Sandwell and West Birmingham Hospitals NHS
NHS Trust

FINANCE AND INVESTMENT COMMITTEE - MINUTES

Venue: Meeting held via WebEx **Date:** 27th November 2020, 9:30-10:45

Members:

Mike Hoare	(MH)	Non-Executive Director (Chair)
Richard Samuda	(RS)	Trust Chairman & Non-Executive Director
Harjinder Kang	(HK)	Non-Executive Director (From 10am)
Dinah McLannahan	(DMc)	Chief Finance Officer
David Carruthers	(DC)	Medical Director and Acting CEO
Mel Roberts	(MR)	Acting Chief Operating Officer
Dave Baker	(DB)	Director of Partnerships & Innovation

In Attendance:

Susan Rudd	(SR)	Assoc. Director of Corporate Governance

Apologies:

Toby Lewis	(TL)	Chief Executive Officer
Liam Kennedy	(LK)	Chief Operating Officer

Minutes	Reference
1. Introductions	**Verbal**
The Chair welcomed Committee members to the meeting. Committee members provided an introduction for the purpose of the meeting recording.	
2. Apologies for absence	**Verbal**
Apologies were received from Toby Lewis and Liam Kennedy.	
3. Minutes of the previous meeting held on 25th September 2020 and Extraordinary meeting held on 20th October 2020	**FIC (11/20) 001**
The minutes of the FIC meeting held on 25th September 2020 and the Extraordinary meeting held on 20th October 2020 were reviewed. Both sets of minutes were **ACCEPTED** as true and accurate records of the meetings.	
3.1 Matters arising and update on previous meeting actions	**FIC (11/20) 002**
The action log was reviewed and updated as follows: • *FIC (07/20) 004 - Chair to write to Deloitte proposing that the Trust have further input into the OD*	

review.

- It was agreed that this action had become outdated and should be removed from the log.

- *FIC (09/20) 004 - Produce a breakdown of costs relating to the £247k admin and estates pay spend figure for August 2020.*
  - DMc reminded the Committee that this action related to the high spend figure in admin and estates, particularly in relation to COVID-19. Following investigation, it had been determined that infection control and ward services (£150k) made up a large percentage of the spend.
- *FIC (09/20) 004 - Work through a worst-case scenario in relation to COVID-19 expenditure for the Trust.*
  - DMc advised that this had not been concluded in a defined piece of work because expenditure against the Plan was being constantly monitored. There was a Wave 2 regional fund for COVID-19 cost pressures.
  - In response to a query from MH, DMC clarified there were no assumptions in the numbers for Nightingale Hospital costs. DC confirmed there had been no decision yet on the opening of the Nightingale Hospital.
- *FIC (09/20) 005 - The £78m STP allocation to be monitored by the FIC going forward.*
  - DMc confirmed that this would be monitored in the monthly 'confirm and challenge' process with the Deputies. At Month 7, all provider Trusts were slightly ahead of Plan, except Wolverhampton, which was slightly behind.
- *FIC (09/20) 009 - Produce a comparison between the Trust's current wellbeing resource usage with a future usage estimate (over 12 months).*
  - DMc reported that a discussion about psychological wellbeing and support had taken place with Bethan Downing. The Charitable Funds Committee had approved £75k towards providing wellbeing support out of the NHS Together Charitable Fundraising.
  - In terms of capital spend, a proposal had been drafted to fund the refurbishment of the Wellbeing Sanctuary out of the CEO Contingency (£100k). The Charity would pick up the cost of the Recharge Energy Pod for Maternity.
  - In terms of revenue, the Trust would be funding activities from existing budgets. With the charity funds included, the spend would be around £100k and provides a fund to March 2022, which was considered satisfactory.

MATTERS FOR DISCUSSION

4. Month 7 Finance Report	**FIC (11/20) 003**

DMc reported that the Trust was slightly ahead of Plan in Month 7. The deficit for the end of the year was £4.3m, which was expected to improve to £2.3m following receipt of taper relief.

It was noted that the Trust was comfortably on Plan at Month 8 and had not had to omit provisions for costs to achieve plan.

