

TRUST BOARD
25th February 2010

TITLE	Minutes of the Finance Committee meetings held on 20 th January 2010.
EXECUTIVE SUMMARY	<p>The Finance Committee considered the following key points: -</p> <p><u>Part 1</u></p> <ul style="list-style-type: none"> ▪ Financial Reports to 31st December 2009 – this showed a year to date surplus of £4.3m, a small deficit against plan as at 31st December 2009. It was noted that discussions were taking place with NHS Surrey to agree a year end position for the SLA; ▪ Cost Improvement Plans - the detailed performance for 2009/10 was reviewed and it was noted that the Trust was now forecasting hitting its target; ▪ Forecast Outturn – the Committee reviewed the Trust forecast for achieving breakeven at year end; and ▪ Review of Runnymede Hospital Agreement – the Committee received a report on the contractual arrangements with the Runnymede Hospital, covering services both provided and received. <p><u>Part 2</u></p> <ul style="list-style-type: none"> ▪ Charitable Funds – the Committee approved changes to the profile of the investment portfolio with Barclays Wealth.
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 20 th January 2010.
Submitted by:	Norman Critchlow, Non Executive Director/Finance Committee Chair Paul Doyle, Deputy Director of Finance
Date:	17 th February 2010
Decision:	For Noting

TRUST BOARD
Date: 25th February 2010**Title: Minutes of the Finance Committee Meeting held on 20th January 2010**

PRESENT:	Mr. Norman Critchlow	Non-Executive Director and Committee Chair
	Mr. Peter Taylor	Non-Executive Director
	Mr. Terry Price	Non-Executive Director
	Mr. John Headley	Director of Finance & Information
	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Ms. Caroline Becher	Chief Nurse
SECRETARY:	Mr. Stuart Addis	Directorate Accountant
IN ATTENDANCE:	Mr. Paul Doyle	Deputy Director of Finance
	Ms. Sue Robertson	Head of Planning & Performance
APOLOGIES:	Ms. Valerie Howell	Chief Operating Officer

1. Apologies

These were as noted above.

2. Minutes of the Meeting held on 16th December 2009

The minutes of the meeting held on 16th December 2009 were agreed.

3. Matters Arising(i) Action Points List

It was reported that the under-performance in Neurology was due to an erroneous plan set in respect of outpatient procedures.

The Director of Finance & Information is to work with the Head of Corporate Affairs to bring proposals to a future meeting with regards to the structure of the Charitable Fund Trustees and the governance arrangements.

JH

All other items on the Action Points list had been completed or were agenda items.

4. Review of Runnymede Agreement

The Head of Planning & Performance presented a review of the BMI Runnymede Hospital Contract to the Committee, explaining that there are three contract agreements, as follows:

1. the Operating Contract, including the counterpart lease relating to

- the operating contract. This includes the profit share arrangement;
2. an SLA covering the service specifications and prices for services provided by the Trust to BMI (updated annually); and
 3. an SLA covering the service specifications and prices for services provided by BMI to the Trust (updated annually).

The Committee discussed the paper and commented on whether or not the Trust was able to view the BMI accounts that are used in calculating the profit share agreement. The Director of Finance & Information will be having a meeting with BMI in the near future where greater transparency of the accounts will be sought. JH

Norman Critchlow asked how the agreement impacts on the private patient cap that forms part of the Foundation Trust application. The Deputy Director of Finance explained that there is a review on similar arrangements being carried out by Monitor currently, and will feed back to the Committee the outcome when known. PD

The Director of Finance & Information went on to explain that due to the cap being calculated on financial year 2002/03 income, when the Trust was running the Shakespeare unit at Ashford Hospital (which it no longer does), whether or not the BMI Runnymede Agreement is included in the relevant income, it was unlikely that the cap would be exceeded.

While debating the agreement Norman Critchlow stated that it would be useful to have the recent paper on work sent out refreshed and brought back to the next meeting. PD

The Director of Finance & Information agreed to include other partnerships, such as InHealth, on the Schedule of Business. JH

5. 2009/10 Financial Position

(i) Finance Report as at 31st December 2009

The Director of Finance & Information presented the Finance Report to the Committee, and noted that the Trust was reporting an actual surplus of £4.32m, a shortfall of £0.01m against budget. This was an improvement of £0.19m against budget compared to the November position.

The Director of Finance & Information highlighted a couple of amendments to the Balanced Scorecard, namely: - the Capital Resource Limit should be Red for the YTD actual and the Pay Cost percentage should read 60.5% and therefore Green. The Committee noted the changes.

Income relating to over-performance on Month 8 has now been fully quantified and included within the financials. Deductions for contractual clauses have been taken at budgeted levels.

Pay was over spent by £0.1m in month. Expenditure on temporary staff remains over £1.0m per month and December saw an increase in these costs compared to November.

Non-pay costs in December were overspent by £0.3m and the main components of this adverse variance were Clinical Supplies (£0.2m) and work sent out (£0.2m).

The Director of Finance & Information reported that the Cost Improvement Programme was on target at month 9. This was an improvement on the previous month due to a number of replacement schemes being identified, the revised forecast for the year, including replacement schemes, is that the target will be met.

Norman Critchlow asked that the Business Centre Variances section be amended so that it focuses on the reasons behind the variances; there was no need to state the variances as well, as they are included in Appendix 2 of the Finance Report. PD

(ii) Forecast Outturn 2009/10

The Deputy Director of Finance talked through a paper on the Forecast Outturn for the financial year.

The Director of Finance & Information informed the Committee that NHS Surrey was in talks with the Trust to see if an agreement could be reached on a forecast outturn income for 2009/10.

The Committee noted the paper.

(iii) Activity Report as at 31st December 2009

Norman Critchlow asked if some narrative could be added to the Forward Order Book. VH

The Committee noted the Activity Report.

(iv) Workforce Report

The Director of Workforce & Organisational Development presented the Workforce Report to the Committee. The Deputy Director of Finance and the Deputy Director of Workforce & Organisational Development are being tasked with resolving any outstanding issues with the ESR/Budget reconciliation of funded WTE's. PD/JO

The Committee noted the Workforce Report.

6. Foundation Trust Application

The Director of Finance & Information reported that there was nothing new for the Committee to be made aware of.

7. Identification of Financial Risks

The Committee did not identify any new Financial Risks.

8. Items for Information

(i) Schedule of Business 2009/10

The review of the InHealth partnership arrangement is to be added, as per section 4 of the minutes.

The Committee noted the Schedule of Business for 2009/10.

(ii) Business Cases approved by the Trust Executive Committee

The Committee noted that there was one business case approved by the Trust Executive Committee in December.

(iii) Tender Waivers

The Committee noted the Tender Waivers Report.

9. Any Other Business

There were no items raised under any other business.

10. Date and Time of Next Meeting

Wednesday 17th February 2010 at 8.30am at St. Peter's, Level 2 Seminar Room.

11. Charitable Funds

(i) Barclays Wealth Proposal for Investment Portfolio

The Barclays Wealth proposal for changes to the Investment Portfolio was reviewed and the risk profile noted. The proposal was approved by the Committee.

12. Any Other Business

There were no items raised under any other business.