Ashford and St. Peter's Hospitals NHS
NHS Trust

TRUST BOARD
24th June 2010

TITLE	**Draft minutes of the Finance Committee meetings held on 16th June 2010.**
EXECUTIVE SUMMARY	The draft minutes of the Finance Committee meeting held on 16th June 2010 are attached for noting. The following are the key points: - ▪ **Finance Report to 31st May 2010** – figures showed that the Trust had a surplus against budget of £290k. It was noted that over-performance in activity £1.5m after the effect of the non-elective cap on income; ▪ **Cost Improvement Plans** – reviewed progress against the CIP's for 2010/11; and ▪ **Terms of Reference** – finalised revised Terms of Reference of the Committee.
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 16th June 2010.
Submitted by:	Peter Taylor, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	17th June 2010
Decision:	For Noting

Ashford and St. Peter's Hospitals NHS
NHS Trust

TRUST BOARD
24th June 2010

Draft minutes of the Finance Committee Meeting held on 16th June 2010

PRESENT:	Mr. Peter Taylor	Non-Executive Director and Committee Chair
	Mr. Terry Price	Non-Executive Director
	Mr. Nadeem Aziz	Non-Executive Director
	Mr. John Headley	Director of Finance and Information
IN ATTENDANCE:	Mr. Paul Doyle	Deputy Director of Finance
	Ms. Rebecca Carlton	Deputy Chief Operating Officer
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director Financial Management
APOLOGIES:	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Ms. Valerie Howell	Deputy Chief Executive

Actions

1. Apologies & Welcomes

Apologies were as noted above.

Peter Taylor welcomed Nadeem Aziz who has started at the Trust as a Non-Executive Director and will be taking over as Chairman of the Finance Committee in July 2010. Peter Taylor explained the focus of the Finance Committee in the context of more forward looking work and the Foundation Trust Self Certification process. In addition the intention to move Charitable Funds away from the Finance Committee to a new committee exclusively for these funds.

2. Minutes of the Meeting held on 19th May 2010

The minutes of the meeting held on 19th May 2010 were agreed.

3. Matters Arising

(i) Review of BMI Runnymede Accounts

The Deputy Director of Finance confirmed that work had been initiated to identify the data BMI are obliged to disclose under the contract, and an e-mail has been sent to Sue Johnson at BMI requesting this information. The Deputy Director of Finance mentioned that BMI had never previously provided any information of this nature, and that once received, a thorough review would be undertaken involving both the Director and Deputy Directors of Finance. This would be done with a view to satisfy the Committee that the financial position of BMI Runnymede was reflective of the profit share paid, and that the accounts were in order. BMI have suggested profit has fallen due to the recession, and this will be confirmed by reviewing the accounts. Peter Taylor

questioned the transparency of the data, and the Director of Finance and Information replied that BMI had a positive attitude to the request, and that he did not expect any problems. JH/PD

(ii) Referral Trends

The Director of Finance and Information suggested that this project be transferred to Sue Robertson's area since there had been a restructure in the Board, with Strategy now reporting to the Deputy Chief Executive. Peter Taylor asked that he be sent an e-mail about how this will be taken forward in terms of what data the Finance Committee needs, how to use the Forward Order Book and how to interpret the data for planning. It was confirmed that this data should be presented to the Committee at the July 2010 meeting. JH

Some discussion followed around whether enough was being done by the Trust to increase Elective market share. Peter Taylor stated that this needed to be raised at Board level, as the Board has not had assurance that the Trust could cope with an increase in Elective activity. The Director of Finance and Information informed the Committee that the market share of the Trust had not changed over the period 2007/08 to 2009/10, and remained at 26% of NHS Surrey activity. There was no evidence of overall market share slipping, but it was noted that market share in specific areas, such as Woking, was slipping, and therefore these issues should be addressed.

(iii) Service Line Reporting

The Director of Finance and Information provided an update on SLR, and agreed that the full year SLR data would be presented at the August Finance Committee meeting with a view to presenting it to the Board in the same month.

(iv) The effect of the NEL

The Deputy Director of Finance tabled a report detailing the year to date effect of the NEL on income, providing a detailed breakdown of the £600k adjustment included in the accounts.

(v) Action Points List

All other items on the Action Points list had been either been completed, were not yet due or were agenda items.

Terry Price mentioned that there are several action items for July and has suggested the July meeting be extended to 11.00am, which was agreed by the Committee.

