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

TRUST BOARD
29th September 2011

TITLE	**Minutes of the Finance Committee meetings held on 20th July 2011 and 17th August 2011**
EXECUTIVE SUMMARY	The minutes of the Finance Committee meetings held on 20th July 2011 and 17th August 2011 are attached for noting. The key points are: - ▪ **Finance Report to 31st July 2011** – reviewed the month 4 financial position of the Trust and in particular the operational issues that had affected the results. It was noted that in addition there continued to be a shortfall on the Trust's CIP programme; ▪ **Monitor Metrics Quarter 1** – reviewed and ratified the financial Monitor Metrics for quarter 1; ▪ **Capital Schemes** – reviewed and approved the business case for the Telecommunications Resilience and received an update on the power infrastructure; and ▪ **Financial Modelling** – reviewed the model that the Trust would use for assessing the financial element of the bid for Epsom Hospital.
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 20th July 2011 and 17th August 2011.
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

Minutes of the Finance Committee meeting held on 20th July 2011

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
	Ms. Valerie Bartlett	Deputy Chief Executive
	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Mr. John Headley	Director of Finance and Information
	Mr. Paul Doyle	Deputy Director of Finance
IN ATTENDENCE:	Mr. Andy Thomas	Finance Consultant on Epsom project
	Mr. Paul Gilmore	CIPS Delivery Programme
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director Financial Management
APOLOGIES:	None	

Actions

1. Introductions and Apologies

There were no apologies to note. It was noted that the meeting constituted a quorum.

2. Minutes of the Meeting held on 22nd June 2011

The minutes of the meeting held on 22nd June 2011 were agreed.

3. Matters Arising

3.1 Action Points List

It was agreed that the first action point relating to the Trust Debt process would be removed and reported to the Audit Committee in future.

All other action points had either been deferred or were on the agenda.

4. Activity, Workforce and Finance

Jim Gollan stated that there had been an improvement in the reports submitted to the Finance Committee and that the Executive summaries were useful, the Capital Report was clearer, and the Commercial Group minutes indicated an ongoing improvement as well.

The Director of Finance and Information talked through a presentation (item 4.6), which provided a summary of the year to date financial performance of the Trust. It was proposed that the presentation be given at the next Trust Board if the Committee agreed.

The quarter one position was summarised including the position before and after a review of accruals and provisions to enable the underlying position to be understood. This showed that June was an improved month compared to April and May. The over-performance in income was explained in terms of both budget margin and variance to contract activity. The major drivers of expenditure for the first quarter were escalation beds; extra theatre lists; Medical agency and CIPs shortfall. The extra theatre lists were required due to deferred activity during winter 2010/11.

Peter Taylor asked for a reconciliation between the SLA Monitoring (SLAM) system and Oracle to be provided in the Finance report and Jim Gollan suggested a change in terminology on the SLAM table from "Price" to "Contract". DIB

The upward trend in emergency length of stay was discussed, and the Deputy Chief Executive explained that it related directly to the difficult flow of patients through the hospital and the impact of outliers.

CIPs were discussed, and the Director of Finance and Information confirmed that whilst the forecast had decreased slightly, it was robust and that several replacement schemes had been worked up, but were still being vetted. Peter Taylor expressed concern around the CIPS targets and that that they had doubled in 3 years. Long term planning was required to ensure this level of CIPS could be sustained.

The cash position was explained, with the current position being £3.5m adrift of forecast, half of which was due to performance/trading issues and the other half was due to balance sheet changes. Jim Gollan questioned how the £0.6m slippage in the capital program was reflected, and the Deputy Director of Finance confirmed that a closer review was underway to understand the variance.

The balance of year performance required to achieve the full year EBITDA target was discussed. An over-performance of £0.2m on the balance of year budget is required to achieve the target, which will require the CIPs to ramp up in order to ensure this is achieved.

