

**Report to the Meeting of the  
Oxford Health NHS Foundation Trust**

**Finance and Investment Committee**  
**19 January 2021**

**RR/App 08/2021**  
(Agenda item: 24(e))

**Finance and Investment Committee Annual Report 2019/20**  
**For Approval**

**Executive Summary**

The Annual Report summarises the performance and work programme of the Finance and Investment Committee during the period 01 April 2019 to 31 March 2020.

**Governance Route/Approval Process**

The Finance and Investment Committee is asked to review and approve the Annual Report for presentation to the Board of Directors. The Audit Committee will also receive a copy of the Finance and Investment Committee's Annual Report and take an overview of the work of the Finance and Investment Committee. The Terms of Reference of the Finance and Investment Committee are being reviewed and anticipated to be presented to the Committee in 2021.

**Strategic Objectives/Priorities** – this report relates to or provides assurance and evidence against the following Strategic Objectives/Priorities of the Trust:

3) Sustainability – Make best use of our resources and protect the environment

**Recommendation**

The Committee is requested to approve the report.

**Author and Title: Surangi Weerawarnakula, Corporate and Claims Officer**

**Lead Executive Director: Kerry Rogers, Director of Corporate Affairs & Company Secretary**

1. A risk assessment has been undertaken around the legal issues that this report presents and there are no issues that need to be referred to the Trust Solicitors.
2. This report satisfies or provides assurance and evidence against the requirements of the following **Terms of Reference of the Finance & Investment Committee**:
  - to ensure there is a comprehensive governance framework covering the **capital programme** and that the Trust can demonstrate **Value For Money (VFM)** in its investment decisions and delivery of the programme and to receive an annual report on securing VFM;
  - to consider and approve all **capital expenditure** proposals, acquisitions and disposals within the authorities delegated to the Committee:
    - critically scrutinise all **business cases** over £500K;
    - approve business cases over £500K less than £2m; and
    - make recommendations to the Board on approval over £2m;
  - to approve all PIDs (Project Initiation Documents) for schemes over £2m;
  - to approve any **forecast variation** of £100-500K of the approved budget for a **capital development** in line with the Budgetary Control policy;
  - to critically review the **Financial Strategy, Estates Strategy and ICT Strategy** with a recommendation to the Board on approval and to receive annual progress reports on the anniversary of their approval, review recommendations on variations to strategy and approve supporting strategies relating to these key strategies;
  - to annually review the **capital programme** and make a recommendation to the Board. To monitor delivery of the **capital investment programme** through quarterly progress reports from the Capital Programme sub-committee and to receive an annual report from the Capital Programme sub-committee on the performance of project delivery. To agree and monitor the work of the Capital Programme sub-committee and review annually its terms of reference, performance and effectiveness;
  - to review the governance arrangements for the capital investment programme by request from the Audit Committee on the basis of a recommendation arising from an assurance report;
  - to consider **evaluation reports for capital schemes** over £2m;
  - to approve any **financing** or use of financial instruments within its delegation;
  - to discuss and review **budgets and strategic plans** for submission to the Board and recommend changes in financial strategy in the following areas: **resource management, LDP, capital structure, borrowing, interest exposure, tax planning and investment**;
  - to review compliance with financing agreements and covenants and the operation of **treasury management policies** including setting benchmarks for assessing the Treasury function's performance and reviewing a market testing exercise performed annually covering the permitted investment institutions adopted by the Trust; or
  - to consider any changes to **accounting policies** before the Audit Committee scrutinises the statutory accounts.

## Finance and Investment Committee Annual Report 2019/20

### For the period 01 April 2019 to 31 March 2020

The Finance and Investment Committee is the principal sub-committee of the Board with responsibility for ensuring that there is effective planning and scrutiny of financial matters and decisions that the Board has determined should be reserved to the Board. This Committee provides assurance to the Board on key financial issues relevant to the Trust. In particular it scrutinises; financial risk, investment decisions and policy, financial plans and reports and approves the development of financial reporting, strategy and financial policies. The Committee also ensures that there is a comprehensive governance framework covering the capital programme, and that the Trust can demonstrate Value For Money (**VFM**) in its investment decisions and delivery of the programme.

#### 1. Membership of the Committee and Frequency of Meetings

The core membership of the Committee includes the Chair of the Trust, two Non-Executive Directors (one from a financial and/or commercial background), the Chief Executive and the Director of Finance. Chris Hurst, Non-Executive Director, was the Chair of the Committee during the reporting period.

Meetings will occur no less than five times per year. The Committee met 6 times in the reporting period.

The quorum for the Committee is three members to include at least two Non-Executive Directors (which could include the Chair of the Trust) and one Executive Director.

