

Meeting of the Oxford Health NHS Foundation Trust

Finance and Investment Committee

Minutes of a meeting held on
Thursday, 9 July at 09:00

Via Microsoft Teams Virtual Meeting

RR/App_BOD 18/2020

(Agenda item: 23c)

Present:

Chris Hurst	Non-Executive Director (CMH) (the Chair)
John Allison	Non-Executive Director (JA)
Nick Broughton	Chief Executive (NB) - <i>part meeting</i>
Mike McEnaney	Director of Finance (the DoF/MMcE)
David Walker	Trust Chair (DW)

In attendance:

Claire Dalley	Director of Estates & Facilities (the DoE/CD) - <i>part meeting</i>
Paul Dodd	Deputy Director of Finance (the Deputy DoF/PD)
Martyn Ward	Director of Strategy & Chief Information Officer (the DoS/CIO/MW) - <i>part meeting</i>
Hannah Smith	Assistant Trust Secretary (HS)
Susan Wall	Corporate Governance Officer (SMW) (Minutes)
Michael Williams	Financial Controller - <i>part meeting</i>
Paul Vincent	Head of Costing - <i>part meeting</i>

1.	<p>Apologies for absence</p> <p>a Apologies of absence were received from: Kerry Rogers, Director of Corporate Affairs and Company Secretary.</p> <p>b The Chair welcomed Nick Broughton, Chief Executive to his first Finance and Investment Committee, and those present.</p>	
2.	<p>Minutes of the meeting held on 12 May 2020 and Matters arising</p> <p>a The minutes of the meeting held on 12 May 2020 were approved as a true and accurate record.</p> <p>Matters arising</p> <p>Item 7(a) Warneford Foundation – updated Strategic Outline Case (SOC)</p> <p>b The DoF reported that an updated version of the Warneford SOC had been circulated to the Executive and that a further updated version was being finalised for circulation to the Board. The Chair confirmed that this action had been completed.</p> <p>Item 6(e) from November 2019 – Warneford Foundation – strategic transport proposals</p> <p>c The Chair noted the importance of being assured that the future Warneford Foundation site would offer adequate parking. The DoF noted that he would cover this as part of the Warneford update on the agenda and referred to the update in the Summary of Actions document that by September 2020, a response should have been received on the strategic transport proposals for the Warneford Foundation scheme from Oxford City Council.</p> <p>d The Committee noted the following actions were completed or on the agenda:</p> <ul style="list-style-type: none"> • 7(c) ePMA; and 	

	<ul style="list-style-type: none"> 5(c) IM&T investment required for business continuity – the Chair noted that the update in the Summary of Actions and the report on the agenda completed this action. <p><i>Claire Dalley joined the meeting</i></p>	
3.	FY21 Capital Programme Plan (Estates, IT and transformational projects) financial update)	
a	Michael Williams reported on paper FIC 36/2020 FY21 Capital Programme Plan stating a revised FY21 plan of £21.8m had been submitted to NHSI in May 2020. This figure had been decreased by £1.75m from the original capital plan with the variance being due to re-alignment of funds with the Buckinghamshire, Oxfordshire and Berkshire West (BOB) Integrated Care System (ICS), and Mental Health funding received in FY20. He stated a new National Capital Regime had been introduced for FY21 with funds going directly to the BOB ICS which would allocate funds across organisations on a system-wide basis.	
b	Michael Williams stated that organisations' aggregate capital plan programmes had exceeded the financial envelope of the BOB ICS by £27m and of this amount £2.4m related to funding which Oxford Health had received in FY20 being assigned for procurement of an Electronic Prescribing and Medicines Administration (ePMA) solution in FY21 to realise Global Digital Exemplar (GDE) commitments. Discussions were on-going with NHS Digital on how this funding would be re-assigned in respect of the new capital regime.	
c	Michael Williams confirmed that COVID-19 capital requirements (primarily for Estates but also for IT) had been submitted to NHSI with an expectation that they be delivered this year.	
d	John Allison raised the imbalance of capital funding for Estates and Transformational Projects being a higher proportion than IT investment, and noting the increase in digital working, questioned how this would work for the future. The DoF explained that not all IT spend was through capital investment as software licences tended not to be capitalised but funded through revenue budgets. John Allison acknowledged that the comparison was not entirely like for like given the differences between funding for Estates and IT schemes; however, he noted that it was still pertinent to consider	

