

FINANCE AND INVESTMENT COMMITTEE - MINUTES

Venue: Meeting held via WebEx

Date: 25th September 2020, 9:30-10:45

Members:

Mr M Hoare	(MH)	Non-Executive Director (Chair)
Mr R Samuda	(RS)	Trust Chairman
Mr H Kang	(HK)	Non-Executive Director
Ms D McLannahan	(DMc)	Chief Finance Officer
Mr L Kennedy	(LK)	Chief Operating Officer
Mr D Baker	(DB)	Director of Partnerships & Innovation

In Attendance:

Ms S Rudd	(SR)	Assoc. Director of Corporate Governance
Mr D Carruthers	(DC)	Medical Director/Acting CEO
Mr M Hanson	(MHa)	Director of Procurement (Item 7 only)
Mrs R Goodby	(RG)	Director of People & OD (Item 10 only)

Apologies:

Mr T Lewis	(TL)	Chief Executive Officer
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Minutes	Reference
1. Introductions (for the purpose of the voice recording)	Verbal
<p>The Chair welcomed Committee members to the meeting.</p> <p>Committee members provided an introduction for the purpose of the meeting recording.</p>	
2. Apologies for absence	Verbal
<p>Apologies were received from Toby Lewis.</p>	
3. Minutes of previous meeting, held on 31st July 2020	FIC (09/20) 001
<p>The Committee reviewed the minutes of the meeting held on 31st July 2020.</p> <ul style="list-style-type: none"> • Action Log - Martin Sadler to be described as Chief Informatics Officer and not Chief Information Officer. <p>The minutes were ACCEPTED as a true and accurate record of the meeting subject to the amendment.</p>	
3.1 Matters arising and update on previous meeting actions	FIC (09/20) 002
<p>The Committee reviewed the action log and noted that some items would be discussed as part of the agenda. The following updates were made:</p> <ul style="list-style-type: none"> • <i>FIC (07/20) 003 - Provide an analysis of the financial effect of triangulation approach of decreasing Agency staff, increasing Bank staff, and reallocating staff to cover ward deficits at the September meeting.</i> - DMc referred Committee members to the analysis in the papers. DMc commented that it had been difficult to draw any definitive conclusions from the data, but that temporary staffing had decreased when substantive costs increased, which was encouraging. An agency approvals process dashboard had been established to ensure control in this area. 	

- LK commented that evidence had been required in relation to reducing agency with offsetting by bank and substantive staffing which had been achieved.
- DMc suggested this be further refined.
- *FIC (07/20) 004 - Report covering IT requirements including routine maintenance and enhanced development with costings to be written and forwarded to the Digital Committee for analysis and advice.*

LK advised this topic (IT capital position over three years) would be discussed by the next DMPA Committee. The subject would be brought back to FIC if there were financial concerns or completed otherwise.

- *FIC (07/20) 004 - Discuss the proposed Information strategy for the next four years with Martin Sadler, Chief [Informatics] Officer.*

DB reported that he had spoken to Martin Sadler and presented the strategy to the Executive Committee and organised feedback from groups. Completed.

- *FIC (07/20) AOB - The LTFM Plan, and the CIP plan for the next three years be discussed in detail at the September meeting.*

DMc suggested a longer discussion take place on this item. MH agreed and suggested a separate October 2020 meeting be arranged for this purpose.

Action: A separate FIC meeting to be arranged in October 2020, dedicated to the discussion of the LTFM/CIP plan for the next three years.

MATTERS FOR DISCUSSION

4. Month 5 Finance Report

FIC (09/20) 003

DM commented that Month 5 had been unremarkable, and that a breakeven position had been reported. A decrease in cost run rates had been observed across the board and this was reflected in a retrospective top up funding request of £1.4m in Month 5.

Good progress had been made in validating year-to-date top up requests with NHS Midlands. At Month 5, only £4.2m remained unvalidated, with total claims amounting to £22.2m. No issues had been identified and therefore, the £4.2m was expected to be paid.

Other income remained below plan. Recovering the non-patient related income streams would be a key focus for the Trust and would be pursued aggressively. Car parking and catering was the Trust's biggest risk. DMc reported that the Trust had been instructed not to charge staff for the immediate future (until the pandemic ended). Patient carparking charges; however, were likely to be reinstated from 1st October 2020, but a significant shortfall would still be expected because of lower patient numbers on site.

Pay in Month 5 fell to £29.4m which had been the lowest monthly cost so far in the year. Agency spend slightly increased to around £1m, but DMc reported this cost remained at a much lower level than before the enhanced controls had been introduced, although operational pressure was building in the COVID-19 'Red' bed areas. DMc confirmed that this cost would be claimed as a COVID-19 cost where coded as such.

Non-pay had returned to more normal run rate levels. The recurrent exit position for 21/22 in relation to CIP needed to be reviewed.

LK commented that it was still important to keep COVID-19 spending under control despite the recent virus surge.

