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

TRUST BOARD
29th March 2012

TITLE	**Minutes of the Finance Committee meetings held on 18th January 2012 and 15th February 2012**
EXECUTIVE SUMMARY	The minutes of the Finance Committee meetings held on 18th January 2012 and 15th February 2012 are attached for noting. The key points are: - ▪ **Finance Report to 31st January 2012** – reviewed the month 10 financial position of the Trust, the operational issues driving the results and the detailed forecast for the full year; ▪ **Business Planning 2012/13** – received an update on the process for business planning for 2012/13, including the latest on negotiations with NHS Surrey; ▪ **Treasury Management Policy** – reviewed and proposed changes to the Trust's Treasury Management Policy; and ▪ **CIP's** –.reviewed a self-assessment carried out by the Trust against Monitor best practice for CIPs
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 meetings held on 18th January 2012 and 15th February 2012.
Submitted by:	Jim Gollan, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	21st March 2012
Decision:	For Noting

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

TRUST BOARD
29th March 2012

Minutes of the Finance Committee meeting held on 18th January 2012

PRESENT:	Mr. Jim Gollan	Non-Executive Director (Chair)
	Mr. Peter Taylor	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
IN ATTENDENCE	Ms. Donna-Marie Jarrett	Associate Director, Health Informatics
	Ms. Aasiya Moreea	Head of Information
	Ms. Sheila Ashmore	Head of Procurement
	Mr. Andrew Thomas	Financial Consultant, Epsom Merger Project
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	Mr. Clive Goodwin	Non-Executive Director
	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 21st December 2011

The minutes of the meeting held on 21st December 2011 were agreed.

3. Matters Arising

3.1 Action Points List

3.1.1 Action point 2 and 3

These were deferred to the February meeting.

3.1.2 Action point 4

The Head of Information stated that the reduction in non-elective admissions had no impact on performance. The action point was deemed completed.

3.1.3 Action point 5

The document had been circulated before Christmas, and as no further questions arose, it was deemed as completed

3.1.3 Action Point 10

The Head of Procurement explained the processes and procedures the Procurement department operated within and invited the Non-Executive Directors to visit the department for further details of how procurement takes place.

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

4. Activity, Workforce and Finance

4.1 Activity Report

The Head of Information explained the graphs presented in the activity report, and pointed out that the data on appendix 5 was a like for like comparison to the prior year for non-elective activity, as counting changes had been normalised. This showed that non-elective admissions are down on prior year in real terms. . AM

4.2 Operational Performance Report

The Director of Finance and Information referred to the graph on page 4 of the report, which detailed average length of stay over the past 18 months. Recent trends show a declining length of stay. The community beds which opened in December will remain open until June following discussions with Community Services, and it is expected that this will help ease the flow issues in hospital.

4.3 Workforce Report

The Workforce Report was noted by the Committee.

4.4 Agency Report

The anticipated pressures related to winter resulted in higher than average use of nurse agency in December.

4.5 Finance Report

The Director of Finance and Information gave a high level summary of the performance, which showed income behind forecast, but expenditure due to winter pressures in line with expectations, and cancellations of elective work kept to a minimum in December.

The in-month variance was caused by an accounting change in donated assets, which increased the adverse variance by £137k.

It was also noted that there may be upside in the valuation figure posted, as this was an estimate, and it is expected the actual will come in lower.

4.6 Forecast and Assumptions

Peter Taylor pointed out that all the surplus is due to be earned in the last 3 months, which is a concern. The risk table in the Finance report was discussed, and the Committee agreed that the current forecast was a reasonable best estimate based on current information.

4.7 Monitor Compliance Return Quarter 3

The Deputy Director of Finance tabled a report which showed the only risk indicator which flagged up in quarter 3 was debtors. The main debtor is Hounslow PCT and the Trust is close to reaching an agreement on settlement.

In terms of the following twelve months the Committee considered the financial projections and concluded that a minimum risk rating of 3 would be achieved in each of the next four quarters. Approval of these items would be recommended to the January Trust Board meeting.

4.8 Changes to 2011/12 Accounts – Donated Assets/Grants

This paper, and the effects on accounting, was noted.

5. Commercial Group

5.1 Minutes of meeting held on 8th December 2011

The minutes were noted.

5.2 Feedback from meeting held 17th January 2012

Noted

6. Capital

6.1 Capital Report

The report was noted.

6.2 Draft minutes of Capital Control Group meeting held on 9th January 2012

The draft minutes were noted.

6.3 Business Case – E-Prescribing

The Committee agreed that the tender process should be initiated, and that the recommendations should be brought back once the figures had been finalised, as it was difficult to get a sense of which option would be most suitable from the existing data. The case should be brought back in April, and should include actual tender prices, and correct payback periods. DMJ

7. Epsom Transaction – Finance Update

Andy Thomas joined the meeting to present an update on the modelling of the transaction proposal. It was agreed that successful delivery of the project required detailed joint working which wouldn't be available until after February. Synergies in non-clinical areas had been progressed, but not for clinical areas due to difficulties in talking about plans at this stage. This will not be taken forward until more decisions had been made.

