

REPORT TO THE TRUST BOARD: PUBLIC
30 January 2020

Title	Finance, Business and Investment Committee (FBIC) 14 January 2020 – Committee Chair’s Report
Committee Chair	Eileen Taylor, Vice-Chair London 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) meeting held on 14 January 2020.

Issues to be brought to Board’s attention

At its meeting on 14 January 2020 the Committee considered a range of items including the finance report for month 9, forecast annual outturn, financial planning, financial viability, agency expenditure, capital projects, procurement, investment register, aged debtors, the Board Assurance Framework (BAF).

The Committee wished to draw the Board’s attention to its discussions on:

Finance Report Month 9 and Annual Outturn

The Committee discussed the position at month 9, in particular noted:

- The cost pressures in Corporate Services (People and Culture, IT and Integrated Care) have been funded non-recurrently in 2019/20 in line with the Board’s view to address capacity issues to manage system responsibilities in line with the Trust strategy; demands were not known when the budgets were originally set and recurrent funding will be considered for future years
- The assurance that there is no underlying deficit: following adjustments there is a nil variance against the 2019/20 control total (£285k was allocated from reserves as non-recurrent support against the month 8 shortfall)
- The importance of controls in overseeing budget spend and was assured that regular reviews with Directorate Management Team managers will be held
- Learning from contract disputes is taken forward; in addition an audit of contracts has been undertaken
- The outturn forecast is that the Trust will meet the control total in 2019/20 (through the use of recurrent support of c£423k.

Financial Planning 2020/21

The Committee noted:

- The London Sustainability and Transformation Partnership (STP) submitted a long-term plan covering period 2019/29
- The London STP funding gap has reduced from £35m to £15m; the Trust’s approach is to support with solving issues, e.g. through transformation, rather than providing funding
- The Trust has planned for an annual surplus of £2.4m being the 2019/20 surplus of £5.7m less £3.3m Provider Sustainability Funding (PSF)
- Contract negotiations are progressing to determine the precise value of contracts for 2020/21, align investment plans and address areas of affordability; negotiations are potentially more complicated due to the need to work with system partners, focus on outcomes-base agreements, etc but this is in line with the Trust’s strategy on population

health

- The total efficiency requirement for 2020/21 is currently estimated at 3% (c£11.5m) to address the national efficiency requirement of 1.1%, impact of flat cash contracts, efficient requirements not expected to be met in 2019/20 and contingencies; the Execs advised this was a realistic target
- There is an indicated move away from a centrally set control total regime for Trusts who are in surplus who will set their own year-end financial position
- The current regime of PSF available to all will change to a Financial Recovery Fund (FRF) regime with financial support concentrated on those Trusts in deficit.

Financial Viability

The Committee was pleased to note:

- The progress and supported the approach being taken through the Creating Value Campaign aimed at engaging staff, spreading the value message across the Trust and to further embed the culture change required to deliver the Trust's financial plans; in particular the Committee supported the idea of asking staff to identify where savings should be invested to encourage ownership
- The progress being made with the QI projects across the Trust on value, waste and cost reduction, and the positive impact the new financial structure has had by allowing directorates greater control
- As at November 2019 the programme has secured £71.6m of savings and £1.132m of non-recurrent schemes have been identified
- An agreement with NHS England for the Trust to provide 15 out of area beds which will generate a recurrent full year effect of £790k of new business
- The Trust continues to work with partners to support our learning including Leeds Teaching Hospital and IHI.

The Committee discussed and noted:

- The draft plans for 2020/21 under three groups – clinical service transformation, new income generation and waste reduction.

Agency Expenditure

The Committee discussed the ongoing cost pressure of agency utilisation in nationally and regionally short-staffed specialities, and noted:

- Agency spend year to date (month 8) is £13.7m representing a 32.7% variance to NHS Improvement ceiling (£3.3m) – similar to 2018/19
- The level of recorded expenditure has increased during October and November 2019 partially due to previous under-reporting of expenditure
- If agency expenditure were to continue to replicate October and November spend, then by year end the cumulative variance to ceiling would rise to 43.3%
- The agency risk metric is currently at 3; a cumulative variance to ceiling in excess of 50% generates an agency risk metric of 4
- Overall agency usage continues to be within community services and medical staff in Bedfordshire and Luton rather than on inpatient wards and relate to vacancies within services or the need to establish new services within short lead-in times
- A number of plans are in place to address the vacancies; these are scrutinised regularly by the People and Culture Committee
- An update on the plans and any risks, such as those which might impact on quality, the impact of delivering primary care services, etc will be considered at the Appointments and Remuneration Committee
- Once projections for the short-staffed specialities have been made, mitigations will be

discussed by FBIC to allow for long-term planning

- There are ongoing conversations to encourage agency staff to become bank staff.

Capital Projects

- The Committee noted the action being taken with Virgin Media and the internet contract negotiations
- Following a request by Committee members, updates on forward planning of procurement changes will be provided to future meetings to provide appropriate oversight particularly if there is an anticipated variance/overspend.

Aged Debtors

- The Committee was pleased to note that the overall 90+ day debtor balance has reduced to £11.9m, from £15.5m of which c£6.8m is attributable to three issues: Barts, Overseas Patients and Mental Health Investment Standard for Luton
- It is anticipated that the negotiations with Barts will be positively concluded
- Provision has been made in the accounts to write off the Overseas Patients debts
- The Committee agreed to write-off three long-standing debts totalling c£1.695k which have been provided
- The Committee noted that there is some learning to be gained from write-offs particularly in relation to public health contracts for consideration by the Board taking account of the changing commissioning landscape.

Board Assurance Framework:

- The Committee:
 - Noted the range of actions being taken to mitigate the risks in relation to the Trust's strategic objective *improved value*
 - Supported the focus of embedding a culture of ownership by staff
 - Noted the progress with the transformation programmes would also be reflected in the risk scores
 - Agreed there should therefore be no changes to the risk scorings
- The BAF is due a review at the next Board Development session to ensure the risks remain relevant
- A detailed update on risks 7 and 8 is included in the Integrated Quality & Performance Report which was also considered at the Audit Committee meeting on 14 January 2020.

FBIC Minutes: The approved minutes of the FBIC meeting held on 12 November 2019 are available on request by Board Directors from the Associate Director of Corporate Governance.

Abbreviations

FBIC	Finance, Business & Investment Committee
BAF	Board Assurance Framework
PSF	Provider Sustainability Funding
STP	Sustainability and Transformation Partnership
FRF	Financial Recovery Fund