DMc further advised that the Trust's cash and capital position remained on plan and noted that the

working capital position had continued to improve. Annual BPPC performance had also improved and was now nearly at 80%. DMc commented that the accounts payable team (now working from home) remained motivated and engaged, which was a positive.

HK queried whether there was pressure to get teams back into the office. DMc commented that home working had been successful generally and performance had been good.

5. COVID-19 Finance Report

FIC (09/20) 004

DMc expressed the view that it was valuable for FIC to have visibility of the Trust's COVID-19 expenditure and highlighted the following points:

Around £20m had been spent on the COVID-19 response in total - £3m in capital and £17.7m on revenue. Nearly £3m had been claimed from a capital perspective, with £1.99m approved regionally, which indicated national approval, but this had not been confirmed and timescales on approvals were uncertain. DMc commented that risk to the Trust was low because claims were valid and had been justified.

The purchase of Anaesthetic machines (14 in number) presented a slight risk because funding had not yet been approved regionally. A claim would be actively pursued, however, if rejected, funding would be found internally because their purchase was already part of the MMUH plan.

The welfare facility at MMUH had been approved by the region but if rejected nationally, the back-up plan would be to fund the project through the MMUH contingency fund.

In terms of revenues, DMc reported that £17.7m had been spent - £10.4 on non-pay and £7.4 on pay. There had been a significant fall in pay expenditure in July to August, but this spend might increase in September 2020. Non-pay costs decreased £3m month on month.

HK queried the £1.4m on admin and estates. DMc reported that a large proportion of this cost was likely attached to consultancy support for redeployment workforce modelling during the COVID-19 peak.

LK queried the £247k pay spend cost in August 2020 which was not a peak COVID-19 month and requested a breakdown of the costs. DMc offered to produce a breakdown.

RS queried the national contract in relation to private sector provision. LK advised that the national contract paid directly to the private sector providers.

LK suggested that the Trust work through a worst-case scenario in relation to spending on COVID-19 (including a re-surge). DMc agreed.

Action: DMc to produce a breakdown of costs relating to the £247k admin and estates pay spend figure for August 2020.

Action: DMc to work through a worst-case scenario in relation to COVID-19 expenditure for the Trust.

6. 2021 Forward Look

FIC (09/20) 005

DMc reported that a proposed income model for months 7-12 had been received (A total of £1.3bn for Black Country and West Birmingham STP) - £265m had been allocated to the Trust.

It would repair the issues with the main block previously reported to NHSI/E which was an encouraging start (£18.7m).

COVID-19 costs and funding were outside of the block. The Trust estimated a most likely £3.7m a month in COVID-19 specific costs for months 7-12, £22.2m in total. The STP had been allocated £78m (28%). Year to date average monthly costs for COVID-19 were £3.55m.

It was not yet clear how the elective activity delivery financial mechanisms would work by system and individual Trust. The reserves position was also not yet clear.

The exit position and settlement for 21/22 was not understood. A recovery reconciliation to LTFM

would be required.

HK queried the STP allocation £78m figure and how it would be shared. DMc reported that this was uncertain. LK agreed with HK that the allocation issue was a risk for the Trust. He suggested the topic be raised to the STP Board as a concern. MH suggested that allocation be monitored going forward by the FIC Committee.

DMc reported that an organisational plan was required to be submitted by 22nd October 2020.

Action: The £78m STP allocation to be monitored by the FIC going forward.

7. Procurement Update

FIC (09/20) 006

Mike Hanson (MHa), Director of Procurement BCA referred Committee members to the paper and highlighted Walsall's decision to leave the BCA.

MH reported that a three Trust procurement collaborative had been operating for the last three years, but Walsall had given notice that they would be joining University Hospitals North Midlands (UHNM) on 31st March 2021.

There would be five likely options going forward:

- 1) Revert to a one Trust procurement team (SWBH)
 - MHa commented this might be too small an entity.
- 2) A partnership between Sandwell and Dudley
 - MHa commented that Dudley were not keen for this to operate beyond 31st March 2021 as it would be too small an entity.
- 3) Joining UHNM
 - Legacy issues might pose a problem along with lack of control.
- 4) UHB
 - Legacy issues might also pose a problem.
- 5) Partnership with another Trust
 - Worcester had been considered as an option. Shropshire had also been considered and MHa commented that this Trust offered a good alignment with SWBH, was a similar size and already had an arrangement with SWBH

NHSI had been very supportive of Option 5 and therefore the plan would be to form a collaboration with Shropshire. The timeline would be to produce a strengthened MOU by 15th October 2020 and a proposal for a formal partnership to be in place and submitted to the Board by 31st December 2020. The partnership would then be formed in March 2021.

MHa reported that option 5 (the Shropshire model) was also preferred by Dudley. DMc reported that the key risk was the need for clarity about Shropshire's commitment to the idea. DMc commented that UHB and Stoke should not be ruled out.

