

## Annual Report from the Finance Committee 2023

### 1. Summary

This report provides an overview of risk management activities undertaken throughout the Trust and a summary of the work undertaken within the Finance Committee activities from January to December 2023, for assurance that the Committee has carried out its obligations in accordance with its Terms of Reference and work programme for 2023.

The time period is aligned to the annual governance timetable to enable consideration by the Audit & Assurance Committee and the Board of Directors, and to support the Annual Governance Statement.

### 2. Background

The Finance Committee meets not less than 6 times a year and reports to the Board of Directors. Its Terms of Reference establish that its role is to conduct independent and objective reviews of financial and investment policy and performance issues.

The Committee's membership is set out below:

- Three Non-Executive Directors one of whom nominated as Chair and one as Vice Chair. The Chair of the Committee is appointed by the Board of Directors
- Chief Executive
- Chief Financial Officer
- Chief Operating Officer
- Associate Director of Estates & Facilities

Also in routine attendance:

- Deputy Chief Financial Officer
- Associate Director of Transformation (Deputy Director of Strategy and Partnerships from November 2023)\*
- Governor observers

*\*A Strategy and Partnerships Leadership Team was established during 2023, the Committee therefore agreed that from November 2023, attendance from that Team would be the Deputy Director for Strategy and Partnerships (replacing the Associate Director of Transformation).*

Other Directors and Managers have attended meetings in accordance with the Committee work programme and/or in response to specific issues being identified.

### 3. Meetings

The Committee has held 12 meetings during the period covered by this report.

Attendance of core members (or a nominated deputy) at meetings during the period covered by this report is detailed below:

Non-Executive Director ** (Chair Jan-Aug, Vice Chair Nov-Dec)	12/12
Non-Executive Director ** (Vice Chair, Jan-Aug, Chair Sep-Dec)	12/12
Non-Executive Director ** (Jan-Aug)	5/8
Non-Executive Director ** (Dec)	1/1

Chief Executive	12/12
Chief Financial Officer	12/12
Chief Operating Officer	8/12
Associate Director of Estates & Facilities	9/12

*\*\* A review of roles and responsibilities of Non-Executive Directors was undertaken by the Board of Directors in September 2023, this led to a new Chair and Non-Executive Director Member being identified for each Sub Committee. A new Vice-Chair was approved by the Finance Committee at its November 2023 meeting along with the appointment of a new Non-Executive Director in December 2023. The above reflects the changes in roles and responsibilities.*

In 2022 the Committee agreed that the 2023 meetings would be scheduled on a monthly basis over the calendar year with a limited agenda in place for 6 of those meetings in order to consider specific items warranting focused discussion.

In September 2023 the Committee agreed that in between the formal reporting of the BAF (as per the work programme) an informal review would take place at each meeting to ensure updates were captured in line with discussions/actions agreed.

#### 4. Work Programme

The Committee has received regular reports throughout the year in accordance with its agreed Annual Work Programme. A series of regular reports are received from Committee members in respect of:

- Monthly Financial Performance Report (including Financial Improvement Programme and Agency Performance)
- PFI Governance
- Nottingham & Nottinghamshire ICB/ICS and NHS England Updates
- Procurement Forward View
- Board Assurance Framework (BAF) – Principal Risk 4 and Principal Risk 8

The Committee has also received reports on the following specific matters:

- Financial Recovery Cabinet Update
- Financial Planning and Budgeting
- Financial Strategy
- Nottinghamshire Health Informatics Service (NHIS) quarterly performance
- Capital Planning
- Trust Strategic Priorities Updates
- Terms of reference review (March 2023 and June 2023)
- National Cost Collection submission
- Internal Audit Reports
- Capital Resources Oversight Group Quadrant Report
- Sustainability Development Strategy Group Quadrant Report

#### 5. Approvals

The Trust Scheme of Delegation describes the Committee has delegated authority from the Board of Directors to approve revenue and capital expenditure up to the value of £1.0m.

The Governance process requires Finance Committee approval of all expenditure in excess of £250,000. Expenditure above the £1.0m threshold requires the final approval of the Board.

In accordance with this the Committee has considered and approved the following:

- GP IT Refresh
- Discharge Lounge Capital Fund Draw Down
- Appointment of Trust Energy Suppliers
- NHIS ICB Spend (Notes Scanning)
- Health and Social Care HSCN Contract for recommendation to the Board of Directors
- P2G Purchase Order
- EPR Outline Business Case for recommendation to the Board of Directors
- Public Sector Decarbonisation Scheme Funding Investment
- Extension to Patient Knows Best (PKB) Contract
- Mobile Endoscopy/CT Unit Lease Extension
- Extension to Managed Service for Urology Theatres for recommendation to the Board of Directors
- Extension to the Microbiology Managed Service Contract for recommendation to the Board of Directors
- Imaging Transformational Additional Asset Bid
- Renewal of Byron Court Lease
- Nottingham CitiCare Partnership IT Refresh
- Implementation of Endoscopy Service Capital and Revenue Bids
- Lease of Relocatable MRI Scanner for recommendation to the Board of Directors
- Level 2 Paediatrics Business Case
- PAS Contract
- Clinical Research Facility Capital
- Phoenix Team Recruitment

