

TRUST BOARD
27th November 2014

TITLE	Finance Committee Minutes
EXECUTIVE SUMMARY	<p>The minutes of the Finance Committee meeting held on 23rd October 2014 are attached for noting.</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, RTT and cancer targets; ▪ Financial Position at 30th September 2014 – the Committee reviewed the month 6 position and discussed the issues behind the results along with the forecast; ▪ Monitor Compliance Return Quarter 2 – reviewed and recommended Board approval of the financial elements of the quarter 2 compliance return; ▪ Proposed Merger – reviewed the latest financial projections from the merger work. These would be worked on further over the next two months; and ▪ Business Planning – reviewed a paper on the business planning round for 2015/16.
BOARD ASSURANCE (Risk) / IMPLICATIONS	The Board is assured by the scrutiny provided by the Finance Committee on matters of financial risk.
LINK TO SO	SO4: Top Productivity
STAKEHOLDER / PATIENT IMPACT AND VIEWS	The impact on stakeholders through the Trust achieving its required financial targets, hence enabling the appropriate investment into services and infrastructure.
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 minutes of the Finance Committee meeting held on 23 rd October 2014.
Submitted by:	Nadeem Aziz, Non-Executive Director and Committee Chair
Date:	20 th November 2014
Decision:	For Receiving

Minutes of the Finance Committee meeting held on 23rd October 2014

PRESENT:	Nadeem Aziz Peter Taylor Simon Marshall	Non-Executive Director (Chair) Non-Executive Director Director of Finance and Information
IN ATTENDANCE	Aileen McLeish	Chairman of the Board
SECRETARY:	Desireé Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	Clive Goodwin Valerie Bartlett Paul Doyle	Non-Executive Director Deputy Chief Executive Deputy Director of Finance

Actions

1. Introductions and Apologies

The apologies were as noted above.

2. Minutes of the Meeting held on 18th September 2014

The minutes of the meeting held on 18th September 2014 were agreed.

3. Matters Arising

Actions List

3.1 This process has been stalled due to the Trust bidding for additional winter funding. The outcomes of this bid are not yet available, but the Deputy Chief Executive will present a strengthened winter plan in due course.

VB

3.3 This should be done by January ahead of the next round of planning discussions with the CCG.

3.6 Nadeem Aziz requested that a document style report be provided, rather than a verbal update and asked when these would be available. The Director of Finance and Information stated that there is already quite a lot of reporting around projects, therefore a dashboard should be overlaid to summarise these. Nadeem Aziz stated that he would like to understand the drivers, clearly see the impact of proposed actions measured regularly, similar to the reports received when he was previously on the Committee in 2010.

SM/VB

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

4. Finances and Performance as at 30th September 2014

4.1 Operational Performance Report

The Director of Finance and Information introduced the report by stating that it was encouraging that the RTT targets are finally being reached after a number of months of very hard work to clear backlogs. It was noted that Ophthalmology was starting to present issues, so operational managers are looking at rebalancing demand and capacity.

A question was raised around whether demand had become more erratic. The Director of Finance and Information responded that some known changes have impacted demand. These were planned for, but some delays have had an effect on activity (i.e. the drop in activity has not happened when expected).

A query was raised around the capability of business unit managers in predicting/forecasting demand, as actions appeared to be reactive rather than planned. The Director of Finance and Information explained that there is no sophisticated system to help predict demand.

The Director of Finance and Information stated that the hospital is fighting on all fronts, such as A&E, 18 weeks, finance etc., and it is not just a finance issue, but also an operational problem, and it has to be addressed across all areas.

Aileen McLeish highlighted the cancer performance, and the Director of Finance and Information explained that there is an increase in referrals, but that there are some issues which are being addressed.

The Director of Finance and Information confirmed that the Trust met the quarter two performance for A&E but that it had been challenging in October so far, with A&E performance below target after three weeks, which will put pressure on the rest of quarter 3.

The Director of Finance and Information confirmed that the recruitment of doctors is an ongoing issue.

4.2 Operational Effectiveness/Efficiency Metrics

This report was for information.

Nadeem Aziz noted that some numbers had changed since the last report, which was confusing. The Director of Finance and Information confirmed that some of the measures had been refined, and that this could continue to occur until the appropriate metrics were agreed.

Nadeem Aziz asked if it could be identified whether the acceleration of the RTT targets by one month had had an impact on the efficiency metrics in month 6.