#### **Attendance by Committee members:**

Committee member	Attendance
Chris Hurst (Non-Executive Director, Committee Chair)	6/6
John Allison (Non-Executive Director)	6/6
David Walker (Trust Chair)	6/6
Stuart Bell (Chief Executive Officer)	6/6
Mike McEnaney (Director of Finance)	5/6

A quorum has been achieved at 6 out of 6 meetings.

**Regular attendees of the Committee and their attendance:**

During the reporting period, the following officers of the Trust and other interested parties were invited to attend for all or part of meetings:

Regular attendee	Attendance
Dominic Hardisty (Chief Operating Officer)	2/2
Kerry Rogers (Director of Corporate Affairs & Company Secretary)	4/6
Martyn Ward (Director of Strategy & Chief Information Officer)	5/6
Hannah Smith (Assistant Trust Secretary)	6/6
Michael Williams (Financial Controller)	2/6*
Paul Dodd (Deputy Director of Finance)	2/6*
Claire Dally (Director of Estates and Facilities)	4/6
Mark Waring (Head of Capital)	1/6*
Alison Gordon (Head of Financial Management)	3/6*
Debbie Richards (Managing Director of Mental Health and Learning Disabilities)	1/6*
Mark Walker (Head of IT)	1/6*
Neil McLaughlin (Trust Solicitor & Risk Manager)	1/6*
Atif Saeed (Capital Accountant)	1/6*

\* Attend when invited to cover specific agenda items

The Assistant Trust Secretary or the Corporate Governance Officer attended meetings during the reporting period to take a true and accurate record of the proceedings of the Committee.

During the reporting period, the following also attended to observe meetings:

Observer	Attendance
George Scholey (Finance Graduate Trainee)	1/6

## 2. Business transacted by the Committee

Set out below is the remit of the Committee together with a report on the business transacted over the reporting period 01 April 2019 to 31 March 2020.

### 2.1. Consider and approve all capital expenditure proposals, acquisitions, and disposals within the authorities delegated to the Committee by the Board of Directors, under the Trust's Scheme of Delegation:

- **critically scrutinise all business cases over £500k;**
- **approve business cases (over £500 less than £2m); and**
- **make recommendations to the Board of Directors on approval over £2m.**

#### Warneford Foundation Strategic Outline Case

During the reporting period, the Committee discussed proposals for the transport plan as part of the strategic planning proposals for the Warneford Foundation scheme. Prior to presenting the Strategic Outline Case to the Board, the business proposal was further reviewed by Chris Hurst (Committee Chair), John Allison (Committee member) and Lucy Weston (Audit Committee Chair). The Strategic Outline Business Case was submitted to the Board meeting in private on 30 April 2020.

### 2.2. Approve all Project Initiation Documents (PIDs) for schemes over £2m.

No PIDs for schemes over £2million were received.

### 2.3. Approval of any forecast variation of £100-£500k of the approved budget for a capital development in line with the Budgetary Control policy.

The Director of Finance presented Capital Programme Financial Update Reports at every meeting which provided actual results and a forecast of capital expenditure to the end of the financial year.

In May 2019, the Director of Finance presented a report on the FY19 overall Capital Programme and the FY20 Plan (which included capital investment of £17.6 million). In July 2019, the Committee was apprised by the Director of Estates and Facilities that the Estates' operational capital programme had been reviewed and items of potential slippage identified. In January 2020, the Director of Finance reported that the capital plan had been reduced from £17.6 million to £9.2 million as a result of delays in the approval of the Learning Disability Low Secure Unit (LD LSU) and Psychiatric Intensive Care Unit (PICU) projects.

In March 2020, The Director of Finance presented a report on the FY20 Capital Programme and stated the revised forecast was £8.1 million with £1.4 million received for Global Digital Exemplar (**GDE**) allocated for the Electronic Prescribing and Medicines Administration (**ePMA**) procurement process.

**2.4. Critically review the Financial Strategy (the Long Term Financial Plan), Estates Strategy and ICT Strategy (delivery against the Global Digital Exemplar programme) with a recommendation to the Board of Directors on approval. Receive annual progress reports on the anniversary of their approval and review recommendations on variations to strategy. Approve supporting strategies relating to these key strategies.**

Financial Strategy (the Long Term Financial Plan)

In January 2020, the Director of Finance presented an update on the annual budget submitted to the Buckinghamshire, Oxfordshire and Berkshire West Integrated Care System (**BOB ICS**) for FY21 which showed a £77 million deficit plan to target. The Trust had managed to improve this figure to a £34 million gap.

In March 2020, the Director of Finance presented an update on the Long Term Financial Plan FY21-FY24 and Operational Plan FY21 that was included in the BOB ICS draft plan submission on 03 March 2020. He highlighted changes on key metrics were for the Cost Improvement Programme (**CIP**) efficiency requirement moving from £5.9 million to £6.8 million and from a breakeven point the surplus deficit was at £0.9 million.

