REPORT TO THE TRUST BOARD: PUBLIC
24 March 2022

Title	Finance, Business and Investment Committee (FBIC) 8 March 2022 – 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 8 March 2022.

Key messages

Finance Report Month 10

- The Trust is reporting a £578k net surplus against the requested breakeven plan with a cash balance of £156.3m
- The Trust is in Segment 1 (maximum autonomy, minimum risk) of the NHS Improvement (NHSI) Segmentation framework; however, the level of agency expenditure could adversely impact the Trust's overall risk rating at a later date if this expenditure is not reduced
- The Trust is accumulating significant slippage against some planned 2021-2022 investments. As it is not possible to defer CCG funds into future financial years, £15m has been returned to NEL CCG who is making arrangements with local authorities to hold these funds under a Section 256 agreement. These funds will be determined by the CCG and local authorities (to be invested and spent on gaps in services) and will not be directly available to Trust services in 2022-2023
- A successful grants scheme in the voluntary sector plus investment in education grants and training programmes have helped to ensure achievement of our target of a small surplus at year end of between break even and £1m
- Draft plan for next year is due to be submitted this week which includes the £15m FV programme
- Current inflation rates have necessitated an additional £600k to be built in for fuel costs for 2022-2023. Although there is an allowance for 3.6% in respect of inflation, this is reduced by the 1.1% efficiency ask. The resulting net amount of 2.5% is significantly less than the current 7.5% rate of inflation
- The convergence target for North East London (NEL) is 0.6%, which will continue for approximately four years. There is a suggestion for the efficiency ask to be increased from 1.1% to 1.7%. However, convergence cannot impact mental health funding so the impact for the Trust would be on community services
- The Committee requested an analysis of the Trust's risks and issues around cost and inflation pressures, and any mitigations that are able to be put in place
- *A detailed report is being presented with the finance report at the March Trust Board meeting in public.*

Financial Viability Update

- At month 10 £5.2m has been achieved against target, with an improved full year achievement forecast of £6.6m
- Target for next year is £15m, which includes a £3.1m roll over from 2021/22. Current plans are in place to cover £11m, with work underway to identify additional schemes to address the gap
- KPI measures are being developed to measure FV outcomes
- The Committee welcomed the focus away from income generation (for which there is limited bandwidth within the Trust) and more towards clinical transformation
- *A detailed report is being presented with the finance report at the March Trust Board meeting in public.*

Agency Expenditure

- Evidence that over a three month average, agency usage is starting to reduce, in particular in Bedfordshire where work around process and control mechanisms is showing improvement
- Continuing to explore different approaches to ensure better control on shifts, more accurate invoicing and the development of more beneficial pay rates to attract individuals across to Bank or substantive posts
- The focus of this work is in Bedfordshire with the intention to share the learning across the Trust
- The Committee requested more work around transformational processes, in particular utilising digital services for remote consultations and workforce/service redesign, to tackle the more intractable problems, whilst acknowledging the importance of ensuring there is good process and control in place
- *A detailed report is being presented with the finance report at the March Trust Board meeting in public.*

Capital and Estates

- Given the reductions in CDEL and restrained capital in 2023/24 and 2024/25, the five year capital plan will present some challenging decision making in order to balance compliance, growth, fitness for purpose, therapeutic and CQC requirements.
- The Trust is committed to the Bedfordshire CAMHS T4 bed project and other programmes that have started and have completion due in 2022/23
- The intention is to have a plan B list of capital projects for 2022/23 in both estates and digital which can be actioned quickly should the opportunity arise
- There is ongoing stakeholder engagement and workshops with staff, service users and the public in the development of the estates strategy
- The ongoing Inflationary pressure will place further significant constraints on activities next year, especially around new projects and re-procurements.

BLMK CAMHS Tier 4 Unit

- As there has been an increase to the costings from the original business case, work is being undertaken on revising the build costs and assumptions on the specification
- The CAMHS clinical group and estates have been working with service users around these decisions, as well as the risks and realities of the changes
- Assurance was provided that there will continue to be openness and transparency around the compromises and scaling back of some parts of the project that will have to be made, and that changes will not compromise clinical safety requirements
- The FBIC will receive regular updates on the progress of the development of the unit and also requested that learnings from this issue are reflected in the estates strategy that is currently being developed.

Green Plan

- Assurance was provided that the Trust's plan is progressing with a range of projects in place whilst national NHS proposal on metrics for monitoring are being developed
- Reports on the Trust's emissions have been ongoing for several years and work continues with the sustainability and value group, and with people participation
- Assurance was provided that the impact of wider carbon impacts aligned with the movement of services is also being monitored
- The importance of engaging closely with ICS partners to improve transportation and lower carbon options, ensuring infrastructure is in place to support this was highlighted as was the importance of integrating sustainability into the day to day operations of the Trust
- The ultimate measure is the Trust's carbon reduction, both where it is most effective and the areas that need more support to achieve this
- A framework is being developed that will show the prioritisation of activities and assurance around delivery;

- The Committee encouraged the promulgation of storytelling around success stories, both at Committee and the Trust Board, and acknowledged that a risk around affordability remains given future financial limitation which might hamper the pace of the plan.

Aged Creditors
- Continued progress has been made to reduce the overdue balance
- Work is now focusing on payment terms under the Better payment Practice Code with active targeting of organisations who have large volumes of invoices that have not been approved
- The Committee reinforced that as an anchor institution it is incumbent upon the Trust to ensure payments are made expediently.

Procurement Update: Soft FM contract has been awarded to OCS who will be supporting the Trust's work as an anchor institution.

Board Assurance Framework including updates on Cyber Security
- **Risk 7:** *If the Trust's approach to value and financial sustainability are not embedded, this may impact on the achievement of the Trust's financial, service delivery and operational plans*
    - The Committee approved the recommendation to reduce the current risk score from Significant 16 to High 12 (impact of major 4 x likelihood of possible 3) 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
- **Risk 8:** *If the Trust fails to robustly implement and embed infrastructure plans including digital and estates, this will adversely impact on our service quality and delivery, patient care and carer experience, and our ability to transform services in line with our aspiration to be a leader in both of our ICSs*
    - The Committee received an update on cyber security risks which have escalated 100% in the first eight months of 2021 compared to the same time in 2020 and in the light of the recent emergent global vulnerability
    - Assurance was provided that a range of actions are being undertaken to manage the risk including:
        - An increase in communications to staff with continual items on cyber security which remains live on the intranet
        - The re-running of cyber educational programmes
        - Cyber security office has been appointed joining the Trust t the end of march
        - Ordering of Dark Trace which monitors cyber activity both in and outside the Trust's network
        - Planned application of secure web filtering to close down websites which may cause problems.
        - Upgrading of the national secure boundary monitoring tool.
        - Plans to run further phishing exercises
        - Reviewing proposals to include digital and cyber in the Trust's mandatory training programme
    - Assurance was also provided that work in procurement has established that none of the Trust's wider suppliers and sub-contractors are registered in Russia or Belarus with further checks being made on supply chains for possible disruption.

FBIC Minutes: The approved minutes of the FBIC meeting held on 13 January 2022 are available on request by Board Directors from the Director of Corporate Governance.