

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

**Finance and Investment Committee**

RR/App 62(i)/2022

(Agenda item: 25(d))

Minutes of a meeting held on

Tuesday, 20 September 2022 at 09:00

Via Microsoft Teams Virtual Meeting

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| **Present:** |  |
| Chris Hurst | Non-Executive Director (**CMH**) (the Chair) |
| Grant Macdonald | Executive Managing Director for Mental Health, Learning Disability & Autism (**GM**) - *part meeting* |
| Philip Rutnam | Non-Executive Director (**PR**) |
| Heather Smith | Chief Finance Officer (**HeS**) |
| Martyn Ward | Executive Director for Digital and Transformation (**EDDT/MW**) - *part meeting* |
| **In attendance:** |  |
| Laura Carter | Head of Service Change and Delivery (**LC**) - *part meeting* |
| Matthew Edwards | Director of Clinical Workforce Transformation (**ME**) - *part meeting* |
| Peter Milliken | Deputy Director of Finance (**DDoF/PM**) |
| Neil McLaughlin | Trust Solicitor and Risk Manager (**NMcL**) - *part meeting* |
| Kerry Rogers | Director of Corporate Affairs & Company Secretary (**DoCA/CS/KR**) |
| Hannah Smith | Assistant Trust Secretary (**HaS**) - *part meeting* |
| David Walker | Trust Chair (**DW**) |
| Susan Wall | Corporate Governance Officer (**SW**) (Minutes) |
| Mark Waring | Head of Operational Capital (**MW**) - *part meeting* |
| **Observers:** |  |
| John Collins | Governor: Carer - *part meeting* |
| Lucie LeFaou | Good Governance Institute |

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| a  b | **Apologies for Absence**  Apologies were received from: Amélie Bages, Executive Director of Strategy and Partnerships; and Nick Broughton, Chief Executive Officer.    The Chair welcomed all those present to the Finance and Investment Committee (**FIC**) meeting, and welcomed governor observer John Collins representing carers, and Lucie LeFaou observing from the Good Governance Institute as part of a Well-Led review being undertaken by the Trust. |  |
| a  b  c  d  e | **Minutes of Meeting held on 12 July 2022 and Matters Arising**  The Finance and Investment Committee (**FIC**) minutes of the meeting held on 12 July 2022 were approved as a true and accurate record.  ***Matters Arising***  Revised wording proposed by the Chair for actions 3(e) & 3(g) Employee systems Development Project, 8(c) Warneford Park Project Board update, history of the project, and 9(b) Capital Programme Sub-Committee would be updated and included in a future circulation of the summary of actions document.  **Warneford Park Project Board Update – history of the project**  The Executive Director for Digital and Transformation informed an update had been completed by the Trust Solicitors and was due to be received the following day alongside the conditional options agreement.  The Committee noted that the following actions were being progressed:   * 3(e) & 3(g) Employee systems Development Project (July 2022); * 8(c) Warneford Park Project Board update – history of the project (July 2022); and * 9(b) Capital Programme Sub-Committee (May 2022)   The Committee noted that the following actions were completed or were on the agenda:   * 19(d) Operational and Strategic Risks – potential draft risk of major capital projects (July 2022); and * 4(b) Oxford Pharmacy store (May 2022) |  |
| a  b  c  d  e  f  g  h  i  j  k  l  a  b  c  d  e  f  a  b  c  d  e  f  g  a  b  c  a  b  c | **Review of current financial performance:**  **a) Summary of YTD financial position - to include financial Integrated Care System (ICS) update**  **b) Financial Forecasting - review of capacity to manage aggregate financial risk (including utilisation of reserves and risks and opportunities not included in the current forecast)**  The Chief Finance Officer presented paper FIC 69/2022, Financial Culture and Risk FY23 M5 Position and supporting appendix paper RR/App 31 Finance Report July 2022 (M4) FY23.  The Chief Finance Officer introduced a proposed new approach to financial culture planned for the Trust for opinion. She outlined the steps proposed in improving transparency and ownership of financial management at the Trust had been identified from: knowledge prior to joining the Trust and assessment of the financial operations; initial conversations held; and feedback from external auditors and Healthcare Financial Management Association for changes to be incorporated in the financial culture and ways of working. The changes could be captured under two concepts; transparency, and budget holder ownership and accountability. Transparency would improve the ability to track and understand the financial position of the Trust in year around: source of contributions and where deployed; level of risk; granularity and period information for the Trust; cost drivers for internal and external stake holders; and would provide a genuine understanding of what was driving cost and performance for the business of the Trust. A focus on budget holder ownership and accountability would improve understanding of operational challenges and include financial decisions in partnership as part of the budget management process. This would assist in the realisation of a challenging but achievable position for budget holders in the management of agreed realistic resources with support from finance.  