<p>e</p> <p>f</p>	<p>how the Trust's estate would survive and respond to new ways of working and whether to consider a moratorium on Estates capital spend other than for safety requirements. The Chief Executive stated that work was already being undertaken in rationalisation and utilisation of the estate, further to the pandemic, and agreed that there were opportunities for estate rationalisation.</p> <p>The Chair summarised it would be pertinent to view digitisation and how this would join up with other strategic goals and learning from the pandemic.</p> <p>The Committee noted the report.</p>	
<p>4.</p> <p>a</p> <p>b</p> <p>c</p> <p>d</p>	<p>Capital Programme (Estates Schemes) Update Report</p> <p>The DoE reported on paper FIC 37/2020 Capital Projects Update stating the operational budget for FY21 was £6m.</p> <p>The DoE stated the total number of projects planned for FY21 was 48, however due to COVID-19 some projects had been delayed or had not started, however as the Trust moved into recovery phase work had recommenced. She stated work had been undertaken to ensure the Trust's environment was as safe as possible for patients and staff in support of COVID-19 across all sites.</p> <p>The DoE stated she expected the COVID-19 spend to be on target and for the capital programme to be delivered in the year.</p> <p>The committee noted the report.</p>	
<p>5.</p> <p>a</p> <p>b</p>	<p>Capital Programme Sub-Committee Minutes of meetings</p> <p>The Capital Programme Sub-Committee minutes of the meeting held on 05 May 2020, at FIC 38/2020, were taken as read.</p> <p>The Committee received the minutes.</p>	
<p>6.</p> <p>a</p>	<p>Minutes of the Warneford Foundation Steering Group meetings</p> <p>The DoF presented the minutes of the Warneford Foundation Steering Group meetings on 18 February, 20 April, 19 May and 18 June 2020 at FIC 39(i)-(iv)/2020. He stated work on the Warneford</p>	

	<p>Strategic Outline Case (SOC) continued, and the action for a strategic transport proposal would be included in the plan. The next Steering Group meeting would consider the formal programme (with actions and responsibilities) to submit a planning application for June 2021; the strategic transport proposal would be included in this programme. NHSE/I had requested an update and the SOC was due to be submitted at the end of this week or early next week.</p> <p>b He added that the site had recently been revalued and the value had increased by £7 million; there may also be an opportunity to revisit use of the meadow.</p> <p>c The Chair enquired how the SOC would be affected if the University decided not to continue due to possible revenue loss owing to the pandemic. The DoE stated situations and options were constantly being reviewed for the SOC to be updated and explained that the SOC was not yet a full business case and could be amended and adapted.</p> <p>d The Committee discussed the project noting it would be relevant to review detail, especially in relation to Value For Money and benchmarking, to ensure that the most appropriate facility could be offered within the available budget, and for a Non-Executive Director to be part of the steering group.</p> <p>e The Committee noted the Warneford Foundation Steering Group minutes.</p> <p><i>Claire Dalley left the meeting. Martyn Ward joined the meeting</i></p>	
<p>7.</p>	<p>IM&T Status Report</p> <p>a The DoS/CIO reported on paper FIC 40/2020 IM&T Status Report providing a summary of performance against the current plan.</p> <p>b The DoS/CIO stated the roll out of new desktops and laptops, recently acquired, had assisted in greater efficiency for staff working from home as well as within the Trust.</p> <p>c The DoS/CIO informed the Committee a proposal for migration of the Trust Data Centre had been submitted to the Capital Programme Sub-Committee, and a bid had been submitted to the BOB ICS for</p>	