DMc commented that decision making on new investments was difficult in the uncertain environment and therefore, requests for funding were being carefully reviewed, with decisions being made on an operational and clinical risk basis. Communication with the Tactical and Strategic groups had been effective and engagement and communication with Trust colleagues on financial decision making was strong..

Bank 5 and 7 nursing hourly rates had been reviewed because there had been a low fill rate on some of the Medical wards. DMc reported that SWBH's rates had been benchmarked against Dudley and UHB and found to be considerably lower. As a result, the Trust had been losing bankstaff to other hospitals.

DMc reported that hourly rates for bank 5 and 7 grades had been lifted by £1.50 in response. The AHP rates had been kept at the same level because they had already risen in April 2020. However, this would also be kept under review.

The CCGs were on plan during Month 7 and all providers were marginally ahead of Plan, apart from Wolverhampton, who had reported cost pressures in relation to Ophthalmology and elective Cardiac work.

DMc reminded the Committee that, under the Risk Share Agreement, organisations that were ahead of Plan returned the surplus to the STP, with the first call being to those organisations having adverse variance to Plan. This move would be unlikely to be transacted monthly, but Month 9 was likely to be an appropriate time to review.

DMc reported that agency spend had been increasing again to £1.3m in month. Controls would be reinstated firmly in November 2020. MR reported that some of the costs had been in relation to ward services/extra cleaning required in the COVID-19 infection environment. MH queried whether the costs would be offset against COVID-19 funding. DMc offered to check if this was the case.

MR further suggested that most of the agency spend related to staffing and vacancies.

In response to a query from DC, DMc confirmed that the Trust had received around £12m, in addition to block income, to cover COVID-19 related expenses (being net of efficiency ask to remain within block).

DMc highlighted that from a COVID-19 capital perspective, the expenditure forecast was £2.961m in total (including 1920 £681k) and £2m had been approved. There were two items outstanding and were being appealed, however, DMc reported they could be covered if unsuccessful. These were:

- £400k in relation to the welfare facility on Level 0 at Midland Met
- £500k in relation to 14 anaesthetic machines

In terms of the cash balances, the Trust held c£57m on 31st October 2020. DMc reported that the working capital position was looking very good, with an improving picture in relation to better payments practice performance. Payables and receivables were trending downwards, which was positive.

RS queried the cost of the 21/22 holiday entitlement. DMc reported that the Trust currently had an annual leave provision of £1.7m, which could be released to offset annual leave pressures. Available data suggested that the Trust had only taken 48% of its annual leave year to date. The law governing the COVID-19 period allowed people to carry over 20 days into 2021 and the entitlement could be taken over two years. DMc reported that different options would be offered to staff.

RS also queried a reference to firm control on IT. MR reported that IT spend had been controlled.

In response to a query from MH, DMc reported that she was hopeful there would be enough money in the system for the Trust to be able to break even in 2021. She suggested there needed to be a conscious financial exit strategy out of COVID-19 and a focus on governance and reporting. DMc commented that she would join with MR to draft a plan.

HK joined the meeting at 10.05 am.

Action: DMc to check if agency spend for extra cleaning because of COVID-19 infection would be covered as a COVID-19 expense.

Action: DMc and MR to draft a financial exit strategy out of COVID-19 in January 2021.

5. Capital Programme update	**FIC (11/20) 004**

DMc reported that the FIC in July 2020 had received an affordable 5-year capital programme. The affordability and delivery of the programme would be reliant on three key assumptions:

- Achieving an I&E breakeven position
- Receiving the pre-agreed Taper Relief
- Spending the Capital Plan in the context of an STP-wide Capital Control Total

The August EMPA had received an Estates site plan for capital which referenced the affordable plan. Since the summer, work has been underway between DST, IT and Finance teams to put governance in place, and confirm detail and costs of the individual schemes within the affordability envelope.

DMc advised that the 5-year Capital Programme had increased to £440m, a cash backed increase of £15m. For 20/21, the Trust was currently forecasting an underspend of £382k. DMc reported there was a possibility that the Trust would have to absorb its share of the Pathology hub overspend on capital in Wolverhampton, which amounted to around £800k.

The Trust had confirmed its CRL requirement with the STP of around £24.6m next year. DMc commented that the substantive point to note was that the Trust was currently over committed on the 5 year plan by around £9.5m (£3.2m in Estates and £6.3 in IT).

