

TRUST BOARD
26th April 2012

TITLE	Minutes of the Finance Committee meeting held on 21st March 2012
EXECUTIVE SUMMARY	<p>The minutes of the Finance Committee meeting held on 21st March 2012 are attached for noting. The key points are: -</p> <ul style="list-style-type: none"> ▪ Finance Report to 29th February 2012 – reviewed the month 11 financial position of the Trust, the operational issues driving the results and the detailed forecast for the full year. Also received a presentation on the high level drivers of the Trust's financial position; ▪ Business Planning 2012/13 – approved the revenue and capital budgets for 2012/13 subject to formal Trust Board sign-off. Also noted the latest on the agreed contract position with NHS Surrey; ▪ Service Line Reporting – reviewed quarter 3 data from SLR; and ▪ Council of Governors Expenses –.approved a policy on the reimbursement of expenses to members of the Council of Governors.
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 21 st March 2012.
Submitted by:	Jim Gollan, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	18 th April 2012
Decision:	For Noting

TRUST BOARD
26th April 2012

Minutes of the Finance Committee meeting held on 21st March 2012

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
	Mr. John Headley	Director of Finance and Information
	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Mr. Paul Doyle	Deputy Director of Finance
	Mr. Ian McNuff	Integration Director
IN ATTENDANCE	Ms. Aasiya Moreea	Head of Information
	Ms. Claire Braithwaite	Associate Director Performance Improvement
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	Ms. Valerie Bartlett	Deputy Chief Executive

Actions

1. Introductions and Apologies

Apologies were as noted above. It was noted that the meeting constituted a quorum.

2. Minutes of the Meeting held on 15th February 2012

The minutes of the meeting held on 15th February 2012 were agreed.

Jim Gollan noted that the PMO review had not yet been fully completed, and therefore the action was not complete. This needs to be taken to the Trust Board.

VB

3. Matters Arising

3.1 Action Points List

3.1.1 Action point 2

It was agreed that this could be closed.

3.1.2 Action point 4

It was confirmed that this was completed – Mick Imrie, Divisional Director ACCT, had been invited to join the Commercial Group.

3.1.3 Action point 6

The Director of Finance and Information provided a brief update on

the Epsom bid. The expected projections were not available yet because the revised ten year activity forecast have been sent back for further revision, as the current projections would not be signed off by the Trust Board or the Transaction Team. This is not a concern at present, as this was not a critical stage. It has been proposed that more work be done with Epsom directly to understand the scope to improve the assumptions. This will be covered by the March Trust Board.

All other action points were either completed or on the agenda.

4. Activity, Workforce and Finance

4.1 High Level Variance Analysis

The Director of Finance and Information summarised the significant 2011/12 year to date variances up to month 10 in a presentation. The income had been affected by volume and mix variations from plan, with the reduction in inpatient activity being offset by an increase in price and case mix change therefore resulting in an overall increase in income. The Associate Director, Performance Improvement confirmed that whilst volumes were down, acuity was higher, and therefore this analysis made sense. SLR data would be used to understand the case mix and volume changes and ensure valuable work was not being lost with the reduction in volume.

In terms of pay, in general, the Trust has a good handle on this, but capacity and A&E issues need to be addressed, as these were increasing the costs through use of agency staff.

The non pay variance was largely due to clinical supplies being less well controlled, as well as unrealistic budget setting to avoid pay CIPs.

Jim Gollan confirmed that stock management would be discussed at the Audit Committee and Peter Taylor confirmed that he would be meeting with the Procurement team to review purchasing practices.

Clive Goodwin asked whether the dynamic would shift in 2012/13 to ensure these issues would not recur. The Director of Finance and Information referred to the bridge analysis in the presentation, and pointed out that most of the money had been spent on unplanned clinical pressures. Therefore the Trust needed to ensure that where such investments were necessary in the future that there was a sound logic for doing so. Budget setting for 2012/13 had looked at the Trust's bed base.

4.2 Activity Report

The Head of Information summarised the February activity and pointed out that there had been an increase in A&E activity as well as length of stay for both elective and non-elective inpatients. Jim Gollan asked whether information flow with Divisions had been undertaken yet, the Head of Information confirmed that this was still an aspiration at this point.

4.3 Operational Performance Report

The Associate Director, Performance Improvement explained that some elective procedures were cancelled during the half term week as it was busier than usual; however, this was not the reason for the increased length of stay. The main driver was lack of discharges, in part due to high levels of annual leave taken by Trust staff during the month, and also issues with the provision of community services. The issue of annual leave over holiday periods is being reviewed and addressed so that this does not happen again in April.

