Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

**TRUST BOARD**
**16th December 2010**

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| **TITLE** | **Draft minutes of the Finance Committee meeting held on 18th November 2010.** |
| **EXECUTIVE SUMMARY** | The draft minutes of the Finance Committee meeting held on 18th November 2010 are attached for noting. The key points are: -<br><br>▪ **Finance Report to 31st October 2010** – the results showed that the Trust continued to show a surplus against budget and that the CIP forecast was back on track. The year end forecast remained at £3.3m;<br>▪ **Alliance Contract** – reviewed a paper on the Trust's contract with Alliance for MRI's;<br>▪ **Contract Reviews –** agreed to expand the number of reviews undertaken on Trust contracts; and<br>▪ **Business Cases** – reviewed and approved business cases for expenditure from the capital programme on (i) ICU equipment and (ii) decked car parks. |
| **BOARD ASSURANCE (Risk) / IMPLICATIONS** | The Board is assured by the scrutiny provided by the Finance Committee on matters of financial risk. |
| **STAKEHOLDER / PATIENT IMPACT AND VIEWS** | None obtained. |
| **EQUALITY AND DIVERSITY ISSUES** | None that I am aware of. |
| **LEGAL ISSUES** | None that I am aware of. |
| **The Trust Board is asked to:** | Note the draft minutes of the Finance Committee meeting held on 18th November 2010. |
| **Submitted by:** | Nadeem Aziz, Non-Executive Director and Committee Chair<br>Paul Doyle, Deputy Director of Finance |
| **Date:** | 7th December 2010 |
| **Decision:** | For Noting |

Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

**TRUST BOARD**
**16th December 2010**

**Minutes of the Finance Committee meeting held on 18th November 2010**

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| **PRESENT:** | Mr. Peter Taylor | Non-Executive Director (Chair) |
| | Mr. Terry Price | Non-Executive Director |
| | Ms. Raj Bhamber | Director of Workforce & Organisational Development |
| | Mr. Paul Doyle | Deputy Director of Finance |
| **IN ATTENDANCE:** | Mr. Chris Bell | Associate Director, Facilities (item 7(ii)) |
| | Mr. Steve Lomas | Radiology IT & Development Manager (item 5) |
| **SECRETARY:** | Ms. Desireé Irving-Brown | Assistant Director Financial Management |
| **APOLOGIES:** | Mr. Nadeem Aziz | Non-Executive Director and Committee Chair |
| | Mr. Andrew Liles | Chief Executive |
| | Mr. John Headley | Director of Finance and Information |
| | Ms. Valerie Howell | Deputy Chief Executive |
| | Ms. Vanessa Avlonitis | Deputy Chief Nurse |

**Actions**

**1. Apologies**

Apologies were as noted above. It was noted that the meting was quorate.

**2. Minutes of the Meeting held on 21st October 2010**

The minutes of the meeting held on 21st October 2010 were agreed.

**3. Matters Arising**

(i) Action Points List

The Committee discussed all actions that were not covered by separate agenda items and agreed which were to be carried forward.

(ii) Activity and Workforce Trends Update

The Deputy Director of Finance tabled a schedule which provided a breakdown of the Activity, Workforce and Pay costs over the three year period 2007-2010. A brief discussion ensued, and it was agreed that this needed to be considered in the context of capacity and business planning, and how these relate across the seven clinical divisions, and that there is an onus on the divisions to address capacity issues, and that capacity is currently not aligned with demand. This should also consider productivity measures.

The Deputy Director of Finance talked about the current business planning process for 2011/12. The Committee requested an update on

the Business Planning Process, especially in relation to capacity, activity and the assumptions on how these will impact the finances. An update should be brought to the January meeting on the business plan process. PD/JH

The Director of Workforce & Organisation Development mentioned that if the case mix and patient numbers could be analysed then the trends could be identified and used to plan the workforce. It was suggested the SLR could be used to assist with this, and it was confirmed that SLR data for the first six months would be presented to the Committee in January. JH

**4. Activity, Workforce and Finance**

(i) Activity Report

The Deputy Director of Finance presented the activity report highlighting that once again overall elective activity was down on plan and emergency activity remained high. The metrics indicate an overall increase in activity above plan and prior year, however there has been a downward trend against prior month. Peter Taylor questioned whether the trend arrows were meaningful, as there was no indication as to what they were comparing, and whether an increase was good or bad. The outturn RAG rating was also queried, and the Committee requested that the tolerances be published. DIB/PD

It was requested that further work be done around the referral trends and whether the conversion to elective work can be tracked. It was also questioned whether this data was being used for capacity planning purposes. VH

(ii) Non-Elective Cap Initiatives

It was agreed to carry this item forward.

