

Trust Board Meeting in Public: Wednesday 8 September 2021

TB2021.81

Title: **Integrated Assurance Committee Report**

Status: **For Information**

History: **Regular Reporting**

Board Lead: **Trust Chair**

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Confidential: **No**

Key Purpose: Assurance

Executive Summary

1. Under its terms of reference, the Integrated Assurance Committee is responsible for reporting to the Board items discussed, actions agreed and issues to be referred to the Board, indicating the extent to which the Committee was able to take assurance from the evidence provided and where additional information was required.
2. The Committee held its most recent meeting on Wednesday 11 August 2021.
3. The report outlines key items of business discussed and issues highlighted for the attention of the Board which on this occasion included:
 - Integrated Performance Report;
 - Financial Governance Review;
 - Divisional Performance Reviews; and
 - Divisional Plans and Budgets for 2021/22.

Recommendations

4. The Trust Board is asked to:
 - **Note** the Integrated Assurance Committee's report to the Board from its meeting held on 11 August 2021; and
 - **Approve** the budget for April – September 2021 recommended by the Integrated Assurance Committee.

Integrated Assurance Committee Report

1. Purpose

- 1.1. Under its terms of reference, the Integrated Assurance Committee [“the Committee”] is responsible for reporting to the Board items discussed, actions agreed and issues to be referred to the Board, indicating the extent to which the Committee was able to take assurance from the evidence provided and where additional information was required. This report aims to contribute to the fulfilment of that purpose.

2. Background

- 2.1. The Committee held its most recent meeting on Wednesday 11 August 2021 via video conference.
- 2.2. Key items of business discussed and issues highlighted for the attention of the Board are outlined below.

3. Key Areas of Discussion

Integrated Performance Report

- 3.1. The Committee received this regular report on performance across operational, quality, workforce, digital and financial metrics and explored particular areas in detail.
- 3.2. The Committee heard that there were 172 falls incidents reported in June, an increase of 10% on the number of falls reported in May, which remains below the rolling monthly average of 167 falls. In June there were 46 falls that resulted in harm. Of these, two falls resulted in moderate harm or above compared to six reported in May.
- 3.3. The Committee was updated on 52 week waits. In June, there were 2,500 patients who had been waiting more than 52 weeks for elective treatment. This represented a decrease of 758 patients compared to the May position. This improvement is because of the elective recovery programme.
- 3.4. The Committee heard that the vacancy rate was 5.3% in June, an increase compared to the 4.9% reported in May but below the target of 7.7%. The rise is due to an increase in budget WTE and a small reduction in staff in post, when compared to May.
- 3.5. In June there were 26 Data protection incidents reported on Ulysses, which is a decrease on 29 incidents reported in May. One incident was reported to the Information Commissioner.

Financial Governance Review

- 3.6. The Committee noted that the Board has previously discussed the findings of the Financial Governance Review with the final report to be presented to the Board in September.
- 3.7. A summary action plan was discussed, with the Committee to review and approve the detailed action plan as this was developed.

Divisional Performance Reviews

- 3.8. The Committee received feedback from the Quarter 1 Divisional Performance Reviews and discussed challenges and risks relating to quality, patient and staff experience and operational performance.
- 3.9. Divisional Directors had the opportunity to reflect on key issues within divisions. Challenges were also routinely being discussed at the Trust Management Executive Risk Committee.
- 3.10. It was suggested that a session take place with non-executive colleagues to explain the detail behind the report and to familiarise them with the acronyms contained.

Divisional Plans and Budgets for 2021/22

- 3.11. The Divisional Plans and Budgets for April – September 2021 (“H1 21/22”) were presented to the Committee for recommendation to the Board. The formal budget proposal was delayed because of uncertainty earlier in the financial year over elective recovery income and costs, but this was now resolved.
- 3.12. The proposed budget funded elective recovery, Covid costs and agreed new business cases. The budgeted financial performance for H1 21/22 was a surplus of £1.4m. A summary of the paper reviewed by the Committee is attached as Appendix 1.
- 3.13. The funding settlement for H2 21/22 would not be known until late-September. However, the reliance on ERF surpluses and Covid underspends to achieve the H1 budget meant that the Trust was vulnerable to any withdrawal of these funds later in the year. It was therefore planned that discretionary spending commitments in Q2 be avoided until the funding for the remainder of the year became clear.

Deep Dive Horton General Hospital Redevelopment

- 3.14. The Committee undertook a deep dive into the Horton General Hospital Redevelopment Expression of Interest. It was noted that, following further review of the proposal by the Investment Committee, this would be presented to the Trust Board for consideration in September.