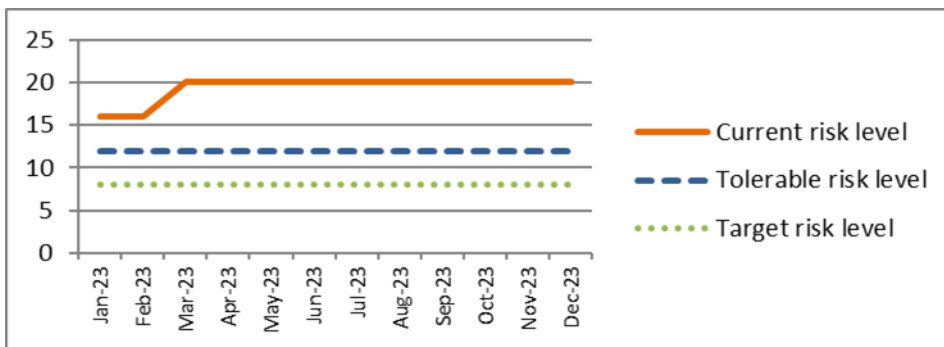
The Committee has also reviewed and approved the following business items:

- Capital Programme 2023/24 (and reprioritisation) for recommendation to the Board of Directors and 5-Year Capital Plan
- Revenue Borrowing and Cash Submissions (under delegated authority by Board of Directors)
- EPR Procurement Strategy and Approvals Process
- NHIS Strategy
- Budgetary Control Process
- PFI Settlement Deed for recommendation to the Board of Directors

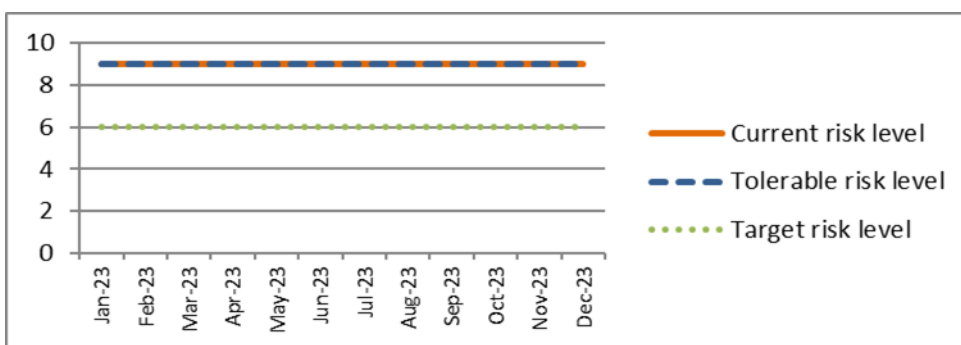
## **6. Board Assurance Framework**

The Committee reviews BAF Principal Risk 4 (Failure to maintain financial sustainability) and Principal Risk 8 (Failure to deliver sustainable reductions in the Trust's impact on climate change) at each meeting.

The risk rating of PR4 was increased to 20 (Significant) at the March 2023 meeting of the Committee, reflecting the increased likelihood of regulatory action in relation to the financial performance of the Nottingham & Nottinghamshire ICS. This included a Consequence score of 4 (High) and a Likelihood score of 5 (Very Likely). This has remained throughout the year.



The risk rating of PR8 has remained at a 9 (Medium) throughout the financial year. This includes a Consequence score of 3 (Moderate) and a Likelihood score of 3 (Possible).



## 7. Committee Effectiveness Review

The Committee carried out an Effectiveness Review which was reported in February 2023. The review was based upon the National Audit Office Committee Healthcheck and is to help review governance arrangements, check appropriate systems are in place and to identify areas for improvement.

The self-assessment tool considered 16 criteria and the Committee reported that each was fully met. Evidence to support this assessment was reported, one action was required 'outline updates on the longer-term financial strategy to be incorporated into the Committee Workplan'. This has been incorporated into the Workplan for future meetings.

## 8. Matters for Escalation

At the end of each Committee meeting items for escalation to the Board of Directors are identified. Throughout the year, at various points in time, these have included:

- Approval of business cases, or support for cases requiring ratification by the Board, as detailed in Section 5 of this report.
- Financial performance, financial position and forecast outturn updates for financial years 2022/2023 and 2023/2024, including agency expenditure and cash position updates and financial performance of the Nottingham & Nottinghamshire ICS.
- Financial planning and budgeting updates, including risks and NHS England context.
- The approach to financial recovery, and updates from the Financial Recovery Cabinet.
- NHS England correspondence.
- Procurement activities, including future contract requirements.

- Transformation & Efficiency updates, including Financial Improvement Programme (FIP) plans and performance updates (as part of the Monthly Finance Report).
- Board Assurance Framework (BAF) assurance updates, relating to Principal Risks 4 and 8.

A quadrant report highlighting these escalations is prepared for the Board of Directors Meeting in Public, following each meeting of the Finance Committee. In addition to the matters for escalation, this details areas of positive assurance, work commissioned and decisions made.

In addition to escalations to the Board of Directors, in October 2023 the Finance Committee also introduced matters be identified as escalations to the ICB. These included:

- The agreement to extend Byron Court lease and request to explore with partners alternative options for consideration over the next 3 years.
- Noting of the Financial Recovery work underway within the identified Workstreams.
- Inpatient MRI capacity business case.
- Update on ED business case for assurance.
- The Trust cashflow position.
- The approach being taken to support the Phoenix Team work.
- Opportunities and improvements identified through the 360-assurance work on wider transformation across the ICB.

## **9. Conclusion**

The Committee self-assessments of compliance with Terms of Reference, the review of effectiveness, the robust work programme and escalations to Board of Directors provide assurance that the Committee continues to be effective in discharging its responsibilities.