

**TRUST BOARD**  
**25<sup>th</sup> March 2010**

<b>TITLE</b>	<b>Minutes of the Finance Committee meeting held on 17<sup>th</sup> February 2010.</b>
<b>EXECUTIVE SUMMARY</b>	<p>The Finance Committee considered the following key points: -</p> <ul style="list-style-type: none"> <li>▪ <b>Finance Report to 31<sup>st</sup> January 2010</b> – this showed a year to date surplus of £4.5m, a small deficit against plan of £5k as at 31<sup>st</sup> January 2010. It was noted that agreement had been reached with NHS Surrey with respect to a year end position for the SLA;</li> <li>▪ <b>Cost Improvement Plans</b> - the detailed performance for 2009/10 was reviewed and it was noted that the Trust was forecasting hitting its target;</li> <li>▪ <b>Forecast Outturn</b> – the Committee reviewed the Trust forecast for achieving breakeven at year end;</li> <li>▪ <b>2010/11 Budget Setting</b> – received an update on the current state of budget setting for 2010/11 and the lack of information received from NHS Surrey in respect of their contract;</li> <li>▪ <b>Capital Programme</b> – progress against the plan for 2009/10 was considered along with the plans to deal with the current underspend by the end of the financial year; and</li> <li>▪ <b>Review of Progress against Terms of Reference</b> – discussion centred around the level of information provided to the Trust Board and whether a full quarterly finance report to the Trust Board would be appropriate.</li> </ul>
<b>BOARD ASSURANCE (Risk) / IMPLICATIONS</b>	The Board is assured by the scrutiny provided by the Finance Committee on matters of financial risk.
<b>STAKEHOLDER / PATIENT IMPACT AND VIEWS</b>	None obtained.
<b>EQUALITY AND DIVERSITY ISSUES</b>	None that I am aware of.
<b>LEGAL ISSUES</b>	None that I am aware of.
<b>The Trust Board is asked to:</b>	Note the minutes of the Finance Committee meeting held on 17 <sup>th</sup> February 2010.
<b>Submitted by:</b>	Paul Doyle, Deputy Director of Finance
<b>Date:</b>	17 <sup>th</sup> March 2010
<b>Decision:</b>	For Noting

**TRUST BOARD**  
**Date: 25<sup>th</sup> March 2010****Title: Minutes of the Finance Committee Meeting held on 17<sup>th</sup> February 2010**

<b>PRESENT:</b>	Mr. Norman Critchlow	Non-Executive Director and Committee Chair
	Mr. Peter Taylor	Non-Executive Director
	Mr. Paul Bentley	Director of Strategy
<b>IN ATTENDANCE:</b>	Mr. Paul Doyle	Deputy Director of Finance ( Deputising for Director of Finance & Information)
<b>SECRETARY:</b>	Ms. Tracey Paton	Interim Assistant Director ( Financial Management)
<b>APOLOGIES:</b>	Mr. Terry Price	Non-Executive Director
	Mr. John Headley	Director of Finance & Information
	Ms. Valerie Howell	Chief Operating Officer
	Ms. Raj Bhamber	Director of Workforce & Organisational Development

**Actions****1. Apologies**

These were as noted above.

**2. Minutes of the Meeting held on 20<sup>th</sup> January 2010**

The minutes of the meeting held on 20<sup>th</sup> January 2010 were agreed.

**3. Matters Arising****(i) Action Points List**

It was confirmed that the BMI Runnymede Hospital contract allowed access to their accounting records and the Director of Finance & Information would be undertaking a review of these.

JH

The Deputy Director of Finance reported that new guidance had been issued recently by Monitor regarding the Private Patient Cap, which provided clarification as to what should be included in the calculation of the cap. This would affect the amount currently disclosed as private patient income in the IBP. The Deputy Director of Finance was asked to bring a synopsis to the next meeting.

PD

All other items on the Action Points list had been completed or were agenda items.

**4. Finance, Activity and Workforce****(i) Finance Report as at 31<sup>st</sup> January 2010**

The Deputy Director of Finance presented the Finance Report to the Committee, and noted that the Trust was reporting an actual surplus of

£4.52m, a shortfall of £5k against budget. This was an improvement of £5k against budget compared to the December position.