Estates Strategy

In May 2019, the Head of Capital reported on progress to deliver the Estates Strategy. In July 2019, the Director of Estates and Facilities reported on the reprofiling of the investment plans submitted for inclusion in the Sustainability and Transformation Partnership (**STP**) Estates Strategy. The Committee approved the reprofiling of the investment plans.

In September 2019, the Deputy Director of Finance presented a report on the FY20 capital programme and highlighted that the Trust had met the national requirement to reduce capital expenditure by 20% through natural slippage in relation to Estates' projects.

In January 2020, the Director of Estates and Facilities reported the progress of a selection of key projects which were forming part of the Trust's Estate Strategy, setting out how the estate was to be developed and managed from 2017-2035. She informed the Committee that the Trust's Estate strategy sets out commitments to comply with statutes of sustainability and safe and secure premises.

ICT Strategy (delivery against the GDE programme)

During the reporting period, the Committee received updates on the IM&T department's financial position, including GDE expenditure, as set out below in Section 2.5.

## Procurement Strategy

In July 2019 and January 2020, the Committee was updated on the progress of operational and strategic procurement work as well as key performance indicators and national and local developments. One highlight was the transition to a new, more user-friendly e-Procurement system.

### **2.5. Oversight of aggregate financial risk across the portfolio of financial reporting, including Estates, Information Management & Technology and other investments.**

In May 2019, the Director of Strategy & Chief Information Officer presented the summary of the IM&T department's financial position including: IM&T capital expenditure; GDE expenditure; and the IM&T CIP. He highlighted that not having capital budget for IM&T for FY20, further to reduced spend during FY19, could lead to a developing risk around infrastructure and an ageing IM&T estate. In January 2020, he reported that £500k of capital, re-allocated from the Estates capital programme, had been received and the intended use for this capital was to replace the aged IM&T estate. In March 2020, he presented a report on GDE progress and informed the Committee of success in securing £1.465m together with £1.25m match funding from the Trust to go towards replacing the aged IM&T estate.

### **2.6. Annually review the Capital Programme and make a recommendation to the Board of Directors to approve.**

Rolling updates on progress of the Capital Programme (Estates, IT and transformational projects) were presented to the Committee at every meeting during the reporting period. The Long Term Financial Plan, including capital expenditure, were presented and discussed at the Board meeting in private on 29 January 2020.

### **2.7. Review the governance arrangements for the capital investment programme by request from the Audit Committee on the basis of a recommendation arising from an assurance report.**

No requests for review were made by the Audit Committee in the reporting period but delivery of the capital investment programme was monitored as set out in Section 2.8 below.

### **2.8. Monitor delivery of the capital investment programme through quarterly progress reports from the Capital Programme sub-committee.**

The Committee received Capital Projects progress reports in May 2019, July 2019, September 2019, November 2019, January 2020 and March 2020. These reports outlined the progress made in delivering Trust's Capital Programme (Estates schemes) and had been reviewed by the Capital Programme Sub-Committee.

## Estates Capital Investment Requirements FY20-FY25

In May 2019, the Head of Capital presented reports on the progress on delivering Estates Strategy and on Estates' Capital Investment Requirements FY20-25 including the proposed FY20 operational capital investment plan and an update on development of FY21-25 investment plans. This proposal for Estates' Capital Investment Requirements FY20-25 had been approved by the Capital Programme Sub-Committee and the Executive Team on 08 April 2019. The Committee approved the FY20 operational capital investment plan and proposals.

### **2.9. Consideration of evaluation reports for capital schemes over £2m.**

None considered during the reporting period.

### **2.10. Receive an annual report from the Capital Programme sub-committee on the performance of project delivery.**

In July 2019, the Capital Programme Sub-Committee's (CPSC) Annual Report covering the period 01 April 2018 to 31 March 2019 (FY19) was presented to the Committee by the Director of Estates and Facilities. This summarised performance and the work programme of the CPSC, highlighting the focus upon operational risk reduction engineering/building projects and environmental safety/improvement works.

### **2.11. Receive an annual report from the Director of Estates and Facilities on securing VFM.**

An annual report on securing VFM for FY19 and an update on the success of proposals to improve VFM was included within the Capital Programme Sub-Committee's Annual Report received by the Committee in July 2019. VFM was intrinsic to all capital investment projects and built into the procurement/tender process and the whole supply chain through collaborative working, negotiations, full stakeholder involvement and independent cost advice.

