

TRUST BOARD
30th June 2011

TITLE	Minutes of the Finance Committee meeting held on 18th May 2011
EXECUTIVE SUMMARY	<p>The minutes of the Finance Committee meeting held on 18th May 2011 are attached for noting. The key points are: -</p> <ul style="list-style-type: none"> ▪ Finance Report to 30th April 2011 – reviewed the month 1 financial position of the Trust and in particular the operational issues that had affected the results. It was noted that in addition there was a shortfall on the Trust's CIP programme; ▪ Monitor Three Year Plans – discussed and agreed the Monitor Three Year Plans prior to Trust Board approval; and ▪ Finance Committee Review – discussed a review carried out by the new Committee Chair and agreed actions for moving forward.
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 18 th May 2011.
Submitted by:	Jim Gollan, Non-Executive Director and Committee Chair Paul Doyle, Deputy Director of Finance
Date:	22 nd June 2011
Decision:	For Noting

TRUST BOARD
30th June 2011

Minutes of the Finance Committee meeting held on 18th May 2011

PRESENT:	Mr. Jim Gollan	Non-Executive Director (Chair)
	Mr. Peter Taylor	Non-Executive Director
	Mr. Terry Price	Non-Executive Director
	Mr. Andrew Liles	Chief Executive
	Ms. Raj Bhamber	Director of Workforce & Organisational Development
	Mr. John Headley	Director of Finance and Information
	Mr. Paul Doyle	Deputy Director of Finance
IN ATTENDANCE:	Mr. Tony Ranzetta	Interim Associate Director, Performance Improvement
	Mr. Clive Goodwin	Non-Executive Director
SECRETARY:	Ms. Desireé Irving-Brown	Assistant Director Financial Management
APOLOGIES:	Ms. Valerie Bartlett	Deputy Chief Executive

Actions

1. Introductions and Apologies

Clive Goodwin was in attendance at the meeting as he was taking over from Terry Price as one of the Non-Executive Directors on the Committee with effect from June 2011. The Committee expressed their thanks to Terry Price for his work on the Committee over the past few years.

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

2. Minutes of the Meeting held on 20th April 2011

The minutes of the meeting held on 20th April 2011 were agreed, with one correction relating to page 2 section 4 (iv) which should have read "Income and cost drivers".

3. Matters Arising

(i) Action Points List

All action points due for this meeting were listed as agenda items.

4. Activity, Workforce and Finance

(i) Activity

The Director of Finance and Information advised the Committee that the Activity report was incomplete due to delays in coding, and therefore should be disregarded for the purposes of supporting financial

performance in April. The report would be included going forward, as the data would be updated retrospectively.

(ii) Workforce and Benchmarking

The Director of Workforce and Organisational Development provided a high level overview of the current workforce statistics, with vacancies at 8.4%, turnover at 12% and sickness rates of 3.5%, all remaining within target. The revised report is still being developed and will be available in June.

(iii) Finance Report as at 30th April 2011

The Director of Finance and Information provided a summary of the financial performance and addressed the questions set out by Jim Gollan. The £725k adverse variance to plan was split between one-off costs involving bank holiday cover, and ongoing pressures around capacity and additional elective work to clear waiting lists, as well as the slippage in the CIP programme. The Chief Executive explained that, although this was a disappointing start to the financial year, performance is reported to Monitor quarterly and there is therefore time to recover the situation before the first quarter ends. Several actions were being undertaken to bring operational issues into line and improve flows through the hospitals. Furthermore, there has been no provision for over-performance in the first month, and therefore the situation has been reported prudently.

The Committee was reminded that the activity reports were not reflective of actual activity due to delayed coding, and therefore once the actual activity was available, a better context would be provided for the financial variances.

The Interim Associate Director, Performance Improvement provided an update on the current situation in the hospital, stating that additional pressures were caused through GP practices being closed for almost ten days, which was unprecedented, due to public holidays. Furthermore, the anticipated reduction in beds in April following the winter surge had not occurred, as many patients were in the wrong place due to escalation beds, and it was taking longer than anticipated to move people to the correct settings. As a result length of stay was increasing and disrupting the flow. This was also impacting elective work, as there was not sufficient space to put elective patients since outliers were in surgical wards. The practice of batching flows caused backlogs on several pathways, and this practice is being reviewed, as batching is not an efficient way to control flow.

The Interim Associate Director, Performance Improvement continued by outlining the actions being undertaken to alleviate the pressures on capacity. These included: rolling out the Urgent Care Programme; an MAU review; a Discharge Management project (including changing discharge times, ward rounds and discharge days) and reviewing day surgery pathways to improve flow.

Jim Gollan suggested that the Finance Report be tailored to focus on the current operational situation, to ensure progress on the improvement initiatives can be reviewed.

