

TRUST BOARD
31st July 2014

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| TITLE | Finance Committee minutes |
| EXECUTIVE SUMMARY | <p>The draft minutes of the Finance Committee meeting held on 18th June 2014 are attached for the Board to receive.</p> <p>The meeting was not quorate but these minutes were considered at the meeting held on 25th July 2014.</p> <p>The key points are: -</p> <ul style="list-style-type: none"> ▪ Operational Performance – reviewed an overview of the Trust’s operational performance, obtaining an understanding of issues relating to the A&E and RTT targets and recommending a discussion at the Strategy Committee/Board; ▪ Financial Position at 31st May 2014 – the Committee reviewed the month 2 position and discussed the issues behind the results. The Board received an update in June; ▪ Business Case Review – reviewed and discussed a mechanism for following up on business cases to ensure that key KPI’s are set and monitored; ▪ Monitor Plans – approved the financial elements of the 5 year plans; and ▪ Terms of Reference – these were reviewed and presented to the June Board meeting for approval. |
| BOARD ASSURANCE (Risk) / IMPLICATIONS | The Board is assured by the scrutiny provided by the Finance Committee on matters of financial risk. |
| LINK TO STRATEGIC OBJECTIVE / BAF STAKEHOLDER / PATIENT IMPACT AND VIEWS | <p>SO4 Top Productivity</p> <p>The impact on stakeholders through the Trust achieving its required financial targets, hence enabling the appropriate investment into services and infrastructure.</p> |
| EQUALITY AND DIVERSITY ISSUES | None that we are aware of. |
| LEGAL ISSUES | None that we are aware of. |
| The Trust Board is asked to: | Receive the draft minutes of the Finance Committee meeting held on 18 th June 2014. |
| Submitted by: | Jim Gollan, Non-Executive Director and Finance Committee Chair |
| Date: | 24 th July 2014 |
| Decision: | For Receiving |

Draft minutes of the Finance Committee meeting held on 18th June 2014

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| PRESENT: | Mr. Jim Gollan Mr. Simon Marshall | Non-Executive Director (Chair) Director of Finance and Information |
| IN ATTENDANCE | Mr. Paul Doyle Mr. Andrew Liles Ms. Helen Sibley | Deputy Director of Finance Chief Executive (from Item 5.3) Associate Director of Operations |
| SECRETARY: | Ms. Desireé Irving-Brown | Assistant Director, Financial Management |
| APOLOGIES: | Mr. Terry Price Mr. Clive Goodwin Ms. Valerie Bartlett | Non-Executive Director Non-Executive Director Deputy Chief Executive |

Actions

1. Introductions and Apologies

The apologies were as noted above. It was noted that the meeting did not constitute a quorum, and that the Board would be asked to ratify the minutes from this meeting retrospectively.

2. Minutes of the Meeting held on 16th April 2014

The minutes of the meeting held on 16th April 2014 were agreed.

3. Matters Arising

Actions List

4.1 Operational Metrics: The Director of Finance and Information provided an update and stated that clarity had been provided on some parts but that it is expected that work will be on-going throughout the year. The Trust Executives are still at that point of trying to work out the impact in overall terms and, probably won't resolve this before end of summer. The Deputy Chief Executive should provide an update on expected timings.

VB

There needs to be an in-depth discussion at the Strategy Committee or Trust Board about the A&E performance.

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6.0 The Marketing Report: The Director of Finance and Information stated that the Trust has the infrastructure in place to resolve this issue, but had not yet made the step change required for this to be effective. Jim Gollan suggested that the report be brought back the following month with a direct request for Committee Members to make suggestions for improvement of this report

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Jim Gollan provided comments put forward by Clive Goodwin relating to the updated Income paper as follows: "The paper misses the opportunity to point out how growth can be made efficiently". Jim Gollan suggested this may be out of the scope of the paper, but that this should be considered in future.

All other action points were either completed, not yet due or agenda items.

