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| Trust Board (Public) | Item: Finance and Investment Committee Report |
| Date: November 2021 | Enclosure: Pi |
| Purpose of the Report: To provide an update from the Finance and Investment Committee meeting held on 26th October 2021 | |
| For: Information <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Discussion and input <input type="checkbox"/> Decision/approval <input type="checkbox"/> | |
| Sponsor (Executive Lead): | Jonathan Guppy Non-Executive Member and Chair of the Finance and Investment Committee |
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| Risk Implications – Link to Assurance Framework or Corporate Risk Register: | None |
| Legal / Regulatory / Reputation Implications: | |
| Link to Relevant CQC Domain: Safe <input type="checkbox"/> Effective <input checked="" type="checkbox"/> Caring <input type="checkbox"/> Responsive <input type="checkbox"/> Well Led <input checked="" type="checkbox"/> | |
| Link to Relevant Corporate Objective: | |
| Document Previously Considered By: | N/A |
| Recommendations: The Trust Board is asked to note the report and to approve the updated terms of reference. | |

The following key points were discussed at FIC on 26th October.

1. The Committee was updated on Sector and PLACE based transformation. The first phase is focused on actions being undertaken now on specific initiatives within the Trust and partner organisations, such as Anticipatory care, SDEC and Outpatient Virtual clinics. The second phase is working with partners looking at the longer-term transformative service changes with focus on Elderly care, early preventative measures in relation to Obesity and Mental Health and targeted intervention around the Cambridge Road estate. The Trust is also looking into working more cohesively and in an integrated way to deliver the changes that are required, areas such as Workforce. The Trust will also be looking into areas of productivity gains which would deliver better care for patients along with financial efficiencies. The committee will be kept abreast of these schemes as they progress.
2. The Committee was presented with the month 6 financial position. The Trust achieved its H1 deficit plan of £1.3m. The Trust received £2.3m of additional income in M6 in recognition of delivering significant elective activity over and above the nationally mandated threshold. The Trust has submitted a capital bid of £10.5m as part of the Targeted Investment Fund (TIF) in relation to the Roehampton scheme. SGH have also submitted their critical care project as part of the TIF. It is expected that these schemes will be approved.
3. The Committee requested and were provided with a pay costs deep dive analysis. The report highlighted underlying changes as a result of clinical need, approved investment decisions and collaborative working with SWL. It also identified the pay costs associated in response to the pandemic and delivery of elective recovery. It also triangulated increased costs with WTE, and level of activity being delivered across the period. The committee were also provided with assurance that the challenge and scrutiny of savings was undertaken at Investment Committee and did not limit itself to savings within the service line but looked at opportunities to mitigate the cost of investment across the division. The paper was discussed in depth which highlighted the need for a follow up paper focussing on benchmarking pay costs with other organisations, Model Hospital and GIRFT and to assess the impact on productivity as a result of new infection control measures adopted in response to the pandemic.
4. The Committee was presented with a draft unmitigated H2 budget proposal. The report highlighted key drivers of the H2 deficit including ERF contribution in H1, Winter costs and additional provision of critical care beds over and above what the Trust is funded. The committee were advised on progress on identifying efficiency schemes in areas such as back-office collaborative working, although will require an element of non-recurrent mitigations to achieve the H2 financial plan. The focus is on a few transformational schemes with the largest impact in readiness for 22/23. The committee considered the clinical impact on patients and quality of service in relation to the financial position presented and the consequence of reducing provision of services to further mitigate the financial position. The committee felt assured by management that the draft financial position does not deteriorate the quality of service for patients. Given the timeframes for submission fell prior to the next committee meeting, governance arrangements were to be agreed outside of the meeting to ensure FIC is sighted on the final submission.
5. The Committee were presented with a paper summarising the costs associated with delivering the remainder of the Elective Recovery programme. The paper also outlined the impact of not doing the activity on waiting lists and patient care. The committee considered the significant detrimental impact on patient care of not continuing with the elective care programme and therefore approved the H2 elective recovery programme in its entirety.
6. The Committee reviewed and approved the latest version of its terms of reference.

FINANCE AND INVESTMENT COMMITTEE

Terms of Reference

1 AIM

The Finance and Investment Committee is a formal Committee of the Trust Board established in accordance with the Trust's standing orders.

The Committee agrees strategies on behalf of the Trust Board in order to deliver the Trust's vision and values in support of the Trust's Forward View and monitors their implementation, seeking assurance that the Trust has plans in place to achieve the high levels of financial performance expected.