The Director of Finance and Information confirmed that the goal was to bring the financial side of the board presentation to the Finance

Committee in February. The Chief Executive mentioned that the focus would be on promoting the bid to local GPs and other stakeholders. The negotiations around the principles and quantum of any financial arrangements had commenced. Negotiations on clinical services and the heads of terms (especially in respect of warranties) were ongoing. Most of the funding for resourcing the transition period to any transaction had been agreed.

Jim Gollan pointed out that the Board needed to understand what they are and are not committing to and the risks involved with the binding "preferred bidder" status.

8. Business Planning Process 2012-13 Update

The Committee noted this paper.

9. Treasury Management Policy Review

The Deputy Director of Finance clarified that the paper was for discussing, not approving.

Four issues were discussed as follows:

1) Moody's rating: The Trust currently uses long term ratings (e.g. "AA2"), and it was proposed that this is switched to short term ratings (e.g. "P2) as the current investments usually don't exceed three months. The Committee supported this proposal.
2) Formal review of ratings: It was suggested that the policy should state that ratings be reviewed formally at given intervals. The Committee agreed with this proposal.
3) Should Santander be added to the list: Santander is not UK owned, and therefore there is a question around whether it is a greater risk. The Committee agreed that the risk is low, given that deposits are only held for three months at a time, and ratings will be formally reviewed regularly. Also, adding it to the list did not imply it would have to be used.
4) LIBOR vs. LIBID: It was agreed that the LIBID recommendation be replaced by three months LIBOR.

It was agreed that the Head of Financial Services subscribe to a "push" notification service on Moody's ratings, and circulate this to senior Finance team members on a regular basis. MM

The Committee agreed that once these changes had been made, the policy could be taken to the Trust Board for approval. PD

10. Identification of Financial Risks

10.1 Financial Risks

It was suggested that the risk table in the Finance Report (section 4.5 above) be further developed, and assurance given around whether mitigations are sufficiently robust.

The risks associated with the Epsom Merger project should be discussed at the February meeting. PD

10.2 Key Points to take to Trust Board

The following points were to be taken to the Trust Board:

- The Finance Committee supports the Monitor Return for quarter 3; and
- The forecast surplus of £1.0m is a reasonable best estimate at this point, but there are possible fluctuations.

11. Items for Information

11.1 Schedule of Business

Noted.

11.2 Business Cases Approved by TEC

The six business cases were noted by the Committee.

11.3 Tender Waivers >£50k

There were no tender waivers in December 2011.

12. Charitable Funds

12.1 Charitable Funds Spending Plans

Jim Gollan advised the Committee that a meeting had been held with Aileen McLeish, and it had been agreed to involve the Trust Medical Director with decisions on spending plans, and whether the report needed to go to the Trust Board.

12.2 Investment Policy

The point raised in the December meeting about ethical investments was discussed again. The Deputy Director of Finance explained that whilst the Board guidelines around investments are clear, the nature of the collective investments transacted by Barclays meant that control by the Trust was lost, unless an Ethical fund was used, and these have not performed strongly in the past.

The Chief Executive questioned whether there should be any speculation with investment of these funds, and Jim Gollan pointed out that safe investments would have low or no yield, and therefore would reduce spending power, unless the pace of spending was addressed.

Jim Gollan indicated that he would be preparing a paper for the March Trust Board on this issue and would meet with the finance team to discuss.

13. Any Other Business

None.

14. Date and Time of Next Meeting

Wednesday 15th February 2012 at 8.30a.m. in the Level 2 Seminar Room, St. Peter's Hospital.

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

TRUST BOARD
Date: 29th March 2012

Title: Minutes of the Finance Committee meeting held on 15th February 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
	Ms. Suzanne Rankin	Chief Nurse
	Mr. Ian McNuff	Integration Director
IN ATTENDENCE	Ms. Aasiya Moreea	Head of Information
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 18th January 2012

The minutes of the meeting held on 18th January 2012 were agreed.

3. Matters Arising

3.1 Action Points List

3.1.1 Action point 1

As the year is almost completed, it was agreed that this action should be removed.

3.1.2 Action point 2

Peer review of PMO processes by BT project manager to be undertaken. Action completed.

3.1.3 Action point 6

Work is underway to ensure regular meetings with Divisions regarding activity. Action is therefore completed.

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

4. Activity, Workforce and Finance

4.1 Activity Report

The Director of Finance and Information summarised the activity report, stating that the year to date trends continued into January, with case mix changes resulting in continued over-performance in income. The Head of Information explained the Divisional level breakdown in the report, and mentioned that the January A&E performance has improved since December.

4.2 Operational Performance Report

The Director of Finance and Information pointed out the length of stay continued to improve during January.

4.3 Workforce Report

The Workforce Report was noted by the Committee.