As part of the monthly progress reports the Capital Programme Sub-Committee also received any exception reports on VFM. The Trust had also joined frameworks to help to support achievement of VFM and fast access to suppliers/contractors, including SCAPE and Shared Business Services Contractors and Consultants frameworks. Achievement of £0.475m underspend which had been achieved by the Operational Capital team on completed projects in FY19 was also cited as an example of VFM.

### **2.12. Approve any financing or use of financial instruments within its delegation.**

None during the reporting period.

**2.13. Be empowered to delegate its authority to the Chairman or the Chief Executive within the limits contained in the Trust's Scheme of Delegation.**

No instances during the reporting period.

**2.14. Discuss and review budgets and Strategic Plans for submission to the Board of Directors and recommend changes in financial strategy in the following areas:**

- **Resource management**
- **LDP**
- **capital structure**
- **borrowing**
- **interest exposure**
- **tax planning**
- **Investment**

The Director of Finance provided oral updates to the Committee on the financial position and utilisation of reserves in July 2019, September 2019, November 2019, January 2020 and March 2020. In January 2020, the Director of Finance updated the Committee on the annual budget submitted to the BOB ICS for FY21. He stated that steps were in progress to resolve underfunding issues with the CCG in collaboration with NHSE. The Long Term Financial Plan and FY21 budget was reviewed at the 29 January 2020 Board meeting in private.

**2.15. Review compliance with financing agreements and covenants and the operation of treasury management policies including:**

- **setting benchmarks for assessing the Treasury function's performance, and annually reviews performance against those benchmarks; and**
- **reviewing a market testing exercise performed annually by the Finance Department covering the permitted investment institutions adopted by the Trust.**

In July 2019, the Treasury Management Annual Report covering the period 01 April 2018 to 31 March 2019 (FY19) and the updated Treasury Management Policy were presented to the Committee by the Deputy Director of Finance. The Committee approved the updated Treasury Management Policy.

In July 2019, the updated Budgetary Control Policy was presented to the Committee by the Deputy Director of Finance. The Head of Financial Management highlighted the revised rules on approval for budget virements. The Committee approved the updated Budgetary Control Policy.

In January 2020, the Committee approved the reviewed Investment Policy.

**2.16. Consider any changes to accounting policies before the Audit Committee scrutinises the statutory accounts.**

None during the reporting period.

**2.17. Agree and monitor the work of the Capital Programme sub-committee and review annually its terms of reference, performance and effectiveness within the Integrated Governance Structure**

During the reporting period, the Committee regularly received and reviewed the minutes of the Capital Programme sub-committee meetings. In November 2019, the Committee also approved the Capital Programme Sub-Committee's revised Terms of Reference which had been updated for changes in membership.

**2.18. Other business transacted.**

The following additional reports were received and reviewed:

- Cash Management Reports – cashflow and working capital
- STP Wave 5 bid submissions proposal
- One Public Estates projects update
- Key Working Housing at the Slade site - viability study
- Developing CareNotes
- BOB ICS Plan update and development of Trust Long Term Plan
- Minutes of the Warneford Foundation Steering Group
- CIP/Productivity Improvement Programme (PIP) Reports
- Finance & Investment Committee's own Terms of Reference – updated and approved in March 2020 to include oversight of the aggregate financial risk across the portfolio of financial reporting (including Estates, Information Management & Technology and investments)
- Inquests & Claims Annual Report - it was reported that the Trust's contribution to NHS Resolution had decreased by -11.25% from FY19 to FY20

Oxford Pharmacy Store (OPS) Performance Reports

A rolling update on the performance of OPS was presented to the Committee at every meeting during the reporting period.

In May 2019, the Director of Finance presented a report which set out the surplus which OPS had achieved for FY19 (£384,900 which was £66,000 above the revised forecast for the year) and the planned surplus for FY20. He noted OPS' strength in providing short supply lines and covering shortages. Latter part of the year indicated that

performance for the year to date FY20 was better than plan with higher sales than budget.

In January 2020, the Director of Finance highlighted that the strong overall performance that was being sustained even though sales were slightly behind plan (but margins were favourable).

In March 2020, the Director of Finance stated that the team were performing well and had increased throughput by 25% by initiating quality improvements and were £540K better than budget. He stated OPS had generated enough revenue to purchase a cold storage unit this year through good cost control and efficiencies.

Procurement of an Electronic Prescribing and Medicines Administration (ePMA) system.

During the reporting period, the Committee was regularly updated on the work carried out to procure a suitable ePMA system and secure funding for it. In March 2020, the Director of Strategy & Chief Information Officer informed the Committee that an ePMA pilot would be in place by the end of the year and further research and assurance work were being undertaken, and the price being negotiated, before agreement was concluded on the ePMA solution.

### **3. Reporting**

All Committee meetings were formally recorded. The minutes have been distributed to all Committee members and formally reported to the Board of Directors.