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

TRUST BOARD
24th November 2011

TITLE	**Minutes of the Finance Committee meeting held on 19th October 2011**
EXECUTIVE SUMMARY	The minutes of the Finance Committee meeting held on 19th October 2011 are attached for noting. The key points are: - ▪ **Finance Report to 30th September 2011** – reviewed the month 6 financial position of the Trust and the operational issues driving the results; ▪ **Monitor Compliance Return Quarter 2** – reviewed the financial aspects of the quarter 2 Monitor compliance return, which showed an FRR of 3, and recommended Trust Board approval; ▪ **Market Share** – received a market share report which showed the Trust's share of the local market but also the income growth of the Trust when compared to other local acute Trust; and ▪ **Treasury Management** – noted the downgrading of the Moody's ratings for RBS and LloydsTSB and approved the continued investment in NatWest (part of the RBS group), pending a review of the Treasury Management Policy in December.
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 minutes of the Finance Committee meeting held on 19th October 2011.
Submitted by:	Jim Gollan, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	16th November 2011
Decision:	For Noting

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

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Minutes of the Finance Committee meeting held on 19th October 2011

PRESENT:	Mr. Jim Gollan	Non-Executive Director (Chair)
	Mr. Peter Taylor	Non-Executive Director
	Mr. Clive Goodwin	Non-Executive Director
	Mr. Andrew Liles	Chief Executive
	Ms. Valerie Bartlett	Deputy Chief Executive
	Mr. John Headley	Director of Finance and Information
	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Ms. Suzanne Rankin	Chief Nurse
	Mr. Paul Doyle	Deputy Director of Finance
IN ATTENDENCE:	N/a	
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director Financial Management
APOLOGIES:	None	

Actions

1. Introductions and Apologies

There were no Apologies. It was noted that the meeting constituted a quorum.

2. Minutes of the Meeting held on 21st September 2011

The minutes of the meeting held on 21st September 2011 were agreed.

3. Matters Arising

3.1 Action Points List

Actions points 1, 3 and 5 were rolled forward to November.

Jim Gollan provided a verbal update on action point 9. A meeting had been held with the new Fund Manager from Barclays, who has offered better rates. No action will be taken on retendering until a decision has been made about the future nature of the Charitable Funds.

All other action points were either not yet due or were on the agenda.

4. Activity, Workforce and Finance

4.1 Activity

The Director of Finance and Information provided a summary of the activity, pointing out that elective inpatient work had increased in September whilst day cases had decreased, although financially, this shift had not had an adverse impact. The action point around understanding the reduction in day cases is ongoing and would be CB/VB

reported back in November.

4.2 Operational Performance Report

This Operational Performance Report was noted by the Committee. Operationally, the Monitor Metrics have moved from being Amber/Green in quarter one to Green/Green in quarter two. Admissions continue to drop, and emergency length of stay is improving (decreasing), with escalation beds remaining closed. Extra Theatre lists continue to drive pay cost variances, as does work sent out to the commercial sector to achieve wait time targets. (which is reflected in the increase in elective inpatients activity).

4.3 Workforce Report

The Workforce Report was noted by the Committee.

The Director of Finance and Information highlighted that headcount has been decreasing.

The Director of Workforce & Organisational Development flagged that two items relating to the creation of the Internal Medical Bank, and the reconciliation of cost and WTE reporting for medical agency, had not been reflected in the Workforce Report. However the latter was partially addressed in the Medical Agency report which demonstrated a downward trend in wte. CS

4.4 Medical Agency Report

Medical Agency remains a financial issue for the Trust. The use of medical agency has remained static in the last quarter; although it was acknowledged that significant inroads had been made to get the agency usage under control.

The report was noted by the Committee.

4.5 Finance Report

The Director of Finance and Information referred the Committee to page 12 of the report, and discussed the in-month result which was £63k positive compared to plan. However, there was an entry post EBITDA (below the line) relating to impairments, which was lower than plan, and if this hadn't happened the result would have been a deficit against plan. This continued pressure on EBITDA has been recurrent over the last few years, with below the line savings helping the Trust to achieve the required surplus. The EBITDA gap in this financial year though is lower than in previous years.