The Financial Action Plan which the Executive Directors have implemented was reviewed, and Jim Gollan requested that the estimated financial gains should be included in the summary. The Director of Finance and Information stated that more work was required before this could be committed to, and the Chief Executive suggested that many of the benefits would be seen in the acceleration of the CIPs.

Following the presentation, Jim Gollan asked the Non- Executives to confirm that they were satisfied with the summary, including the review of accruals and provisions and the full year forecast.

Peter Taylor confirmed that he was happy with the summary, but added that the Trust was highly geared and therefore sensitive to small changes, and he felt the Trust Board should understand this. Peter Taylor confirmed that he was more comfortable with the review of accruals and provisions now that the underlying position had been explained

Clive Goodwin stated that he was still uncomfortable with the review of

accruals and provisions, but that it was overly prudent not to do it when there was a clear line of sight in getting back on track. He asked for the Financial Action Plan to be quantified, with mitigating upsides and potential downsides.

The presentation covered sections 4.1-4.7 below.

4.1 Activity

VB

Peter Taylor asked whether any of the activity on the report could be controlled. The Chief Executive recognised that the Trust had to get better control of the business. It was also asked whether length of stay could be predicted. The Committee asked that a schedule of initiatives to reduce length of stay be presented at the following month's meeting.

This report was noted by the Committee.

4.2 Operational Performance Report

This Operational Performance Report was noted by the Committee.

4.3 Workforce Report

The Workforce Report was noted by the Committee.

4.4 Medical Agency Update

Jim Gollan asked whether the reductions reported were all that could be expected. The Director of Workforce & Organisational Development stated that the goal was to eliminate all medical agency spend within five years, as per the Integrated Business Plan (IBP). However, the Trust wished to retain flexibility, and therefore an in-house bank for medical cover was currently being created. An update of this was requested for the October meeting. RB

4.5 Finance Report as at 30th June 2011

This was discussed during the presentation by the Director of Finance and Information.

The Chief Executive asked why the Runnymede profit share continued to decline in the current year. The Deputy Director of Finance said that the current income figures were based on February 2011 information and that more current information had been requested to facilitate reviewing the accrual. PD

4.6 Draft Board Presentation on Finances

Presented at the start of section 4 above.

4.7 CIPS Update

This was covered off in the presentation, and no further discussion was required.

4.8 Monitor Compliance Return - Quarter One

A summary of the quarter one position was provided. The metrics on appendix 2 were discussed, and Jim Gollan requested an update on the telephone conversation with Monitor regarding the Quarter 1 review for the next meeting. JH

The Committee ratified the financial aspects of the Quarter 1 compliance return and would recommend that the Trust Board approve it.

5. Commercial Group

5.1 Minutes of meeting held on 9th June 2011

The minutes were noted.

5.2 Feedback from meeting held on 14th July 2011

The Director of Finance and Information stated that the Commercial Group was growing into its role in terms of quality control for business cases. There was still more to be done around training the organisation in completing business cases, as there is variability on how these are presented and completed. It was questioned whether an external challenge was required for this group, and the Chief Executive suggested a name.

6. Capital

6.1 Capital Report

Clive Goodwin asked whether any of the programmes in the current year could be fast tracked, or whether any targeted work could be undertaken to alleviate some of the operational issues. The Deputy Chief Executive responded by saying that the next Capital Control Group meeting was going to consider this.

6.2 Power Infrastructure Update

This paper provided an update of the phased spend. The Committee approved the proposal.

6.3 Telecommunications Resilience

This business case was previously approved by the Trust Board, but the original case did not include any allowance for inflation, therefore a revised version has been presented. The Committee approved the proposal.

7. Financial Modelling

The Director of Finance and Information advised the group that the ASPH base case numbers for the Epsom model would differ from the three year plan submitted to Monitor, with the 2013/14 EBITDA coming in £0.5m lower in the Epsom model due to some refinement of assumptions. The ITT for the Epsom merger was released last week, however it appeared some Balance Sheet information was missing, and access to the database was required before the details could be confirmed.

