

**RR/App 57/2021**

(Agenda item: 27(d))

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

**Finance and Investment Committee**

Minutes of a meeting held on

Tuesday, 13 July 2021 at 09:00

Via Microsoft Teams Virtual Meeting

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| **Present:** |  |
| Chris Hurst | Non-Executive Director (**CMH**) (the Chair) |
| Nick Broughton | Chief Executive (**NB**) *part meeting* |
| Mike McEnaney | Director of Finance (**MMcE**) |
| David Walker | Trust Chair (**DW**) |
| **In attendance:** |  |
| Peter Milliken | Deputy Director of Finance (the **DDoF/PM**) |
| Kerry Rogers | Director of Corporate Affairs and Company Secretary (**KR**) *part meeting* |
| Hannah Smith | Assistant Trust Secretary (**HS**) *part meeting* |
| Martyn Ward | Director of Strategy & Chief Information Officer **(the DOS/CIO/MW)**  *part meeting* |
| Michael Williams | Financial Controller (**MWi**) *part meeting* |
| Hannah Wright | Risk Manager (**HW)** *part meeting* |
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| Shelly Masih | Executive Assistant to DoF (**SM**) (Minutes) |
| Susan Wall | Corporate Governance Officer (**SMW**) (Minutes) |

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| a  b | **Apologies for Absence**  Apologies for absence were received from: John Allison, Non-Executive Director; and Claire Dalley, Director of Estates & Facilities.  The Chair welcomed Peter Milliken, Deputy Director of Finance to his first FIC meeting. |  |
| a  b | **Minutes of the Meeting held on 20 May 2021 and Matters Arising**  The Finance and Investment Committee (**FIC**) minutes of the meeting held on 20 May 2021 were approved as a true and accurate record.  ***Matters Arising***  **Item 6(e) Warneford Foundation Steering Group Minutes transport proposal**  The Chair reminded of the commitment to keep an eye on the developments around the transport proposal as part of the Warneford Redevelopment. The DoF confirmed that the Transport proposal is a standing requirement for the planning application and will be considered as a part of that process, however it was agreed for this item to remain on matters arising for assurance. |  |
| a  b  c  d  a  b  c  d  e    f  g  h  i  a  b  c  d  e  f  g  h  i  j    k  l  a  b  c  a  b  c  d | **Review of current financial performance:**  **3a) Summary of YTD financial position – to include financial ICS update**  The Chair introduced paper RR/App 20/2021 Finance Report FY22 M1 and reminded that monthly Finance reports to be included in the Reading Room for future meetings, month 02 report on this occasion.  *Hannah Wright joined the meeting.*  At month 02, the Committee noted £1.5 million adverse position was driven by agency and bank spend particularly in Oxon, Banes Swindon & Wiltshire (**BSW**) Mental Health (**MH**) directorate. This particular pressure covered by £1.1 million underspend against the allocation for Covid-19 costs. The Chair queried if there was a risk of reclaims or adjustments cover from Covid funding. The DoF reminded that the plan target set by the NHS England/Improvement (**NHSE/I**) was £3 million surplus for the first half year and a large proportion of the plan was based around underspend of the Covid-19 allocation.  *Hannah Smith joined the meeting.*  The DoF provided a further commentary on the financial position and reported that the overall position was complex by Covid-19 funding being received in block payments. This included a significant amount of: deferred income and Mental Health Investment Standards (**MHIS**); the strategic development funds; spending review money; and ageing well funds in Community. For development funds, the Finance Team were currently working to underpin deferred income by matching accurately with the spend. The Committee noted that this would introduce risks to the accuracy of the reporting. The month 03 position closed at £1.3 million away from plan, and it was noted that the team was working towards analysing the plan. The main issue noted within Oxfordshire was deferred income and a review was underway.. All other areas were reported on target, and the process was underway to finalise increased budgets for some small areas. He advised that by the next Board meeting there would be a more detailed update on additional income for Oxfordshire.  **The Committee noted the report.**  *Martyn Ward joined the meeting.*  **c) Financial Forecasting**  **i) FY22 Financial Plan update (including budget setting) and,**  **ii). Review of capacity to manage aggregate financial risk,(including utilisation of reserves and risks and opportunities not included in the current forecast) (oral update)**  The Chair introduced papers at FIC 27/2021, FY22 Plan Update, and Budget Setting Update . The distribution of additional funding was noted by the Committee and the Chair challenged the distribution of growth funding and if there were any issues around cost control in areas such as agency. The DoF informed that MHIS funds have to be spent on service developments and if funds were spent on agency staff there would be less funds available to develop recruiting permanent staff. The funds owed relating to negotiated settlement from Oxfordshire Clinical Commission Group (**CCG**) would be monitored closely as the Oxfordshire CCG was in a £5.6 million deficit position, and an update would be provided to the next Board meeting.  