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

TRUST BOARD
28th April 2011

TITLE	**Minutes of the Finance Committee meeting held on 23rd March 2011**
EXECUTIVE SUMMARY	The minutes of the Finance Committee meeting held on 23rd March 2011 are attached for noting. The key points are: - ▪ **Finance Report to 28th February 2011** – the results showed that the Trust had a small surplus against budget, CIP's are on forecast and the year end forecast remained at £3.3m; ▪ **Imaging Equipment** – discussed a revised paper on a proposed managed equipment service covering Imaging equipment. It was agreed that this could proceed to tender; ▪ **Non-Elective Initiatives** – reviewed a paper on the non-elective initiatives being planned and discussed the new Programme Management Office; and ▪ **Budget 2011/12** – the Committee received and scrutinised the budget for 2011/12 and in particular noted the ongoing discussions with NHS Surrey. It was agreed that the Trust Board be recommended to approve the budget.
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 23rd March 2011.
Submitted by:	Jim Gollan, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	20th April 2011
Decision:	For Noting

Ashford and St. Peter's Hospitals NHS
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Minutes of the Finance Committee meeting held on 23rd March 2011

PRESENT:	Mr. Peter Taylor	Non-Executive Director (Chair)
	Mr. Terry Price	Non-Executive Director
	Mr. John Headley	Director of Finance and Information
	Mr. Paul Doyle	Deputy Director of Finance
IN ATTENDANCE:	Ms. Colleen Sherlock	Head of Workforce Intelligence
	Ms. Karen Lillington	Associate Director Operations
	Mr. John Hadley	Divisional Director, Surgery
	Mr. Jim Gollan	Non-Executive Director Designate
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director Financial Management
APOLOGIES:	Ms. Valerie Bartlett	Deputy Chief Executive
	Ms. Raj Bhamber	Director of Workforce & Organisational Development

Actions

1. Apologies

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

2. Minutes of the Meeting held on 16th February 2011

The minutes of the meeting held on 16th February 2011 were agreed.

3. Matters Arising

(i) Action Points List

The Committee discussed all actions that were not covered by separate agenda items and agreed which were to be carried forward.

(ii) Management Costs

The Assistant Director, Financial Management presented an update on the paper submitted in February 2011 relating to projected full year management costs of the Trust, compared to 2009/10. The forecast figure had reduced since last month, and a detailed breakdown of the variances to 2009/10 was provided.

The current management cost report will no longer be required from 2011/12, and therefore the Committee has requested a new internal definition to measure these administrative overheads so that they can be monitored regularly. CS

(iii) Imaging Equipment Proposal

The Director of Finance and Information provided an update on the paper that was presented to the Committee in February 2011. It was explained that several pieces of imaging equipment would need to be replaced over the coming years at a significant cost. This would either need to be funded from the existing capital programme, which would impact on the ability to carry out any other capital projects, or the purchasing and management of the equipment could be outsourced either entirely (which is expensive) or acquired through a managed equipment service.

The Committee agreed that the proposal for a managed equipment service should go out to tender, and once the process had been completed, the tender amounts should be compared with existing costs and the costs of purchasing outright, and a decision be taken at that point. It was also suggested that a review of the LTFM be undertaken to ensure there are no other issues which had not been previously been identified.

(iv) Report on Non Elective Initiatives

The Associate Director of Operations presented a paper on reducing the non-elective activity in the Trust, and explained that a renewed focus has been put onto this project in light of the fact that a projected £6.2m would impact the Trust in 2011/12 if nothing was done. The various proposals were discussed, and it was explained that the new programme management office would be involved in delivering these projects to ensure results are achieved.

Terry Price suggested that the Unscheduled Care paper be presented to the Trust Board in April, including a forward plan and progress updates which could be reviewed by the Board regularly. KL

4. Activity, Workforce and Finance

(i) Activity Report

The Director of Finance and Information presented the Activity Report and highlighted that the key issues driving activity were case mix, especially the drop in elective work, and the flow of patients through the hospital.