The Committee will decide / advise on appropriate corrective and other actions which may be required to maintain effective arrangements, and to ensure appropriate escalation to the Trust Board.

2 OBJECTIVES

- 2.1 To review the annual budget, before submission to the Trust Board of Directors.
- 2.2 To review the capital plan, before submission to the Trust Board of Directors and review progress against it through, where appropriate, highlight reports and project plans.
- 2.3 To review and agree the medium term financial strategy and plans for revenue and capital, ensuring that the financial objectives are aligned with the forward view, the annual operating plan, clinical strategy and as part of the SWL ICS;
- 2.4 To review the cash position and consider any external financing requirement prior to the Trust Board of Directors.
- 2.5 To review proposals for major business cases and investment decisions, and their respective funding sources, and make recommendations to the Trust Board in accordance with regulator guidance, and periodically review to ascertain impact on the Trust and system;
- 2.6 to receive post project implementation reports from the Acute Provider Collaborative as they become available for sector wide investment projects to ascertain achievement of objectives and learning for future projects.
- 2.7 To review South West London capital plan progress and delivery on a quarterly basis.
- 2.8 To maintain an oversight of, and obtain assurances on, the robustness of the Trust's key income sources and contractual safeguards.
- 2.9 To scrutinise financial performance and review any areas of concern and report to the Board.
- 2.10 To gain assurance over the Trust cost improvement and transformation programme, monitoring performance against it and scrutinising the systems and controls around the programme.

- 2.11 To review submissions to NHS Improvement as necessary on behalf of the Board ensuring these support compliance with the regulatory regime.
- 2.12 To receive updates on ICS and system finances, and Place based financial performance and how these impact the Trust.
- 2.13 To approve and review the Trust's treasury management policy annually or as req
- 2.14 To oversee the prioritisation framework for future work and related investment
- 2.15 To be responsible for establishing the selection criteria, selecting, appointing and the terms of reference for any independent consultants who advise the Committee Where consultants are appointed, a statement as to whether consultants have any connection with the Trust will be available.
- 2.16 To review financial risks and raise any specific concerns to the Board.

3 COMMUNICATION

To report after each meeting to the Trust Board

4 PERMANENCY

Permanent - subject to annual review

5 MEMBERSHIP

5.1 Chair

A Non-Executive Director to be appointed by the Chairman.

5.2 Internal (executive) lead

Chief Financial Officer

5.3 Other Members

- 2 Non-Executive Directors – one to be a member of the Audit Committee not the Chair of the Audit Committee
- Chief Executive
- Chief Operating Officer
- Either Medical Director or Director of Nursing & Quality

The Company Secretary will attend for discussions about NHSI requirements and submissions made by the Committee on behalf of the Board.

The Director of Strategy and Transformation will attend where strategic plans and initiatives are being specifically considered

6 QUORUM

- Two Non-Executive Directors. NED members may nominate another NED as their deputy during a period of incapacity or temporary absence.
- Chief Financial Officer or nominated deputy
- Either the Chief Executive and if not available another deputising Executive Director

7 ATTENDANCE

Members to aim to attend 100% of meetings.

8 PAPERS

- Distributed five full working days prior to meeting
- Papers will be shared with Internal Audit on request.

9 FREQUENCY OF MEETINGS

Normally twelve times a year, scheduled to enable the Committee to advise the Board on budgets, financial performance, and quarterly monitoring, and cover those months when the Board itself does not meet.

Extraordinary meetings of the Committee shall be called by the Company Secretary at the request of the Committee Chair.

10 REPORTING LINES

Trust Board.

11 ACCOUNTABLE TO

Trust Board.

12 SECRETARIAT

Senior Finance

13 OPENNESS

A summary of the key points discussed at FIC will be provided to the Public Board, except where individual items are commercially confidential

14 MONITORING EFFECTIVENESS

The effectiveness of the Committee will be measured by

- Annual audit of attendance (for inclusion in Annual Report)
- Annual review of delivery of objectives as outlined in the Terms of Reference to be reported to the Finance and Investment Committee.

15 REVIEW OF TERMS OF REFERENCE

These terms of reference will be reviewed annually or sooner if required and approved by the Board.

Date approved by Committee: October 2021

Approved by Trust Board: TBC

Next Review Due: May 2022 (with compliance audit)

