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

TRUST BOARD
26th May 2011

TITLE	**Minutes of the Finance Committee meeting held on 20th April 2011**
EXECUTIVE SUMMARY	The minutes of the Finance Committee meeting held on 20th April 2011 are attached for noting. The key points are: - ▪ **Finance Report to 31st March 2011** – reviewed the draft results for the financial year which showed that a surplus of £3.3m, CIP's of £9.0m and a Financial Risk Rating of 4 had been achieved; ▪ **Monitor Compliance Return Quarter 4** – reviewed the finance elements of the quarter 4 Monitor compliance return and in particular scrutinised the declaration regarding achieving a minimum Financial Risk Rating of at least 3 over the next four quarters; ▪ **Service Line Reporting** – reviewed the SLR data for the period to 31st December 2010 noting that patient level detail was now available; ▪ **Budget 2011/12** – reviewed the revised budget for 2011/12 reflecting the agreement reached with NHS Surrey and previous Board discussions. It was agreed that the Trust Board be recommended to approve the budget; and ▪ **Monitor Three Year Plans** – discussed and agreed the assumptions to be used in the finalisation of the Monitor Three Year Plans.
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 20th April 2011.
Submitted by:	Jim Gollan, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	18th May 2011
Decision:	For Noting

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

TRUST BOARD
Date: 26th May 2011

Title: Minutes of the Finance Committee meeting held on 20th April 2011

PRESENT:	Mr. Jim Gollan	Non-Executive Director (Chair)
	Mr. Peter Taylor	Non-Executive Director
	Mr. Andrew Liles	Chief Executive
	Ms. Valerie Bartlett	Deputy Chief Executive
	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Mr. John Headley	Director of Finance and Information
	Mr. Paul Doyle	Deputy Director of Finance
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director Financial Management
APOLOGIES:	Mr. Terry Price	Non-Executive Director
	Ms. Suzanne Rankin	Chief Nurse

Actions

1. Apologies

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

2. Minutes of the Meeting held on 23rd March 2011

The minutes of the meeting held on 23rd March 2011 were agreed.

3. Matters Arising

(i) Action Points List

All action points due for this meeting were listed as agenda items.

4. Activity, Workforce and Finance

(i) Activity Report

The Deputy Chief Executive summarised the key movements for March which included the highest amount of elective work since the start of the winter pressures in December 2010. This elective work is set to remain at this level for the first quarter of 2011/12 to clear the backlogs that have arisen. The full year result for maternity inpatients shows a 6% increase on plan, which is a reflection of the hard work that has been done in that Division to attract women to the Trust, with the number of births for the year being over 4,000.

The Director of Finance and Information questioned whether the day case figures were at a maximum. The Deputy Chief Executive explained that there is still capacity to increase day cases, as the Trust is aiming to achieve a theatre utilisation rate of 85%.

The Deputy Chief Executive flagged the need for the Divisional Accountants to provide ongoing support to the Divisional General Managers in profiling and forecasting elective activity, as this would be an important driver in 2011/12.

VB

Jim Gollan requested that an analysis of the growth in 2010/11 compared to 2009/10 be brought back to the meeting in two months time so that the Committee could understand the drivers, what was changing in the system and the effect of counting changes.

(ii) Workforce and Benchmarking

The Director of Workforce and Organisational Development presented the updated Workforce Report, which included benchmarking against other FT's in the region. The report is still being developed.

Two issues that were highlighted in the report were the high vacancy rate in Healthcare Assistants and Support staff (14.6%) and the high proportion of Admin and Clerical staff compared to other SEC FT's, and these would be focussed on during 2011/12 with regular reports being brought to the Committee.

(iii) Medical Agency Review

The Director of Workforce and Organisational Development presented an update on the use of medical agency which shows an upward trend in the last six months. Work is being done to bring this down in the next three to six months; however progress has been slow, despite Divisions setting their own targets. The Deputy Chief Executive stated that Divisions were struggling, but the scrutiny would be maintained, and local solutions continue to be sought.

Peter Taylor asked that a comprehensive plan on reducing medical agency usage be brought to the Committee in three to four months' time. RB

(iv) Finance Report as at 31st March 2011

The Deputy Director of Finance presented the Finance Report, summarising the financial position which showed a surplus of £3.3m as planned, and EBITDA of £16.7m, which was lower than plan, but in line with forecast. The capital programme was £1.8m under-spent for the year, and a review would be undertaken to potentially allow some of the projects that were not undertaken this year to be fulfilled in 2011/12.

The Deputy Chief Executive suggested that further focus be given to explaining EBITDA, as it would be a much tougher climate in 2011/12.