He confirmed for the Trust Chair it was not clear what the financial regime would be in September, however indications were it would be a slightly tighter than the current regime and would include Capital Investment Programmes (**CIPs**).  *Hannah Wright left the meeting.*  The DoF informed that negotiations for the Second Half (**H2**) of the year funding was ongoing with the Treasury, and that the planning framework would not be finalised until September. He reported a deep dive would be carried out for all areas to compare run rate with previous rates.  He highlighted that if social distancing rules finish this would free up space and improve the financial position. However, if social distancing was to be continued, then to maintain support for such areas the Estates costs would increase. It was noted some associated areas of risk were being assessed. Any future Covid-19 costs relating to vaccination and PPE would be recovered and a more detailed costs collection would be available once it was clarified what was liable or not.  The Chief Executive Officer enquired whether it would be useful to separate the Provider Collaborative (**PC**) income stream. The DoF confirmed it was possible to show statics to understand spend and the Chief Executive Officer suggested for a separate Provider Collaborative financial statement on a monthly basis to check and track progress. He also asked the Committee to consider a deep dive on this matter in the coming meetings to understand developments.  The Chief Executive Officer enquired if the additional funding issues were for both Mental Health and Community. The DoF answered that the main issue was around Oxfordshire Mental Health and detailed work would be commencing with The Executive Managing Director for Mental Health and LD&A Services.  The DoF provided an update on Budget Setting and informed that most of the baseline budgets had been agreed, and noted that the Community Management baseline budget was due to be signed off. The Committee noted the Executive Team had reached agreement on where the £3.1 million of additional expenditure budget would be allocated. He noted that baseline budgets were allocated on an annual recurrence basis and the ‘tool kit’ helps would assist in managing some of the existing financial risk and deferred income position  The DoF provided an update on Buckinghamshire, Oxfordshire, and Berkshire (**BOB**) position. It was noted that the BOB plan for last year was £54 million deficit and was revised from a £12 million deficit to £23-£24 million deficit. The underling current rate for BOB was noted at £80 million and to resolve this position a lot of work would be required by BOB.  **The Committee noted the report and oral update.**  *Michael Williams joined the meeting.*  **b) Productivity Improvement Programme – review of work plans (paper – FIC 26/2021) – to note**  The DoS/CIO introduced paper FIC 26/2021 Productivity Improvement Programme, FY22 M01 Update that provided a forecast on savings. Savings arising in non-pay expenditure, such as business miles and room hire costs, ensured non-pay expenditure would be on target to achieve for the year at £1.6 million. The area of concern was in reducing the cost of Agency spend against the target of £3.5 million. The phased delivery of savings of £1.3 million in H1 and £2.2 million in H2, represented 0.9% of turnover. This was under review by the Productivity Improvement Programme Board (**PIP**) and the Director of Workforce Transformation to meet the savings target set within the financial plans.  The DoS/CIO highlighted that the PIP Board had considered several options regarding the target and savings for this year. After reviewing all the options to run the programme in a particular way, the DoS/CIO recommended the Committee to agree a programme with the directorates at the beginning of each financial year to manage the impact effectively with savings being deducted from source in FY23. He proposed to adapt an approach for the directorates to make sure they were clear of the amount of money taken away in a particular financial year. Work would be undertaken with the directorates to help understand how to mitigate risks, and there would be processes in place to assist this.    