Other Regular Reporting

3.15. The Committee received its regular update reports on infection prevention and control matters and on SIRIs and Never Events. It also received the Guardian of Safe Working report for Q1.

4. Recommendations

4.1. The Trust Board is asked to:

- **Note** the Integrated Assurance Committee's report to the Board from its meeting held on 11 August 2021; and
- **Approve** the budget for April – September 2021 recommended by the Integrated Assurance Committee.

Executive Summary

1. The last full budgeting process the Trust completed was for the 2019/20 financial year.
2. Since April 2020 budgets have been set on an emergency basis with national funding pegged to 2019/20 outturn plus budgets for COVID and in 2021/22 elective recovery funding.
3. A deficit budget of £16m was set for H2 20/21 and a £3m surplus was delivered.
4. Initially a deficit budget of £10.6m for H1 21/22 was set, but with elective recovery income now estimated the revised budget can be set at a £1.4m surplus.
5. The key features of the H1 21/22 budget are:
 - a. funds elective recovery;
 - b. funds £7.6m of central cost pressures (e.g. the level five wards at the JR, the People Function business case and Office365);
 - c. With funding largely rolled over, cost pressures and the planned deficit are funded by ERF surpluses (£12m), COVID underspends (£2.6m), efficiencies (£4.2m), commercial income (£2m).
6. The Budget bridge, as discussed at IAC, is shown on the following pages. Formal budget approval was not possible earlier in the period due to the uncertainty over elective recovery income and costs.
7. Separate papers to earlier meetings set the capital budget.
8. The latest financial performance is reported in the IPR. Using this data, the forecast after three months is that the H1 budget can be achieved. Overspending on underlying budgets is being funded by greater than planned COVID underspends.
9. The funding settlement for H2 21/22 will not be known until late-September. However, the reliance on ERF surpluses and COVID underspends to achieve the H1 budget means the Trust is vulnerable to the withdrawal of these funds later in the year if that were to occur. The Trust should avoid discretionary spending commitments in Q2 until the funding for the remainder of the year is clear.

Recommendations

10. The Trust Board is asked to:
 - Approve the proposed budget;
 - Note the H1 21/22 forecast is for achievement of this budget; and
 - Note the risks to funding in H2 21/22.

Budget bridge to first draft budget (M2)

