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

TRUST BOARD
29th September 2011

TITLE	**Annual Report from the Finance Committee to the Trust Board**
EXECUTIVE SUMMARY	As a formal sub-committee of the Trust Board the Finance Committee presents its Annual Report to the Trust Board for noting. The attached report was discussed and agreed at the Finance Committee meeting held on 17th August 2011 and summarises the key areas of activities over the last year in discharging its duties under its approved Terms of Reference. It also sets out its objectives for the coming year.
BOARD ASSURANCE (Risk) / IMPLICATIONS	The Board is assured by the scrutiny provided by the Finance Committee on financial matters and associated risks.
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 Annual Report from the Finance Committee.
Submitted by:	Jim Gollan, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	21st September 2011
Decision:	For Noting

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

TRUST BOARD
29th September 2011

Annual Report of the Finance Committee to the Trust Board

Introduction

The Finance Committee is a formal sub-Committee of the Trust Board with defined Terms of Reference and as such is required to prepare an annual report on its work and performance in the preceding year for consideration by the Trust Board. This report summarises the Finance Committees activity for the year to 30th June 2011.

Meetings

Meetings were held on the following dates during the period: -

21st July 2010	18th August 2010
22nd September 2010	21st October 2010
18th November 2010	16th December 2010
19th January 2011	16th February 2011
23th March 2011	20th April 2011
18th May 2011	22th June 2011

Membership and Attendance

The membership of the Finance Committee over the year is set out below along with the maximum number of meetings that could have been attended and actual number attended. Some members are required to attend alternate meetings hence a reduced maximum number. Each member (or fully briefed deputy) must attend a minimum of 50% of meetings during the year and this was achieved.

Name	Position	Max	Actual
Nadeem Aziz (Chair to December 2010)	Non-Executive Director	6	3
Peter Taylor (Chair January to March 2011)	Non-Executive Director	12	11
Jim Gollan (Chair from April 2011)	Non-Executive Director	3	3
Terry Price (to May 2011)	Non-Executive Director	11	10
Clive Goodwin (from June 2011)	Non-Executive Director	1	1
John Headley	Director of Finance and Information	12	12
Valerie Bartlett	Deputy Chief Executive	12	9
Raj Bhamber	Director of Workforce and OD	12	11
Andrew Liles	Chief Executive	6	5
Caroline Becher (to August 2010)	Chief Nurse	1	1
Suzanne Osbourne (August to December 2010)	Chief Nurse	2	1
Suzanne Rankin (from January 2011)	Chief Nurse	3	1

Note for the Chief Nurse attendance a total of 3 out of 6 meetings were attended.

The Committee is supported by the Deputy Director of Finance and Desiree Irving-Brown, Assistant Director, Financial Management who acts as Secretary to the Committee.

Terms of Reference

The Finance Committee reviewed its Terms of Reference at a meeting of the Committee held on 18th May 2011 and ratified them on 22nd June 2010.

A formal review of the Committee's workings and stakeholders views for future operation was undertaken by the incoming Chair of the Committee and concluded in May 2011. At the June 2011 meeting of the Committee its conclusions were discussed and actions agreed. This fed into the finalisation of the revised Terms of Reference. The review sought discussion on both style of meetings and substance and concluded that in respect of: -

Style

The Committee should focus on:

- Setting and monitoring financial strategy;
- Holding Executives to account;
- Reporting by exception;
- Identifying future opportunities and threats;
- Promoting a commercial culture;
- Separating the important from the unimportant;
- Identifying good as well as poor performance, trends, etc;
- Cutting to the chase in papers, presentations and discussions;
- Avoiding detailed dives into data;
- Setting priorities in taking action; and
- Injecting new thinking.

Substance

The Committee must make significant progress in the following areas by the end of March 2012:

- *Financial strategy:* Develop a 3 year Financial Plan*
- *Purchasing:* Review, and where necessary, improve on the terms of major contracts
- *Major projects:* Monitor progress and the realisation of benefits of major projects and other programmes or initiatives (e.g. CIPs, EQUIP, marketing and Estates)
- *M&A:* Oversee the financial aspects of the bid, and if successful, post-integration of Epsom*
- *Performance Management:* Develop Service Line Reporting and Patient Level Costing
- *Benchmarking:* Extend the use of relevant benchmarking of ASPH performance
- *Financial risk management:* Clarify the scope of the Committee's role in risk management and the status of each risk for which it is responsible. Initiate and monitor action where management assessment of residual risk or where lack of assurance of control status concerns the Committee.

* - consistent with the work undertaken under the direction of the new Strategy Committee

A new Commercial Group has been set up in the Trust and this group reports to the Finance Committee monthly. This group is reviewing Business Cases and some of the Trust's major contracts.

As part of this review it was also agreed that the governance process of reviewing Charitable Funds would be brought back formally into the remit of the Committee's Terms of Reference.

These revised Terms of Reference were then ratified by the Trust Board at its meeting held on 30th June 2011.

Progress/Achievements

In year the Committee has reviewed Activity and Workforce reports to aid its understanding of the Trust's finances. The Workforce Report was improved during the period and now includes benchmarking data. A new Operational Performance Report is now also received.

In addition it has received papers on non-elective cap initiatives, temporary staffing costs and management costs.

The Committee continued to review the Finance Report on a monthly basis to ensure that the Trust was able to meet its financial duties. The Finance Report has been amended to refocus on key risks and actions being taken with more emphasis on the forecast position.

In respect of the Trust's application to become a Foundation Trust in December 2010 the Committee received updates on the Trust's Long Term Financial Model, the private patient cap, working capital facility and the compliance framework. Subsequent to becoming a Foundation Trust the Committee has reviewed the financial aspects of quarterly Monitor Compliance Returns and the Monitor Three Year plans.

Other work undertaken by the Committee in the year to 30th June 2011 included reviews of: -

- capital programme
- waivers
- financial risks
- business cases within the Committee's remit under the Scheme of Delegation
- Service Line Reporting
- 2011/12 budget and capital programme
- debtor process
- development of balance scorecard (finance section)
- charitable funds
- review of a managed equipment service proposal for Imaging
- review of a proposal for a cardiology catheter laboratory
- reviewed a catering contract update.

Polices

The Committee has ratified policies on Treasury Management prior to formal Trust Board approval.

Objectives for the Next Year

The Committee will continue to focus on improving the financial reporting ensuring that the key issues and risks are identified and action plans put in place.

An action plan has been developed to address the seven items agreed under the 'substance' element of the Terms of Reference section above. These will be reviewed at forthcoming meetings of the Committee.

Conclusion

The Committee has complied with its Terms of Reference during the periods under review.

Jim Gollan
Finance Committee Chair, August 2011