The Chief Finance Officer highlighted the report set out: short-term thinking and actions that would assist the Trust in meeting its financial agenda; support business planning for the next financial year; and for the approach to be documented as a formal financial quality improvement financial plan. She said there was good financial information available, however it would be necessary to formulate and integrate a matrix for oversight and governance. The enhanced financial information would assist: in making key decisions in considering what was achievable and realistic; in linking workforce; and attain sign up by budget holders. In the scenario of scare resources it would be important that prioritisation was done at a strategic level to support managers and financial expectations. It would be important to generate: a culture of budget holders seeking advice on the right approach; for feedback on progress; and for the Board to be updated on the appetite of financial risk, opportunities and current in year financial position. The Chair said he endorsed the new approach noting it would assist with: stratification of financial information; offer triangulation of differentiation between risk and certainty; offer effective control and support at budget manager level towards overall organisation achievement; focus on horizontal run rate as opposed the traditional NHS vertical budgeting; and would calendarise expected costs over time and the overall position. Philip Rutnam, Non-Executive Director said he supported the new approach highlighting it would be useful to have clear reconciliation of income in understanding income line working and how it related to the picture of costs. This was not just at net contribution but in relation to the surplus or deficit in a particular area as well as the gross position of cost and income. The Chief Finance Officer commented the paper had been high level to establish the principle and approach and more detailed information would be reported in a new standard pack of reports to provide consistency and would include the gross position. The Trust Chair endorsed the approach and added it would be beneficial for inclusion at a macro level the impact of any national statements of future fiscal policy changes in the allocation of public money to the NHS. The Chief Finance Officer stated this could be included, however there was always a tension for laser focus on the current in year position versus future public sector context and pressures and in taking the NHS position as read. The Chair endorsed the point raised by the Trust Chair around future NHS fiscal policies in that regular review would assist in considerations around: improvements and cost efficiency; assist in setting expectations within the organisation; and impact thinking for longer term sustainability. On the point of risk appetite the Chair pointed out this pivoted on the clarity, openness, and understanding of the overall financial picture and financial flexibility.  *Head of Service Change and Delivery, and the Director of Clinical Workforce Transformation joined the meeting.*  The Chief Finance Officer highlighted from the finance report:   * there had been a small improvement on the forecast of £5.7 million deficit for the year with various improvements in the income position offsetting some of the regular run rate expenditure on staff costs; * there was a £10.0 million saving on non-pay expenditure some of which was Covid-19 income; * the central position detailed the parts of the business that were contributing and offsetting other services that were challenged, such as community services; * Annex A detailed a high-level view of risks and opportunities to the full year forecast; and * future planning sighted changes such as the Trusts re-commitment to continue purchasing energy through the Crown Commercial service.   The Chair commented that the forecast and variance of additional income from the £10.0 million reduction in non-pay expenditure did not cover the additional pay costs so there was no room for complacency.  The Trust chair considered two points: the public expectation of provision of services, such as the Out of Hours service, with adequacy of monies coming from Buckinghamshire, Oxfordshire, and Berkshire West (**BOB**) Integrated Care Service (**ICS**) as opposed to historical formal commissioning; and the assumed belief that a reduction in agency would rebalance staffing provision in securing numbers in providing services as staff spend and unit costs were increasing. The Chief Finance Officer replied there were three areas of note: for more transparency around commissioning with the ICS; for greater agency transparency; and better utilisation of own staff. The ICS would receive a summary position to explain costs, monies required, and where there were shortfalls. She added funding for mental health and community was problematic and it was an area the Executive Director of Strategy and Partnerships was liaising with other Executives about.  The Deputy Director of Finance highlighted:   * agency management would be picked up at item c)(ii) by the Director of Workforce Transformation; * the Executive Director of Strategy and Partnerships was progressing with a proactive longer-term view in how to use monies rather than the current tendency in being reactive in year; * the nature of service provision had changed post pandemic, with services needing to dovetail into the wider system; * some services may need redesigning in order to deliver in a more affordable way; and * improved support for the directorates from corporate teams.   The Deputy Director of Finance stated the forecasted financial position should be achievable for the current financial year unless there were changes. Covid-19 funding would cease at year end, a drop of £9.0 million, which would necessitate planning control around the run rate being critical to be established over the next few months prior to the next financial year. The Trust Chair commented that the real run rate without any incidental additional money would place the Trust in an unstainable financial position and it was imperative to redress this. The Deputy Director of Finance stated there was a move away from analysing micro detail to addressing and driving better understanding going forward in achieving the outturn position to assist in making planning decisions earlier rather than short term catch up.  