(iii) Workforce Report

The Director of Workforce & Organisational Development presented the Workforce Report for October 2010. Overall there was 1.33% more staff in post than last year mainly due to the transfer in of therapy staff. The 92% appraisal rate was noted, however, the Director of Workforce & Organisational Development advised that this had slipped slightly in November, and that this was being addressed to ensure the focus is maintained.

(iv) Temporary Staff Usage

The Director of Workforce & Organisational Development presented an update on temporary staff usage within the Trust and suggested that whilst nursing agency spend remains low, the medical agency spend, particularly in A&E was likely to only start reducing in January once recruitment has taken place.

The Committee acknowledged the hard work involved in bringing the temporary staffing spend down, and that this good work should be supported and encouraged to ensure the benefits are sustained.

(v) Finance Report as at 31st October 2010

The Deputy Director of Finance presented the Finance Report for the year to date 31st October 2010. October had been a relatively stable month and the year to date over-performance against budget of £93k was noted. The year to date gap in Capital expenditure remained significant and it was agreed that the forecast for capital expenditure should be reduced if the situation was unlikely to improve significantly in the remaining five months.

It was pointed out that performance against the CIP's is now back on track with full delivery of the £9m CIP programme forecast. Within this there was £0.4m of non-recurrent CIP's which would hopefully be replaced by recurrent CIP's before the year end.

The Deputy Director of Finance mentioned the discussions being held with NHS Surrey around capping income for 2010/11. The Committee were happy to agree to the original proposal reviewed by the Trust Board, but should it differ significantly from that then the Committee, and Trust Board, should be notified before any deal is finalised.

The activity and income table was discussed, and Peter Taylor asked whether there was any information about the level of activity competitors were experiencing. This will be followed up with Valerie Howell. There was also a request for more detail around the drop in elective activity and whether there is a related drop in market share. PD/VH

(vi) CIPS Balance Scorecard

The Committee noted the CIP's balanced scorecard.

(vii) Management Costs 2010/11

The Committee noted the report and requested that commentary be included to explain the significant variances. The Committee also requested that any costs relating to the FT application process be split out for great transparency. DIB

**5. Alliance Contract Review**

Steve Lomas presented the Alliance contract review, and pointed out that some of the prices had not been renegotiated for some time. The proposal to house a scanner permanently at the Ashford site, and this service to be provided in house was discussed, and the Committee agreed that this proposal was worth exploring.

Peter Taylor highlighted the fact that regular contract reviews of this nature should be undertaken, and that this should be done within the scope of the Finance Committee. It was agreed that a list of high value contracts would be brought to the next meeting. PD

The Committee approved the Business Case for the Decked Car Park and this would now go to the Trust Board for approval due to its value.

## 6. Foundation Trust Application

(i) Working Capital Facility Update

The minutes from the special meeting held on 15th November 2010 were tabled and agreed.

(ii) FT Insurance Top-Up Update

The Deputy Director of Finance confirmed that a board paper is going to the November Trust Board, including quotes and an outline of what is included and excluded in the insurance cover.

## 7. Business Case Approval

(i) ICU Equipment

The Committee approved the business case for the ICU monitoring equipment at a cost of £0.4m.

It was also noted that there should be a retrospective update to the Finance Committee once a capital project had been implemented, that confirms the benefits of the project have been realised.

(ii) Decked Car Park

Chris Bell presented the business case for the decked car park explaining some of the line items that made up the cost estimate. Planning permission for these would be for 15 years. The Committee discussed the contingency figure of £50k in terms of whether it would be sufficient.

The Director of Workforce & Organisational Development mentioned that it should be ensured that the proposal mentions arrangements that have been made to address disability access.

The Deputy Director of Finance pointed out that financing for the modular offices, that formed part of the site upgrade project, is being reviewed in terms of whether it will be an operating lease, or a finance lease which would appear on the balance sheet. This will be presented at the December meeting. PD

## 8. Identification of Financial Risks

(i) Items for Risk Register

There were no items to add to the Risk Register.

(ii) Key Points to take to Trust Board

It was agreed that the following were key points to take to the Trust Board: -

- the approval of the working capital facility;
- the proposal to introduce the regular review of contracts;
- the concerns regarding the risks around capacity, volume, and marketing and the need to ensure resources are correctly

deployed, and regularly review these issues;
- the Decked Car Park business case; and
- timetable for the quarterly Monitor finance sign-off for the Board.

**9. Items for Information**

(i) Schedule of Business 2010/11

The revised Schedule of Business was noted.

(ii) Business Cases approved by the Trust Executive Committee

The Committee noted the schedule of business cases approved by TEC in October.

(iii) Tender Waivers

There were no Tender Waivers in October.

**10. Any Other Business**

No other business was tabled at the meeting.

**12. Date and Time of Next Meeting**

Thursday 16th December 2010 at 8.30 a.m. at Board Room, Ashford Hospital.