Peter Taylor suggested that the Divisions needed to gain an understanding of the current market to better address the capacity issues. This would be raised as an issue at the next Trust Board.

(ii) Workforce and Benchmarking

The Head of Workforce Intelligence presented the updated Workforce Report, which included benchmarking against other FT's in the region.

It was also noted that there was a high level of locum and agency medical staff in February, which could also be driving up admissions or slowing down discharges as these non-Trust employees may not feel empowered to make decisions.

It was noted that the benchmarking report is still being developed and

would therefore be subject to change in future.

(iii) Finance Report as at 28th February 2011

The Director of Finance and Information provided a summary of the Finance Report, explaining that whilst EBITDA was still behind target due to ongoing capacity issues impacting on elective work and causing a number of additional beds to be open during winter, the overall target was still on track, with £3m achieved year to date.

The Committee noted the finance report and that the Trust was still on track to achieve the target surplus of £3.3m.

(iv) CIPS Balance Scorecard

The Committee noted the CIP's balanced scorecard, and it was confirmed that the Trust was still on target to achieve £9m CIP's as planned.

5. Budget and Capital Programme 2011/12

The Director of Finance and Information presented the budget and capital programme for 2011/12, and provided the context in which the budget had been set, explaining that negotiations with NHS Surrey were still ongoing.

The budget, which would go for Trust Board approval in March, indicated a Financial Risk Rating of 4 and a capital programme of c£14m. Detailed three year plans were in the process of being prepared for the formal Monitor submission by 31st May 2011.

The Committee discussed the budget and the main assumptions behind it. The Committee approved the budget noting that there was sensitivity around the surplus target depending on the outcome of contract negotiations with NHS Surrey. It was recommended that the Trust Board approve the budget subject to the resolution of this issue.

6. Top-Up Insurance

The Director of Finance and Information provided an outline of the current NHS risk share scheme and what liability it covers. Since the Trust has become a Foundation Trust, additional cover is required as the Trust is independent and will have to cover any commercial liability claim above the value covered by the Risk share scheme without assistance from the SHA.

Therefore a recommendation had been proposed to purchase "Top-Up" Directors and Officers Liability insurance (including charitable funds cover). This would cover, amongst other items, non-NHS work, a period of 6 years run-off (the current insurance only covers Directors whilst in post), and charitable funds.

The Committee supported the proposal.

7. Identification of Financial Risks

(i) Items for Risk Register

No Items were highlighted for addition to the Risk Register, however, it was suggested that the full list be brought to the Committee in April for review of the Finance related items, to assess validity of entries. 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: -

- Progress update on 2010/11 performance and confirmation that the Trust is still on track to achieve £3.3m surplus;
- 2011/12 Budget and Capital Programme including points for discussion around PCT negotiations; and
- Risk associated with activity levels, crisis management and the Trust response to winter pressures.

8. Items for Information

(i) Schedule of Business 2010/11

The revised Schedule of Business was noted. It was suggested that the following be amended/added: - PD

- Add Risk Register (finance items only) review to the April meeting; and
- Add feedback on Back/Middle office workshop held in March to the June meeting

(ii) Business Cases approved by the Trust Executive Committee

The Committee noted the business case to transfer three RMO posts at Ashford to SAS contracts that was approved by Trust Executive Committee, subject to confirmation on the financial aspect of the proposal. The Director of Finance confirmed that the financial proposition had been reviewed and accepted.

(iii) Tender Waivers

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

9. Any Other Business

The Deputy Director of Finance presented a copy of the Monitor review of the quarter 3 Foundation Trust data submission, which provided benchmarking data covering 132 FT's. The Trust has performed well compared to other FT's, achieving a green risk rating for Governance, a financial risk rating of 4 and an above average EBITDA margin.

10. Date and Time of Next Meeting

Wednesday 20th April 2011 at 8.30 a.m. at Level 2 Seminar Room, St. Peter's Hospital.