Norman Critchlow asked whether the RAG rating on the Finance Balanced Scorecard was consistent with all other parts of the Balanced Scorecard. It was clarified that it was not as it was felt that some indicators may incorrectly show red when dealing with variances on small numbers and a standard % RAG to apply to all could remove some of the interpretation of the relevance of the variance. It was decided that a review of the Balanced Scorecard is required by the Board.

JH

The Deputy Director of Finance briefed the Committee about the income position with regard to NHS Surrey and explained that part of the £1.4m adjustment agreed with NHS Surrey had been reflected in the month 10 figures. The Deputy Director of Finance also clarified that the position agreed with NHS Surrey was a capped amount for the SLA value. An allowance had been made for the remainder of the year for increased costs for higher activity which will not be covered by additional income due to the cap.

Peter Taylor raised concerns over the Trust's ability to manage activity and plan for future trends. He commented that there should be closer working between marketing, activity plans and finance. There needed to be a realignment of capacity to demand with a need to predict and plan more accurately.

Norman Critchlow raised a query regarding the 'other income from out of area treatments' and the Deputy Director of Finance clarified that the figures quoted in the report were year to date as the report was not clear and this could be interpreted as the figure for January alone.

The Deputy Director of Finance briefed the Committee on the costs to month 10, which were fairly consistent. Discussions followed on the cost of emergency admissions and the Director of Strategy briefed the Committee about work in progress pairing Medical Consultants and Consultant Geriatricians to nursing homes to assist in preventing inappropriate admissions from these homes. The Director of Strategy also mentioned the work being undertaken by the North West Surrey Partnership who were currently undertaking planning work which will produce long term benefits.

The Deputy Director of Finance brought to the Committee's attention the high medical agency costs in month, half of which was due to Ophthalmology, where the rotas required cover and agency was used for this. The Deputy Director of Finance pointed out that the Director of Workforce and Information was undertaking an audit of recent bookings. Peter Taylor asked if medical agency booking processes could be a lean project. The Director of Strategy said that four new lean programmes had been agreed, one of which may well be recruitment which will cover this area.

The Deputy Director of Finance brought to the Committee's attention the new appendix (Appendix 4) detailing the costs of work sent out and how this was shown gross a net of the costs for 'Medihome' and 'In Health' contracts as these were planned expenditure. A review of the 'In Health' contract had been requested by the Committee for the April meeting.

PD

The Deputy Director of Finance highlighted the current position with regard to the CIP programme which was on track, current reporting showed a small shortfall at year end of £22k, but it was believed that this will be achieved in full by year end.

In terms of the Balance Sheet the Deputy Director of Finance indicated that the debtors figure would be significantly reduced in February as payment had now been received from UCLH. Payments were still outstanding with BMI Runnymede, Surrey Borders and NHS Surrey, these were being progressed by the Head of Financial Services.

The Deputy Director of Finance reported to the Committee that the valuers had undertaken a visit to the Trust to value the whole estate, including the Mortuary. Draft figures are expected in early March.

The Deputy Director of Finance briefed the Committee on discussions he plans to have with the SHA regarding the EFL at the end of the year in view of the Trust's cash position being higher than planned. This was due to lower debtors as bills have been paid and a delay in spend on the capital programme where, although works may be carried out by the year end, cash payments will not have been made.

(ii) Forecast Outturn

The Deputy Director of Finance briefed the Committee on the forecast position which was that the Trust would achieve the surplus position as per the plan for the year.

(iii) Activity Report

The activity report detailed the activity to date which in most cases was in excess of plan, particularly with regard to emergency admissions.

The forward order book was discussed and the GP referral trends, which reflected some interesting peaks and troughs. The Committee requested more detail behind this data, which they felt was very useful, but needed further explanation in relation to activity trends.

VH

(iv) Workforce Report

The Deputy Director of Finance reported that the Workforce Report showed an increase in the vacancy factor from the previous month due to the changes in reported establishment figures combined with a small reduction in staff in post.

