

TRUST BOARD
30th September 2010

TITLE	Minutes of the Finance Committee meeting held on 18th August 2010.
EXECUTIVE SUMMARY	<p>The minutes of the Finance Committee meeting held on 18th August 2010 are attached for noting. The following are the key points: -</p> <ul style="list-style-type: none"> ▪ Finance Report to 31st July 2010 – figures showed that the Trust had a surplus against budget although this had reduced compared to the previous month; ▪ CIP Review – CIP schedules were reviewed and the issues relating to the current shortfall discussed. Actions are being taken to achieve the £9m target for the financial year; ▪ LTFM Update – revised LTFM figures were agreed following the changes approved at the July 2010 Trust Board meeting; and ▪ Service Line Reporting – service line reports for 2009/10 outturn were reviewed.
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 18 th August 2010.
Submitted by:	Nadeem Aziz, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	22 nd September 2010
Decision:	For Noting

TRUST BOARD
30th September 2010**Minutes of the Finance Committee Meeting held on 18th August 2010**

PRESENT:	Mr. Nadeem Aziz	Non-Executive Director and Committee Chair
	Mr. Terry Price	Non-Executive Director
	Mr. Peter Taylor	Non-Executive Director
	Mr. John Headley	Director of Finance and Information
	Ms. Valerie Howell	Deputy Chief Executive
	Ms. Raj Bhamber	Director of Workforce & Organisational Development
IN ATTENDANCE:	Mr. Jeremy Over	Deputy Director of Workforce & Organisational Development
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director Financial Management
APOLOGIES:	Mr. Paul Doyle	Deputy Director of Finance

Actions**1. Apologies & Welcomes**

Apologies were as noted above.

Nadeem Aziz welcomed everyone to the meeting and suggested that, due to the volume of items on the agenda, the meeting be extended to 11am.

2. Minutes of the Meeting held on 21st July 2010

The minutes of the meeting held on 21st July 2010 were agreed. The committee confirmed that a list of key issues arising from the meeting would still be presented at the current month Trust Board, even though the minutes would be tabled a month later.

3. Matters Arising**(i) Action Points List**

Nadeem Aziz noted Charitable funds had appeared underneath the Finance Committee action points and asked whether there were any updates. Charitable Funds is now separate from the Finance Committee and therefore it was agreed that Jane Gear would be asked to circulate a proposal of how Charitable funds would be handled in future.

JH

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

(ii) Management Costs

A preliminary forecast of 10/11 Management Costs was discussed and the Director of Finance and Information explained that this was the first time such a forecast had been undertaken by the Trust. Des Irving-Brown explained the background of the definition of Management Costs and why the process of collecting them is drawn out. It was noted that this forecast is a work in progress, and the further refinements are required to ensure the end of year forecast is robust. These refinements would also include benchmarking and confirmation with HR about future plans which would impact the forecast. An updated version will be provided at the October Finance Committee.

DIB

4. Activity, Workforce and Finance(i) Activity Report

The Deputy Chief Executive summarised the trust activity report, pointing out that activity is rising generally, but that the declining elective activity is a concern as it represents a more profitable income stream. Some work would be done to ensure this is not a phasing issue, and market share and conversion rates are being monitored to ensure the situation does not continue to deteriorate.

It was noted that Maternity had been busier now that the refurbishment is complete, and that Emergency admissions continue to rise, although they seem to be tailing off slightly (not rising as quickly as in previous months).

Peter Taylor requested details on the type of Emergencies that are being presented.

VH

Nadeem Aziz asked whether the fact that Actual Activity merged with plan in July indicated a drop in market share, the general consensus was that it did not.

The referral trend graph was discussed, and it was noted that April had now reached 80% average conversion, May was close to 80%, June close to 60% and July was 34%, which is close to the expected conversion levels. This graph could be used to predict the flow of referrals to appointments which is useful in forecasting activity. It could also be used to monitor conversion levels.

(ii) Non-Elective Cap Initiatives

The Deputy Chief Executive provided an update on the non-elective cap initiatives and advised that the process was still being tidying up. Useful data was now being received to enable assessment of the success of some of the schemes.

(iii) Workforce Report

The Director of Workforce & Organisational Development presented the Workforce Report and pointed out that Turnover and Vacancy rates were declining, which is in part indicative of the current economic climate. It was noted that the appraisal indicator had in fact gone up to 84.5% (from

83% last month), and that the target of 95% was expected to be achieved.

Nadeem Aziz requested that Benchmarking data be included in future reports.