<p>d</p> <p>e</p> <p>f</p> <p>g</p> <p>h</p>	<p>network funding. If both came to fruition, the Trust would be in a more robust position for digital transformation.</p> <p>The DoS/CIO told the Committee capital was available to upgrade CareNotes to streamline the clinical portal applications for greater ease of use by clinicians and data quality, and capital was also available for purchase and deployment of an ePMA solution..</p> <p>The DoS/CIO stated pragmatism would be required as capital available for next 5-year plan was below that requested. He clarified that although the 5-year plan showed cyber security had not been allocated standalone funds until 2023/4 for development, cyber security was built into everything that was done.</p> <p>The DoS/CIO updated the Committee that the Trust had delivered everything except ePMA from the £5m GDE funding received in September 2017.</p> <p>The Committee discussed the importance of the Trust’s digital strategy, taking into account information from NHSE, Public Digital, and wider governance aspects in considering organisational digital changes. It was agreed for discussion and development at a Board Seminar.</p> <p>The Committee noted the report.</p>	<p style="text-align: center;">MW</p>
<p>8.</p> <p>a</p> <p>b</p>	<p>Productivity Improvement Programme (formerly Cost Improvement Programme) report</p> <p>The DoS/CIO reported on paper 41/2020 Productivity Improvement Programme, FY21 update stating programmes had been delayed for 3 months due to the Trust’s focus and response to COVID-19.</p> <p>Some background work had still continued during the pandemic. He said Out of Area Placements (OAPs) expenditure had shown a reduction and significant cost avoidance had been noted for non-pay expenditure, through new ways of working and operating. Also notable was a cost reduction in agency against forecast, however there was an additional cost in this period for a block purchase of private beds at the start of the pandemic to ensure system working.</p>	

c	The DoS/CIO stated Directorate Productivity Improvements were in a good position and would continue to be closely monitored since being switched back on, owing to the break from the pandemic.	
d	The Committee said the paper served as a useful insight into how the Trust could revise and undertake aspects of its business in a sustainable manner, however caution would be required in considering false economy and risks, whilst resource remained a major concern. An example of change during the pandemic was the rapid increase of digital consultations which would need to be reviewed, risks understood and mitigated, which would give the Trust a choice in how to operate and re-engage services.	
e	The Committee noted it would be important for Directorates to have oversight of this work.	
f	The Committee noted the report. <i>Martyn Ward left the meeting</i>	
9.	Financial Plan and Budget FY21 (and utilisation of reserves)	
a	The DoF gave an oral update and presentation on the FY21 Plan and Budget and key changes to the National Financial Regime. He stated the budget had been revisited following focus on pandemic requirements and receipt of monies owed for Mental Health underfunding following mediation with Oxfordshire CCG (OCCG) in early March 2020.	
b	The DoF stated the draft plan submitted in March enabled the Trust to break even, a NHSE requirement. However, the Trust had an underlying deficit carried forward to FY21 and a commitment of £2m to the BOB ICS in the revised plan that would challenge this position. He added the Trust had reasonable contingency reserves and that the cash balance should remain stable throughout FY21.	
c	The DoF outlined challenges for FY21 remained Cost Improvement Programmes (CIPs) and Sustainability and Transformation Partnership (STP) contributions and the plan would be contingent on delivering suitable CIPs, and it was noted that the Trust's position was in line with other trusts.	

d	<p>The Deputy DoF informed the Committee the budget setting process had been delayed due to COVID-19 to relieve operational Managers in the height of the pandemic, and had been restarted in May 2020, with service line budgets now being signed off. He highlighted budgets had not been set for Mental Health Services funded by Mental Health Investment Standards funding, Mental Health Transformation funding, or Provider Collaborative savings due to current uncertainty of funding flows and investment</p> <p>COVID-19 Response</p>	
e	<p>The DoF stated the NHSE/I block payment regime in response to the pandemic had been set for April – July 2020. He summarised the payment had been calculated using Month 9 2020 income and Month 8-10 costs to gain an average cost, and that the system had been working well for the Trust. He added additional costs relating to COVID-19 could be reclaimed separately and this had been at £1.5m for the first three months. In order to meet the Trust’s plan; further top up amounts were available in order for the Trust to break even and there was some uncertainty if funds would continue to be paid directly to the Trust or to the BOB ICS.</p>	
f	<p>The Chair enquired how the BOB ICS operated decision-making processes in consideration of this. The DoF replied that the BOB ICS comprised of a Chair, an Accountable Officer and Deputy Accountable Officer with additional interim project personnel seconded from CCGs, and that managing the complex new National Financial regime would be challenging.</p>	
g	<p>The Committee discussed concerns and risks in the complicated financial landscape ahead, noting crucially the Mental Health Investment Standard funds agreed and due to the Trust. The DoF stated this finance was a priority, and to ensure the Trust was best placed to respond to any changes.</p>	
h	<p>The Committee noted the report.</p> <p><i>Paul Vincent joined the meeting</i></p>	
10.	<p>Review of National Reference Costs</p>	
a	<p>The DoF commenced an oral update on the annual review of National Reference Costs to the Committee, explaining reference</p>	