Division	NHS22	Sum of M7-M12 Budget	Remove non-recurrent impact of COVID, Recovery & R&D	Adjusted M7-M12 Budget Baseline	Inflation	Cost of Capital	Net of Income & Cost Pressures	Efficiency	Commercial	Sum of 2021/22 M1 - M6 Budget
CSS	Operating Income	38,354	0	38,354	155	0	0	0	0	38,509
	Employee Operating Expenses	(59,325)	1,457	(57,868)	(445)	0	0	0	0	(58,313)
	Operating Expenses Excluding Employee Expenses	3,193	2,870	6,062	(173)	0	0	0	0	5,889
CSS Total		(17,779)	4,327	(13,452)	(464)	0	0	0	0	(13,916)
MRC	Operating Income	124,599	0	124,599	605	0	(2)	0	0	125,202
	Employee Operating Expenses	(76,058)	7,649	(68,408)	(686)	0	0	0	0	(69,094)
	Operating Expenses Excluding Employee Expenses	(31,377)	154	(31,222)	(152)	0	60	0	0	(31,314)
MRC Total		17,165	7,804	24,969	(232)	0	58	0	0	24,794
NOTTSCAN	Operating Income	164,329	0	164,329	806	0	(0)	0	0	165,135
	Employee Operating Expenses	(88,471)	2,593	(85,878)	(816)	0	0	0	0	(86,694)
	Operating Expenses Excluding Employee Expenses	(50,670)	1,070	(49,600)	(267)	0	0	0	0	(49,866)
NOTTSCAN Total		25,189	3,663	28,852	(277)	0	0	0	0	28,574
SUWON	Operating Income	155,574	0	155,574	753	0	1,010	0	0	157,337
	Employee Operating Expenses	(75,544)	2,017	(73,526)	(669)	0	0	0	0	(74,195)
	Operating Expenses Excluding Employee Expenses	(58,061)	2,213	(55,848)	(322)	0	436	0	0	(55,734)
SUWON Total		21,969	4,231	26,200	(238)	0	1,446	0	0	27,408
Corporate	Operating Income	2,162	0	2,162	3	0	0	0	0	2,165
	Employee Operating Expenses	(21,935)	0	(21,935)	(178)	0	0	0	0	(22,113)
	Operating Expenses Excluding Employee Expenses	(31,780)	0	(31,780)	(125)	0	214	0	0	(31,691)
Corporate Total		(51,554)	0	(51,554)	(289)	0	214	0	0	(51,639)
Operational Services	Operating Income	1,668	0	1,668	8	0	0	0	0	1,676
	Employee Operating Expenses	(4,275)	0	(4,275)	(33)	0	0	0	0	(4,308)
	Operating Expenses Excluding Employee Expenses	(2,811)	0	(2,811)	(25)	0	0	0	0	(2,836)
Operational Services Total		(5,418)	0	(5,418)	(50)	0	0	0	0	(5,468)
Education	Operating Income	21,533	0	21,533	0	0	0	0	0	21,533
	Employee Operating Expenses	(5,779)	0	(5,779)	(56)	0	0	0	0	(5,836)
	Operating Expenses Excluding Employee Expenses	(355)	0	(355)	(1)	0	0	0	0	(356)
Education Total		15,399	0	15,399	(57)	0	0	0	0	15,342
Estates	Operating Income	6,060	0	6,060	0	0	0	0	0	6,060
	Employee Operating Expenses	(3,458)	0	(3,458)	(78)	0	0	0	0	(3,485)
	Operating Expenses Excluding Employee Expenses	(50,967)	0	(50,967)	(819)	0	0	0	0	(51,786)
Estates Total		(48,365)	0	(48,365)	(847)	0	0	0	0	(49,212)
Central	Operating Income	65,964	(30,692)	35,272	202	0	41,697	0	500	77,671
	Employee Operating Expenses	(13,483)	10,493	(2,990)	(26)	0	(22,275)	1,000	0	(24,290)
	Operating Expenses Excluding Employee Expenses	(16,617)	9,127	(7,489)	(0)	0	(22,545)	3,200	0	(26,835)
Central Total		35,864	(11,071)	24,793	176	0	(3,123)	4,200	500	26,545
Opex	Operating Income	1,587	0	1,587	0	(659)	0	0	0	929
	Employee Operating Expenses	(217)	0	(217)	(2)	0	0	0	0	(218)
	Operating Expenses Excluding Employee Expenses	3,247	0	3,247	(2)	(3,334)	0	0	0	(89)
	Non Operating Income	0	0	0	0	10	0	0	0	10
	Non Operating Expenses	(13,764)	0	(13,764)	0	(1,906)	0	0	1,500	(14,170)
Opex Total		(9,147)	0	(9,147)	(9)	(5,889)	0	0	1,500	(13,538)
Hosted Services	Operating Income	2,807	0	2,807	0	0	0	0	0	2,807
	Employee Operating Expenses	(2,004)	0	(2,004)	(1)	0	0	0	0	(2,005)
	Operating Expenses Excluding Employee Expenses	(813)	0	(813)	(0)	0	0	0	0	(813)
Hosted Services Total		(9)	0	(9)	(1)	0	0	0	0	(11)
R&D	Operating Income	27,705	0	27,705	0	0	2	0	0	27,707
	Employee Operating Expenses	(22,936)	0	(22,936)	0	0	0	0	0	(22,936)
	Operating Expenses Excluding Employee Expenses	(4,771)	0	(4,771)	0	0	0	0	0	(4,771)
R&D Total		(2)	0	(2)	0	0	2	0	0	0
Grand Total		(16,687)	8,953	(7,734)	(2,293)	(5,889)	(1,404)	4,200	2,000	(11,120)
Technical Adjustments		500	0	500	0	0	0	0	0	500
Trust (Surplus)/Deficit		(16,187)	8,953	(7,234)	(2,293)	(5,889)	(1,404)	4,200	2,000	(10,620)

Budget bridge to second draft budget (M3)