MHa and DMc would be meeting with the Deputy Director of Finance at Dudley to discuss Walsall's plans.

DMc advised that procurement savings for the current financial year would be approximately £600k against a £2.7m target in the budget. COVID-19 had massively impacted procurement savings. DMc suggested the Trust not plan to make any procurement savings in FY 21/22 but work on recouping in the subsequent year.

MHa commented that the Trust's voice would be stronger in a collaboration with Shropshire, compared to larger Trusts. Feedback had been that Shropshire was very keen to enter the partnership.

8. Strategic Finance Update	FIC (09/20) 007
<p>DMc referred to the paper and reported that consideration had been given to progressing the first workstream in the context of COVID-19, the new place-based strategy development and system working/acute care collaboration.</p> <p>DMc reported that it was very likely that the Trust would be asked to develop a blended type of contractual arrangement for FY 21/22. Strategically, the Trust wanted to move to a capitation/population-based contract aligned to the MMUH business case – to be fully in place in FY 22/23 when MMUH opened. A risk was in engagement with the finance lead at the local CCG, in the light of the CCG merger and efforts were being made in this area.</p> <p>Work was ongoing in terms of pay and non-pay, long-term spend reductions. A route to introduce it into the wider organisation would be required. DB expressed the view that the focus should be on the items that the Trust could control.</p> <p>DB further expressed the view that the Trust had an expensive Ophthalmology model with lower productivity against other large Ophthalmology centres and it also had a rich, medical model. At question would be how transformation could be achieved in this department and how much cash could be taken from it over the two-year CIP period. DMc commented that if the Trust wanted to be the regional lead in this area, it would need to demonstrate the operation of an efficient service.</p>	
9. SBAF: Update on assurance Levels	FIC (09/20) 008
<p>DMc referred Committee members to the report and highlighted the ‘limited’ assurance status of SBAF 9 and 10. DMc offered to present a ‘route to adequate’ at the next FIC meeting.</p>	
<p>Action: DMc to present a ‘route to adequate’ in relation to SBAF 9 and 10 to the November 2020 FIC meeting.</p>	
10. Post COVID-19 funding of psychological wellbeing interventions	FIC (09/20) 009
<p>RG presented the paper and made the following points to note:</p> <p>The ongoing funding of the additional wellbeing support, introduced during the COVID-19 peak, had been discussed by the Board.</p> <p>Training in psychological wellbeing for members of staff had been undertaken through the March on Stress organisation and a proposal had been drafted on how to improve future provision in relation to advanced psychological support.</p> <p>It was acknowledged that the Trust’s occupational health doctors were not mental health specialists and the purchase of psychiatry support for the longer term was being considered. RG commented that staff mental health issues were becoming more complex and provision of counselling services may no longer be sufficient. The cost to the Trust for psychiatry support provision would be £302k per annum.</p> <p>The Sanctuary facility would also need investment in the longer-term. Both projects may potentially qualify for charitable funds. NHS Charities had been approached. RG expressed the view that potentially the Trust could access around £80-100k from charitable funds (internal and external).</p> <p>MH queried whether the current cost to the Trust could be evidenced by collating staff absence data due to wellbeing/mental health problems. RG confirmed that this could be estimated through sickness records. RG reported that around 700 people had attended the Sanctuary (equating to 1 in 10 staff members) and staff had reported a 20% improvement in mood as a result of attendance. She predicted that demand would increase and offered to produce a report comparing current usage with future usage estimates (over 12 months).</p>	

DMc commented that it would be important to investigate the availability of charitable funds and grants because Trust funds were not currently available given the funding gap for 20/21.

MH commented that it was important not to underestimate the need for services from staff who had endured difficult conditions through COVID-19 and were facing a potential second wave.

RS queried the activities of other Trusts. RG reported that other Trusts had also been investing in wellbeing initiatives and mental health support. In the Black Country, Wolverhampton, Walsall and Dudley had been investigating the joint procurement of psychiatric support for staff.

Action: RG to produce a comparison between the Trust’s current wellbeing resource usage with a future usage estimate (over 12 months).

Action: RG to take the wellbeing funding report to the Chair of the Charitable Funds Committee (Cllr Waseem Zaffar).

MATTERS FOR INFORMATION/NOTING

11. Matters to raise to the Trust Board

Verbal

It was suggested the following matters be raised to the Board:

- Procurement
- Monitoring of the COVID-19 spend and its impact on the Trust
- Financial risk to the Trust for the remainder of 2020

12. Meeting effectiveness feedback

Verbal

Not discussed.

13. Any other business

Verbal

Recruitment:

DMc reported that recruitment to the Director of Operational Finance had been progressing well with shortlisted candidates being interviewed on 23rd October 2020.

7. Details of Next Meeting

The next meeting will be held on Friday 27th November 2020, 09:30 - 10:45 by WebEx meetings.

Signed

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Date