The A&E target is still a significant issue, and it is unlikely that the position will be recovered before the end of March. This will be discussed at the Trust Board meeting.

4.4 Workforce Report

The Workforce Report was noted by the Committee.

The Director of Workforce and Occupational Development pointed out that the sickness figures were incorrect and would be revised. Current agency levels were the highest in three years due to capacity and escalation issues, but this will not be acceptable going forward therefore better planning would be required. There would be an increased focus on headcount reductions for 2012/13 to ensure CIPs are achieved.

4.5 Finance Report

The significant variances had already been described in section 4.1 above, therefore, only the February variances were discussed, the largest being clinical supplies overspending due to increased activity.

4.6 Forecast and Assumptions

The report was noted.

Jim Gollan asked whether the forecast was achievable. The Deputy Director of Finance stated that the income forecast was prudent, and therefore the overall forecast surplus should be achievable.

5. Business Planning 2012/13

5.1 NHS Surrey Contract

This report was noted.

5.2 Draft Budget 2012/13

The Director of Finance and Information once again referred to the presentation from section 4.1 above for the key messages around the 2012/13 budget. Financial year 2012/13 would be the third year of flat income and the biggest issue would be restoring the surplus position to the target of £3.3m and this would be dependent on the Trust meeting its A&E performance target and the CIP programme delivering.

Jim Gollan stated that the Board must not lose sight of the drivers for the business plan and that responsibility and accountability must be clear

and questioned how performance would be managed to ensure delivery of the budget.

Clive Goodwin asked whether the Epsom transaction costs had been underwritten. The Director of Finance and Information stated that verbal confirmation had been received so far and would be paid irrespective of the outcome of the bid; but confirmation was still to be received in writing.

JH

Jim Gollan asked whether the budget could be recommended to the Board. The Chief Executive stated that the focus would need to be on de-risking the budget to ensure the delivery of a £3.3m Surplus.

Peter Taylor supported the budget going to the Board subject to clarification on the non-pay assumptions. Performance management concerns were also noted.

Clive Goodwin expressed concern that the bridge analysis was understated and therefore the swing year on year was higher, which seemed unrealistic, and that there is a potential sizeable risk in the budget. Accountability had to be clear for delivery of this shift.

Jim Gollan summarised by stating that the plan would be recommended to the Board, with a focus on de-risking and performance management.

5.3 Draft Capital Programme 2012/13

The Committee questioned whether the £11.7m allowed for in the capital programme would be spent. It was confirmed that most of the big projects were necessary for delivering the overall strategy, and therefore these would be pushed for completion. It was also confirmed that the plan had been built on a “bottom up” basis.

6. Commercial Group

6.1 Minutes of meeting held on 9th February 2012

The minutes were noted.

6.2 Feedback from meeting held 8th March 2012

Noted.

7. Capital

7.1 Capital Reports to 29th February 2012

The capital report was noted.

7.2 Minutes of the Capital Control Group meeting held on 5th March 2012

The minutes were noted.

8. Service Line Reporting Quarter 3

The Committee thanked the SLR team for the informative report and asked that a presentation be given to a future Finance Committee

DIB

meeting. This should cover the 3 key issues of where money is being spent, and where there is scope to make improvements.

The Assistant Director Financial Management explained that more focussed reports are being piloted to enable Divisions to narrow down services to be reviewed.

The Director of Workforce and Occupational Development suggested that Performance Management be added to the Schedule of Business for later in the year which should include use of SLR data.

PD

9. Council of Governors: Reimbursement of Expenses

This proposal was approved.

10. Charitable Funds

The quarter 3 report was noted.

The item relating to the review of the Charitable Fund was deferred to the April meeting. The Committee will consider how to either accelerate the spending of funds or justify why funds are being held rather than spent.

11. Identification of Financial Risks

11.1 Financial Risks

Nothing new to be added.

11.2 Key Points to take to Trust Board

- The 2012/13 budget proposal.
- Epsom assumptions

12. Items for Information

12.1 Schedule of Business

It was requested that Lean Marketing be added onto the schedule.

PD

12.2 Business Cases Approved by TEC

The business case was noted by the Committee.

12.3 Tender Waivers >£50k

There were no such tender waivers in February 2012.

13. Any Other Business

None.

14. Date and Time of Next Meeting

Wednesday 18th April 2012 at 8.30a.m. in the Level 2 Seminar Room, St. Peter's Hospital