4. Finances and Performance as at 31st May 2014

4.1 Operational Performance Report

The Associate Director of Operations for Women's Health and Paediatric Services attended the meeting on behalf of the Deputy Chief Executive and provided an update on the missed A&E target in May, which was largely due to attendances being up both on April 2014 and prior year. There are no clear reasons for this sudden increase in A&E attendances, but the pressure was compounded by the closure of an escalation ward to do building work. The increased A&E attendances also put pressure on the Surgical emergency pathways. The June position shows improvement and the Trust is hopeful that it will meet the quarter one target.

In terms of the RTT targets, the admitted pathways had four areas of non-compliance and there was some slippage in ENT and Oral Surgery, due to the clearing of bigger backlog than expected, but this should have a positive impact going forward. There were high referrals into general surgery during the month. A new risk has been flagged regarding part of theatres closing for maintenance over the summer. The Director of Finance and Information responded that the Estates team was looking at slowing down maintenance work rather than shutting theatres, so the maintenance work may be spread over summer and Christmas (not just summer as planned).

The Trust was not compliant on cancer targets for 62 days from urgent GP referrals, and a Trust summit would be held to review pathways and understand the issues. The most significant area of underperformance in May was in Urology cancer. The specific work streams around Urology are being reviewed and will report back to the Board.

Jim Gollan stated that the A&E narrative followed the same pattern over the past few years and asked how the Board could have confidence that what is being done will be effective. It was noted that the reporting wasn't helpful in providing assurance and Jim Gollan suggested a new scorecard or set of metrics was required, that could provide more clarity on what was happening. The current reports also don't quantify what the expected impact would be if changes were introduced, and a scorecard could help measure this. A discussion was needed at the Strategy Committee (as noted in section 3 above) and an updated set of data metrics would help facilitate that discussion.

VB

The Director of Finance and Information stated that there were some further risks around capacity issues in T&O which aren't flagged in the report and are being masked by outsourcing.

The Associate Director of Operations for Women's Health and Paediatric Services stated that the service review by the CCG on Monday was positive and that it looks like the Trust has captured all the issues and is aware of the potential impacts and is making progress in clearing issues.

4.2 Finance Report as at 31st May 2014

The Director of Finance and Information summarised by stating that, in April it had been reported that the finances were expected to bounce back in May, which hadn't happened. The drop in T&O elective work was a surprise, and it appears the issues occurred at the front end around booking in patients for

surgery leading to reduced sessions per day used.

There is clearly time to improve the financial position but at the current trend rate the achievement of the breakeven position was at risk.

The Director of Finance and Information highlighted that the Corporate areas represented almost half of the variance year to date, and this raised the question of whether “taps needed to be turned off” by looking at unfunded extra posts within the organisation to reduce this overspend.

CIP’s represented a large proportion of the issue, with only £11.7m worth of schemes having been assured to date, and this is still a long way off plan. Material variances include not closing rehabilitation beds, but there is still an opportunity to deliver some of this. There were also issues on agency pay CIP’s due to nursing overruns.

It was concluded that this was an exceedingly challenging position, and there was a need to move at pace to improve it. Jim Gollan asked to what extent the changes in Executives and merger discussions were having an impact on internal discipline. The Director of Finance and Information responded that it was not really a factor at this stage. There were operational issues in May preventing CIP’s being achieved, which was a big factor. Jim Gollan suggested that the Committee escalate this issue to the Board to ensure the shift in finances was understood by everyone and that the Director of Finance and Information should provide a presentation highlighting what needs to be done and what might prevent this happening. This needs urgent attention before the trajectory slips.

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The Deputy Director of Finance provided an update on cash, the Trust received £5m in the week, but NHS England still owes £1.4m, and has offered £1.0m, with further talks arranged. The Runnymede owes £0.8m relating to the prior year but that is expected to be paid within the next two weeks. Once these two amounts come in, cash will be in a better position.