The Chair, regarding agency management, commented that at times it was necessary to put in more resources. He recognised management of the workforce was continuously challenging as within the NHS the position was overlaid with increasing demand and the requirement to continually make cost savings. There was a need to be mindful of improved financial control whilst maintaining motivation in delivering services. The Chief Finance Officer commented that this was where the Product Improvement Programmes (**PIP**) and Cost Improvement Programmes (**CIP**) would come together in the current year in manging run rates and providing a strong narrative for improving matters moving forward.  The Deputy Director of Finance reported on details for month 5 performance: £0.5 million surplus being £1.8 favourable to plan that was not recurrent in nature but related to the resolution of back dated invoices; agency spend was higher than plan; and overspends in all directorate services were currently supported by Covid-19 funding so it was important for financial management focus in pulling the financial plans together.  The Chair said it would be important to consider the narrative provided to staff and budget managers to ensure understanding in setting expectations in financial delivery, and for mindfulness in messaging to those outside the organisation.  **The Committee noted the reports and updates.**  **c) Productivity Improvement Programme (PIP) Update to include:**  **i) Productivity Improvement Programme update**  The Executive Director for Digital and Transformation presented paper FIC 56/2022, Productivity Improvement Programme (PIP) FY23 M4 Update highlighting: the change to a centralised programme approach of combing PIP and CIP over the past couple of years had not delivered as hoped; and the next financial year and moving forwards Directorates and Corporate Services would take responsibility for their own savings target in pursuing ownership of savings and productivity targets.  The Executive Director for Digital and Transformation reported, in terms of, co-ordinated services change the current forecast for PIP was an outturn of £2.9 million at mid-year against the £7.8 million target for the year. Discussions were planned with each Executive over the next few weeks to review and challenge productivity in addition to savings to quantify any measurable gains in consideration for any system or funding changes.  *The Assistant Trust Secretary joined the meeting.*  Philip Rutnam, asked for a clarification of CIP and PIP, and what had been learnt in the current year. The Executive Director for Digital and Transformation explained the decision had been made to roll together CIP and PIP as they would off-set each other, and additionally it had been felt was more likely to engender engagement in terms of promoting productivity improvement in bringing about possible change. In practice this theory had not worked so the two elements would be separated out again whilst still being kept aligned. From his perspective there were various challenges in the Directorates and Corporate Services in balancing many different priority costs and improvements with not enough time to consider undertaking the necessary savings or improvements, and it would be important in considering how to free up time. Philip Rutnam stated that in general people gave time to what was reflected as a priority thus could generate significant pressure across the organisation. The Executive Director for Digital and Transformation said it would be interesting to see what could be changed and achieved in the next six months with Executive colleagues engagement.  The Executive Managing Director for Mental Health, Learning Disability & Autism said from his perspective the focus was on thinking about cost control of public money, which from his observations did not appear to be embedded within the Trust. His suggestions for the next financial year were to consider: the tone and methodology to be compliant; a clear focus for understanding; and greater leadership accountability. The Trust Chair said thought would need to be given in how the message was constructed and delivered to staff in bringing them on board to participate in delivering effective, efficient services more economically.  The Chair stated making savings was a long-standing challenge in the NHS and identified four areas required for CIP to work well: ideas generation; making it a priority engagement; resourcing; and monitoring. In the short term for Executive Team discussions to ensure readiness for the next financial year to generate confidence and for assurance. The Trust Chair stated that clinical executive colleagues were making effective decisions daily and wider ‘hearts and minds’ engagement was required.  *Head of Operational Capital joined the meeting.*  **The Committee noted the report.**  **ii) Agency management update**  The Chair introduced paper FIC 57/2022 Agency Management update informing that he was in discussions with Non-Executive Director colleague chairs of the People Leadership and Culture Committee (**PLC**) and Audit Committee (**AC**) in trying to agree and rationalise the three committees’ reporting requirements, including the monitoring of process milestones.  