

REPORT TO THE TRUST BOARD: PUBLIC
20 May 2021

Title	Finance, Business and Investment Committee (FBIC) 6 May 2021 – Committee Chair's Report
Committee Chair	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 6 May 2021.

Issues to be brought to Board's attention

The Committee considered a range of items including the finance report month 12, financial viability update, financial planning update 2021/2022, agency expenditure, Board Assurance Framework: financial and IT risks, aged debtors, procurement update and procurement for soft FM services, surplus assets for sale, capital update report and 2021/2022 capital plan, and the investment register. The Committee wished to particularly draw the Board's attention to:

• **Finance Report Month 12*:**

- Unaudited year-end position of £3.6m surplus which is £8,834k better than plan with a cash position of £143m
- Overspend of £4.4m on the Trust's Covid envelope. Conversations with Commissioners are taking place on how to provide alternative ongoing funding for projects that were stood up during the pandemic, such as the Integrated Discharge Hubs which have proved hugely beneficial for our service users
- Efficiency savings for 2021/2022 is c£1m; however, this does not include the non-recurrent savings achieved during 2020/2021 that will present additional cost pressures.

• **Financial Viability Update*:**

- NHSE&I target of £3.7m was exceeded, with £4.4m achieved through being able to assign more from overheads on new investments and waste reduction. Much of which was delivered by new ways of working during the pandemic, which is continuing
- Planning guidance for first six months of 2021/2022 includes an efficiency requirement of 0.28% which equates to approximately £1.4m; there is reasonable confidence that there are sufficient plans to meet this target
- Clarity around the efficiency requirement for the second six months of the year is to be confirmed but is anticipated will return to more 'normal' levels, e.g. 3-5%
- Focused work is being undertaken across FV sector groups to develop additional schemes for 2021/2022
- Work is ongoing around cultural change that supports FV and a value learning system is being launched with the QI team to support QI projects.

• **Financial Planning Update 2021-2022*:**

- Challenging situation as there has been a delay in the planning round
- Current I&E planning for first six months of the year is on the basis of achieving a break-even position; the financial architecture for the second half of the year is not yet known
- Further review of the Trust's Covid overspend will be undertaken to understand why it compares unfavourably with other partners in the system. It is assumed that no funding will be available to the Trust to set against direct Covid costs other than direct costs of running vaccination centres, direct staffing costs incurred as the lead employer for vaccination staff and a contribution towards the running cost of this programme
- There is approximately £7m non-pay pressures in the clinical, IT and estates directorates

- Funds have been allocated for learning disability and community transformation across Bedfordshire and Luton, and east London.
- **Agency Expenditure*:**
 - At year end agency expenditure totalled £27.6m, an increase of £6.1m on previous year
 - The increase can mainly be attributed to the expansion into primary care, Bedfordshire and Luton medical staff and Covid-related activities
 - Within community health services there has been some progress towards improved vacancy positions within the locality teams with some hot spots recruited to
 - The Committee discussed the ongoing challenges with recruitment in Bedfordshire and Luton, and the effectiveness of the identified staffing solutions and plans, and commented on the potential quality issue for the Trust as agency staff may not be as intrinsically committed to our values as substantive staff.
- **Board Assurance Framework – risks 7 and 8*:** The Committee discussed the range of actions being taken to mitigate the risks, and agreed the reduction to the current risk score for risk 7 to Significant 16, taking account of the range of actions being taken to embed behavioural and cultural changes, and the positive impact that these are having in the way value and financial sustainability is being approached. The Committee discussed the challenges and actions being taken for both risks, and agreed that appropriate controls are in place and operating effectively.
- **Capital Update and Capital Plan 2021/2022:**
 - For 2020/2021: All projects completed on time and within the budget for 2020/2021
 - For 2021/2022: A total capital fund of £19m (with broad geographical spread) is estimated subject to sale of some of the Trust’s property assets
 - Assurance received that there is ongoing work between estates and digital teams to review the whole of the Trust’s property portfolio in respect of being fit for our future of work programme and digitally enabled. In addition, work on ensuring clinical spaces are fit for purpose and able to function safely is being prioritised.
- **Surplus Assets for Sale:** The report highlighted the review of the Trust’s property portfolio to ensure that all buildings are being appropriately used identified three particular properties in Bedford and Luton that are either unused or no longer fit for purpose. The sale of which will contribute to the Trust’s CDEL (Capital Department Expenditure Limit). Receiving assurance that appropriate alternative accommodation has been sourced or the use of the buildings is no longer required, the Committee approved the recommendations for the sale of the three surplus sites.
- **Procurement for Soft FM Services:** The report set out the current contractual status for total soft FM services within the Trust and the detailed plans for retendering the services. The Committee supported the approach and that any future contract is aligned with the Trust’s values to ensure competitive terms and conditions, and fair treatment for contracted staff including the payment of the London Living Wage. The Committee noted that there are three options for delivering the services and requested that due consideration is given to costs, value and risk.
- **Aged Debtors:** The Committee commended the work of the Finance Team, in particular Dipesh Varsani, the Accounts Receivable Accountant, in reducing the value of long-term debts from a height of £15.5m to £3.8m; and noted that positive coordination across teams has also contributed to this achievement.

FBIC Minutes

The approved minutes of the FBIC meeting held on 9 March 2021 are available on request by Board Directors from the Director of Corporate Governance.