5. Finance Outturn 2013/14

5.1 Finance Report as at 31st March 2014

This report was noted.

5.2 Forecast Variance Report

The Director of Finance and Information stated that this report highlighted how much gets landed in the last month.

5.3 Service Line Reporting

The Director of Finance and Information suggested that in terms of the end of year result, it's the bubble charts that are of most interest. The biggest concerns remained unchanged, being Vascular and Urology, but Urology has started to recover in the tail end of year. Colorectal has started to impact negatively which has been flagged.

The Chief Executive asked whether the trend could be shown over time to see how the services are improving or moving in simplistic terms. The Deputy Director of Finance mentioned that there are some trend lines at the end of the report, and the team would look at whether these can be made clearer, or

PD

perhaps shown on the bubble charts.

6. Review of Business Cases

The Director of Finance and Information stated that the report had attempted to focus on business cases that had an impact on cost improvement, growth, service development and quality. There are a number of cases which are still in the recruitment phase, and some experiencing issues in recruiting, and these issues are slowing down the achievement of the various business case objectives.

Jim Gollan stated that the report is still not robust enough to be shared with the Board and that some of the cases included were too small. Furthermore, it felt a little bit "light touch", but this may be because it's in a summary format. Therefore, it was difficult to respond to the report, as it was not clear where the projects really were in terms of completion. The report needs to include the tracking of timeliness of implementation and financial objectives being met, and maybe two or three other key objectives (including quality measures) to be reported to the Finance Committee. This may require a database in order to more easily produce and update this report. Finally, the Business Case Template should be revised to ensure the metrics to be measured against are set out clearly.

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7. Monitor Operational and Strategic Plans

7.1 Monitor Letter on Operational Plan Submission

This report was for information and confirmed the quarter four position and the first plan submitted for 2014/15, which was noted by the Committee.

7.2 Monitor Guidance on Strategic Plan Submission

The Deputy Director of Finance stated that Monitor would be re-opening the year 2 template for revised submission.

7.3 Strategic Plans to 2018/19

A one page hand out was distributed. The 5 year plan put forward to Monitor: will not include the merger impact (as per Monitor instructions). There would merely be a reference to the upside potential of the merger in the written document. The growth and QIPP figures included have been aligned with those of North West Surrey CCG.

The Chief Executive asked whether the Finance Director for North West Surrey CCG should be invited to attend a Finance Committee meeting, and the Committee agreed that this was a good suggestion.

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The Deputy Director of Finance explained the assumptions, including increased capital, which has a knock on effect on impairments, interest and depreciation.

Jim Gollan suggested the plan be presented to the Board with a caution that: (i) it does not include any impact from the merger, line with Monitor's requirements and (ii) it may need to be revisited later in the year if NHS England issues a revised plan.

8. Committee Objectives

8.1 Committee Objectives 2014/15

This item was postponed until the following meeting, and it was requested that the objectives be updated to include tracking the delivery of budgets and forecasts and tracking business cases.

8.2 Terms of Reference Review

It was agreed that this would be put forward, as proposed, to the Board as no comments had been received.

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9. Identification of Financial Risks

9.1 Items for Risk Register

The financial position and CIP's forecast should be updated on the Risk Register.

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9.2 Key Points to take to the Trust Board

The key points to take to the Trust Board were:

- ratification of this meeting to make it quorate;
- presentation to the Board on the current financial position and forecast, and actions to be taken to get back on track; and
- recommendation that Board or Strategy Committee has a deep dive review of A&E performance.

JG

10. Items for Information or Approval

10.1 Schedule of Business

Noted

10.2 Business Case Approvals

The Neo-Natal Consultant business case approval by TEC was noted by the Committee.

10.3 Tender Waivers >£50k

None.

11. Any Other Business

None.

12. Date and Time of Next Meeting

Friday 25th July 2014 at 8.30am in Room 1, Chertsey House, St Peter's Hospital