Points of highlight from the presentation by the Director of Clinical workforce and Transformation were:   * agency reduction schemes were running in a straight line just above trajectory; * compared to the previous financial year medical agency and nursing agency costs had risen by £1.5 million and £80,000 respectively; * from work lines international nurses and consultant recruitment were both ahead of projection, and nurses due to join the workforce by October 2022 would assist in reducing agency. Other components of work lines were behind namely recruitment and retention of mental health nurses for in-patient settings and restructuring of the Trust’s internal bank; * recruitment Key Performance Indicators (**KPIs**) were in line with the 5-year workforce plan; * a 6-month update and projection status had been presented at October 2022 PLC to review and assess effectiveness of interventions; * the in-take of student nurses every other year assisted in supporting KPIs and regaining traction on run rates into the following year; * no savings to date against plan for Healthcare Assistants, Peri Team Community Hospitals; * 50% agency management reduction achieved; however this had been affected by supply and demand as vacancies had increased for the same period the previous year affecting the number of agencies being used; * the agency dashboard highlighted that Improving Quality Reducing Agency (**IQRA**) project was not delivering to projections, recording both positive and negative run rates across schemes; * community spend had spiked over the summer period owing to an increase in Covid-19 cases; * a deep dive had been undertaken on community workforce and increased agency and international nurses progressing through the system had been employed to support and stabilise the community workforce health roster; * medic agency spend had doubled for GPs in Out of Hours, and agency costs for consultants had increased month on month having a significant impact as usage had increased. Two pieces of work were being undertaken to address this position, the formation of a medical group to manage supply, sitting under the IQRA programme, and direct engagement; and * work was being undertaken with service and clinical directors to agree medical workforce staffing baselines to promote interventions in proactive recruitment to assist with pressures from locum services.   In summary the Director of Clinical Workforce and Transformation stated there had been increased demand in agency in both clinical and non-clinical roles and noted the internal bank had not been able to meet the increase in demand with fill rates remaining static for the past year. The Trust was the only organisation within BOB that had an internal agency, and was an outlier in agency usage compared to other BOB colleagues who contracted to NHS Professionals. The biggest impact on fill rates would be to increase the capacity of the internal bank, and a discussion paper was due for presentation to the Executives.  The Director of Clinical Workforce and Transformation confirmed for the Chair that in the main substantive staff, via the internal bank, had supported additional administration required in response to the systems outage. The Executive Managing Director for Mental Health, Learning Disability & Autism, although not particularly relevant for the FIC, added that staff resilience was stretched in response to the outage and it would be necessary to support staff well-being.  *The Head of Service Change and Delivery left the meeting.*  In response to the Chairs enquiry around any other matters to highlight around internal challenges and frustrations around agency management the Director of Workforce and Transformation responded: healthy debate was on-going; there were honest conversations around the internal bank position; meetings had taken place involving the Chief Nurse and Chief People Officer to establish a hierarchy of need for development of a more focused task orientated model approach; and agency management had a substantial time slot at the next PLC for presentation and discussion.  Philip Rutnam enquired what was being assumed in the financial plan for the final predicted trajectory on agency reduction for the year. The Chief Finance Officer replied that financial information was being reconciled to individual budgets that gave a sense of scale for each area, not a full year forecast, however the expectation in budgets was £40.0 million, with actual forecast at £60.0 million. The Deputy Director of Finance added there were two forecasts requiring to be tied together: the forecast against delivery updated in IQRA sum of interventions; and financial reports mapping how agency was tracking through into the forecast and assumptions, such as around winter pressures and extra spend. Philip Rutnam stated tying the two aspects together would be helpful strategically.  **The Committee noted the report.**  *The Director of Workforce Transformation left the meeting.*  **iii)Out of Area Placements (OAPs)**  The Executive Managing Director for Mental Health, Learning Disability & Autism presented paper FIC 58/2022, Out of Area Placements update report highlighting that broadly things were going in the right direction highlighting:   * greater control in run rates, discharges, and focus by teams had assisted in positive reduction in OAPs; * the greatest focus had been on adult acute mental health where in-patient bed days had reduced from 20 in FY 20/21 to currently 6, meeting the trajectory being aimed for; * from a planning aspect it had been an Executive decision not to re-open 5 female beds to allow improved staff ratio time with patients; * older adult acute OAP bed days following a peak around May 2022 were now at zero days; * for the Psychiatric Intensive Care Unit (**PICU**) two out of three days were allocated to female psychiatric cases which the Trust did not have provision for; and * rehabilitation days fluctuated with the average decreasing from around 20 to 5-10 currently with no additional budget from half year.   The Chair acknowledged that the Executive Managing Director for Mental Health, Learning Disability & Autism had not been available to attend the recent AC when internal audit had reviewed draft findings in a review of OAPs that documented an encouraging position. It was likely that oversight and monitoring for OAPs would be in a position for consideration to move from FIC to Quality Committee (**QC**) as the financial element was now under control.  **The Committee noted the report.**  **d) Working Capital and Cash flow**  The Chair introduced papers at FIC RR/App 32/2022 Cash Management Report and Forecast to 31 August 2023 and Working Capital report as at 31 August 2022 stating the cash position remained strong.  The Chief Finance Officer referenced the fall in Better Payment Practice rates arising from the initial impact of the system outage that August had been rectified quickly.  **The Committee noted the working capital and cashflow updates.** |  |
