data is being used to show what has worked and what has not, and most importantly, why. This will lead to better understanding of risks and potential mitigation and measures to be used in providing assurance to FBIC
- Quality Impact Assessments and analysis of inequalities have been built in to all changes, covering protected characteristics and wider factors such as access to digital equipment.

20 March 2020

At its meeting on 10 March 2020 the Committee considered a range of items including the finance report for month 10, financial viability, agency expenditure, capital projects, procurement, investment register, aged creditor, the Board Assurance Framework (BAF), due diligence of new models of care business case, annual plan 2020/21 submission, coronavirus. The Committee wished to draw the Board's attention to its discussions on:

- **Finance Report Month 10**

- Control total is expected to be achieved, income is in line with expectations and a risk rating of 1 is forecasted
- A review is taking place to understand the challenges with expenditure overspend and cost pressures including agency, IT and non-pay (which is 15% of the cost base)
- The Trust has been asked to contribute towards an underlying deficit across the North East London STP and has offered £0.5m which has been accepted
- Additional pressures Coronavirus management would bring on agency expenditure
- The Committee was reminded of the importance of triangulating the information shared at FBIC with that at the Appointments & Remuneration Committee
- The Committee asked about plans to use the £101m capital and were assured opportunities were regularly reviewed.

- **COVID-19:** The financial implications of COVID-19 is not known; however, monies have been promised to the NHS to prepare for and manage the impact.
- **Annual Plan 2020/21 Submission:** Completion of the annual plan is completed and includes both an individual plan and a joint STP plan for submission to NHSI by 29 April 2020. This requires a full narrative as well as triangulation of data with transformation money and impact on activity.
- **Financial Viability**
 - The shift to the front line driving delivery
 - There is a specific module in QI training on financial viability and waste reduction
 - Plans for 2020/21 are currently being reviewed to identify the total savings and ensure the focus is on the transformation of the services
 - The plan will be for a three to five year period and the aim is to include milestones and predictions but acknowledging that some plans will take more than a year to realise
 - The importance of People Participation at an early stage of projects was reinforced.
- **Agency Expenditure**
 - The forecast risk rating is 1 as it is not expected that the Trust will breach the 50% cap set by NHSE/II this year
 - If agency usage continues at the current rate, the ceiling will be exceeded next year
 - Agency usage is a national issues and discussions are taking place with NHSE/I regarding the challenges with remaining within the agency ceiling
 - Spikes in agency usage can be partially attributed to short term staffing needs and when establishing new services.
- **Due Diligence of New Models of Care Business Case:** The Trust is in discussions with NHS England to reconcile the £3.5m funding gap. Further work would be undertaken with regarding to assurance on finances and quality.
- **Capital Projects:** Commended the work on the management of projects within budgets and with all major schemes being delivered on time.
- **Aged Creditors:** Under the Better Payment Practice Code, the Trust is required to achieve a target of paying 95% of invoices, in terms of value and volume, within 30 days. The Trust has reported achievement in terms of value but not volume. However, the position is expected to be resolved by year end.
- **Procurement:**
 - Cost savings of c£800k have been achieved
 - Following a request by the Committee, future tenders will take account of weighting to reflect suppliers employing service users.