

TRUST BOARD
29th May 2014

TITLE	Finance Committee minutes
EXECUTIVE SUMMARY	<p>The draft minutes of the Finance Committee meeting held on 16th April 2014 are attached for noting. 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; ▪ Financial Position as at 31st March 2014 – the Committee reviewed the draft outturn position for 2013/14 of a surplus of £1.4m. This was subject to audit and within the range forecast; ▪ Monitor Compliance Return Quarter 4 – on behalf of the Trust Board approved the finance elements of the submission to Monitor for quarter 4; ▪ Treasury Management Policy – reviewed and ratified changes to the policy which will be presented to the Trust Board in due course for approval; and ▪ Partnership OBC – reviewed the potential synergies associated with the OBC.
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:	Note and receive the draft minutes of the Finance Committee meetings held on 16 th April 2014.
Submitted by:	Jim Gollan, Non-Executive Director and Committee Chair
Date:	21 st May 2014
Decision:	For Receiving

Draft minutes of the Finance Committee meeting held on 16th April 2014

PRESENT:	Mr. Jim Gollan	Non-Executive Director (Chair)
	Mr. Clive Goodwin	Non-Executive Director
	Mr. Terry Price	Non-Executive Director
	Ms. Valerie Bartlett	Deputy Chief Executive
	Mr. Simon Marshall	Director of Finance and Information
IN ATTENDANCE	Mr. Paul Doyle	Deputy Director of Finance
	Mr. Bob Peet	Director of Strategic Development (item 10 only)
	Ms. Aileen McLeish	Chairman (item 10 only)
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	None	

Actions

1. Introductions and Apologies

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

2. Minutes of the Meeting held on 19th March 2014

The minutes of the meeting held on 19th March 2014 were agreed subject to a change in wording in item number 3 to make it clear that it related to procurement; and the heading of item 5 should also be corrected.

PD

3. Matters Arising

Actions List

Item 1 - Business cases to be reviewed: The Director of Finance and Information confirmed that this would be available in May, and provided a summary of the cases he expected it would cover, including (i) Vascular, (ii) Urology and (iii) OPAL/AECU. A value for money analysis is still required for these, as well as an analysis on investments made to manage the emergency pathways during the 2013/14 year.

Item 4 - The alignment of the 2020 Delivery work is still coming together, but probably won't be available until May or June for the Strategy Committee discussion. Updated the item log to a more realistic timeframe.

PD

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

4. Finances as at 31st March 2014

4.1 Operational Performance Report

The Deputy Chief Executive confirmed that the Trust did not meet the A&E 4 hour wait target for the quarter despite achieving it in the month of March.

There is a continued challenge on 18 week targets, although the cancer targets have improved.

Jim Gollan raised the on-going issues with the A&E target, stating that the Trust has made changes to improve capacity to deal with increasing demand (which stems from insufficient care available in the community) and enquired whether the Trust has evidence that clearly sets out what has been done to address the on-going issues and evidence of what is not happening outside the hospital to alleviate demand and therefore continues to hamper internal performance.

The Deputy Chief Executive responded that there is always more that can be done internally. The focus this year will be on the points raised in the paper, but in summary, everything that was advised to be done has been tried wherever possible. The in-patient survey is improving, and the Trust cancelled very little elective surgery this winter, but this was still not enough to ensure the long term sustainability of the targets. The Trust is still unclear on the CCG plan to limit activity and is therefore not confident that activity will be reduced. Finally, the Executive Directors are currently debating whether enough has been done to "right-size" the organisation for the existing demand. This will be picked up in the strategy workshop mentioned in agenda item 3 above.

The Deputy Chief Executive provided an update on 18 week wait times. As detailed in the report, there have been signs of recovery, especially on incomplete pathways. The Divisions are starting to clear the backlog with the biggest area of concern being General Surgery. The team is re-doing the trajectory today, but it might be necessary to get a locum in to catch-up internally, as they are struggling to outsource the work. An update can be provided for the Board meeting.

The cancer targets had previously been flagged as a risk but, subject to final validation, it appears the target will be achieved for the quarter. The biggest issue is in Urology, which has a poor internal pathway.

Jim Gollan requested that the Committee be provided with more metrics on operational effectiveness/efficiency, in light of the fact that the Committee needs to be providing oversight and therefore needs to be clear on what it should be doing and monitoring during this agenda item.

VB

4.2 Summary Financial Position

Jim Gollan stated that the expected outturn for 2013/14 was £1.4m and referred to the highlights in the report. The team was congratulated on achieving the forecast that was made in October, which wasn't assured at the time.

The Director of Finance and Information provided some context on the deals negotiated with the various CCGs. These included the NHS North West Surrey deal, which came out in line with expectations, albeit with underlying fluctuations. The Trust would have liked more funding for winter pressures.

There have been additional financial pressures and extra spend in March, but this was offset largely by Income. Terry Price asked for a summary of the ups and downs that landed the 2013/14 result and what will flow through to impact 2014/15, including a summary of what could have been done to get better deals.

SM

The Deputy Chief Executive asked what could have been done better to deliver the CIP's. The Director of Finance and Information explained that agency expenditure was an on-going issue, especially in Medicine. There were also some issues with procurement, which required a slicker process for delivery. The Trust needs to tighten up on project management for CIP delivery and corporate oversight. The efficiencies that are harder to measure, like length of stay, still need working up. This should be covered off in an Executive Finance meeting to decide the way forward.