| a  b | **Provider Collaborative Performance update**  The Deputy Director of Finance presented paper FIC 59/2022, Provider Collaborative (**PC**) FY23 reporting the following:   * Secure PC – currently underspent to plan noting deferred income carried over from the previous financial year would provide additional investment in contracting for the Trust’s aspect of secure services; * Child and Adolescent Mental Health Services PC – funds were available for investment as currently underspent, a similar position to the previous year. An adverse variance around Extra Packages of Care had arisen around how NHS England (**NHSE)** structured distribution of funding to the independent sector and resolution of this would provide extra funding and improve the performance of the PC; and * Adult Eating Disorder PC – overall breakeven to plan. Workforce challenges in the main had impacted on the transformation of the service and one-off additional monies from NHSE in support of the PC would need monitoring to ensure traction on the transformation programme, and to ensure effective budget management of the loan to turn over referenced by the Chair.   **The Committee noted the report.** |  |
| a  b | **Oxford Pharmacy Store (OPS) Performance report ~~–~~ update on latest performance and FY forecast**  The Chief Finance Officer presented paper RR/App 33/2022, OPS Performance Report and Additional Income from Remdesivir stating that  OPS continued to perform well on control management and quality environment. There were two key areas to highlight: a large financial contract OPS was about to enter into with NHSE in the supply of Remdesivir, an antiviral medicine to treat coronavirus, which would be underwritten by NHSE in terms of financial exposure; and the well-developed plans for an additional warehouse which would bring together additional contribution and sustainability for longer-term business planning.  **The Committee noted the report.** |  |
| a  b  c  a  b  c  d  e  f | **a) FY23 Capital Programme Plan and YTD spend against budget**  The Chief Finance Officer presented paper FIC 60/2022, FY23 M5 Capital Report. She outlined when looking at revenue it was necessary to be more strategic in looking at underlying capital data to achieve: stronger processes around forecasting; financial information; performance; and risks and opportunities. There was some uncertainty around new leases where capital was made up by NHSE and the processing of this.  The Chief Finance Officer stated it would be important for more empowerment to be given to teams locally in reducing areas of capital exposure requiring less scrutiny. It would be necessary to maintain clarity around expectations on major programmes and change programmes in terms of decision making and mitigation of challenges in balancing pressures such as: PICU overspend; risk in covering VAT; potential additional programming on the Warneford project; and significant additional costs relating to rectification of the cyber outage. The Capital Programme Sub-Committee (**CPSC**) was reviewing these matters and prioritising works and ensuring clinical buy in and decision making prior to capital decisions.  **The Committee noted the report.**  **b) Capital Projects update**  The Head of Operational Capital presented paper FIC 61/2022, Capital Programme Sub-Committee (CPSC) Estates Capital Report highlighting: the FY23 Capital Plan and team were under pressure owing to the plan not being agreed till July 2022; £1.6 million overspend was projected; procurement in the current economic climate was challenging; and funding of £1.4 million had been secured from NHSE for three projects across FY23/24. FY23 Programme pressures were detailed as outlined in the paper.  The Executive Director for Digital and Transformation stated that over the last few years capital project performance had been under spent and how would the projected £1.6 million overspend impact on project completion and resourcing. The Head of Operational Capital expressed obtaining resources was always an issue and matters would depend on the sequencing of capital expenditure across financial years, particularly relating to the PICU.  The Trust Chair reminded the Committee of the Trust’s obligation towards reducing carbon. He informed he had attended an Oxford Zero Carbon Reduction Project meeting recently with the Trust’s Sustainability Manager. The Trust, as active members of that alliance, it was necessary for the Trust to be doing more to mitigate consumption of carbon and for capital planning to be invested in a bid to reduce carbon commitment, with the caveat of not reducing patient safety. The Head of Operational Capital replied that funding received had provided a Care Programme Approach decarbonisation sustainability survey that year which would be the starting point going forward towards the sustainability agenda.  The Chair made the following observations for reflection across the two papers, at 6(a) and 6(b) above: that ICB influences and processes had impacted on the capital plan not being finalised until July 2022 and to ensure that clarity and certainty were not lost with such challenges; for context it would be helpful for consideration for a simplified profile of capital spending to be in the finance report for oversight to calibrate commitments and pressures, in addition to the regular detailed appendix reported; greater understanding of opportunity cost impact and priorities of the PICU project in slippage on capital; and the capacity of the estates team and the complexity of market conditions driving up costs and physical scheme progress.  The Chief Finance Officer commented that over programming was usual good practice in capital budgeting as there would always be some slippage. There should not be an overspend in the current year unless there were monies offset at ICS level, and it was for capital based teams to manage down spend with plans in place to manage overspend.  **The Committee noted the report.**  *The Head of Operational Capital and* *Executive Managing Director for Mental Health, Learning Disability & Autism left the meeting.* |  |