Jim Gollan requested that the Financial Management team produce a report of the key underlying revenue and cost drivers in the Divisions, with a view to using these to focus the Finance Report, and explain the movement in EBITDA. The Director of Finance and Information agreed that the Finance Report would be reviewed to ensure it continued to be appropriate for the needs of the Committee. DIB

The Chief Executive enquired about the nature of the bad debt raised in March. The Deputy Director of Finance explained that it related to

prudent estimates based on the year end reports.

It was acknowledged by the Committee that the Finance Team had done a good job in managing the finances during the year and delivering the target surplus and CIP programme.

(iv) CIPS Balance Scorecard

The Committee noted the CIP's balanced scorecard, and that the CIP target had been achieved for the year. The Chief Executive suggested that in future the report reflected more clearly the risk associated with various schemes to ensure the position was clearly understood. This risk being triangulated with Trust and external assessments. JH

5. Monitor Compliance Return Quarter 4 2010/11

The quarter 4 Monitor Compliance Return was tabled at the meeting. The Deputy Director of Finance summarised the return, stating that an overall Financial Risk Rating (FRR) of 4 was achieved for the year, in line with plan.

The Committee discussed the two advisory risks that had been flagged up in the return, noting that one was an error in the return relating to the period prior to the Trust obtaining FT status.

The report also included a quarterly breakdown showing that an FRR of at least 3 would be achieved for each quarter of 2011/12, which the Board is required to sign-off on submission of the plan to Monitor. Jim Gollan requested that a sensitivity analysis be provided to the Committee members ahead of the next Board meeting to enable them to provide assurance on the quarter one metrics. PD

6. Service Line Reporting – 31st December 2010

The Director of Finance and Information provided a brief update on the quarter 3 result, and background of the journey of SLR within the Trust to date. A presentation would be given prior to the next Board meeting on the SLR system and patient level costing; therefore the report was not discussed in detail.

The Assistant Director, Financial Management explained that currently the major issues with the data were apportionments relating theatre time, medical staff time and clinical supplies. The theatres data has improved since the introduction of the Bluespier theatre system in quarter 3, and it is expected this will continue to improve as the system is better utilised. The medical staff time is being reviewed for quarter 4 with Surgery, T&O and Paediatrics, with a view to continuing to work with speciality leads on this issue as they become better versed in patient level costing. This is also the case with the apportionment of clinical supplies.

Jim Gollan requested that two clinicians be asked to present their views on SLR when the quarter 4 data was presented to the Committee. The programme 6 objectives and deliverables for 2011/12 would be presented to the Committee at the same time. JH

The Chief Executive asked for the market share and profit graph be included with future quarterly reporting. DIB

7. Budgets/Plans 2011/12

(i) 2011/12 Budget

Following the discussion held at the March Trust Board meeting, an updated version of the 2011/12 budget, reflecting a £2.1m surplus and Monitor FRR of 3 was presented to the Committee. This budget was approved by the Committee and would now be presented to the Board.

(ii) Monitor Three Year Plan

The assumptions for the Monitor three year plan was presented to the Committee and a debate followed around the Monitor planning cycle and internal strategic planning. It was agreed that strategic planning be raised at the Trust Board, with a view to introducing some form of scenario modelling and analysis to support decision making. AL

The Committee approved the assumptions to be used for the plan.

8. Capital

(i) Review of Capital Finance Options

The paper was noted by the Committee.

(ii) Capital Control Group – Terms of Reference

These were noted by the Committee. Peter Taylor raised two points, one around the need for ongoing scrutiny of the Electricity Supply project, and the other around ensuring capital purchased being cost effective and best value.

(ii) Minutes of Capital Control Group meetings held on 7th March 2011 and 4th April 2011 (Draft)

The minutes from these meetings were noted.

9. Identification of Financial Risks

(i) Review of Corporate Risk Register

The Corporate Risk Register was reviewed by the Committee, and it was agreed that an item relating directly to EBITDA and the risk of not achieving the target should be included in the register. PD

(ii) Key Points to take to the Trust Board

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

- 2010/11 end of year result;
- 2011/12 Monitor quarterly compliance return;
- focus/review of EBITDA targets drivers;
- approval of revised budget for 201/12; and
- long term strategic planning methodology.

10. Items for Information

(i) Schedule of Business 2011

The revised Schedule of Business was noted.

(ii) Business Cases approved by the Trust Executive Committee

None.

(iii) Tender Waivers

There were two tender waivers in March and these were noted by the Committee.

11. Car Parking Proposals – Financial Aspects

The Director of Finance and Information explained the importance of car park charges to the Trust, and the need for car parking to be self funding. There is an ongoing need for organisations to promote a "Green Agenda" and encourage the use of alternative transport arrangements. This is in line with what other organisations are doing, and messaging to staff and patients should highlight this.

12. Any Other Business

There was no other business brought forward to the Committee.

13. Date and Time of Next Meeting

Wednesday 18th May 2011 at 8.30 a.m. at Level 2 Seminar Room, St. Peter's Hospital.