Ashford and St. Peter's Hospitals NHS
NHS Trust

TRUST BOARD
27th May 2010

TITLE	**Draft minutes of the Finance Committee meetings held on 19th May 2010.**
EXECUTIVE SUMMARY	The draft minutes of the Finance Committee meeting held on 19th May 2010 are attached for noting. The following are the key points: - ▪ **Finance Report to 30th April 2010** – figures showed that the Trust had a surplus against budget of £24k. It was noted that over-performance in activity in month 1 was mainly in emergency work and further work was underway to understand the effect of the non-elective cap on income; ▪ **Cost Improvement Plans** – reviewed a paper setting out the proposed three year CIP's for 2010/11 to 2012/13 and the governance arrangements to manage the plans**;** ▪ **LTFM** – reviewed changes to the LTFM, noting that the model had been rolled forward one year and the working of a further downside for the potential loss of further SLA income; and ▪ **Review of Terms of Reference** – reviewed the current Terms of Reference of the Committee.
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 draft minutes of the Finance Committee meeting held on 19th May 2010.
Submitted by:	Peter Taylor, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	19th May 2010
Decision:	For Noting

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Draft minutes of the Finance Committee Meeting held on 19th May 2010

PRESENT:	Mr. Peter Taylor	Non-Executive Director and Committee Chair
	Mr. Terry Price	Non-Executive Director
	Mr. John Headley	Director of Finance & Information
	Ms. Valerie Howell	Deputy Chief Executive
	Mr. Andrew Liles	Chief Executive
IN ATTENDANCE:	Mr. Paul Doyle	Deputy Director of Finance
	Mr. Barrie Jones	Assistant Chief Operating Officer
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director Financial Management
APOLOGIES:	Mr. Norman Critchlow	Non-Executive Director
	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Ms Caroline Becher	Chief Nurse

Actions

1. Apologies

These were as noted above.

It was noted that Andrew Liles is only required to attend every alternate meeting, and should therefore not be listed as an apology for those meetings he is not due to attend.

2. Minutes of the Meeting held on 21st April2010

The minutes of the meeting held on 21st April 2010 were agreed.

3. Matters Arising

(i) Action plan for agency

The Deputy Director of Finance confirmed that weekly meetings are now being held with Finance, Workforce and Operations in order to review Medical Agency spend with a view to present the findings and action plan to the committee in July 2010. This was on the Schedule of Business for July.

Peter Taylor asked that the plans be robust and complete so that the details could be presented to the Trust Board at a later stage.

(ii) Balanced Scorecard

It was noted that the Balanced Scorecard had now been added to the

Schedule of Business for the Board.

(iii) Referral Trends

Peter Taylor asked whether the information was available, and the Deputy Chief Executive stated that work had been done on obtaining the data, but that further refinement of the information was required in order to present a condensed and meaningful summary to the Finance Committee at its next meeting. Peter Taylor stated that if this condensed version was not possible, that the Finance Committee be notified. VH

(iv) Action Points List

All other items on the Action Points list had been either been completed, were not yet due or were agenda items.

4. Finance, Activity and Workforce

(i) Finance Report as at 30th April 2010

The Director of Finance and Information presented the Finance Report for the month to April 2010 to the Committee and noted that there were some gaps in the report due to activity and other information not yet being available. It was confirmed that an updated version would be circulated to the Finance Committee. PD

The Director of Finance and Information highlighted the issue of the cap on non-elective income, and mentioned that the impact of this cap had been anticipated and allowed for in the 2010/11 budget. The full extent of the impact of this cap is not yet known, as non-elective admissions continue to increase, but ongoing analysis will be undertaken.

Terry Price requested that more detailed information about the impact of the non-elective cap, both in actual YTD performance and forecast performance, and related to expected activity, be provided in the monthly report. The Deputy Chief Executive suggested non-elective activity information should be broken down to 12 hourly detail for forecast purposes to ensure focus on non-elective admissions. PD

There was discussion about where section 2.4 should appear in the report, and it was agreed it should take a more prominent place. Peter Taylor requested that further details be provided around key action items, for example, whether issues were one-off occurrences or ongoing and the likely impact of these issues on forecasts. Furthermore, ongoing updates on the effectiveness of mitigating action and the need for revised plans should also be included. It was acknowledged that these changes may not be included immediately, but that the intention to do this in future reports be flagged with the Trust Board. JH

The Deputy Director of Finance tabled an update on CIP performance for month 1. This showed a shortfall at month 1 of £81k against a target of £480k. Shortfalls would be picked up in the monthly Performance Meetings with the expectation that these Directorates make up any current shortfall. The Director of Finance and Information requested that the balance of the identified CIPS in excess of the budgeted £9 million should be included on the appendix for the finance report for information purposes. DIB

Peter Taylor suggested that the Board be reminded that the Finance report is intended to place a demand on the entire organisation for better forecasting. JH

It was also noted that a quarterly Finance report would be tabled at Board meetings, including a robust quarterly forecast. An initial version based on quarter 4 2009/10 would be tabled at the June Board meeting, with the expectation that 2010/11 quarterly information would be presented from August 2010. DIB

5. Long Term Financial Model

(i) Updated Version

The Director of Finance & Information presented the paper highlighting the amendments that had been made since the last version of the Long Term Financial Model. The 2009/10 figures now reflects the unaudited month 12 outturn position; 2010/11 now shows the revised budget, and the model now extends to 2015/16. In 2010/11 income is aligned to the NHS Surrey SLA less £1.5m demand management/contract challenge and the Cardiology service development base and downside scenarios have been updated. The cardiology case now includes a less capital intensive base case, and an assumption that the non-elective cap will not apply to cardiology work commissioned in from other areas.