DIB

Clive Goodwin inquired about the relationship between cost overspends and capacity issues and the Interim Associate Director Performance Improvement explained that the cost of escalation beds was known, as was the savings available from reducing the median length of stay and shutting escalation capacity. There is also a process in place to identify further CIP's.

The Director of Finance and Information confirmed that Divisions were not being asked to over-perform as this would not solve the current issues due to the nature of the capped contract with NHS Surrey.

Peter Taylor enquired about staff morale during this period. The Director of Workforce and Organisational Development confirmed that a meeting had been held with the Employee Partnership Forum and the situation and plans had been explained. This had been well received, and staff had also offered suggestions on how to make improvements. Furthermore, the workforce indicators such as sickness, turnover and vacancy rates are stable, and therefore these are not contributing to the current pressures on costs. The Director of Finance and Information and the Director of Workforce and Organisational Development will be attending the Vacancy Panel each week as a further means of controlling pay expenditure. Agency expenditure will also remain a key focus area.

The Chief Executive summarised by stating that operationally things were slowly improving, but that the organisation was aiming to not only get back to the situation six months ago, but for greater improvements which would require significant changes in processes, including patterns of work and use of Consultants time.

The Committee asked that either the Interim Associate Director, Performance Improvement or Deputy Chief Executive update the meeting in June on the operational issues.

VB/TR

5. Monitor Three Year Plans

The Deputy Director of Finance tabled a paper setting out the high level Monitor Three Year Plans and pointed out the new tables which have been included since previous versions. A discussion followed around the first quarter plan and likelihood of achieving the target. The Director of Finance and Information advised that the accounting treatment to date had been prudent and given the confidence that operational improvements would be achieved, the quarter one target was achievable.

Jim Gollan advised that notes be kept on the planning process this year, and any correspondence with Monitor, to be used to understand and plan for the process next year.

Clive Goodwin enquired about the impact of the Epsom bid on the plan, and the likelihood that base plan that had been outlined in the Three Year Plan document would need to be revised. The Director of Finance and Information advised that the plan would not be revisited, and that a submission for Epsom would be built on the existing plan, with sensitivity built in for potential variances.

The Committee approved the Monitor Three Year Plans.

6. Capital

(i) Review of Aged Equipment

The Director of Finance and Information provided the context of this paper in respect to the Managed Equipment Service project and offered to provide benchmarking data to put the Trust figures into perspective.

JH

The Committee noted the paper.

(ii) Capital Report as at 30th April 2011

The Committee noted this new report. Peter Taylor provided a summary of the EDF matter, and updated the Committee on the progress. A meeting has now been arranged with a director of EDF to discuss the matter.

7. Finance Committee Review

(i) Review of Finance Committee

A review of the Finance Committee functions and outputs had been undertaken by Jim Gollan, who presented a summary and outlined suggestions to address the issues raised in the review. The suggestions for the format and structure of future proceedings were agreed by the Committee, although concerns around resourcing in the Finance Department were raised and the ability to produce large volumes of data in a very small timeframe.

It was agreed that the Finance team would bring an implementation plan to the next meeting.

JH

It was also agreed that Jim Gollan would discuss with the Trust Chairman the role of the Committee in the oversight of major projects.

JG

(ii) Terms of Reference Review

The Committee agreed the Terms of Reference that were presented subject to minor changes. There was a debate around whether or not marketing and EQUIP should be included, but it was agreed that these would be covered off in other forums which Non-Executive Directors attended. EQUIP updates will be brought to the Committee regularly.

8. Identification of Financial Risks

(i) Items for Risk Register

None.

(ii) Key Points to take to the Trust Board

The month one financial position and approval of the Monitor Three Year Plan would be taken to the Trust Board.

9. Items for Information(i) Schedule of Business

It was suggested that an update from the Commercial Group be added to the Schedule of Business each month, as an additional item early in the agenda. It was also suggested that certain items be pushed back from June, as the June agenda appeared to be very full.

PD

(ii) Business Cases Approved by TEC

None.

(iii) Tender Waivers

None.

(iv) Charitable Funds Report Quarter 3 2010/11

The Deputy Director of Finance presented an update on Charitable Funds. It was mentioned that this should be discussed at a separate committee which was yet to be formed and Jim Gollan undertook to discuss this with the Trust Chairman.

JG

It was also suggested that a detailed spending plan should be developed.

(v) Minutes of Commercial Group meeting held 21st April 2011

The minutes were noted and it was suggested that this item be discussed earlier in the agenda in future.

10. Any Other Business

The Director of Finance and Information advised the Committee that the Heads of Terms of the Surrey Pathology agreement were still under negotiation and would therefore not be taken to the next Trust Board Meeting.

11. Date and Time of Next Meeting

Wednesday 22nd June 2011 at 8.30 a.m. at Level 2 Seminar Room, St. Peter's Hospital.