

REPORT TO THE TRUST BOARD: PUBLIC
3 DECEMBER 2020

Title	Finance, Business and Investment Committee (FBIC) 12 November 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) meeting held on 12 November 2020.

Issues to be brought to Board’s attention

At its meeting on 12 November 2020, the Committee considered a range of items including:

- Finance report for month 6 and Phase III Plan
- Financial viability
- Agency expenditure
- Capital projects and spending
- Procurement
- ELFT as an anchor institution
- Aged creditors
- Investment register
- Board Assurance Framework: financial and IT risks.

The Committee wished to particularly draw the Board’s attention to:

Finance Report Month 6 and Phase 3 Plan

A detailed report on financial performance is presented under agenda item 15 *Integrated Performance Report*. The Committee wished to highlight the following from its discussions:

- The Trust is working in unprecedented times and in addition to the challenges brought about by the pandemic, is working towards a more integrated system and money flows will be different from what current practice
- Acknowledged the challenges brought about by the ambiguity in the planning process
- The importance of understanding the system position, and the awareness of risks and issues
- Noted the overspend is limited to a few areas, including Bedfordshire mental health services
- Although at month 6 reporting a break even position, currently anticipating a deficit of £5.3m in the plan for 2020/21 although improvements might be seen if there are any underspends
- Agreed the importance of openness and transparency both within the system and the Trust.

Capital Projects and Additional Capital Schemes 2020-2021

- Six additional schemes have been identified which could be delivered if extra finances were to become available in this financial year. These are also the priority schemes for 2021/2022
- The reported underspend on flexible working of £1m is due to £769k NHSI Covid support capital money being received. An exercise to establish priorities with each directorate is currently under way
- Underspend of £250k on APM is being held as a contingency for unplanned issues which could arise in the latter part of the year, such as boiler repairs, drainage issues, etc
- IT team is actively planning to avoid any possibly supply chains in the future.

Agency Expenditure

- September agency spend was the lowest for 12 months, although the fill rate for these posts remains the same – 87% against a 90% average.

- Continued focus on identifying and promoting the benefits of encouraging agency staff to move to either permanent or ban status
- Bedfordshire community nursing agency spend is expected to reduce significantly from December as a secure plan is in place for the majority of posts to be filled substantively. Medical posts being targeted also
- Positive impact of digitalisation in helping to solve high agency costs for work in rural areas as remote consultations can now take place from any location within, for example, Bedfordshire. There is a need to embed these changes around remote working, thereby increasing the pool of medical candidates.
- New roles developed in the Primary Care Team to cover Bedfordshire positively impacting on the agency spend
- The Committee commended the innovative approaches being undertaken to minimise agency expenditure particularly in Bedfordshire and the positive impact on the wider system.

Financial Viability

- The £12.7m target includes both plans for 2020/21 and the carry-over of non-recurrent plans from 2019/20; however, there is a stretch target which provides for under-achievement and/or slippage
- Areas of efficiencies being explored to meet the gap including
 - Reviewing the areas and learning where new ways of working created both recurrent and non-recurrent underspends
 - Opportunities for service redesign as identified within the Shaping Our Future workstream
 - CEO Discussion Group meeting to focus on developing plans to meet the FV targets.
- The focus will be on how financial viability is used to drive value over the next 15 months
- The Committee commented on the value of identifying prioritised plans that will respond to potential funding shortfalls.

Board Assurance Framework

- Risk 7: Committee requested that the BAF is updated to provide more clarity around the challenges and mitigating actions
- Risk 8: In acknowledgement of the work being undertaken to improve the Trust's digital and estates infrastructure, Committee requested that further consideration be given to reducing the current risk score, and that mitigating actions and executive commentary be reviewed and where appropriate strengthened.

Aged Creditors

- Significant amount of work has resulted in a reduction of £6.5m on the aged creditor profile
- The Trust's performance under the Better Payment Practice Code has increased back to 93%.

ELFT as an anchor institution

- The Trust has an indirect impact on the conditions of many more workers not formally employed by the health sector. By sourcing more goods and services locally, working with service users, and organisations that offer a living wage, ELFT has an opportunity to have a greater impact on its community wealth and the structural determinants of health in the areas we serve
- The decision about what to buy, how it is bought, and who it is bought from can make a significant difference to the local areas in which ELFT serve
- Procurement are working together with directorate leads, contract managers and the People Participation Team, to ensure that social value outcomes detailed are proportionate and relevant to the specification of the goods and/or services being tendered. This will be in accordance with The Public Services (Social Value) Act 2012

- A process will be developed to support local business, increasing the proportion of spend [with them], recirculate wealth and bring community benefits, while still achieving the right price and quality, and improved supplier responsiveness and relationships
- The overall aim will be to make social value a natural adjunct to the procurement process rather than an unrelated add-on. These requirements will be defined in ways that do not discriminate and are in compliance to the Public Contracts Regulations 2015
- Embedding social value into the tender and contract management process presents a number of risks
- The intention is to test the social value tender questions with a selection of SMEs across a range of categories with regards to achievability and to ensure that small businesses are not disadvantaged in the tendering process
- ELFT's procurement team are leading the anchor institution work across the NEL STP and will be sharing the Trust's progress with a view to rolling out STP-wide.

FBIC Minutes

The approved minutes of the FBIC meeting held on 24 September 2020 are available on request by Board Directors from the Director of Corporate Governance.