Several questions were raised around CIP recognition and head-count reductions, with concerns being raised about whether CIPs were translating into cash release.

The Director of Workforce and Occupational Development explained that the business planning process was integrated so consideration is given to workforce in light of planned activity. Vacancies are actively managed through the Vacancy Panel, but further work could be done to amend the CIP schedules if there are deviations from the original plan in terms of WTEs. It was also mentioned that a work group had been set up to focus on Nursing establishment in light of the Audit Commission report and the need to grow unqualified nursing body.

4.4 Finance Report

The Director of Finance and Information explained that January came in stronger than expected, and the Trust was still on target to hit the revised forecast of £1m, and it is anticipated that the over-performance in income above the threshold would be paid for. It was confirmed that CQUINS were not on target, but that this was accounted for in the forecast.

Clive Goodwin asked what the dynamic of the operation was given the tight margins. The Chief Executive explained that length of stay had reduced by 6% in the areas where Realtime had been introduced, and that focus was now being given to developing relationships with Assura to maximise income, and more work would be done on driving benefits from SLR in terms of isolating profit making work and eliminating loss making services. A new capacity plan was also being drawn up, which would ensure beds would be aligned to meet demand.

The Chief Nurse noted that operationally it appeared that the Trust was still fire fighting with very little room to manoeuvre, and therefore the capacity plan and operating at 90% capacity was very important to

provide headroom.

It was agreed that, the Committee would concentrate on the drivers of the 2012/13 Business Plan, including the new capacity plan and the CIP plan.

Jim Gollan suggested that two issues should be informed to the Committee in future:

1) Reporting the existing operational situation and financial impact
2) Indicating the accountability of the issues, and what is within management control, and what was not.

4.5 Forecast and Assumptions

The report was noted.

5. Commercial Group

5.1 Minutes of meeting held on 17th January 2012

The minutes were noted. It was suggested that the Deputy Medical Director be invited to join the Commercial Group. JH

5.2 Feedback from meeting held 9th February 2012

Noted.

6. Capital

The capital report was noted.

Jim Gollan asked whether the slippage in the Capital programme related to a failure to improve the hospital as planned. The Director of Finance and Information explained that it was more to do with logistical issues and delays in completing schemes.

It was requested that the future capital plan be brought to the next meeting. PD

7. Epsom Transaction – Finance Update

The Director of Finance and Information explained that the Trust was still working with the transaction team to rework the finances, and therefore no update could be provided at this time.

This rework had been triggered by the SHA in response to difficulties raised in producing a viable and affordable proposition because the original Memorandum of Information indicated a declining financial forecast for Epsom. Therefore the assumptions around activity, pay and tariff were being revised and the model would have to be redone.

The updated model would be discussed at the March board meeting. JH

8. Business Planning Process 2012/13 Update

The Committee noted this paper.

Clive Goodwin and Jim Gollan provided feedback on the session they attended:

- Process seemed to work well, with due diligence being followed, however, the Division concerned was a high performer;
- The quality of the conversation and body language was good, but it was not clear how deep the plans go, what the top priorities are or what success looks like;
- The business side appeared to be a light touch, with a very internal focus, not much focus on external factors;
- Executives take a lot of responsibility to knit plans together, but it was not clear how the Division fits into the longer term organisational goals or how the Divisional interdependencies met; and
- Plans were very detailed with many words, which made it unclear how it would really help organisation achieve its goals.

An updated business plan/budget would be brought to the next meeting.

9. CIPs Success Factors: self-assessment

The Chief Executive explained that consideration was now being given to 2013/14 and 2014/15 CIPs and the Director of Workforce and Occupational Development mentioned that a 2 year workforce change programme was being developed.

10. Identification of Financial Risks

10.1 Financial Risks

Nothing new to be added.

10.2 Key Points to take to Trust Board

There would be no Trust Board meeting in February.

11. Items for Information

11.1 Schedule of Business

It was requested that key strategic themes be identified and added to the agenda each month. JH

Jim Gollan mentioned that he was planning to bring a report on Charitable Funds to the next meeting and the March Board, as the Trust needs to decide the future of the fund, which is small, fragmented and storing up reserves which are not being spent. A decision needs to be made whether to spend funds more quickly or continue to store them up. This was not for the Finance Committee to resolve, but the paper should be reviewed by the Finance Committee before proceeding to the Trust Board.

11.2 Business Cases Approved by TEC

The two business cases were noted by the Committee. JG

11.3 Tender Waivers >£50k

There were no tender waivers in January 2012.

11.4 HFMA Finance Function Census 2011

The paper was noted, however, it was difficult to gauge whether action was required. The Finance department benchmarked well against other Trusts, with a lower than average WTE, however, it was not clear whether like for like comparisons were being made.

12. Any Other Business

None.

13. Date and Time of Next Meeting

Wednesday 21st March 2012 at 8.30a.m. in the Level 2 Seminar Room, St. Peter's Hospital