| a  b | **Psychiatric Intensive Care Unit (PICU) update for Child & Adolescent Mental Health Services** **(CAMHS)**  The Executive Director for Digital and Transformation presented paper FIC 462/2022, Update on the build of the CAMHS PICU at the Warneford Hospital which was taken as read.  **The Committee noted the report.**  *The Committee took a 7-minute break*  *John Collins, Governor, Carer left the meeting.*  *The Executive Managing Director for Mental Health, Learning Disability & Autism re-joined the meeting.* |  |
| a  b  c  d | **Warneford Park Project Board Update**  The Executive Director for Digital and Transformation provided an oral update on progress of the Warneford Park Project. He said from a governance perspective the project had: an internal programme board, chaired by the Trust’s CEO (Warneford Park Internal Board); an external programme Board (Warneford Park Programme Board); and a Trust Programme Director had been appointed for the project. The Executive Director for Digital and Transformation outlined his current focus was in developing the commercial and legal arrangements. The conditional options agreement and available transfer options would be presented at the Trust Board the following week for review. There were no major outstanding issues and previous points raised were now resolved.  Philip Rutnam, Non-Executive Director, and Chair of the Warneford Park Programme Board reported that since the Board had last endorsed the agreement prior to the summer, there had been no change in substance to the agreement, however much detailed work had been undertaken by lawyers since. He stated the appointment of the Programme Director was a major step forwards in increasing resource and momentum for the programme. He highlighted three areas of focus for the Trust: the importance of engagement across the clinical community in resolving the detailed design brief of the hospital component part of the project to engender ambition, innovation and practical timelines; development of the Strategic Outline Case; and the three fields of funding for the hospital element of the project. He sated the philanthropic funding was in place, there was confidence in the charitable element, and the commercial element was mainly the responsibility of the project partners. It was necessary for the Trust to: establish finance; gain approval for the hospital; and to progress associated challenges around the organisational transformation that would be required.  The Chair agreed with the areas of focus in support of a sound business case and practical arrangements. He stated oversight of the project by FIC would shift with the Warneford Park Internal Board reporting directly into the Trust Board, however the FIC would remain interested in the overall impact of financial matters for the Trust.  **The Committee noted the oral update.** |  |
|  | **Capital Programme Sub-Committee**  Papers at appendix RR 34/2022, owing to time constraint would be presented at November FIC.  **The Committee noted this.** |  |
| a  b  c  d | **Information Management & Technology (IM&T) update**  The Executive Director for Digital and Transformation presented paper FIC 63/2022, Information Management and Technology (**IM&T**) update taking the report as read. He highlighted that since the submission of the paper there were two points to highlight: that the full details of the cyber-attack and impact on Advanced were still unknown with an initial report from Advanced due; and the Trust was still assessing the impact and position for the Trust regarding future investment into cyber security and any lessons to be learned. He informed capital investment for cyber works was planned in the next financial year however there was the opportunity for the Trust to consider in investing in an alternative system that could bring cyber works forward and improve the speed of recovery from the cyber-attack. The recovery of the existing system had been estimated for late October, and he was aware of technical issues persisting in another organisation on the restoration of the system. It was important to restore electronic patient records as soon as possible to minimise concerns around the potential for increased clinical risk.  The Executive Director for Digital and Transformation highlighted from the paper:   * Data Centre – this was now live, and an intermediatory service of the transfer of data between the Trust and Advanced would be re-introduced with the restoration of CareNotes; * Electronic prescribing (**ePMA**) – the cyber-attack had significantly impacted the rollout of ePMA due to the integration with the CareNotes system and an alternative was being developed; and * True colours – re-development was progressing despite the cyber-attack.   The Executive Director for Digital and Transformation responded to an enquiry by the Chair regarding match funding expectations from NHS Digital in that £2.0 million provision had been already made for the 5-year digital investment plan. He noted funds to be received from NHS Digital would assist in capital projects.  **The Committee noted the report.** |  |
