

**REPORT TO THE TRUST BOARD: PUBLIC  
25 MARCH 2021**

<b>Title</b>	Finance, Business and Investment Committee (FBIC) 14 January 2021 and 9 March 2021 – Committee Chair’s Report
<b>Committee Chair</b>	Eileen Taylor, Vice-Chair and Chair of FBIC
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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 14 January 2021 and 9 March 2021.

**Issues to be brought to Board’s attention**

**9 March 2021**

The Committee considered a range of items including the finance report month 10, financial viability update, agency expenditure, digital strategy, Board Assurance Framework: financial and IT risks, Richmond Wellbeing Service contract transfer proposal, proposal for Compass Wellbeing to manage third sector arrangements on behalf of ELFT, aged creditors, procurement, investment register. The Committee wished to particularly draw the Board’s attention to:

• **Finance Report Month 10**

- The positive aspect of the Trust’s surplus demonstrates good financial management and support for the overall system.
- Year to date net surplus better than plan by £7,906k after accounting for the impact of adjustments
- Cash balance of £160.3m at the end of January 2021.
- Future financial issues, risks and challenges in the context of the Trust working in two STPs.
- NHSI risk rating is not currently being reported; however, the high level of agency expenditure could adversely impact the Trust’s overall financial risk rating at a later date if it is not reduced.
- The Committee requested that finance reports show financial viability programmes are to extend over more than one year.

• **Financial Viability Update**

- The continued impact of the pandemic on the Trust has meant a large number of schemes planned for the current financial year have had to be transferred to the 2021/22 programme. Work continues to identify further schemes and to understand new income opportunities which will contribute to the 2021/22 programme.
- The inventory project presented at the January Trust Board meeting in public demonstrated the excellent and effective connections being made between quality improvement and financial viability, along with clinical ownership.

• **Agency Expenditure**

- The Trust has not been issued with a 2020/21 agency ceiling while interim Covid arrangements are in place
- Total monthly agency expenditure has been consistently around or above 50% above the 2019/20 agency ceiling for over a year.
- While agency expenditure may be impacted due to Covid, if the underlying agency expenditure is not addressed, there is a significant risk that once reinstated, the Trust would breach 50% above the agency ceiling on a cumulative basis.
- However, comparative baseline positions for June, September and December 2020 show the Trust running with less agency staff than the same period in 2019.
- The Committee acknowledged that the standing up of new services and challenges on spending often requires support from agency staff and were encouraged by the strategies being used which should lead to improvements.

- **Digital Strategy**
  - An overview of the digital strategy covered building capability and capacity), digital non-pay and capital plans.
  - Assurance provided that the current funding will cover the project requirements for this financial year.
  - A report on the financial impact of the digital strategy to be presented at a future FBIC meeting.
- **Richmond Wellbeing Service**
  - The service includes both IAPT services and primary care liaison. It is highly successful and routinely meets access and recovery national standards.
  - The Committee supported the request to transfer the Richmond Wellbeing Service contract from the Trust as the contract holder to South West London and St George NHS Foundation Trust who will then sub-contract the full value of the contract to ELFT who will continue to deliver the service.
  - The Committee discussed the potential risks and highlighted that the provision of the service does not fully fit strategically or align with the Trust's aspiration to improve the health of the local population.
- **Compass Wellbeing CIC:** The Committee supported the proposal for Compass to manage third sector arrangements on behalf of ELFT.
- **Board Assurance Framework**
  - Risk 7: The delivery of this target continues to be impacted by the pandemic and the high risk score remains relevant. However, the risk around behaviour and culture is moving on but this remains interlinked with the size of the savings achievable.
  - Risk 8: Both immediate remedial work on infrastructure and longer term projects on cyber security and financial returns are underway to improve robustness and operational benefits

#### **14 January 2021**

The Committee considered a range of items including finance report for month 8, financial viability, agency expenditure, capital projects and spending, procurement, First Avenue, aged debtors, investment register, Board Assurance Framework: financial and IT risks. The Committee wished to particularly draw the Board's attention to:

- **Finance Report Month 8**
  - The Trust is not required to report on metrics for NHSI; however, the NHSI risk rating for the Trust is currently 3. However, there remains challenges with the breaching the agency cap partly as a result of Covid staffing requirements.
  - Work is being undertaken in the Trust to manage expenditure within budgets and through the financial viability approach.
  - The importance of not normalising a deficit position and for the Trust's credibility to demonstrate that even in difficult times finances have been positively managed.
  - The better than expected financial position and the robust focus on not ending the year in deficit.
  - The contribution of the non-frontline teams during the pandemic, particularly the Procurement and IT teams.
- **Capital Update**
  - Expressed their appreciation for the hard work of John Hill and the Estates Team throughout the year, and in particular in the successful establishment of the Trust's vaccination centre at Westfield, Stratford.
- **First Avenue**
  - The Passmore Edwards building in Newham has become unsuitable to enable the provision of quality clinical services.
  - The initial tenders for this project came in higher than anticipated; however, assurance was provided that any increases are in line with the current market.
  - The Committee supported the conventionally built premises on the Frist Avenue site once it has been looked at in context of the broader estates plan.

- Noted the ongoing impact of Brexit may affect the final cost of this project. Received reassurance that a large contingency has been built in to cover risks in the future and the costs are able to be spread over two years
- **Agency Expenditure**
  - The issue with agency spend had also been discussed at the Quality Assurance Committee and assurance was provided that actions are in place to try to reduce spend balanced with the need to ensure appropriate staffing is in place.
  - The amount of new services being commissioned across the Trust has also resulted in an increase in the use of agency staff.
- **Financial Viability:** The Committee acknowledged that current pressures have necessitated a slight re-design of plans but were pleased to see this work continuing to be aligned with the Shaping Our Future work.
- **Board Assurance Framework**
  - Risk 7: The delivery of this target continues to be impacted by the pandemic and the high risk score remains relevant.
  - Risk 8: Both immediate remedial work on infrastructure and longer term projects on cyber security and financial returns are underway to improve robustness and operational benefits.
- **Aged Debtors:** Significant work has been undertaken to settle and reduce the value of 90+ day debtors which has placed the Trust in a much improved position than previously.

#### **FBIC Minutes**

The approved minutes of the FBIC meeting held on 12 November 2020 and 14 January 2021 are available on request by Board Directors from the Director of Corporate Governance.