Agenda item 20 – Appendix 2

The Queen Elizabeth Hospital King's Lynn
NHS Foundation Trust

Committee Annual Report

Annual Report of:	Finance and Activity Committee
Annual Report Period:	April 2020 – March 2021
Chair:	Graham Ward, Non-Executive Director
Report to:	Board of Directors (in Public)
Date:	4 May 2021

1 CHAIR'S SUMMARY

This report sets out the activities of the Committee over the year from April 2020 to March 2021.

The Committee continues to support the Board and has adapted its work programme throughout the year in order to support the changing needs of the Trust. This adaptation is in the context of the changing operational and financial environment specifically with respect to COVID-19 and the national requirements and updated guidance.

The Committee continues to challenge and offer support to the Executive Directors with a link to divisional and corporate senior leadership teams through the monthly presentation process.

2 PURPOSE OF COMMITTEE

The Committee is established as a committee of the Board of Directors, and the Terms of Reference describe the purpose of the Committee as:

- A support to the Board in overseeing the adequacy of resources to meet financial commitments and the Annual Operating Plan;
- A support to the Board in its responsibilities for financial management and ensuring that it optimises financial performance. The Committee will achieve this through its oversight of the Trust's work on financial planning and performance, activity, productivity, commissioning/contracting and efficiency;
- Overseeing the development and delivery of the Trust's Business Plan;
- Ensuring that processes are in place for holding appropriate teams, individuals and groups to account for the delivery of the Business Plan; and
- Monitoring the Trust's performance against the criteria of the 'Use of Resources' framework.

3 KEY ACHIEVEMENTS

- The Committee oversaw the successful delivery of the income and expenditure financial plan for 2020/21. An achievement that has now been met for the second year in a row. The Trust also met its other statutory duties of delivering a strong cash position and containing the internally funded capital expenditure programme within its internally generated funds.
- The Committee oversaw significant improvements and development of the financial reporting within the year to adapt to the changing financial and operational environment that the Trust has been operating within.
- The Committee has been actively involved within the business planning process and the increased focus on the recurrent financial position of the organisation. Increasingly reviewing this position in the context of the wider ICS financial position.
- The Committee has overseen the development and delivery of a successful Cost Improvement Programme despite the impact of the COVID-19 pandemic. The Committee has also supported the wider governance aspects including the interactions with People and Quality Committees when considering the financial, quality and performance aspects of the programme.
- The Committee has strengthened the oversight and challenge of the activity reporting and access standards performance. This was introduced for the first time in May 2020 and also ensures that relevant Quality and People issues are followed up through the complementary Board Committees.
- The Committee received further assurance through the 'deep-dive' process of specific access targets. These deep dives were deferred whilst the organisation managed the main COVID-19 period and resumed towards the end of the financial year.
- The Committee has been actively involved in the continued development of the Business Case approvals process. The Committee has offered challenge and support when considering business cases that require Trust Board approval and recognises that additional work is required to improve the overall process.
- The Committee has provided a forum for discussion and challenge on the acquisition of the Sandringham facility. The Committee provided a forum for robust challenge and through the support of the Chair provided Non-Executive Director presence within the programme board.
- The Committee continues to support and challenge divisional and corporate colleagues through divisional presentations. However, these presentations were deferred whilst the organisation managed the main COVID-19 period and are due to resume at the start of the new financial year.
- The Committee has played an active part in supporting and shaping the relevant Board Assurance Framework entries of strategic objectives SO2 and SO4.
- The Committee has provided a reporting forum and non-executive support in the organisational response and management of the estate challenge in relation to the construction of the roof and the development of options for the potential 'new hospital'.

- The Committee is briefed on the financial position of the ICS and how the Trust is actively involved in the development work to address the underlying financial deficit within the ICS.
- The Committee has reviewed the process and governance surrounding the mechanisms for recovery of COVID expenditure and lost income. In addition, the Committee has also tested the financial guidance ensuring the relevant governance processes were in place and consistent with National guidance;
- The Committee has reviewed the operational and financial aspects of the winter planning process for the Trust and ensuring adequate links and support from ICS and wider system organisations were in place;
- The Committee has reviewed and had sight of the relevant internal audit reports in conjunction with the work completed by the Audit Committee;
- The Committee had oversight of the Audit Committee actions following the review of the Churchill Ward development;
- The Committee had oversight and input in to the Terms of Reference of the newly established Innovation and Investment Executive Group;
- The Committee has appropriately escalated issues to the Trust Board through the Chairs Assurance Reporting mechanism.