He referred the paper also set out the review of the existing projects and programmes to help mitigate some of the risks that a central deduction at source would likely have. It was proposed that the Service Change & Delivery Team review each of the projects currently in the Trust’s portfolio with a view to making savings. He informed that a review was carried out to understand which projects and programmes are currently running and there would be opportunities identified to make savings in each project. This, therefore, would result in what should be deducted at the start of each financial year.  The Chair commented on taking ownership of the core budgets by each directorate and the sustainability around those budgets. He emphasised the importance of working with the directorates with an effective plan.  The Chief Executive said it would be important to link this with the Quality Improvement work to help the directorates to understand increasing productivity and savings. He commented operational concerns of directors included time off (eg, annual leave, study leave and sick leave) and agency spend.  The Chair recognised the importance of the programme and proposed for the Director of Workforce and Transformation to present at the next meeting, to understand current progress of the programme and what actions were in place to deliver the programme further. This work was being supported by the DDoF. He commented on the establishment of mis match funding and advised it was the responsibility of services to promote the right establishment it was not an issue for the Trust per say but a common problem across organisations.    The CEO asked the DDoF to share his observations of the meeting. The DDoF recognised that the main issues sit with the core areas such as Inpatient wards in Community Mental Health and the complexity involved for a small change to be able to happen in the services.    In terms of Quality and Improvement, productivity and efficiency improvements, the DoS/CIO empathised the need of a methodical approach to produce improvements. The DoF expressed his concerns on the DoS/CIOs proposal on reducing the budgets and the impact of failing to deliver on set budgets. Therefore, in order to change behaviour, he suggested adapting an approach by setting up a programme for training and development needs. He said that the first output to reduce agency would be to increase establishment which would pose a risk as this would increase costs.  He recognised that the processes should demonstrate the most appropriate approach, and commented that by separating performance and improvement programme from budget setting would not work and the process would need to be integrated in a smart way to deliver a viable and sustainable plan of resourcing to deliver the services.  The DDoF commented that the planning should start six months before to tie the focus on such areas where savings are more realistic by attaching to the income stream, and early involvement of key personnel from the directorate services around budget setting would be prudent. This would be an opportunity to change the models of care and generate savings.  In order to prepare the directorates before rolling the process out and to understand the impact of this approach, the DoS/CIO agreed to work with the Service Directors and Clinical Directors to resolve issues. To seek an input from the directorates he agreed to raise this at the next Operational Management Team (**OMT**) meeting. Due to the complexity and management of the budget involvement it was suggested for a Finance representative to be in attendance at this meeting  The Committee recognised and supported the approach of the budget setting process being distributed effectively.It was suggested for greater assurance that further discussions to take place in due course at a future meeting.  **The Committee noted the report.**  *Martyn Ward left the meeting.*  **e. Working capital, including cashflow – verbal update on latest position and outlook**  The chair introduced papers RR/App 21/2021 FY22 Cashflow Forecast and FY22 Working Capital Report. It was noted on the Working capital report that Oxford Pharmacy Store (**OPS**) had had a large increase in stock. The DoF replied that a few new drugs had been taken on due to Brexit and confirmed there were no risks associated with stock levels as steps had been taken to manage the supply chain effectively.  The Financial Controller reported a strong working capital position. Cash profiles remained strong at the end of month 02 with a closing position of £52 million, ahead of the £2 million plan. The cash forecast position had remained strong over the year however, a decrease of £17 million was forecast for the year. Whilst this was a significant decrease, it was aligned with expectations particularly around £10 million of deferred income from the last financial year. A net of £3 million associated around capital programme and another £3 million of agency back log of invoices were included. The position was expected to remain strong over the year.  **The Committee noted the working capital and cashflow reports as read.**  **d) Single Action Tender Waiver**  The Chair introduced paper FIC 28/2021 Single Action Tender Waivers 2022/2021 and noted a small correction under the recommendation section. A significant increase was noted in terms of requests received for Single Action Tender Waiver (**SATW**) for the period between 01 January - 31 March 2021. The Committee noted an ongoing challenge to be fully assured with the requirements to help understand and expedite completion of orders approval and waivers.    The DoF highlighted that the volume of waivers for the YTD was slightly higher at 132 waivers than in the last financial year 2019/20 with 93 waivers. The volume of waivers reflects the Trust’s response to the pandemic and the more pro-active approach adopted by the Procurement team which had raised awareness of the requirement for waivers.  He pointed out a particular section around review of invoices paid for the period, invoices received £2.2 million against subject to waiver, the Non – Complaint £1,862,627 quotes and Purchase Orders (**POs**) raised above threshold. To eliminate risks both areas were being reviewed to ensure tighter compliance in terms of procurement processes being followed and best value for money.  **The Committee noted the report.** | M |
| a  b  c | **Oxford Pharmacy Store (OPS) performance report – update on latest performance and FY forecast**  The Chair introduced papers at RR/App 22/2021 OPS Performance Report update , noting no concerns around new business opportunities.  The DoF reported that the pipeline around new opportunities was better than before. The Committee noted improved relationship with NHS England Central Pharmacy unit and would be expecting to see significant improvements in the next 12 months.  **The Committee noted the report.** |  |
| **5.**  a  b  c  d  e  f  g  a  b | **FY21 Capital Programme Plan – review of progress**  **a). FY22 Capital Programme Plan and YTD spend against budget**  The Financial Controller presented papers at FIC 29/2021, FY22 Capital Report, FY22 Capital Plan detail, and FY22 Capital Expenditure M1-2. He explained that the FY22 Capital plan had been submitted to NHS Improvement in June 2021 for £12.4 million with the initial Integrated Care System (**ICS**) allocation of £9.4 million and £3.0 million of external funding for the PICU project. However, due to a £12.3 million funding shortfall in the ICS capital plan for FY22, the Trust’s envelope was revised downwards by £1.1 million. The Trust was unable to resubmit the plan to reflect the change and therefore it was recognised that the Trust is still committed to spend the full £12.4 million as originally planned with £1.1 million of projects referred to at 3b will be charged to revenue. The revenue projects will be funded by the ICS through a separate funding stream called Elective Recover Funds (**ERF**).  Following consultations with the Service Directors, Clinical Directors, Capital Programme sub-committee, and the Executive Team, the Committee noted the updated funding plan with a capital envelope of £11.3 million had been converted into a detailed capital programme comprising of transformational projects, operational estate works, IT schemes and the PICU project. The plan also included £2,599k of projects carried forward and committed tofrom FY21.  The final FY22 Capital Plan summarised the overall reporting of £12.4 million. In order to fund the complete capital plan, the Chair enquired if the ERF funding stream only applied to Oxford Health or to the other trusts across the ICS. The DoF confirmed this was across the BOB ICS and would depend upon the landscape. He empathised the importance of managing the accounting carefully for audit purposes.  The DoF outlined that the capital spend was not supported by the cash generated by the organisation and therefore the demand to spend capital was greater than expected. He said the longer-term planning should include some scenario planning of higher level of capital spend to cover such requirements in the future.  The YTD FY22 capital programme showed a negative expenditure position of £78k at the end of month 02. This was mainly due to VAT recovery claims from FY21, and accruals not utilised.  The Committee noted no specific risks of the supplier chains in terms of delivery of the plan this year and would be reviewed on-going.  **The Committee noted the reports.**  **b) Capital Projects update**  The DoF presented papers at FIC 30/2021 Capital Projects Update Report and highlighted the final specification and sign off would be taking place that week.  **The Committee noted the report.** |  |
