

TRUST BOARD
26th September 2013

TITLE	Minutes of the Finance Committee meeting held on 19th July 2013
EXECUTIVE SUMMARY	<p>The minutes of the Finance Committee meeting held on 19th July 2013 are attached for noting. The key points are: -</p> <ul style="list-style-type: none"> ▪ Financial Position as at 30th June 2013 – the Committee reviewed the month 3 financial position, noting the latest trends and the risks and opportunities associated with the forecast; ▪ Monitor Compliance Return – approved the finance element of the quarter one return to Monitor; ▪ Performance – discussed the formal addition of performance to the Committee’s objectives; and ▪ Annual Report to the Trust Board – discussed and approved the Committee’s annual report to the Trust Board.
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	The impact on stakeholders through the Trust achieving its required financial targets, hence enabling the appropriate investment into services and infrastructure.
EQUALITY AND DIVERSITY ISSUES	None that we are aware of.
LEGAL ISSUES	None that we are aware of.
The Trust Board is asked to:	Receive the minutes of the Finance Committee meeting held on 19 th July 2013.
Submitted by:	Jim Gollan, Non-Executive Director and Committee Chair
Date:	19 th September 2013
Decision:	For Receiving

Minutes of the Finance Committee meeting held on 19th July 2013

PRESENT:	Mr. Jim Gollan	Non-Executive Director (Chair)
	Mr. Peter Taylor	Non-Executive Director
	Mr. Clive Goodwin	Non-Executive Director
	Mr. Simon Marshall	Director of Finance and Information
IN ATTENDANCE	Mr. Paul Doyle	Deputy Director of Finance
	Dr. David Fluck	Medical Director
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	Ms. Valerie Bartlett	Deputy Chief Executive

Actions

1. Introductions and Apologies

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

2. Minutes of the Meeting held on 19th June 2013

The minutes of the meeting held on 19th June 2013 were agreed.

3. Matters Arising

3.1 Actions List

Action point 4: This has been completed and can be removed.

Action point 6: Clive Goodwin clarified what analysis was required. A report that shows the relationship between increased income and related cost increases, highlighting the amount of inefficiency that is introduced by increased activity (e.g. agency premiums driven by case mix shift).

This led to a discussion around the shift in the system driving the quarter one costs. The Director of Finance and Information explained that in quarter one, the Trust had strived to meet the A&E target, but it couldn't sustain the level and type of expenditure. Most of the pay overspend is in Medicine, and it isn't possible to achieve efficiencies at the current capacity as the bed base cannot be reduced. Therefore the Division is struggling to deliver any CIP's in the current dynamic.

Jim Gollan summarised stating that managers were making the best of what they had to ensure they were doing the best for patients, and queried whether this should be a normal form of analysis as part of an on-going business as usual performance report. The Director of Finance and Information suggested that it should be business as usual and needs to be part of a suite of reports for performance monitoring.

All other action points were either completed, not yet due or agenda items.

3.2 Action point 1 - Temporary Staff Project Brief

Jim Gollan questioned how this project would be different from previous ones. The Director of Finance and Information explained the changing face of Workforce, including partnership working. The Trust is about to roll out its internal bank initiative, which will provide one source of data and more visibility on the actual temporary staff usage within the hospital. The team still needs to line up all elements of the system from recruitment to reporting, including a weekly payroll for bank. Jim Gollan asked what the governance will look like. The Director of Finance and Information confirmed that the project team was waiting for the Chief Nurse to get back before finalising.

The Director of Finance and Information mentioned that there were too many “last minute” shifts which went uncovered and also that, currently, too much agency was used to cover planned vacancy. Also recruitment and turnover remained significant issues.

Clive Goodwin asked which areas needed to change behaviour or up their game. The Director of Finance and Information stated that the recruiting managers had to address over reliance on temporary staff and properly plan their workforce.

Jim Gollan stated that the issue needed to be escalated to the Board, as, whilst there is a project with PMO disciplines, the Trust has been here several times before. There is a threat to the delivery of financial targets this year if this initiative doesn't work. It was suggested that the responsibility be shifted to the Workforce and Organisational Development Committee which should report back to the Finance Committee in two to three months.

JG/SM

LM/CS

4. Finances as at 30th June 2013

4.1 Operational Performance Report

The Director of Finance and Information summarised the report, confirming that it was not signalling any issues, but that it took a lot of effort to hit the A&E target. Backlogs in pain management had been cleared but Urology was still struggling in outpatients. The recruitment of consultants in Urology is a sticking point as there is a supply problem of urologists.

Jim Gollan asked what the tipping point was when it was decided that a service could not be offered due to resource issues. The Medical Director explained that it depends on the service, but discussions were currently being held with some services to decide if they are viable. Peter Taylor asked whether the Trust can work with partners and the Medical Director confirmed that this is being looked at as there were opportunities.

4.2 Finance Report

Jim Gollan suggested the issues be addressed via the risk analysis document which was circulated, and then also to discuss the cash position, as the current reasons for the pressures had already been discussed in section 3 above.

