

TRUST BOARD
27th January 2011

TITLE	Minutes of the Finance Committee meeting held on 16th December 2010.
EXECUTIVE SUMMARY	<p>The minutes of the Finance Committee meeting held on 16th December 2010 are attached for noting. The key points are: -</p> <ul style="list-style-type: none"> ▪ Finance Report to 30th November 2010 – the results showed that the Trust continued to show a surplus against budget and that the CIP forecast was back on track. The year end forecast remained at £3.3m; ▪ Capital Programme – reviewed the latest position on the capital programme and noted that the forecast for the 2010/11 financial year was being reviewed given the transition to FT status; ▪ Business Cases – reviewed and approved business cases for (i) additional cost for the SPH electrical infrastructure upgrade, (ii) modular office accommodation and (iii) imaging equipment in A&E/Orthopaedics; and ▪ Banking Facilities – reviewed and noted the position regarding the move to NatWest accounts and an update on account signatories.
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 16 th December 2010.
Submitted by:	Peter Taylor, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	19 th January 2011
Decision:	For Noting

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27th January 2011

Minutes of the Finance Committee meeting held on 16th December 2010

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

Actions

1. Apologies

Apologies were as noted above. It was noted that the meeting constituted a quorum.

2. Minutes of the Meeting held on 18th November 2010

The minutes of the meeting held on 18th November 2010 were agreed.

3. Matters Arising

(i) Action Points List

It was agreed that given the short timeframe that any matters arising from the previous meeting that were not addressed by the meetings discussions would be carried forward..

4. Activity, Workforce and Finance

(i) Activity Report

The Director of Finance presented the activity report and referred to the second graph which illustrated the current trends and the increased activity experienced in November. It was also stated that the increased pressure was not only experienced by ASPH, but the health system as a whole. The current focus is on discharge.

Peter Taylor requested that more time be devoted in the January meeting as a separate agenda item to discuss the causes of the increased pressure with a view to developing a strategy to tackle the issues arising such as capacity and resources.

VH

(ii) Non-Elective Cap Initiatives

It was agreed to carry this item forward.

(iii) Workforce Report

The Director of Workforce & Organisational Development presented the Workforce Report for November 2010. The Trust has maintained a vacancy rate of 8.4% which is lower than target, and the sickness rate remains low, which is good in light of the activity pressures currently being experienced by the Trust.

The Director of Finance and Information suggested that the graphs could be updated to reflect the positive achievements, and the Director of Workforce & Organisational Development confirmed that the whole report was being redesigned.

(iv) Finance Report as at 30th November 2010

The Director of Finance and Information presented the Finance Report for the year to date 30th November 2010. A high level summary was provided in the context of the impending deal with NHS Surrey, and the impact on the forecast. It was noted that there was no significant change in the financial position since October, but that work sent out had dropped dramatically for the first time.

It was confirmed that the forecast included the expected expenditure related to the additional 43 beds which are open in the hospital to deal with winter pressures. The costs are based on an assumption that most of the additional workforce will be sourced from Bank and Agency, and therefore the forecast for temporary staff has increased. The Director of Finance and Information referred to the forecast on page 12 of the report to highlight the additional funds being forecast in the Acute Medicine Division.

It was requested that the margins report be re-introduced for future Committee meetings.

PD

It was agreed that more commentary around the movement in EBITDA, its sensitivity in relation to the Monitor Metrics, and the impact on 2011/12 budgets should be included in future reports.

DIB

(v) CIPS Balance Scorecard

The Committee noted the CIP's balanced scorecard, and noted its appreciation for the hard work undertaken to bring the programme back on track.

5. Capital Programme Update(i) Capital Programme 2010/11

The Deputy Director of Finance gave a brief summary of the report, and confirmed that work was being done to change the format.

(ii) Project & Variance Report of 6th December 2010

It was noted that the pressure to spend all budgeted capital within the financial year has been reduced under Foundation Trust Status, and that going forward a long term rolling forecast of work planned and undertaken should be used to manage the Capital Programme. This longer term view should also alleviate pressure on cash flow in future.

(iii) Minutes of Capital Control Group meeting of 21st October 2010

The minutes from this meeting were noted.

6. Business Case Approval(i) SPH Electrical Infrastructure update

The Committee expressed its concerns around the increase in quoted costs from EDF. The Director of Finance and Information confirmed that the matter was being escalated to the highest channels. The Committee agreed to approve the business case on this basis, as the quote is due to expire on 24th December 2010 and the costs could once again increase after this date. However, the Committee agreed that should the escalation not yield favourable results, an audit be undertaken to review internal processes and ensure such a situation does not occur again.

(ii) a) Modular Office Accommodation

This business case was approved and the Committee recommended that the board be advised to buy the building under the HP agreement proposal. It acknowledged that several interdependencies existed within this project, and that delaying approval would cause several other projects to be delayed.

b) Modular Office Financing

The Deputy Director of Finance provided a brief summary of the various options. The Director of Finance and Information explained why, in light of previous experience, it was preferable to buy the building and not rent it, and that the purchase should be made on HP rather than buying outright to preserve cash flow. Terry Price requested that the Committee be provided with a description of the various types of funding available to FT's to enable a better understanding of the best methods to select in various situations.

JH

(iii) Imaging Equipment A&E/Orthopaedics

The business case was accepted, but it was noted that it was not a financial case, and therefore not subject to the appropriate level of scrutiny by this Committee. Peter Taylor requested that an analysis be undertaken to ensure the best value for money is being achieved in this proposal.

PD

It was recommended that a schedule of aged equipment be drawn up to assist with identifying projects of this nature in future and ensuring they are included in the capital plan. This should be added to the Schedule of Business.

PD

7. Catering Contract Update

It was noted that the catering contract was due for renewal and that an external contractor would be consulted to undertake the tendering process.

8. Foundation Trust Issues

(i) Banking Facilities

The Deputy Director of Finance provided a summary of the paper, and explained who the signatories would be, the timeframes for moving accounts over to NatWest and the nominated bank signatories.

The Committee approved the paper.

9. Debtors Process Review

This item was deferred to the next meeting.

10. 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: -

- the renewal of the catering contract;
- the need for strategic information relating to the drivers of increased activity and trading conditions;
- the approval of the Modular Office Business Case;
- the focus on EBITDA for forecasting and 2011/12 budgeting

11. Items for Information

(i) Schedule of Business 2010/11

The revised Schedule of Business was noted. It was requested that a regular review of aged equipment be added to the Schedule of Business.

(ii) Business Cases approved by the Trust Executive Committee

The Committee noted the schedule of business cases approved by TEC in November.

(iii) Tender Waivers

There was one Tender Waiver in November and this was noted by the Committee.

12. Any Other Business

No other business was tabled at the meeting.

13. Date and Time of Next Meeting

Wednesday 19th January 2011 at 8.30 a.m. at Level 2 Seminar Room St. Peter's Hospital.