| **6.**  a  b  c  d  e | **Warneford Park Project Board Update**  The minutes of meetings of the Warneford Park Project Board on 10 May 2021 and 17June 2021 at RR/App 23/2021 were taken as read.  The Committee noted progress made with the Heads of Terms (**HoTs**) and the DoF reported that most issues had now been resolved. However, two outstanding issues around value would be completed in the final stage. Issue in the agreements around: sale of the research land; sale of the college land; and Highfield had mainly been resolved. There were however , a few outstating issues around Tax and VAT associated with Highfield in particular. The Committee noted the most complex part of the project was around shared infrastructure and development and the group were currently working to manage risks effectively.  The DoF advised that a set of Memorandum of Understanding (**MOU**) principles had been drafted and due to be shared with the Warneford Park Project Board for comment. He was expecting to present the MOU to the August Board for wider input by its members.  *Martyn Ward joined the meeting.*  It was reported that the Project Manager will be leaving in the coming weeks and therefore a review will be carried out for a replacement. The overall goal for the planning application was still to recommence from September.  **The minutes of the Warneford Foundation Steering Group were noted.** |  |
| **7.**  a  b | **Capital Programme Sub-Committee Minutes of Meetings**  The minutes of meetings of the Capital Programme Sub-Committee on 05 May 2021 at RR/App 24/2021 were taken as read.  **The minutes of Capital Programme Sub-Committee were noted.** |  |
| **8.**  a  b  c  d  e  f  g | **IM&T update**    The DoS/CIO presented paper FIC 31/2021 IM&T Status report and provided an update on the schemes that were currently underway. The IM&T has investment in the following major projects:-   1. Electronic Prescribing (**ePMA**)– work was in progress with a good governance structure in place. The Committee noted the Team was on track to deliver the first pilots in the ward in December 2021. A major part of the IM&T funding for this year had been invested in this project. 2. Refresh and relocation of the Trust’s Data Centre – the risks of having a single data centre was well known and documented and all reasonable steps had been taken to mitigate risk wherever possible. The equipment had been purchased and installed at the new Data Centre facility. Good progress had been made in getting the new equipment ready for ‘go-live’ however, due to the pandemic, and the shortage of technical components, BT had delayed in the commissioning of the networks. The delivery date had now been revised to end of the calendar year. 3. Refresh of the Trust’s Wi-Fi network - programme underway with colleagues at the Oxford University Hospital (**OUH**) to refresh/extend current Wi-Fi coverage across the Trust.   *Hannah Wright joined the meeting.*  The DoS/CIO provided an update on the following priority areas :-   1. Clinical portal - the element to join together various different systems as part of the clinical systems strategy. It will also provide the basis for the development of a patient portal for direct access. By deploying the Clinical portal will give a single entry into all of the systems and the related information. 2. True Colours – system can be used for Children and Adult Mental Health Services (CAMHS) Patient Reported Outcome Measures (**PROMS**) and working with the Oxford University.   The Trust Chair enquired if the Trust should manage its own Wi-Fi. The DoS/CIO replied this should be considered as part of a wider piece of work in managing risks around the network service.  The DoS/CIO said that the second part of the plan was to build a capital plan for the next 3 to 5 years. He informed that in the plan there would be major investment required around replacing Carenotes, and the process of researching the market place had already begun. It was noted that a large investment would be required for this particular work over the next years. More work was required to be able to identify the costs to align with the ICS Tech funding.  The Chief Executive commented it would be important to review the market for different systems when considering as an organisation the replacement of the CareNotes system.    The DoS/CIO stated the review of replacing CareNotes fell into four priority orders: Community Hospitals; Community Services; Mental Health and Urgent; and Emergency Care. The most affected area was noted as Community Hospitals and therefore different funding routes were being considered within the ICS.  **The Committee noted the report.** |  |
