

REPORT TO THE TRUST BOARD: PUBLIC
23 July 2020

Title	Finance, Business and Investment Committee (FBIC) 7 July 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 7 July 2020.

Issues to be brought to Board’s attention

At its meeting on 7 July 2020, the Committee considered a range of items including the finance report for month 2, financial viability, agency expenditure, capital projects, procurement, capital spending, aged creditors, and the investment register. The Committee wished to draw the Board’s attention to its discussions on:

Finance Report Month 2*

In discussion the Committee:

- Considered whether there would be value in comparing budget and spend for previous years, at a granular level, to identify where unexpected pressures occurred. The conclusion was that this would have limited value as teams, contracts and agency market rates change during the year
- Considered the impact of system changes on finance available to ELFT to achieve its strategic objectives, noting that new risks are emerging
- Received assurance that accrual has been made for deferred annual leave (£1.5m).
- Noted that ELFT is not an outlier for COVID claims, though mental health provider claims are expected to rise as the psychological impact of COVID manifests itself. Pressure on inpatient beds and IAPT services has risen considerably.

** A detailed report is included in the Integrated Performance Report included as an agenda item for the Trust Board (Public)*

Capital Update Report

- All current schemes are on schedule
- The Sustainability and Transformation Partnership (STP) has had a capital limit set of £101m. ELFT has submitted a plan of £9.5m (rather than the £14m originally planned for) which would allow the Trust to continue with investment plans on digital and other schemes

Financial Viability

- The financial regime has changed post COVID-19 and previous requirements no longer exist but the Trust recognises the importance of ensuring there are good robust financial processes in place
- Although no control target has been set for 2020/21 the Trust is continuing with its financial viability strategy, working to a figure of £5.3m savings of which £2.6m of schemes have been identified including waste management and improvement in transformation plans. £2m is expected to be generated from new services leaving an expected gap of £630k
- It is anticipated that the Shaping Our Future workstream will generate new plans to fill the gap, themes include digital enablers, impact on estates, changing staff requirements and improved processes
- New services, such as the befriending service, are yielding improved service user satisfaction and value.

Agency Expenditure

- The Committee acknowledged that despite the concerted actions over the last year to address agency costs, overall desired outcomes had not been achieved
- The Committee requested a more detailed report be considered by the Board that sets out the plan, options and predictions for success. This should be at a high level of granularity with a focus on likely effects of actions in the long term, based on a review of what has worked to date and should include realistic expectations, taking into account the impact of Brexit. Further considerations to also be given to the inter-linked challenges of workforce shortages/agency costs, place-based needs and financial viability.

Board Assurance Framework

- The Committee discussed the rationale for reducing the scoring for risk 7 (behavioural and culture changes needed to achieve value and financial sustainability), but was minded not to agree the reduction due to:
 - The financial outcomes from change in behaviour and culture are not yet evident
 - Culture may change with no impact on value and actions may not yield the required outcome
 - Examples of impact of culture and behaviour change need to be included and proxy measure for impact would need to be agreed
- The committee discussed new risks that have been created by digital clinical care which has changed the profile of digital risk with implications for safeguarding of patients (patient safety, patient records, confidentiality and wider information governance matters), and agreed the Institute for Health Improvement would be asked to assist in developing measures that would give confidence in the financial viability impact of cultural and behavioural change.

Procurement

- Procurement rules have changed under COVID-19; the Trust is not permitted to re-procure or give notice
- Action is being taken to encourage suppliers to pay the London Living Wage, and sick pay but wider cost implications will need to be considered
- As part of the Trust's anchor institution focus, work is in progress on developing opportunities for service users to be able to become part of our workforce through, for example, apprenticeships for service users, training for people to become advocates who would work in advocacy services, with a view to creating social enterprises
- The Committee supported the proposal from the Audit Committee of a 'two-pronged approach' to re-procuring external audit services (seeking expressions of interest from audit firms on the procurement framework and going out to market if expressions are limited or non-existent after one month) to ensure that auditors are in place for the end of year financial compliance work.

FBIC Minutes

The approved minutes of the FBIC meeting held on 12 May 2020 are available on request by Board Directors from the Associate Director of Corporate Governance.