| a  b  c | **Community Services Electronic Patient Record Business Case**  The Executive Director for Digital and Transformation presented paper FIC 64/2022, Community Services Transformation Full Business Case for a replacement Community Electronic Patient Record (**EPR**) to note following approval by the Board.  The Trust Chair asked about what scrutiny was being observed following the recent cyber security attack in engaging the preferred software supplier for the EPR system. The Executive Director for Digital and Transformation informed key lessons learned from a national perspective regarding the cyber-attack were: additional checks would be employed before engagement of a supplier; and accurate monitoring of variances in set up between NHS organisations that had transpired and was relevant for the Trust.  **The Committee noted the report.** |  |
| a  b  c  d  e  a  b  c  d | **Procurement:**  **i)Strategic Procurement Update & Procurement Policy**  The Chief Finance Officer presented paper FIC 65/2022, Strategic Procurement update drawing attention to the revised reporting layout giving a fuller overview of projects. She mentioned there were some areas where competitive procurement could be challenged, however this had not taken place owing to procurement resource constraints, which were being addressed. In general the strategic procurement process was part of PIP and CIP being mostly around cost avoidance. In sourcing new commercial deals the focus, as a team, would be on efficiencies and value for money through from smaller projects to the management of agency, the Trust’s biggest financial challenge. The Chair supported the re-working of the report recognising: it provided an enhanced perspective on strategic value; was beneficial in support of procurement and procurement management; provided better stratified quantitative information; and assisted in supporting budgets and behaviours around budget setting.  The Trust Chair expressed it was a useful detailed report that clearly highlighted differences in tendering for similar projects. He said it would be important for the Trust to consider: broadening procurement strategic relationships with the voluntary and community sector; collaborative working with local universities in provision of services; and the enhancement of spend via collaboration with colleagues. Philip Rutnam supported the strategic point made with opportunities for a more collaborative and maturity of conversations to procurement across ICS and ICS partners. The Chair commented it would be prudent to observe a longer-term perspective as the NHS tended to be inconsistent in the provision of experts versus local management such as the handling of energy costs.  *The Trust Solicitor and Risk Manager joined the meeting.*  The Executive Managing Director for Mental Health, Learning Disability & Autism, in relation to tendering, added the awarding of contracts was open to negotiating deals locally to gain the best partners in the important sub sectors.  The Chief Finance Officer informed that pre-market engagement assessments were completed prior to putting out contracts to gain a sense of the provider and ensure qualitative aspects. Referring to ICS early collaborative conversations were taking place around plans and opportunities in working together, however there was no strong appetite at present to properly pool procurement and commercial with the focus being in support of acute hospitals in the purchasing of technical equipment. In reference to energy the Trust employed Crown Commercial Service for the provision of energy which provided a level of management of risk on the energy market rather than being totally exposed.  **The Committee noted the report.**  **ii)Single Action Tender Waiver**  The Chair referred to paper FIC 66/2022, Single Action Tender Waivers (**SATWs**) 2022/23 01 June to 31 July, and stated SATWs had been an item at the recent AC. A point of note was the need to remain proactive in reducing retrospective waivers, taking into consideration matters around the pandemic and other events, and to be aware of potential impact around culture and process for this in the organisation.  The Deputy Director of Finance, referred to the revised Procurement Policy for review and approval in the Reading Room RR/App 36/2022, Procurement Policy which outlined process changes that would improve the culture and compliance around SATWs to include:   * the raising of a SATW threshold from £5,000 to £10,000 which would; support the standard procurement process, reduce the volume of SATWs by 75%, and was in line with other smaller providers; and * the introduction of a direct award process that would include the scenario of a SATW by exception when there was only one supplier in the market.   The Chair received approval of the revisions to the Procurement Policy from the Committee.  **The Committee noted the report and APPROVED the revisions to the Procurement Policy.** |  |
| a  b  c | **Treasury Management Annual Report & Treasury Management Policy**  The Chair introduced paper FIC 67/2022, Treasury Management Annual Report taking the report as read. The Treasury Management Policy for review and approval at RR/App 37/2022 was approved, and it was noted there were no changes in the policy except to reflect the change of title to Chief Finance Officer.  The Trust Chair commented on a recent report in the Health Service Journal around possible pressure if a Trust was running an exceptionally large cash position for awareness.  **The Committee noted the report and APPROVED the Treasury Management Policy.** |  |