4 CHALLENGES IN THE PERIOD

- The Committee is cognisant of the underlying financial deficit within the Trust and the wider health economy. A pathway and financial strategy that demonstrates financial sustainability needs to be developed;
- The Committee has overseen significant improvements, through the cost improvement programme, on the Trust's grip and control of agency staff usage. However, for the financial year 2020/21 the Trust breached the agency financial ceiling set by NHSE&I;
- The Committee recognises the challenges of delivering the elective activity programme whilst managing the operational impacts of COVID-19. The Committee also recognises the significant challenges associated with recovering the elective activity programme to pre-COVID-19 levels as defined within the national restoration framework;
- The Committee recognises the challenges in achieving performance standards when system partners are required to pro-actively assist in the discharging of patients that are medically fit patients;
- The Committee remains supportive of the improvements to the capital planning and business case processes but more time is required for this to be fully developed and embedded.
- The Committee continues to seek more timely and more robust responses to Trust operational pressures that require a wider system and ICS response.
- The Committee continues to have oversight on the condition of the estate, the level of significant backlog maintenance and the structural condition of the roof.

- The Committee remains focused on its cash position and the cash forecasting processes and recognises the improved position within the year with regards the Better Payment Practice Code requirements.

5 BUSINESS CASES CONSIDERED

Business Case	Decision	Date
NICU	Supported for final tender process	Apr 2020 to Trust Board
Digital Dictation Business Case	Approved	Apr 2020 to Trust Board
Sandringham Hospital Acquisition	Approved	September 21 to Trust Board
ePMA additional funding	Approved	September 21 to Trust Board
Winter Capital Funding	Approved	Oct 2021 to Trust Board
Sterile Services Backlog Maintenance	Not approved – further work required.	
Replacement of Food Trolleys	Approved	Jan 2021 to Trust Board
Future Use of Fermoy Unit	Not approved – further work required and initial proposal superseded	
E-Observations	Not approved – further work required.	
Midwifery Investment (Birth Rate Plus)	Approved	Jan 2021 to Trust Board
Family Liaison Officers	Not approved – further work completed and alternative proposal in place.	
Acute Procurement Collaborative Compact	Approved	Jan 2021 to Trust Board
Single Sign On	Approved	Feb 2021 to Trust Board

6 POLICIES/PROCEDURES RATIFIED IN THE PERIOD

Policy	Date ratified
Terms of Reference – Innovation and Investment Executive Group	July 2020 to Trust Board

7 NEW LEGISLATION, GUIDANCE & STANDARDS IN THE PERIOD

- Nationally defined planning guidance for 2019/2020 and 2020/21
- Nationally defined capital allocation process for 2019/20 and 2020/21
- Nationally defined financial and operational guidance in response to COVID-19

8 COMMITTEE EFFECTIVENESS REVIEW AND SELF ASSESSMENT AGAINST TERMS OF REFERENCE

The Committee undertook an effectiveness review during February and March 2021 and reviewed the outcomes from this process and Terms of Reference at the Committee's meeting in April 2021.

Committee Effectiveness Review

Actions to be taken forward in response to the review include:

1. Providing new committee members with an appropriate induction
    - providing an induction pack and an opportunity to meet the Committee Chair, lead Executive Director for the Committee and Trust Secretary prior to and following their initial first meetings

2. Continuing work to improve the quality of papers and presentations received by the Committee
    - clarification of expectations for report writers and presenters

3. Relevant sub-groups to provide timely and clear information to the Committee
    - Investment and Capital Planning Executive Group Chair's Assurance Reports will be presented to the Finance & Activity Committee

4. Triangulation
    - More explicit recognition within the content of the Committee's discussions of the impact for quality of care through analysis of finance and activity
    - Ensure issues/assurances referred to other committees for specialist consideration are clearly articulated and timely, supported by Chair-to- Chair and Executive Director-to-Executive Director discussion and inclusion on the receiving committee's action log

5. Frequency of meetings
    - To continue to meet monthly, with the exception of August and December

Terms of Reference

The Committee has well-established Terms of Reference, which are reviewed and updated annually.

