

# Report to the Meeting of the

# Oxford Health NHS Foundation Trust

**BOD 49(i)/2023**

(Agenda item: 12(a))

# Board of Directors

**19 July 2023**

**Report from the Finance & Investment Committee (FIC)
on matters to Alert, Assure or Advise**

**Executive Summary**

The agenda and minutes of the Committee’s most recent meeting - on July 4 - are available for information in the Reading Room. From the Committee’s scrutiny of papers, and reflecting on the matters we discussed at the meeting, I would draw the Board’s attention to the following matters:

**For Alert (may require discussion)**

The Board is asked to note the following:

* The Committee noted that, after two months, the **financial dynamics** within the Trust’s budgets and across the wider the Integrated Care System have the potential to create a degree of financial turbulence in the second half of this financial year.
	+ It is important to note that these current uncertainties represent both potential risks and potential opportunities.
	+ The Committee will be closely scrutinising the financial position, financial outlook, and the level of financial risk over the next few months to feed into the assessment of the Trust’s full-year forecast (from Month 3).

**To Advise (to monitor)**

The Board is asked to note the following:

* After two months, the **headline financial position** is on Plan. However, there are a small number of underlying over and underspends which are offsetting to create this position.
	+ Vigilance is required, as overspends tend to take some time to address, while underspends typically yield short-term financial benefits.
	+ The Finance team will shortly be preparing the first **FY forecast** for this financial year. During this process, the Chief Financial Officer will take stock of the overall risks to the delivery of the FY plan.
	+ The Committee will review the FY forecast at its next meeting.
* The principal area of overspend continues to be **agency costs**.
	+ At the end of May, total agency expenditure reached £6.7m, with medical agency accounting for c. 39% of this total. The target (cap) set for the Trust for the full year is £32.2m.
	+ The executive directors remain confident that further progress will be made this year to reduce the “unit cost” of temporary staffing by; better sourcing arrangements, revised contract terms, and by growing the supply and use of bank staff. However, to achieve the target, it will also be necessary for the volume of agency and locum staff usage to be reduced significantly - this is recognised to be a much greater challenge.
* Work continues to identify measures to deliver the full **cash-releasing cost improvement** **target** budget, which total £7.2m in this year. Of this total, £4.8m is assessed to be secure, leaving a net requirement of £2.4m to be found and delivered by March 2024.
	+ It is important to note that savings targets are built into the budgets in equal monthly amounts over the year (a “straight line profile”). This means that the monthly financial performance statistics reviewed by FIC and the Board each month incorporate the impact of any shortfall in savings.
* The **Psychiatric Intensive Care Unit** (PICU) is expected to be handed over to the Trust for commissioning during August 2023, however the recruitment of nurses to the new unit continues to be a significant challenge.
* The 2022 clinical systems outage, and subsequent deployment of replacement clinical systems (for both mental health and community services), continue to create additional **information governance** challenges for the Trust.
	+ Information incidents reported have reduced significantly since the initial impact of the outage and no serious incident or reports have been recorded.
	+ Transition to the new electronic records is now advanced, but system functionality is not yet fully implemented and there is, by necessity, the continued use of paper health records in community locations with consequential records storage challenges.
	+ Timely access to clinical systems is much improved. However, minimising clinical risk and information risks associated with adequacy and accuracy of the information in clinical systems is an ongoing programme of work by the Electronic Health Records (EHR) Team.

**For Assurance (to note)**

The Board is asked to note the following:

* **Capital expenditure** to the end of May is on Plan. There are risks and opportunities which have the potential to impact on the FY forecast (of £17.7m) but these continue to be regarded as relatively modest and manageable.
* The Director of Estates and Facilities is in the process of putting in place **revised arrangements for managing capital projects**, to strengthen the delivery process and accountability for delivery. Capital projects are grouped into one of two categories - Improvement & Transformational schemes or Operational Capital Schemes – and each group has now been allocated to a senior estates manager to oversee delivery.
* The Trust has now procured and installed a Security Information and Event Management system and is in the process of introducing multi-factor authentication for system access. These measures will further enhance the Trust’s **cyber security** infrastructure and capability.
* The Trust new Head of **Procurement**, Jane Little, outlined a programme of initiatives she is introducing to enhance the value for money, improve internal customer service, and strengthen compliance with procurement policies and procedures. These developments are considered to be very positive.

**Review of risks**

The Committee routinely reviews all five of the strategic (BAF) risks which fall within its purview. At its July meeting, it discussed the case for revising the drafting of the Major Projects risk (to be signed off at FIC’s next meeting). It also considered the case for adjusting the rating of the risk.

After discussion, the Committee concluded that no immediate change to individual risk ratings were appropriate.

**Sharing of learning**

None to note.

**Recommendation**

The Board is asked to note the above.

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1. *Strategic Objectives/Priorities and strategic Board Assurance Framework (BAF) risk themes – this report relates to or provides assurance and evidence against the following Strategic Objective(s)/Priority(ies) of the Trust [OR N/A – no Strategic Objectives/Priorities apply]:*

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

*Strategic risk themes: planning and decision-making at System and Place level and collaborative working with Partners; governance of external Partners; Financial Sustainability; Governance and decision-making arrangements; Business Planning; Information Governance & Cyber Security; Single Data Centre; Business Continuity and Emergency Planning; Environmental Impact; and Major Capital Projects.*