SM

4.3 Finance Report

The Director of Finance and Information stated that pay was higher than expected, but that income did not come in sufficiently to cover this.

Income is still being reviewed to understand the drivers as:

- the front line is citing acuity as a reason to increase staffing, but there is no additional income to be received for this through the tariff;
- more beds were opened in September, but length of stay is up, so these patients may not have been discharged in September, so there may be a bit of catch up next month;
- patients are inside of the excess bed day trigger, so the Trust is not getting paid for the increased length of stay; and
- the closure of a rehab ward at a community hospital has had an impact and this has to be discussed with the CCG to explain how this has been impacting the Trust and whether compensation will be paid.

The Director of Finance and Information explained the plan for closing hospital

rehab beds by the end of December, which is to be achieved through working in conjunction with the CCG and Virgin. The Trust is proceeding with this, but it is a difficult system change.

The Committee discussed the risks in the forecast. It discussed the £2.2m additional savings plan, which has its own risks attached to it, and which was included in the forecast. The question is where the forecast is set given the level of risk and the reliance on external factors.

4.4 Finance Forecast (Including Risks and Opportunities)

The Director of Finance and Information stated that the Committee would have to agree the forecast number as it needed to be submitted to Monitor and the Department of Health by 24th October 2014.

The Committee reviewed paper 4.4ii and went through the last slide which identified that the strategic choices were a balance between hitting operational targets and financial targets. The Executives wanted to take option 2 which was to recognise some winter funding which had been bid for, but to move from a breakeven forecast to a deficit. This would be debated further at the October Trust Board meeting.

The Committee then had a brief run through paper 4.4. The Director of Finance and Information stated that he was hoping to provide a quarter 1 update on the CCG discussions at next week's Board. Nadeem Aziz flagged his concern around the £2.2m savings list and the risks involved. This needs to be updated and presented at future meetings.

SM

4.5 Capital Report

The Director of Finance and Information explained that there had been an acceleration of some programmes because of the impending CQC visit in respect of repair work and improving the general environment - £0.25m worth of work has been agreed to.

4.6 Monitor Quarter 2 Compliance Return

The finance elements of the quarter 2 Monitor compliance return were approved.

5. Merger – Long Term Financial Model Update

The Director of Finance and Information summarised by stating that the overall message was that the synergies are tightening and need to be improved. There has been a lot of pressure back into the teams to push harder. A further update would be provided in November when a joint Finance Committee meeting was being held.

6. Business Planning 2015/16

The Trust has accelerated business planning this year to accommodate the merger, and the position is still not at the numbers required.

The team is aiming to get a proper plan together for January to bring forward the discussion. Aileen McLeish asked whether a session with the Non-Executive Directors could be held prior to the formal debate at Trust Board, so that the Board could sight the plan and influence objectives early. The Director of Finance and Information agreed to review the schedule.

SM

7. Identification of Financial Risks

7.1 Board Assurance Framework – S04

A fifth BAF has been added, which is around emergency pressures. This ties in with the need to look at how assurance is provided to the Finance Committee, (which is already on as an action point).

7.2 Key Points to take to the Trust Board

The key points to take to the Trust Board were:

- Q2 Monitor Submission signed off on behalf of the Board; and
- Note the concerns of the financial position in light of the operational pressures to be discussed at the Trust Board meeting.

8. Items for Information or Approval

8.1 Schedule of Business

Nadeem Aziz asked whether financial information was required to go to the CQC, and if so, would the Committee need to review this prior to submission. The Director of Finance and Information responded that the Trust would need to advise Monitor of anything before the CQC is advised, and Monitor will be briefed based on what Board agrees, so that should be sufficient.

8.2 Business Case Approvals

The business cases were noted.

8.3 Tender Waivers >£50k

This was noted, and the Director of Finance and Information stated that there will be a few more next time as per the previous comments on the Capital report in section 4.5.

8.4 Monitor Quarter 1 Report

This paper was noted by the Committee.

9. Any Other Business

Nadeem Aziz requested that the November meeting start at 08.00am given the shorter time for that meeting.

10. Date and Time of Next Meeting

Thursday 22nd November 2014 at 8.00am in the Finance Meeting Room, Chertsey House, St. Peter's Hospital (note that this is a shorter and earlier meeting from 08.00am to 09.45am to be followed by a Joint Finance Committee meeting with Royal Surrey to discuss the Merger LTFM starting at 10.00am)