The IT forecast overspend against budget had been driven in part by some MMUH commissioning costs. DMc advised there were no concerns around IT this year, but an affordable future-focused plan would be required for assurance.

HK queried the Pathology hub payment. DMc confirmed that SWBH was the largest shareholder and that the partnership arrangement meant there was collective responsibility for expenditure. DMc reported that the Trust was pushing back on around £400k of COVID-19 related Pathology spend, which could be covered elsewhere. DMc expressed the view that, whilst SWBH was prepared to pick up its share of the expenditure, more careful monitoring of spending would be expected.

6. Acute Care collaboration update	**FIC (11/20) 004**

DMc reported that Private Board would be receiving a document to debate and approve recommendations in relation to Acute Care collaboration between SWBH, Wolverhampton, Walsall and Dudley.

DMc advised that the finance chapter would be rewritten to support the case for change. This would be ready in the coming week to support the Board paper. The risk in the financial case would be that the baseline used had been the 19/20 forecast outturn, from the CCG's perspective.. Therefore, DMc reported that the chapter was being rewritten from a provider point of view to ensure it was owned fully by the four trusts.

DMc stated that potential savings costs and opportunities from collaboration would be in the range of £21-£40+m. Savings would be evidence-based and would involve clinical, non-clinical and clinical support services.

7. Planning/budget setting – initial paper 21/22 and 22/23, including CIP strategy	**FIC (11/20) 006**

DMc reiterated that planning and budget setting had been difficult in an uncertain COVID-19 environment. DMc referred Committee members to the paper which set out the LTFM 20/21 performance and looked forward to budget and Plan setting in 21/22.

The three key objectives would be:

- A route to breakeven for 21/22 and 22/23.
- Remove or significantly reduce the Trust's underlying deficit on a recurrent basis

- Maintain cash balances to fund the Trust's Capital Plan

RS queried timings and performance against the Production Plan. DMc reported that more information would be available by the end of January 2021. MR reported that the Trust was currently performing at around 85% against the Production Plan. There had been an Elective Care step down which had impacted the target.

DMc advised that the Trust would need to take a risk-based approach to achieving the objectives. CIP delivery would be key, and a new CIP Efficiency Board had been established which would meet shortly. DMc suggested that a risk be formulated around Acute Care collaboration.

DB suggested that clinical bandwidth should be considered over management bandwidth. RS agreed that consideration of how to create capacity would be important to achieve collaboration and best practice. Releasing clinical time would have a cost.

8. SBAF: Route to adequate	**FIC (11/20) 007**

DMc reported that SBAF 9 and 10 had been covered by the CIP delivery and the route to breakeven.

DMc would draft a new risk around capital and the Trust being able to achieve its desired activity in the context of the system Control Total.

SBAF 9 – Cash backed cost reduction/Income/Expenditure plans

- DMc advised that this SBAF would be kept at 'limited' for the longer, multi-year view, but she expressed the view that for 20/21 it had been 'adequate'.

SBAF 10 – NHS Payment Mechanism

- DMc reported that controls had recently been strengthened. The ICP finance sub-group had been established. DMC had attended both place-based boards at Sandwell, Ladywell and Perry Barr.
- There was still significant uncertainty in relation to the financial framework for 21/22 and future years, the Commissioner contracting approach, and the impact of the Acute Care collaboration.
- It was proposed that the risk remain at 'limited' assurance. DMc highlighted the list of actions in the paper which set out what would be required to reach 'adequate' assurance of mitigation.

MATTERS FOR INFORMATION/NOTING

9. Matters to raise to the Trust Board	**Verbal**

It was proposed that the following points be raised to the Trust Board:

- The CIP plan
- Month 7 position
- Capital Programme
- Cash Position
- Planning

10. Meeting effectiveness feedback	**Verbal**

None discussed.

11. Any other business	**Verbal**

None discussed.

7. Details of Next Meeting

The next meeting will be held on Friday 29th January 2021, 09:30 - 10:45 by WebEx meetings.

Signed ……………………………………………………………………………………………………….

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Date ……………………………………………………………………………………………………….