The Director of Finance and Information stated that there were a number of factors, but the main issues were that cash was up from not spending on capital, but down from not invoicing CCGs sufficiently under SLA's as well as current contract over-performance.

Jim Gollan questioned what type of schemes revenue CIP's were as they made up a high proportion of May and June CIP's. The Director of Finance and Information told the Committee that almost 20% of the total CIPs are income/revenue schemes, for example, new business from halo procedures, new Gynaecological procedures and new contracts in ophthalmology.

4.3 Metrics

The Director of Finance and Information provided a hand out which showed the top level indicators. The Trust is in the top 30 or 40 out of 118 (upper quartile) in terms of performance. The Director of Finance and Information explained where the issues were.

The SLR metrics will be circulated when available.

SM

4.4 Forecast and Risk/Opportunities

The Deputy Director of Finance talked through paper setting out the risks and opportunities in relation to the financial forecast for 2013/14. These covered:

- Data challenges;
- Readmissions;
- Non-elective threshold;
- CQUIN's;
- Over-performance;
- CIPs;
- Winter pressures;
- Reserves; and
- Impairments.

The Director of Finance and Information highlighted the three most significant issues as: (i) medicine pay (CIP's and other pressures); (ii) emergency threshold and (iii) CQUIN Delivery.

The most difficult one is Medicine pay (particularly agency pressures) – with extra resources required to prop up the system as well as vacancies. There is an issue with pace – it was expected that there would be some recovery in July, but with the heat wave this hasn't happened. If the Divisions overspend continues at the current rate, then the overall Trust forecast will have to be reviewed. Jim Gollan stated that the Board would need to be warned.

The Medical Director stated that the Trust will need to decide how much value some of the additional resources (e.g. twilight docs) are adding.

4.5 Capital Report

The Deputy Director of Finance stated that the Trust will have an issue with Monitor based on the quarter 1 outturn, and they will probably ask the Trust to re-forecast the capital programme. The biggest issue was delayed spending on scopes and the hybrid theatre, and in addition a small number of accruals were missed.

The Director of Finance and Information explained how the Cath Lab will be financed. The economic substance is a rental lease for the full useful life of the kit. Essentially a managed equipment service.

4.6 Monitor Compliance Return Quarter 1

Debtors and capital expenditure were the two indicators that flagged up. In the quarter one return. Jim Gollan suggested that this return be brought to the Board in conjunction with the risk table so that it's in context. The Trust should sustain a 3 rating for 12 months. Jim Gollan asked whether the Committee was happy to recommend the report, subject to known risks, and that this is a reasonable reflection of the current situation. The Deputy Director of Finance was asked to provide some sensitivity analysis to the Trust Board on the projected financial risk rating.

SM

5. Reference Cost Collection 2012/13

The Deputy Director of Finance explained the process involved in completing the Reference Cost exercise, including the process undertaken to validate the output. Jim Gollan requested that any significant issues be reported to the Committee; otherwise no further action was required.

6. Annual Report of the Committee to the Trust Board

Jim Gollan summarised the report and highlighted that embedding strategic planning with financial planning was the most significant issue to be addressed. What is done for Monitor is sufficient, but there is a need to get a better strategy and financial and scenario analysis. The Committee agreed to recommend the paper to the Board.

7. Provision of Transaction HR, Recruitment and Payroll/Pension Services

The Director of Finance and Information explained that the Trust Executives had already reviewed the options and agreed that the Trust would keep the transactional processing in-house and explore partnership opportunities.

8. Finance Committee – Performance Review

Jim Gollan summarised some terms of reference from existing “Finance and Performance Committees”, most of which are already covered by the Finance Committee, even though they aren't stated in the objectives, because activity is interlinked with financial performance.

The Director of Finance and Information responded that the intention would be to try to keep it at a high level in context of how it ties in with finances - therefore it would be brought into the reports at a high level and therefore would support the proposal attached to the agenda item.

The aim would be to provide a one page report of financial performance, with a list of operational drivers, indicating clear price/volume mix relationships, and this could be covered by the efficiency metrics report. Jim Gollan mentioned that some operational issues may not have a direct financial consequence. The Committee requested that, if the Deputy Chief Executive could not attend a particular meeting, a replacement attend, as this was a necessity for constructive discussions on operational performance.

SM

9. Identification of Financial Risks

9.1 Items for the Risk Register

No new items noted.

9.2 Key Points to take to Trust Board

These were:

- Monitor quarter 1 submission and
- The temporary staffing project and the potentially impact on the deliverability of the forecast.

10. Items for Information

10.1 Schedule of Business

Noted.

10.2 Business Case Approvals

The cases were noted.

10.3 Tender Waivers >£50k

There were no tender waivers in excess of £50,000 in June.

10.4 Monitor Quarter 4 Sector Review

The Committee noted the review.

11. Any Other Business

Jim Gollan proposed not to have a formal meeting in August. This was agreed however the Finance Report and risk table should be circulated as usual.

PD

12. Date and Time of Next Meeting (NOTE CHANGE IN DATE – no meeting in August 2013)

Wednesday 18th September 2013 at 8.30am in Room 2, Chertsey House, St. Peter's Hospital