It was noted that activity for this model was set at 0.7% growth rather than the 1.4% used in the IBP. The model builds in sensitivities around case mix and volume changes. The model still has to be tested against quarter 1 actuals to test the assumptions. The various models were reviewed, and Andy Thomas pointed out that the biggest changes related to increased inflation on expenditure, and that zero inflation was assumed for tariff.

A discussion around some of the modelling then ensued and Jim Gollan asked whether the format was appropriate for the Trust Board. The Executives confirmed that it was in a form they had used during the Monitor process, and they were all therefore familiar with it.

8. Service Line Reporting 2010/11

The Director of Finance and Information reported that a good level of engagement had been achieved to date. Colorectal and Upper GI services were undertaking work to understand their losses, and would be comparing this to other Trusts. Peter Taylor asked whether plans were in place to develop Service Line Reporting into Service Line Management, as the data showed the issues with flow through the hospital, and there wasn't a clear enough link to the EQUIP program. It was noted that Specialty Leads were now engaged in using SLR reports for the management of their specialties.

The report was noted.

9. Benchmarking Data

The report had been written to discharge an action following the review of the Finance Committee a few months earlier. The report shows the results of previous benchmarking exercises which flagged that efficiencies were available, and this would be fed into future plans.

The report was noted.

10. Identification of Financial Risks

(i) Items for Risk Register

None.

(ii) Key Points to take to the Trust Board

There were three key issues to be taken to the Trust Board for July. These were:

a) the presentation on the overall year to date financial performance of the Trust;
b) the approval of the Quarter 1 Monitor Compliance Return; and
c) the financial aspects of the Epsom bid in terms of the ITT that had been issued.

11. Items for Information

11.1 Schedule of Business

All the changes were noted.

11.2 Business Cases Approved by TEC

These were noted.

11.3 Tender Waivers >£50k

Peter Taylor flagged a concern that these had occurred as they are appear to indicate bad planning, and more assurance should be given that the transactions reflect best value. The Director of Finance & Information agreed and stated that he always questions the reasons for the need to go down this route.

The Waivers were noted by the Committee.

11.4 Consolidation of Charity Accounts

The report was noted and the Committee understood that this consolidation needed to take place from April 2013 under IFRS regulations.

12. Any Other Business

None.

13. Date and Time of Next Meeting

Wednesday 17th August 2011 at 8.30 a.m. at Level 2 Seminar Room, St. Peter's Hospital.

It was noted that Paul Doyle and Clive Goodwin would be on leave in August and would therefore be absent from that meeting.

Title: Minutes of the Finance Committee meeting held on 17th August 2011

PRESENT:	Mr. Jim Gollan	Non-Executive Director (Chair)
	Mr. Peter Taylor	Non-Executive Director
	Mr. Andrew Liles	Chief Executive
	Ms. Valerie Bartlett	Deputy Chief Executive
	Mr. John Headley	Director of Finance and Information
IN ATTENDENCE:	Ms. Colleen Sherlock	Head of Workforce Intelligence
	Ms. Claire Braithwaite	Associate Director Performance Improvement
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director Financial Management
APOLOGIES:	Mr. Clive Goodwin	Non-Executive Director
	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Mr. Paul Doyle	Deputy Director of Finance

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 20th July 2011

The minutes of the meeting held on 20th July 2011 were agreed.

3. Matters Arising

3.1 Action Points List

It was noted that action point 2 would be deferred until after the Epsom work had been finalised, and would be brought back in October. It was also noted that point 7 was listed as due for today's meeting, however, the call would only be held on 19th August 2011, and thus the feedback could only occur in September.

All other action points were either been not yet due or were on the agenda.

4. Activity, Workforce and Finance

The Director of Finance and Information provided a brief overview of the financial performance and underlying drivers related to activity.

4.1 Activity

The Director of Finance and Information explained the relationship between the year to date activity and income variances in relation to the relevant volume and price differences and the impact of coding changes in Emergency admissions. It was also noted that not all activity was recorded on this report.