Peter Taylor asked that Cardiology presents a paper on the matter to the Trust Board, after it has been presented at TEC. JH

The Committee discussed and noted the updated LTFM figures.

The issues around NHS Surrey were discussed in detail, and it was noted that £5m had been identified as ASPH Trust's share of the £25m savings target NHS Surrey needed to achieve. The Director of Finance & Information highlighted that the £25m target would probably not be achieved in 2010/11 and therefore the £5m has been apportioned as £1.5m already identified in Base case, a further £1.75m to be delivered in 2010/11 and £1.75m to be achieved in 2011/12. This had been modelled as a Downside scenario.

The Committee then discussed potential issues that may arise in the form of the non-elective cap in terms of activity increasing further than currently expected, and it was also suggested that a further downside (or scenario) be considered for the next iteration.

Peter Taylor also asked for more explanation around the Monitor metrics, and Terry Price requested an example calculation based on the information in appendix 10 of the finance report. PD/DIB

Peter Taylor confirmed that the LTFM should be signed off by the Board. JH

(ii) Three Year Medium CIP Programme

The Assistant Chief Operating Officer updated the Committee on the document that has been provided to the SHA on the 2011/12 and 2012/13 CIP Programmes and governance arrangements.

Peter Taylor suggested that the longer term objectives and possibility of further savings to be identified should be included for the purposes of discussion by the Board. BJ

Andrew Liles noted that all the schemes were cross directorate (i.e. not directorate specific) and requested that a 1% reduction target be applied to the directorates, over and above the schemes already identified. This is to ensure ownership of CIPs is maintained, and to encourage continuous focus on cost saving measures within directorates. BJ

Furthermore, the Chief Executive requested that a clear programme of Workforce Redesign be incorporated to ensure expectations are clearly identified, and that a broad target of 4.5% overall CIP target be accepted as a maximum, in light of a fixed income being anticipated in future years, and the need to ensure sufficient margin be built in for underachievement. The Assistant Chief Operating Officer is to undertake a review of the growth in workforce in line with activity over the last two years in order to identify specific areas of growth, with a view to ensuring a curb on future workforce activity related growth given income is expected to be fixed. BJ

The Assistant Chief Operating Officer advised that a Scorecard is being developed in order to assess the progress of the CIP programmes, and Peter Taylor requested that this include a probability rating to flag any potential gaps. This should be presented to the Finance Committee in June. BJ

6. Draft Annual Accounts 2009/10

The Deputy Director of Finance presented the draft annual accounts for 2009/10. Terry Price stated that he had a few comments that he would forward outside of the meeting.

The Deputy Director of Finance specifically noted that the Breakeven Deficit had now been cleared, and it was agreed that this should be brought to the attention of the Board, as the diligence required in respect of this has now been fulfilled.

7. Terms of Reference Review

The Committee reviewed the Terms of reference and made a number of proposed changes. It was agreed that an amended version would be brought back to the June Committee meeting for final ratification prior to being passed to the Trust Board for approval. PD

8. Identification of Financial Risks

(i) Items for Risk Register

To ensure that the non-elective cap issue is covered in the Risk Register with that relating to CBSA data removed.

(ii) Key Points to take to Trust Board

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

- Reviewed month 1 position and discussed the issue of the non-elective cap on the results;
- Reviewed CIP plans for the next three years;
- Updated LTFM was reviewed; and
- Reviewed Terms of Reference.

9. Items for Information

(i) Schedule of Business 2010/11

The Committee noted the draft Schedule of Business for 2010/11.

(ii) Business Cases approved by the Trust Executive Committee

The Committee noted that there were no Business Case approved by the Trust Executive Committee in April.

(iii) Tender Waivers

It was confirmed that the Director of Finance & Information had sent a communication out to the Trust advising the new Waiver limits and stating that no more tender waivers will be accepted unless for exceptional items.

The Committee noted the Tender Waivers Report.

10. Any Other Business

The Director of Finance and Information provided a summary of the SLR discussion at the recent TEC meeting, highlighting that feedback had been positive, and that there was engagement from the directorates to use SLR information. He noted that further resources would be required to make information available more quickly, and to a greater degree of detail.

Peter Taylor offered to give a presentation to Committee members on Policy Deployment from a marketing perspective in regards to using Lean methodology. PT

11. Date and Time of Next Meeting

Wednesday 16th June 2010 at 8.30 a.m. at St. Peter's, Level 2 Seminar Room.