	Compliant Y / N	Commentary and action plan where non-compliant
Key responsibilities	Y	The Committee has reviewed the key responsibilities to refresh these to reflect the 2021/22 agenda
Accountability and relationships	Y	
Membership and attendance	Y	Executive membership and deputy attendance for 2021/22 has been revised
Quorum	Y	
Frequency of meetings	Y	Committee met every month with the exception of December with core finance and activity papers being circulated.
Rules	Y	There has been increased effort to ensure that agendas and papers are issued in line with requirements
Reporting	Y	Chair's Assurance Reports from each Committee meeting have been provided to the Board

Proposed adjustments to the Terms of Reference for the year ahead will be put to the Board for consideration and approval.

COVID-19 Pandemic – Adjustments to Governance Arrangements

In March 2020 the Board made adjustments to its governance arrangements around the Trust's Board, Committees and Governors' Council / Committees to ensure the Trust responded to the COVID-19 pandemic in a way which was proportionate to the circumstances. The measures sought to maintain effective corporate governance arrangements, while adhering to national guidance about social distancing, and recognising the operational pressures being experienced by the Trust's executive, clinical and operational teams.

From March 2020, all Finance & Activity Committee meetings continued to take place as scheduled but meeting virtually, for a shorter duration (1 hour) and with fewer executive director colleagues in attendance. This enabled continuation of priority Committee business and supported a smooth return to business as usual in June with the extension of meetings to 2 hours.

From January 2021 – March 2021, given the national lockdown and significant operational pressures on the Trust, meetings were again reviewed with the aim of reducing business to 1 hour where possible, with reduced attendance from staff. Divisional presentations were cancelled during this period to minimise the requirements on staff to prepare for and attend meetings.

9 MEMBERSHIP ATTENDANCE

The summary of the attendance of the core members is detailed within the table below. The table covers the core meetings only with the Committee meeting 11 times within the year. The Committee met 4 times on an exceptional basis to discuss specific business cases.

The Committee meetings between April 2020 and March 2021 have been attended, as appropriate, by the Chief Executive and the Trust Chair. Other officers have attended by invitation, where appropriate, for relevant agenda items.

Core Members	Attendance ordinary meetings	Attendance extraordinary meetings
Membership:		
Graham Ward – Non-Executive Director (NED) Committee Chair	11/11	4/4
Simon Roberts – NED	11/11	3/4
Ian Mack – NED	9/11	4/4
Chris Benham - Director of Finance	11/11	4/4
Denise Smith - Chief Operating Officer	10/11 (sub 3)	2/4 (sub 1)
Phil Tydeman - Director of Transformation (to November 2020)	8/8	2/3
Carmel O'Brien - Director of Patient Safety	6/11	1/4
Core attendees:		
Trust Secretary	8/11	3/4
Deputy Director of Finance (from February 2021)	2/2	0/0

The Trust Chairman and CEO are not members of the Finance & Activity Committee, but may choose to attend Committee meetings. During the reporting period the Trust Chairman attended 7 ordinary meetings and 2 extraordinary meetings and the CEO attended 9 ordinary meetings and 3 extraordinary meeting.

The Committee has received administrative support from the Corporate Office.

10 OUTSTANDING ISSUES / RISKS AT THE END OF THE PERIOD

The Committee considers that the areas identified within section 4 remain the key challenges and issues moving forward:

- The Committee is cognisant of the underlying financial deficit within the Trust and the wider health economy. A pathway and financial strategy that demonstrates financial sustainability needs to be developed through the refresh of the 5 year strategic financial plan;

- The Committee has overseen significant improvements, through the cost improvement programme, on the Trust's grip and control of agency staff usage. However, for the financial year 2020/21 the Trust breached the agency financial ceiling set by NHSE&I;
- The Committee recognises the challenges of delivering the elective activity programme whilst managing the operational impacts of COVID-19. The Committee also recognises the significant challenges associated with recovering the elective activity programme to pre-COVID-19 levels as defined within the national restoration framework;
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- The Committee continues to seek more timely and more robust responses to Trust operational pressures that require a wider system and ICS response.
- The Committee continues to have oversight on the condition of the estate, the level of significant backlog maintenance and the structural condition of the roof;
- The Committee remains focused on its cash position and the cash forecasting processes but recognises the improved position within the year with regards the Better Payment Practice Code requirements.

11 CONCLUSION

The Committee is meeting the requirements of the existing Terms of Reference however the work the Committee completes with regards to activity monitoring and performance management of access standards needs to be described as part of this formal review.