It was requested that a drill down into the detail of Emergency admissions be provided in order to establish the true reduction in Emergency admissions once the data had been normalised for counting DE

changes.

VB

The Chief Exec asked whether the decrease in Day Case activity in July was due to a seasonal variation which would be repeated in August, or whether there were other factors involved. Further investigation would be undertaken to understand this drop in activity.

This report was noted by the Committee.

4.2 Operational Performance Report

This Operational Performance Report was noted by the Committee. The Deputy Chief Executive provided a brief outline on Length of Stay, and an update of the current status of escalation beds in the Trust. All escalation areas, bar one, have now been closed, with the remaining area to be shut by the end of this week. Focus would also be directed to the emergency length of stay in Surgery, which was trending upwards. Jim Gollan thanked The Deputy Chief Executive for the length of stay data, which was useful for the Committee.

4.3 Workforce Report

The Workforce Report was noted by the Committee.

The Head of Workforce Intelligence flagged the drop in funded establishment in July, and pointed out that the staff in post had dropped in line with this. It was also pointed out that whilst many Administrative staff had been employed on nine month fixed term contracts, stability had remained steady and there had been no significant movement in vacancy, sickness and turnover statistics.

Jim Gollan asked whether the outcome of the appraisals were reviewed to assess the progress and potential talent of staff. It was noted that no formal scoring system was in place, and that this was a discussion which should be deferred to another forum.

4.4 Finance Report

The Director of Finance and Information discussed the overall financial position, stating that EBITDA was £100k below plan in the month, and £300k below plan for the year, but that, unlike previous years where EBITDA tracked below plan and Below the Line savings were required to achieve the surplus, this year the EBITDA was broadly in line with plan.

Whilst pay spend in month was at the lowest level year to date, non-pay continued to increase, and work was currently underway to understand the increase in clinical supply spend, which is out of line with activity and pay trends. This analysis should be brought back to the next Finance Committee meeting. DIB

CIP's showed an encouraging improvement in July. Jim Gollan requested that the Finance Action Plan be put onto the agenda for September. JH

The Director of Finance and Information explained the variance in the cash position in relation to plan and significant movements that have occurred this year. Peter Taylor noted that the cash position was a

reflection of the EBITDA and CIPS being behind plan, and that focus had to be maintained to recover this position.

The Finance Report was noted by the Committee.

5. Commercial Group

5.1 Minutes of meeting held on 14th July 2011

The minutes were noted.

The Director of Finance and Information flagged two matters discussed in the minutes. The first related to the SBS Tender Process which is now underway, and the other related to the Consultant's charge out rates schedule presented to the Commercial Group, which would be escalated to the Executive Directors finance meeting for discussion.

6. Capital

6.1 Capital Report

The report was noted by the Committee. Peter Taylor queried the figure quoted on the EDF project, and the Deputy Chief Executive confirmed that any upside would only be accounted for once the project was completed.

6.2 Draft Minutes of Capital Control Group meeting held on 1st August 2011

The minutes were noted.

7. Draft Annual Report to the Trust Board

The report was approved by the Committee.

8. Identification of Financial Risks

(i) Items for Risk Register

None.

(ii) Key Points to take to the Trust Board

There will not be a Trust Board meeting in August, therefore no points were noted.

9. Items for Information

9.1 Schedule of Business

The Finance Action Plan should be added to the schedule for September. PD

9.2 Business Cases Approved by TEC

These were noted.

9.3 Tender Waivers >£50k

The Waiver was noted by the Committee.

9.4 Monitor Review of 2011/12 FT Annual Plans

The report was noted. The Director of Finance and Information requested that prior year comparative data be provided so that the relative growth rates could be understood in relation to the 2011/12 plan for neighbouring Foundation Trusts. DIB

10. Any Other Business

None.

11. Date and Time of Next Meeting

Wednesday 21st September 2011 at 8.30 a.m. at Level 2 Seminar Room, St. Peter's Hospital.