	costs were an average unit of cost used for data transparency, with a Reference Cost Index (RCI) across services and NHS funded Trusts.	
b	The DoF introduced Paul Vincent, Head of Costing and the Chair welcomed him to the meeting.	
c	Paul Vincent stated the Trust had improved its RCI by 1 to 93 for the FY19 submission, stating the improvement had been due to Mental Health Cluster activity, derived by utilising the Mental Health Clustering Tool.	
d	He stated using the RCI as a reference against service line history assisted in identification of: trends across years; efficiency improvements; highlighted areas for transformation; and showed where a service was positioned in relation to the national average. The DoF stated the RCI had been used to validate the Trust's case of Mental Health underfunding to the OCCG, and highlighted that it showed the Trust's Community Hospitals were 10% more expensive than the national average, illustrating the requirement for efficiencies and improvements to be made in Community Care.	
e	Paul Vincent stated new guidance had been implemented for the next RCI submission to encompass COVID-19 recording.	
f	The Committee discussed the usefulness in comparing the Trust's RCI with other trusts. It was felt it was a useful guide and could be used to establish where improvements could be made. It was recognised RCI data was a unit cost and did not include other variations such as activity or a poor-quality service indicating better understanding could be gained by triangulation of additional indicators. The Committee noted accuracy in data recording/data quality was required and an area for improvement would require greater involvement of clinicians and would link in with productivity and demand work.	
g	The Committee noted the oral update. <i>The Chief Executive and Paul Vincent left the meeting</i>	
11.	Cash Management Report – Cashflow and Working Capital (balance sheet)	

a	Michael Williams reported on paper FIC 42/2020 Cash Management Report stating the cash position was good and this related to block payments being received directly to the Trust in advance from NHSE/I from 1 April 2020 owing to the pandemic. He said the cash balance would decrease gradually over the year as the capital programme picked up and would drop significantly in March 2021 as the Trust's block payments would end in February 2021, the Trust would be proactively managing this issue.	
b	The Committee noted the report.	
12.	OPS Performance Report	
a	The DoF reported on paper FIC 43/2020 OPS Performance Report and stated that COVID-19 had had a negative effect on sales for OPS for the first two months of the year, due to cancellation of non-urgent medical care in hospitals with a reduction in orders. He added business was starting to show recovery with the restart of elective surgery.	
b	The DoF stated that OPS continues to work closely to its strategic objectives and highlighted that during the pandemic OPS had been working collaboratively with NHS England (Commercial medicines Unit) COVID-19 supply teams, and manufacturing partners to source and supply priority medicines for the NHS.	
c	The Committee noted the report.	
13.	Any Other Business	
a	None.	
	Meeting closed at 11:10 Date of next meeting: 15 September 2020 via Microsoft Teams Virtual Meeting	

Attendance 2020-21

	May 2020	July 2020	Sept 2020	Nov 2020	Jan 2021	Mar 2021
<i>Committee members – counted in the quorum</i>						
Chris Hurst	✓	✓				
John Allison	✓	✓				
Stuart Bell	✓	N/A	N/A	N/A	N/A	N/A
Nick Broughton	N/A	✓				
Mike McEnaney	✓	✓				
David Walker	✓	✓				
<i>Regular attendees</i>						
Claire Dalley	✓	✓				
Paul Dodd	x	✓				
Kerry Rogers	✓	x				
Martyn Ward	✓	✓				
Hannah Smith	✓	✓				