| **9.**  a  b  c  d  e  f | **Information Management Group (IMG) - Highlight and escalation report**  The DoF presented paper FIC 32/2021Highlight and Escalation Report and gave an update on the following:  Areas of good compliance:   * Data Security Protection Toolkit (**DSPT**) submitted for target date for 2020/21. * Information Asset Owners have monthly reviews and trainings in place to provide good assurance and what changes required. * Freedom of Information and Subject Access Requests comply with statutory limits. * The Data Protection Officer (**DPO**) report outlines appropriate assessments required of all new systems at a short notice.   Areas of risk:   * Information Incidents have risen but actual impact has been assessed as low to validate such systems to resolve some areas. * Patient participation in Care Planning, and Care Plans in general. * Information Incidents have risen. * Information Governance training still an issue and has currently fallen to 85%. However, 95% level was achieved during the year. * Transition to electronic records still an issue and continued use of paper health records in Community locations and storage implications. * HR storage of information relating to disciplinary and HR casework remains a concern.   Future issues or concerns:   * A webinar has been organised to explore the secure use of Office 365.   The DoS/CIO reported on stage 1 and 2 of the 9 stage HR Systems Development Plan. He highlighted a new security risk exposed around Leavers in particular and a few people still remained listed who had already left the Trust. As a part of the financial planning for this year stages 1 and 2 had been agreed from 9 stage plan to improve HR systems and to align the data.  **The Committee noted the report.** |  |
| **10.**  a  b  c  d  e  f  g | **Operational and Strategic Risks: Trust Risk Register (TRR) and Board Assurance Framework (BAF)**  The Risk Manager introduced papers at FIC 25/2021 (TRR and BAF update) and outlined four risks from the BAF which were identified for the Committee to consider:   1. 3.4 - Failure to deliver financial plan –the Chair emphasised the importance for the Director of Workforce to deliver an update of the risk around the use of agency at the next meeting. 2. 3.7 - Ineffective business planning –– previous discussions at the meeting around capital planning and having strategic oversight to ensure resource planning to be followed. 3. 3.11- Business solutions resting in a single data centre – the Committee noted risk exposure to extend its current arrangements for a longer period. However, no new risks to note currently. 4. 3.13 - Trust’s impact on the environment.   The DoCA/CS informed that development work was underway for the Committee to focus on the effectiveness of controls going forward. She suggested for the Committee to consider a deep dive conversation around these areas at the future meetings. The focus of the discussion was mainly around two areas: 3.4, Failure to deliver financial plan, and 3.7,Ineffective business planning.  *Nick Broughton left the meeting.*  The Assistant Trust Secretary referred to the report and explained the measurement criteria used to rate the risks for the Committee to consider the current risk ratings for those risks assigned to it. The Committee considered the risk ratings.  The Risk Manager acknowledged that risk 3.4, failure to deliver the financial plan, had a substantial degree of control in place by the way the Trust’s finances were operated with reporting to the FIC and Board that provided a clear picture and assurance around financial planning and Financial sustainability. The DoF commented on the target risk rating and the importance around risk appetite around balancing the demand for services and development within the financial constrain.  The Chair acknowledged the risk ratings and the Trust Chair mentioned the importance of appreciating that the Trust’s ability to mitigate and act upon some risks was constrained by the inevitable limits of what the Trust could do by itself, compared to as part of a wider NHS and as part of an Integrated Care System.  The DoF agreed and stated that if the Trust could develop its longer term planning to cover all key aspects of the organisation, not just financial aspects, then it would be more feasible to design a trajectory to reduce the current and target risk ratings for BAF risk 3.4 (failure to deliver financial plan) in particular. At present however, the current and target risk ratings, both red-rated at 16, were justified although the organisation should aim to be able to reduce these.  *Kerry Rogers left the meeting.*  The Committee discussed the allocated risk ratings for FIC attributed risks and concluded they were a fair reflection, and there would be an obligation to recognise FIC risks at each meeting, with potentially twice yearly more in-depth sessions to review risks    **The Committee noted the report.** | **ME/**  **MMcE** |
| **11.**  a | **Any Other Business**  None raised. |  |
| **12.**  a  b | **Brief reflections on today’s meeting**  The DoF commented on the useful focused discussion during the meeting.  The Trust Chair expressed his views on the quality of great contributions from Committee members owing to its small size. |  |
| The meeting was closed at 11:13.  **Date of next meeting**: Tuesday 21 September 2021 09:00 -12:00 via Microsoft Teams virtual meeting. | | |