JO

It was noted that the staff in post was higher than at the same point last year, but that the figures were lower than the end of year position in March 2010.

(iv) Temporary Staff Update

The Deputy Director of Workforce & Organisational Development provided an update on the Temporary Staff Usage reduction plan. Use of nursing agency has declined significantly since June due to the introduction of the decision tree and requirement for Executive Director sign off. Nadeem Aziz asked whether Agency staff were being used to cover training, and The Deputy Director of Workforce & Organisational Development stated that there were processes in place to prevent this.

It was mentioned that the Bank database was being regularly updated.

Peter Taylor noted the revised plan with timescale and requested that these be monitored regularly.

(v) Finance Report as at 31st August 2010

Des Irving-Brown presented the Finance Report for the year to date 31st July 2010. Performance remained ahead of plan, although there had been an over-spend in pay and non pay in month. The impact of the increase in emergency activity was pointed out in terms of the affect of the non-elective cap

The CIP's are currently 14% (£311k) behind target, and it was decided this would be discussed under agenda item 5.

The Deputy Chief Executive explained the current situation with activity in Imaging which was undertaken for Surrey and Borders for which no payment is currently received. It is unlikely that this activity can be terminated.

The impact of the Temporary Staffing reduction plan was highlighted in terms of the reduction in agency spend in July compared to June.

The over spend in non pay was attributed to the re-alignment of pacemaker spend in Cardiology to correct the year to date figure, as well as the increase in prosthesis spend in T&O. This has been forecast as a £3m overspend to the end of year.

(vi) Compliance Framework 2010/11

The Director of Finance and Information provided a summary of the Compliance Framework which had been updated as at 31st July 2010. The plan to recover the outstanding debt was discussed, with concerns being raised about old debt pre 2006. Terry Price suggested this be raised at the Audit Committee as well. It was agreed that this data would be provided quarterly in future, with the exception of the Debt report

PD

which should be brought back in October.

5. Detailed CIP Review

The Director of Finance and Information presented the CIP scorecard summarising the year to date shortfall of £310k and end of year forecast shortfall of £1.7m. The Committee requested that the scorecard be presented monthly, and that more detail be included around the reasons for the shortfall in terms of which projects were delayed, which will be recovered and which will yield a shortfall to provide confidence that everything is in hand.

RJ

The Deputy Chief Executive summarised the reasons for the decrease in current forecast as 1) organisational turnover; 2) lack of robust forecasting; 3) governance not being strict enough and 4) overdependence on corporate schemes, all of which are being addressed.

The Director of Finance and Information provided an outline of the revised governance actions being undertaken to ensure the programmes are brought back in line.

6. Capital Programme

The Committee requested that this be brought back in September due to time constraints.

PD

The Deputy Chief Executive mentioned that although the spending was behind the year to date budget, replacement plans were being drawn up. Terry Price requested that the item "Information – Other" be redefined to be more descriptive.

7. LTFM Update

The Director of Finance and Information provided a summary of the changes since the last meeting, which included a re-modelling of the Cardiology proposal to be more prudent, the effects of the pay freeze and the month 3 forecast. These were all discussed in the previous meeting. There was one additional change relating to depreciation. This is the final version of the report which will now be submitted to Monitor.

8. Service Line Reporting

The Committee reviewed the Service Line Reports for the 2009/10 financial year and the Director of Finance and Information provided a brief overview of the implications of the report. The Service Line Reporting system will be moved onto a new platform which will enable quarterly reporting, and the first two quarters are scheduled to be produced in December.

9. Identification of Financial Risks

(i) Items for Risk Register

There were no items to add to the Risk Register.

(ii) Key Points to take to Trust Board

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

- Performance of the CIP programmes YTD and actions taken to rectify;
- The contingencies (including the continued risk around NHS Surrey) and opportunities held within the current forecast.

10. Items for Information

(i) Schedule of Business 2010/11

The Committee noted the draft Schedule of Business for 2010/11, no further changes were requested.

(ii) Business Cases approved by the Trust Executive Committee

The business case relating to a Facilities electricity infrastructure upgrade was presented and the Committee agreed with the proposal to accept option 7 subject to a breakdown of the costs.

(iii) Tender Waivers

There were no Waivers in July for the Committee to review.

11. Any Other Business

There was no other business raised.

12. Date and Time of Next Meeting

Wednesday 22nd September 2010 at 8.30 a.m. at St. Peter's, Level 2 Seminar Room.