Division	NHS28	Sum of 2021/22 ML - M6 Budget	Sum of Budget Corrections H1	Sum of COVID Virement H1	Sum of Income Corrections H1	Sum of Cost Pressure Virement H1	Sum of HCD H1	Sum of Recovery MB	Sum of ERF H1	Sum of H1 Budget after virements
CSS	Operating Income	38,509	0	0	0	0	145	0	0	38,653
	Employee Operating Expenses	(58,313)	0	(486)	0	0	0	(79)	0	(58,878)
	Operating Expenses Excluding Employee Expenses	5,889	(237)	(45)	0	1	(145)	(838)	0	4,676
CSS Total		(13,916)	(237)	(531)	0	1	0	(917)	0	(13,599)
MRC	Operating Income	125,202	0	0	35	0	(424)	0	0	124,813
	Employee Operating Expenses	(69,094)	0	(2,973)	(35)	(1,313)	0	(190)	0	(73,607)
	Operating Expenses Excluding Employee Expenses	(31,314)	68	(425)	0	(107)	424	(65)	0	(31,418)
MRC Total		24,794	68	(3,398)	0	(1,420)	(0)	(255)	0	19,789
NOTTSCAN	Operating Income	165,135	0	0	(10)	0	106	0	0	165,230
	Employee Operating Expenses	(86,694)	0	(681)	(25)	(300)	0	(171)	0	(87,871)
	Operating Expenses Excluding Employee Expenses	(49,866)	101	(16)	40	22	(106)	(795)	0	(50,620)
NOTTSCAN Total		28,574	101	(697)	5	(278)	0	(966)	0	26,739
SUWON	Operating Income	157,337	0	0	(15)	0	3,043	0	0	160,364
	Employee Operating Expenses	(74,195)	0	(643)	0	(182)	0	(73)	0	(75,093)
	Operating Expenses Excluding Employee Expenses	(55,734)	60	(97)	15	(282)	(8,339)	(813)	0	(65,189)
SUWON Total		27,408	60	(739)	0	(464)	(5,296)	(887)	0	20,082
Corporate	Operating Income	2,165	0	0	(513)	0	0	0	0	1,653
	Employee Operating Expenses	(22,113)	0	0	0	(1,583)	0	0	0	(23,695)
	Operating Expenses Excluding Employee Expenses	(31,691)	7	0	515	(938)	0	0	0	(32,108)
Corporate Total		(51,639)	7	0	2	(2,521)	0	0	0	(54,150)
Operational Services	Operating Income	1,676	0	0	0	0	0	0	0	1,676
	Employee Operating Expenses	(4,308)	0	0	0	0	0	0	0	(4,308)
	Operating Expenses Excluding Employee Expenses	(2,836)	0	0	0	0	0	0	0	(2,836)
Operational Services Total		(5,468)	0	0	0	0	0	0	0	(5,468)
Education	Operating Income	21,533	0	0	0	0	0	0	0	21,533
	Employee Operating Expenses	(5,836)	0	0	0	0	0	0	0	(5,836)
	Operating Expenses Excluding Employee Expenses	(356)	2	0	0	0	0	0	0	(353)
Education Total		15,342	2	0	0	0	0	0	0	15,345
Estates	Operating Income	6,060	0	0	0	0	0	0	0	6,060
	Employee Operating Expenses	(3,485)	0	0	0	0	0	0	0	(3,485)
	Operating Expenses Excluding Employee Expenses	(51,786)	(2)	0	0	0	0	0	0	(51,788)
Estates Total		(49,212)	(2)	0	0	0	0	0	0	(49,213)
Central	Operating Income	77,671	0	0	(843)	0	(2,869)	0	23,465	97,424
	Employee Operating Expenses	(24,290)	0	4,783	0	0	0	0	0	(19,507)
	Operating Expenses Excluding Employee Expenses	(26,835)	1	583	836	4,803	8,165	3,025	(11,400)	(20,823)
Central Total		26,545	1	5,366	(7)	4,803	5,296	3,025	12,065	57,094
Opex	Operating Income	929	0	0	0	0	0	0	0	929
	Employee Operating Expenses	(218)	0	0	0	0	0	0	0	(218)
	Operating Expenses Excluding Employee Expenses	(89)	(2)	0	0	(121)	0	0	0	(212)
	Non Operating Income	10	0	0	0	0	0	0	0	10
	Non Operating Expenses	(14,170)	0	0	0	0	0	0	0	(14,170)
Opex Total		(13,538)	(2)	0	0	(121)	0	0	0	(13,662)
Hosted Services	Operating Income	2,807	0	0	0	0	0	0	0	2,807
	Employee Operating Expenses	(2,005)	0	0	0	0	0	0	0	(2,005)
	Operating Expenses Excluding Employee Expenses	(813)	(0)	0	0	0	0	0	0	(813)
Hosted Services Total		(11)	(0)	0	0	0	0	0	0	(11)
R&D	Operating Income	27,707	0	0	0	0	0	0	0	27,707
	Employee Operating Expenses	(22,936)	0	0	0	0	0	0	0	(22,936)
	Operating Expenses Excluding Employee Expenses	(4,771)	0	0	0	0	0	0	0	(4,771)
R&D Total		0	0	0	0	0	0	0	0	0
Grand Total		(11,120)	0	0	0	0	0	0	12,065	945
Technical Adjustments		500	0	0	0	0	0	0	0	500
Trust (Surplus)/Deficit		(10,620)	0	0	0	0	0	0	12,065	1,445