| **13.**  a  b  c | **Inquest and Claims (Legal) Annual Report**  The Trust Solicitor and Risk Manager presented paper FIC 68/2022, Inquests and Claims (Legal Services) Annual Report 2021/2022. The report was presented to both the FIC and QC with relevant aspects from the report being presented at each. The Quality and Clinical Governance sub-committee had requested and received the report at their earlier September meeting.  The Trust Solicitor and Risk Manger highlighted the following from the report: the Trust’s indemnity membership cost had increased reminding it was compulsory for all Trusts to purchase their indemnity schemes via NHS Resolution; the number of claims had only risen slightly in the past year with increasing costs relating to the size of claims; the Trust since the cessation of the contract with the Trust solicitors at the end of the financial year after 7 years was accessing external legal services through a shared business scheme for the first time; high real estate costs reported in the main related to the Warneford project and costs were now allocated to the project; the delay in the conclusion of some inquests not being able to be heard were due to the pandemic, and the requirement for external legal advice had generated higher costs; and in considering comparative data that was in the public domain to be mindful of the 18 month time lag in reported figures. The Chair gave thanks for a helpful report, and the Director of Corporate Affairs and Company Secretary noted her thanks to the team. The bench marking of legal costs was challenging and hopefully in time the incoming Chief Finance Officer would be able to progress the pooling of legal fees across system partners. It was also prudent to have awareness of others using legal services such has HR in considering the best way to purchase legal services.  **The Committee noted the report.**  *The Trust Solicitor and Risk Manager and the Executive Director for Digital and Transformation left the meeting.* |  |
| **14.**  a  b  c  d  e  f | **Operational and Strategic Risks: Trust Risk Register (TRR) and Board Assurance Framework (BAF)**  The Chair introduced paper FIC RR/App 35/2022, Operational and Strategic Risks: Trust Risk Register (**TRR**) and Board Assurance Framework (**BAF**) update. He reminded the Committee of its role to review and reflect on strategic risks on the BAF allocated to it on behalf of the Board, along with relevant operational risks from the TRR.  The Chair reviewed each BAF risk allocated to the FIC in turn in relation to papers received and discussions held during the meeting:   * BAF 3.4 Delivery of the financial plan and maintaining financial sustainability – no change in focus with the position remaining manageable in the current year whilst recognising the context would change significantly in the next financial year in relation to IQRA programme, CIPs, and reduction of Covid-19 funded costs; * BAF 3.7 Ineffective business planning arrangements and performance management – the risk was under review and being considered by the Executive Director of Strategy and Partnerships especially in relation to improving links between strategic and business planning processes and; * BAF 3.10 Information Governance and Cyber Security – of the Committee should be mindful that this was a live area, further to the the recent cyber security event, and be mindful of the risk assessment and the response to it. However, he was not suggesting changing the risk rating; * BAF 3.11 Business solutions in a single data centre – as the new data centre was live, this should soon be able to support a reduction in the risk rating; * BAF 3.13 The Trust’s impact on the environment – deep dive scheduled at November FIC; and * BAF 3.14 Major Capital Projects – following the previous FIC meeting the appropriateness of adding a risk around the management of major capital projects had been discussed and agreed off-line.   The Committee reflected on the new risk BAF 3.14 Major Capital Projects noting:   * a necessary aspect of the risk was to be able to evidence lessons learned from the PICU project were embedded into the organisation to establish techniques, culture, and methods of mitigation were effective; * to support other projects of significant capital investment such as the Warneford project; * for intelligent client function, clinical engagement, and clinical management to be considered as well as resourcing; and * discussions around the rating of the risk concluded in agreement for the rating to be increased from high/orange-rated to red/extreme-rated, even if mainly in the short-term, until there was evidence that learning had been embedded, and for this to be highlighted to the Trust Board.   The Assistant Trust Secretary reflected back on the meeting, drawing links with earlier points where risk had been proactively considered and assessed, and highlighted:   * development of a new risk on the TRR to cover the new contract the Trust had entered into via the Oxford Pharmacy Store in supply of the new antiviral Covid-19 drug; * discussions around the risk rating for BAF 3.14 Major Capital Projects were on point and justified. The PICU update had highlighted the project had been delayed even further and the new risk was relevant for the much larger Warneford project; and * BAF 3.10 Information Governance and Cyber Security – further to discussions at the Audit Committee 14 September 2022 the risk details were under review to include the concept of the loss of access to key clinical systems. It was noted the current risk rating was appropriate as the Trust was subject to constant cyber-attacks and its IT systems and defences had proved robust in the recent outage; the recent cyber security incident had impacted a third party supplier not exposed the Trust’s systems directly.   The Chair recommended that IT and contracting teams ensure appropriate terms and conditions were in place in future contracts to ensure that third party suppliers had a duty to be open with the Trust in disclosing the nature of cyber security incidents they encountered; the impact of such incidents on third party suppliers could be relevant for the Trust’s access not only to clinical systems but more widely to other business systems.  **The Committee noted the report.** | **HS** |
| **15.**  a | **Any Other Business**  There were no points raised for discussion. |  |
| **16.**  a | **Brief reflections on today’s meeting**  The Chair suggested for any points or recommendations to be emailed due to the meeting overrunning. |  |
| The meeting closed at 12:18.  **Date of next meeting**: Tuesday 22 November 2022 09:00 -12:00 via Microsoft Teams virtual meeting. | | |