It was noted that the year to date pay costs were lower than the same period last year, and that is the first time this has occurred in this financial year. The pressure continues in non-pay, with high inflation being a contributing factor. Peter Taylor asked whether an overview of the whole supply chain had been undertaken, but it was agreed that this discussion would have to be continued off line due to time constraints.

The quarter 2 Monitor Metrics were discussed which showed a Financial Risk Rating of 3, compared to a plan of 4. The Director of Finance and

Information requested that the algorithms behind the metrics be included in the report in future. PD

Jim Gollan asked what the quarter 2 Financial Risk Rating would have been if the quarter 1 accruals and provisions review had not taken place. The Deputy Director of Finance agreed to circulate a response to this post meeting. PD

The income position was discussed, and it was mentioned that a delay in agreeing the SLA position with NHS Surrey had occurred due to a rebasing of the contract. It was hoped that the quarter 1 position would be agreed with the PCT this month.

The Director of Finance and Information requested that an "in-month" column be added to the pay table on page 7 to provide visibility of the ongoing issues. DIB

The CIPs position had improved in-month due to a catch up of schemes which had previously been delayed. The forecast remained broadly unchanged, but replacement schemes were still being worked up.

Clive Goodwin asked that a snap shot of the Financial performance and top four drivers (e.g. length of stay, theatre lists, work sent out and other non-pay) be graphically presented, and compared to the assumptions for the second six months, so that the Committee could understand how the change in these key drivers underpins the Financial Forecast for the rest of the year. JH/PD

4.6 Monitor Compliance Return Quarter 2

The Deputy Director of Finance discussed the highlights of the paper which would be presented to the Trust Board. In quarter 1 there had been two fails in the Financial Risk Indicators, however in quarter 2 there had been only one, which related to aged debtors. The debtors report showed an improvement in October, and this would be discussed with Monitor. It was reiterated that the Trust had strong cash balances and hence this was not a material issue.

It was pointed out that the Trust is still on track to achieve a 3 rating for the year, despite EBITDA forecast at £1m below plan, and that a Financial Risk Rating of at least 3 was forecast for the next twelve months.

5. Epsom Acquisition – Financial Update

This would be covered in a separate meeting.

6. Commercial Group

6.1 Minutes of meeting held on 8th September 2011

Noted.

6.2 Feedback from meeting held 13th October 2011

Not covered in this meeting due to time constraints.

7. Capital Report

The Capital Report for September was noted.

8. Market Share Report

The Director of Finance and Information explained that traditionally the Trust reported market share from Dr Foster data, which was widely used throughout the NHS. This data indicates that the Trust is holding its market share in this area, however, when this is compared to the income data of neighbouring Trusts, this does not appear to be the case. Neighbouring Trusts have seen increasing income, whilst this Trust has been steady therefore the neighbouring Trusts have been able to strengthen their position, predominantly outside of Surrey.

In future, more detail would need to be provided to the Trust Board alongside the Dr Foster data to put the market share information into context. This market share report would be presented to the October Trust Board, with the Business Development Strategy going to the Board in November.

It was requested that Epsom be added to the table on page 3 of the report JH

9. Treasury Management Update

Due to a revision of the Moody's bank ratings, RBS has been down-graded, and the Trust is now outside of the terms of the Treasury Management Policy for its current deposit with NatWest (part of RBS). It was agreed that this posed no immediate risk to the Trust's deposit held with NatWest and that the situation would be reviewed again in December when a complete review of the policy was planned.

The Committee agreed that the current deposit in RBS could continue in the interim unless another downward adjustment was made to the ratings before then.

10. Identification of Financial Risks

10.1 Financial Risks

Not covered in this meeting.

10.2 Key Points to take to Trust Board

Three items are to be taken to the Trust Board in October. These were:

- Brief comments on September financial results;
- Approval of the financial aspects of the quarter 2 Monitor Compliance Return; and
- Market Share report.

11. Items for Information

11.1 Schedule of Business

Noted.

11.2 Business Cases Approved by TEC

This was noted.

11.3 Tender Waivers >£50k

The Waiver was noted by the Committee.

12. Any Other Business

None.

13. Date and Time of Next Meeting

Wednesday 16th November 2011 at 8.30 a.m. at Level 2 Seminar Room, St. Peter's Hospital.