SM

4.3 Monitor Compliance Return Quarter 4

The Director of Finance and Information confirmed that there was nothing new, and that the report was quite straight forward this month. The Committee needed to sign off the finance elements of the return as the Board meeting is the day after the Monitor submission date. The declaration covering the next twelve months will be in line with the 2014/15 annual plan already submitted, so there are no issues, as the Board has already signed off that plan.

The Committee approved the finance elements of the quarter 4 return.

5. Hot Topics – Commissioning Update 2014/15

Having agreed Heads of Terms previously the Trust hopes to have signed a contract with NHS North West Surrey CCG within the next two weeks. Most of the other contracts are agreed and just need to be signed, with the exception of Specialist Commissioning, with whom discussions are ongoing.

6. Marketing and Business Development Strategy Update

Jim Gollan stated that the report seemed a little muddled and did not depict a clear direction of travel. The report referred to all income growth being linked to planned strategy (with nothing linked to organic growth), rule changes and charging for items not previously billed. This needs to be clarified for the Board.

SM

The Director of Finance and Information agreed that the language was confusing, and stated that the Trust should be ensuring that we get paid for what it does, and that was a driver for some of the increase. The Director of Finance and Information talked through the various initiatives that have occurred this year such as Bariatric activity and Paediatrics and mentioned that the Vascular service was still not in its final form. The Trust will be bidding for work during the year, especially in Hounslow. The revised report will break out the coding and counting changes from the new services.

Jim Gollan stated that the messages around getting paid for work being undertaken and also of growing the catchment were positive, but if the report is going to the Board, it needs to be sharper on what the Trust has actually done proactively, and should include both a forward and a backward look. Furthermore, whilst it is clear the Trust is generating more income, there has also been significant investment, and therefore there is a question around whether the work has been profitable.

Terry Price asked whether the items flagged in the report fit the strategy the Trust set out to do. It was suggested that the report also set out the original strategy and how the growth in income compares to that. Furthermore, the report should contain details on efforts which perhaps did not work, or did not materialise as expected, and not just focus on the upside. Finally, it should

mention whether the strategy will be refreshed.

7. Treasury Management Policy Review

The Committee reviewed the proposed changes to the Treasury Management Policy and commented as follows:

PD

- changes proposed are agreed;
- Financial Services heading needs to change to the Prudential Regulatory Authority, the lead regulator for UK banks;
- agreed by Audit/Finance Committee should be Finance Committee;
- the policy should refer to the fact that there is no working capital facility; and
- furthermore, under the section on objectives, it was queried whether any covenants were actually in place and it was suggested that the wording should be replaced with "keeping within all banking requirements".

Subject to the above the revised Treasury Management Policy was approved.

8. Identification of Financial Risks

8.1 Items for Risk Register

None noted.

8.2 Key Points to take to the Trust Board

The key points to take to the Trust Board were:

- Confirm the 2013/14 outturn, subject to audit, is £1.4m;
- Update on the 18 week pathway trajectory;
- Monitor Q4 report agreed and submitted prior to the Board meeting; and
- Feedback on the Partnership OBC paper.

9. Items for Information

9.1 Schedule of Business

The following changes were agreed to the Schedule of Business:

PD

- a) It was agreed that the Committee would take a break in August, and so the meeting will be cancelled; and
- b) The date of the meeting on 21st May 2014 on the Schedule of Business needs to be updated to 28th May 2014.

9.2 Business Case Approvals

Noted.

9.3 Tender Waivers >£50k

There was one such waiver and it is anticipated that this particular waiver will come up every year as the supplier is the only provider. The Committee noted the waiver.

10. Any Other Business

Any other business considered the Partnership OBC that would be presented to the Trust Board on 1st May 2014 and gave the Committee the opportunity to discuss parts of the OBC.

Potential Synergies

The Director of Finance and Information and Director of Strategic Development gave a brief update on the data and mentioned that it was very “top level”. The core synergies covered a variety of work streams, clinical and non-clinical, and were phased over a number of years. These synergies only included additional £ synergies over and above those already identified internally.

The Director of Finance and Information and Director of Strategic Development agreed to check the profiling of some of the schemes.

SM/BP

Clive Goodwin asked whether the savings identified were net of investment. The Director of Finance and Information replied that they were not and that there is a separate schedule of investments that would go to the Trust Board. Terry Price suggested that the schedule should include the investment costs, and bottom line shown as net, which would achieve this.

SM/BP

The Director of Strategic Development stated that the figures seem to benchmark well against other Trusts.

Jim Gollan asked whether these projections were robust enough to recommend them to the Board as a fair estimate of expected synergies for each partnership scenario being considered. The Committee agreed, subject to reviewing the phasing of savings and the inclusion of details of the investment required to generate the synergies.

Sensitivities to present to the Board

Sensitivity assumptions to be drawn to the full Trust Board's attention are:

1. Delay in implementation;
2. Under delivery of CIPs and synergies; and
3. Higher than expected transaction costs.

The Deputy Chief Executive highlighted a further risk, falling off of hospital performance caused by the demands of implementation.

Clive Goodwin stated that he would provide a template setting out how the investments, minimum cash contribution to secure financial sustainability and the cash required to secure operational performance should be presented. This will be sent to the Director of Strategic Development to see if it would be helpful in putting the point across.

11. Date and Time of Next Meeting

Wednesday 28th May 2014 at 3.00pm in Room 2, Chertsey House, St Peter's Hospital (Please note change of date and time)