

TRUST BOARD
29th November 2012

TITLE	Minutes of the Finance Committee meeting held on 17th October 2012.
EXECUTIVE SUMMARY	<p>The minutes of the Finance Committee meeting held on 17th October 2012 are attached to note and receive. The key points are:</p> <ul style="list-style-type: none"> ▪ Finance Report to 30th September 2012 – the Committee reviewed the month 6 financial position and the forecast outturn for the year; ▪ Monitor Compliance Return Quarter 2 – reviewed and approved the finance elements of the quarter 2 Monitor compliance return; ▪ Internal Audit Reports – reviewed internal audit reports on budgetary control and financial reporting as well as a capital projects review; and ▪ CIP's – received an update on the progress with the current CIP's performance in 2012/13 as well as an outline of the plans for, and approach to, Quality and Transformation Planning for 2013/14 to 2015/16.
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 we are aware of.
LEGAL ISSUES	None that we are aware of.
The Trust Board is asked to:	Receive and note the minutes of the Finance Committee meeting held on 17 th October 2012.
Submitted by:	Paul Doyle, Deputy Director of Finance on behalf of Jim Gollan, Non-Executive Director and Finance Committee Chair
Date:	21 st November 2012
Decision:	To Receive.

TRUST BOARDDate: 29th November 2012**Title: Minutes of the Finance Committee meeting held on 17th October 2012**

PRESENT:	Mr. Jim Gollan	Non-Executive Director (Chair)
	Mr. Peter Taylor	Non-Executive Director
	Mr. Clive Goodwin	Non-Executive Director
	Mr. Simon Marshall	Director of Finance and Information
	Mr. Paul Doyle	Deputy Director of Finance
IN ATTENDANCE	Claire Braithwaite	Associate Director of Operations
	Ms. Colleen Sherlock	Head of Workforce Planning and Intelligence
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director, Financial Management
APOLOGIES:	Mr. Andrew Liles	Chief Executive
	Ms. Valerie Bartlett	Deputy Chief Executive
	Ms. Raj Bhamber	Director of Workforce and OD

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 September 2012

The minutes of the meeting held on 19th September 2012 were agreed.

3. Matters Arising**3.1 Action Points List****3.1.1 Action point 4**

The option of incorporating a formal Workforce Committee within the Finance Committee had been raised at the previous meeting. The Director of Finance and Information advised that the Trust was now considering creating a separate Workforce Committee to raise the profile, on the back of the PwC quality recommendations. It was agreed that the item was therefore closed.

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

4. Finance Report**4.1 Activity Report**

The Director of Finance and Information introduced the report, and stated that the previous trends continued in month 6, with emergency admissions continuing to come in above plan which had an impact on

finances as the non-elective cap threshold had been exceeded, and additional work would only be paid at 30% of tariff.

It was noted that elective work in Trauma and Orthopaedics had dropped off closer to planned levels, and this was being monitored.

The reasons for over-performance were being reviewed in order to support the PCTs with demand management, and although no formal plan had yet been agreed with the PCTs, several constructive conversations had already taken place. Internally, actions such as the new MAU model would help to reduce admissions, and the further addressing of capacity issues in other areas would also help streamline process and improve flow.

4.2 Operations Report

The Committee noted that all the quarter two operational targets had been met, and the team was congratulated on this.

The Associate Director of Operations explained that the new model of care in MAU had been introduced in the previous week, and that all indications were that the implementation had been successful and positively received. The flow through the hospital had improved, and A&E targets had not been breached despite increased attendances.

The challenges with rolling out the new model were discussed, and it was agreed that similar issues could be faced in other areas of the Trust when major projects of this nature were rolled out.

The Trust had done a significant amount of work around rebalancing capacity, including the MAU piece mentioned above in preparation for winter, and this should enable operational challenges to be met in the coming months.

4.3 Workforce Report

The Head of Workforce Planning and Intelligence presented the report, pointing out that the style of the report had changed to match other Trust reports. Attention was drawn to the fact that vacancies have reduced due to (i) decreased nursing establishment and (ii) large scale recruitment.

Jim Gollan asked whether there were any issues with large scale recruitment. The Head of Workforce Planning and Intelligence stated that there were not, as it was mainly done through open days which had been well attended.

In terms of the hotspots within underlying numbers, such as agency usage within A&E, the Trust was now trying to change the model of work, as some posts could not be filled, and if these models can be changed, along with the type of staffing required, then the dependency on agency could be reduced.

Peter Taylor asked whether agency doctors were long term or constantly changing. The Head of Workforce Planning and Intelligence stated that there was a mixture of both and that a meeting had been scheduled for the following week to discuss an action plan to try and crack the issue.