## 5. Capital Programme update

(i) Capital Programme update

The Director of Strategy circulated a more detailed breakdown on the capital spend for 2009/10. The capital programme had a slow start partly due to plans for the Ramp demolition and replacement being delayed, following the need for an Environmental Impact Assessment having to be submitted as part of the St Peter's Masterplan application. The Director of Strategy informed the Committee that the Planning Department were looking at the Trust's Masterplan which was currently timetabled to go before the Planning Committee in March.

The Director of Strategy assured the Committee that the 2009/10 capital allocation would be spent by the end of the financial year.

Discussions followed regarding backlog maintenance and the Director of Strategy clarified that the previous figures quoted for backlog maintenance did not include the Ramp and that there was a significant allocation in the future programme for backlog maintenance. The total required for this had also been reduced by improvements carried out throughout the hospital. Demolition of two legs of the Ramp was taking place in March with a possibility that this land would not be able to be used for rebuild as it was designated 'green belt'. Assurance had been given by the Council however that this land would be considered as part of the 'footprint', the whole site being 'green belt'.

The Director of Strategy was asked about the status of 'single sex accommodation' to which he pointed out that not all structural work would be completed by the end of the financial year, but by changing areas around to create designated 'single sex' areas the Trust would be able to meet compliancy, with work ongoing in the new financial year to complete the structural work as originally planned.

(ii) Minutes of Capital Control Group held on 18<sup>th</sup> January 2010

The Minutes of Capital Control Group held on 18<sup>th</sup> January 2010 were noted.

(iii) Progress and Variance Report dated 2<sup>nd</sup> February 2010

The Progress and Variance Report dated 2<sup>nd</sup> February 2010 was noted.

## 6. 2010/11 Budget Setting Update

The Deputy Director of Finance briefed the Committee on the current status with regard to Budget Setting. All Directorates had produced a Business Plan and these had been robustly challenged in meetings with Executive Directors. The plan for CIPs totalled £12m with only £9m required in the budget and all schemes were currently being RAG rated. The additional amount was to give headroom for schemes which may not achieve as planned.

A Programme Management Office (PMO) has been set up within Finance and Barrie Jones, the Deputy Chief Operating Officer has been appointed as the programme lead. The Committee requested that Barrie came to a future Committee meeting to present the papers on the CIP programme and explain the governance arrangements. It was noted that the Board will need assurance that the CIP programme will not have an impact on quality.

BJ

The Deputy Director of Finance explained that a 'road test tariff' has been released which does have a significant effect on the planned income, particularly with regard to the re-bundling of diagnostics into the outpatient price.

At the current time no figures or activity plans had been received from NHS Surrey. Within South East Coast there have been delays with PCTs issuing figures, but NHS Surrey is one of the latest. Deadline for signing the SLA is 15<sup>th</sup> March 2010.

**7. Review of Accounting Policies**

It was agreed that the Trust would continue to adopt guidance from the NHS Manual for Accounts and the Deputy Director of Finance would circulate the changes to the Committee members electronically.

PD

**8. Review of Committee Terms of Reference**

Discussions took place reviewing the performance of the Committee with regard to Board Assurance. It was felt that the Committee should be more forward looking and strategic, albeit the Board would expect some scrutiny of the financial performance to be undertaken. It was noted that reduced narrative with more succinct comments in the Finance Report would assist with this.

It was proposed that a quarterly Finance Report should be produced and presented to the Board and that the monthly report be circulated to all Board members. It was decided to discuss this at a future Trust Board meeting.

JH

Membership of the Committee was discussed and it was decided that Deputies should attend the Committee if Directors were unable to attend as they felt it necessary for briefs to be given on the Operational and Workforce aspects of the papers.

VH/RB/VH

**9 Identification of Financial Risks**

The Committee did not identify any new significant Financial Risks.

**10. Items for Information**(i) Schedule of Business 2009/10

The Committee noted the Schedule of Business for 2009/10.

(ii) Business Cases approved by the Trust Executive Committee

The Committee noted the Business Cases approved by the Trust Executive Committee in January. A query was raised with the Endoscopy case to which the Director of Strategy responded that this was necessary to obtain JAG approval.

(iii) Tender Waivers

The Committee noted the Tender Waivers Report.

**11. Any Other Business**

There were no items raised under any other business.

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

Wednesday 17<sup>th</sup> March 2010 at 8.30 a.m. at St. Peter's, Level 2 Seminar Room.