4. Finance, Activity and Workforce

(i) Finance Report as at 31st May 2010

The Director of Finance and Information presented the Finance Report for the year to date 30th May 2010 to the Committee. It was noted that a new table had been included in section 1.4 which highlighted key focal areas, and a new Appendix on page 8 and page 9 which provides detail on the performance of PCT income against plan, reconciled back to the

revenue disclosed in the accounts (appendix 1). The Director of Finance and Information said that the tables would be subject to further formatting and would included more detail in future, but that it demonstrates the direction the report is taking. The Deputy Director of Finance agreed to circulate an analysis of the NHS Surrey Other income on page 8 of the report. PD

A summary of the current performance was given in terms of the positive impact of increased activity levels on the Income result year to date, and the negative impact of (a) the NEL cap (£600k), (b) increased Agency Staff costs, (c) CIP shortfall (£118k) linked to the non-pay adverse variance, (d) Work sent out (£71k) and (e) Other Income underperformance. It was noted that issues (a)-(d) were covered in the table in section 1.4, but that further investigation was required into the Other Income variance to establish whether this was expected to be ongoing (i.e. will it impact the end of year forecast) or whether it is merely timing volatility. PD

The Director of Finance and Information stated that the £290k positive variance to the year to date plan included the full year to date impact of the cap on non-elective income as well as a prudent estimate of potential additional contract challenges (£700k) in light of ongoing challenges within NHS Surrey.

Peter Taylor highlighted that, although the year to date performance is strong, the Board should not assume this will continue. The issues around CIP's and the ability to increase capacity to reduce work sent out need to remain a focus of the Board, as do the challenges of increasing elective admissions where market share is not shifting, and the difficulties in reducing non-elective admissions in light of current trends. All of which will impact the ability to sustain the current financial position, especially in context of the challenges faced by NHS Surrey. JH/PD

Nadeem Aziz felt that the table in section 1.4 was a good addition, but that it lacked financial context and suggested further detail be included to reflect expected impact on EBITDA for each issue. It was also requested that prior year comparators be added to Appendix 1. DIB

Peter Taylor thanked the Finance Team for its hard work, and stated that the Finance Report is heading in the right direction, with the basis now established, but that further work needs to be done around the action to be undertaken to support the variances.

(ii) Compliance Framework 2010/11

The Deputy Director of Finance tabled a paper setting out the Monitor requirements that would be used by the Board to self-certify quarterly the ongoing financial viability of the Trust once it achieves Foundation Trust status.

It was noted that there are both Financial and Governance metrics, and that only the financial aspects were covered in the paper. A discussion followed about who would be responsible for the Governance metrics to ensure accountability, and it was agreed that Jane Gear and Valerie Howell would probably be best placed to provide this data. Only the data produced by Valerie Howell would be reviewed by the Finance Committee.

The Deputy Director of Finance mentioned that the calculation basis for the metrics was still to be confirmed, as it is unclear whether to use "quarter data" in isolation, or whether the year to date quarterly position should be used. This could have a significant difference on the metrics.

The paper also set out those indicators (not statutory) that Monitor would review to ascertain whether a meeting was required with Trusts. Clarity was required as to whether the indicator for aged debt should be net of the bad debt provision. PD

Peter Taylor said that the report was useful and suggested that this schedule be presented to the Board in July with quarter one data, but not to the level of detail included in the paper. Terry Price suggested that perhaps it would be reported by exception only and that the profiling of capital projects should be done in context of these ratios, as otherwise the metrics would be skewed by the typical slow start capital spend tends to have.

(iii) Activity Report

The Deputy Chief Operating Officer provided an update on current Trust activity levels, and pointed out that if non-elective admissions could be reduced, that the capacity could be better used, and that would enable the achievement of the length of stay CIP's since they are all linked. The schemes to reduce non-elective admissions include reviewing how partnerships (e.g. with ambulance services or GPs) are managed and used to prevent admissions, and improving assessment at A&E to ensure patients that can be returned home without being admitted are not admitted.

RC

Peter Taylor requested quantification on the scale of improvement that could be expected, and milestones to reported back to the Finance Committee on progress in achieving these NEL-cap initiatives. It was acknowledged that time would be required to implement or trial plans, and therefore feedback would not necessarily be monthly. Furthermore, if there are any costs around implementing these schemes, this should be quantified and included in the milestone document.

(iv) Workforce Report

Peter Taylor noted that there would be an in-depth review of this in July, but highlighted the vacancy factor and queried whether this could be resolved or whether it should be accepted as an ongoing operational fact.