The plan to eliminate agency would have to be undertaken in a controlled way over a period of 6-8 weeks.

Clive Goodwin asked whether a breakdown of the agency usage by staff category and department, including the reason why agency was required could be provided to enable the Committee to understand where the issues were to identify where they were persistent and why the department could not recruit substantively.

CS

The Head of Workforce Planning and Intelligence mentioned that on page 10 of the report included an update on recruitment times which had improved to 5 weeks, which is lower than other Trusts.

4.4 Finance Report

The Director of Finance and Information summarised the month six position, stating that September came in as expected, with a continuation of previous trends and this enabled prudent contingencies to be made. It was pointed out that the financial data reflected issues previously highlighted in earlier agenda items, for example issues around vacancies and agency use.

The message on CIPs was good news and the Trust is largely there in both forecast schemes identified as well as assured schemes.

In respect of the Divisional reports the big movements were around emergency pathway improvements which are being monitored week by week.

Cash was flagged as an issue as the Trust was still awaiting payment from the PCT, who haven't paid any of the over-performance yet, although there was no indication that it wouldn't be paid. The readmissions audit is due to start on 18th October 2012, after which the over-performance will be agreed and payment should follow.

The Committee discussed the forecast which would be discussed at the next Trust Board meeting.

4.5 Monitor Compliance Report – Quarter 2

The Deputy Director of Finance talked through paper. Two of the financial risk indicators had been triggered and these were discussed by the Committee. It was noted that with c£14m of cash the Trust had no liquidity issues.

Finally it was pointed out that the Trust was declaring a FRR of at least 3 for next 3 quarters. This would be fed back to the Trust Board when signing off the whole compliance return for quarter 2.

4.6 Internal Audit Report – Budgetary Control and Financial Reporting

Jim Gollan asked what standards Parkhill were auditing against. The Director of Finance and Information suggested this was probably question for Audit Committee, but it was assumed it would be against standard NHS audit criteria.

The Committee noted the output of the report which gave substantial

assurance and made one low recommendation.

5. Capital

5.1 Capital Report to 30th September 2012

The report was noted by the Committee.

Clive Goodwin questioned why Monitor asked the Trust to resubmit the capital plan. The Deputy Director of Finance explained that the variance to plan was more than 25% and therefore they asked for the plan to be re-profiled which is their standard policy. This is also why the year to date variance is less than 2% whilst the end of year forecast variance is larger at 13%. It was agreed that since there would be no capital report at the next Finance Committee, that an expanded section on Capital would be included in the Finance Report next month.

PD

5.2 Minutes of the Capital Control Group meeting held on 10th September 2012

Noted by the Committee.

5.3 Internal Audit Report - Capital Projects Review

The Director of Finance and Information stated that the capital programme was slipping due to a variety of issues such as planning permission, as well as plans being challenged. There was an issue around the whole programme perhaps not being worked up properly at beginning of year, and there were actions in place to address this.

Peter Taylor mentioned that there was no clarity on ownership of projects, and financial aspects.

Jim Golan mentioned that Parkhill did not comment on the quality of business cases, this would need to be discussed again when the business case review was done in January, as per the Schedule of Business.

PD

6. Cost Improvement Plan Review

The Director of Finance and Information explained that this was a “deep dive” into the CIP processes and the plan to develop future programmes. Peter Taylor asked where EQUIP was in the future plans? The Director of Finance and Information explained that it was embedded in the plans, even if not overtly mentioned.

Expenditure controls needed to be tightened to ensure that the 2012/13 forecast was delivered.

The Committee congratulated the Trust on the current CIP performance.

7. Epsom Transaction Update

This item would not be discussed at this meeting as it would be covered at the Strategy Committee meeting the following day.

8. Identification of Financial Risks:

8.1 Items for the Risk Register

Nothing new to be added.

8.2 Key Points to take to Trust Board

- The Trust end of year financial forecast
- Approval of finance elements of the quarter 2 compliance return

9. Items for Information

9.1 Schedule of Business

Noted.

The Director of Finance and Information stated that the Trust has pushed back the 24 hour hospital item to January.

The Deputy Director asked whether the Lean/Equip paper due in December was still required or whether this was replaced by PMO paper. Peter Taylor suggested it be looked at as part of the business planning review process for next year.

9.2 Business Cases Approved by TEC

There businesses cases approved by TEC in September 2012 were noted.

The Committee requested that the JAG accreditation case to come to Finance Committee in November due to the value.

PD

9.3 Tender Waivers >£50k

There were no such tender waivers in September 2012.

11. Any Other Business

None.

12. Date and Time of Next Meeting

Wednesday 21st November 2012 at 8.30a.m. in Room 2, Chertsey House, St. Peter's Hospital