Nadeem Aziz questioned why no budget was provided for agency and bank costs and the Deputy Director of Finance explained that budgets were set on the assumption that all posts would be recruited to, and that the agency costs would be reflected in the forecast. It was noted that if the vacancy factor was accepted as an operational reality in running the Trust, then in future agency and bank costs should be factored into the budget.

The Director of Finance and Information noted that the Trust spend was not exceptional compared to neighbouring Trusts, and Terry Price queried whether it would be possible to source agency staff at a lower

rate given the current economic climate.

5. Capital Programme

The Director of Finance and Information confirmed that work was already underway to identify potential gaps in the 2010/11 capital programme, and that new/reserve programmes will be considered by the Capital Control Group at its meeting in July 2010.

Peter Taylor requested that the new Associate Director of Estates and Facilities attend a Finance Committee meeting once they have started, to ensure capital spend is kept on track.

6. Long Term Financial Model

(i) Updated Version

The Director of Finance and Information confirmed that the LTFM was now being updated for month 2, and checks were being done to ensure all data ties up. It was not expected that any of the figures previously reviewed would be materially altered.

7. Update on PCT Contract Outturn 2009/10

A schedule of the PCT contract outturn compared to plan was reviewed, and the Committee was satisfied that it did not contain anything unexpected.

8. Terms of Reference Review

The Committee reviewed and agreed the amended Terms of Reference which had been altered following discussions at the May meeting. It was agreed that an amended version would be passed to the Trust Board for approval. Reference should be made, to the removal of Charitable Funds from the scope of the Finance Committee, on the covering paper. PD

8. Identification of Financial Risks

(i) Items for Risk Register

To ensure that the non-elective cap issue is covered in the Risk Register with that relating to CBSA data removed.

(ii) Key Points to take to Trust Board

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

- Reviewed month 2 position and discussed the effect of the non-elective cap, agency costs and work sent out on the results;
- Reviewed CIP progress; and
- Committee has asked for a milestone view on the non-elective cap initiatives.

9. Items for Information

(i) Schedule of Business 2010/11

The Committee noted the draft Schedule of Business for 2010/11.

(ii) Business Cases approved by the Trust Executive Committee

The Committee noted that was one Business Case approved by the Trust Executive Committee in May.

(iii) Tender Waivers

There were no Waivers in May for the Committee to review.

(iv) HFMA Briefing

The Director of Finance and Information referred to the HFMA briefing included in the meeting papers, and pointed out that comparatively, the Trust Finance Department is a lean unit. The Committee acknowledged this, and once again thanked the Finance Department for the work that went into producing the information for the Finance Committee.

10. Any Other Business

There were no items under any other business to discuss.

11. Date and Time of Next Meeting

Wednesday 21st July 2010 at 8.30 a.m. at St. Peter's, Level 2 Seminar Room.

Ashford and St. Peter's Hospitals NHS
NHS Trust

FINANCE COMMITTEE
CHARITABLE FUNDS MEETING
MINUTES
16TH JUNE 2010

PRESENT:	Mr. Peter Taylor	Non-Executive Director and Committee Chair
	Mr. Terry Price	Non-Executive Director
	Mr. Nadeem Aziz	Non-Executive Director
	Mr. John Headley	Director of Finance and Information
IN ATTENDANCE:	Mr. Nicholas Hander	Barclays Wealth
SECRETARY:	Mr. Paul Doyle	Deputy Director of Finance
APOLOGIES:	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Ms. Valerie Howell	Deputy Chief Executive

Actions

1. Barclays Wealth Update

Nick Hender presented his report on the performance of the portfolio. The performance of the portfolio had been good and as had been agreed in January the benchmark had moved away from the APCIMS index to a more balanced benchmark, Globally Optimised MHR. The transaction page of the report showed the areas that the portfolio was moving out of and into to get to the required balance.

The Committee discussed the portfolio and agreed that at present there would be no changes to the risk profile or other requirements. It was agreed that if the Charity was to require funds to be removed from the portfolio to fund projects then this would be communicated to Barclays Wealth early enough to enable a structured sale of investments.

2. 2009/10 Quarter 4 Charitable Funds Report

The Committee noted the quarter 4 report.

Further work would be ongoing in terms of the governance issues relating to the Charity and would be reported to the July meeting.

It was agreed that the fundholders of those six funds with balances in excess of £100,000 would be requested to provide plans for how and when their funds would be spent and that this would be reported back to the July meeting. PD

Peter Taylor highlighted a number of points that would be taken to the Trust Board in July: -

- Investments in the Charity's portfolio are stable
- Overhauling the governance of the Charity
- Focusing on the funds with the highest balances
- Assessing whether there is a new Appeal that could be launched