

Minutes of the Finance and Workforce Committee
Held on 26 July 2016 at 8.00am
In AD65, East Surrey Hospital, Redhill
PUBLIC

Present

Richard Durban	Non-Executive Director (Chair)
Paul Biddle	Non-Executive Director
Paul Simpson	Chief Finance Officer
Fiona Allsop	Chief Nurse
Angela Stevenson	Chief Operating Officer
Ian Mackenzie (part meeting)	Director of Information & Facilities
Gillian Francis-Musanu	Director of Corporate Affairs
Mark Preston	Director of Organisational Development and People

In attendance

Peter Burnett	Deputy Chief Finance Officer
Catriona Tait	Head of Costing & Service Line Reporting (Committee Secretary)

1	<p>WELCOME AND APOLOGIES FOR ABSENCE</p> <p><u>Apologies:</u></p> <p>There were apologies from Alan Hall (Non-Executive Director).</p> <p><u>Declarations of Interest:</u> There were no declarations of interest.</p>
2	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>The minutes of the 28 June 2016 meeting were approved.</p> <p><u>Action Tracker</u></p> <p>It was noted that all the due actions from the action tracker were on the agenda.</p> <p><u>Medical Records</u></p> <p>Ian Mackenzie presented a report that highlighted the improvements in Medical Records provision since the movement of the offsite storage to Salfords and the introduction on a 24/7 service. Lead times were improved and costs had been reduced. The team was congratulated on a successful project. Paul Biddle asked that the criteria are for destroying records. Ian Mackenzie replied that there is a maximum and a minimum length of time that records can be kept for.</p>

Ian Mackenzie advised that the new Medical Records building was due to complete in October and an update on the resulting freed up clinical space and opportunities for more efficient working would be reported to the August FWC meeting.

3 FINANCE

Financial Performance M03

Paul Simpson presented the M03 Finance performance report. The Trusts YTD deficit at the end of month 3 was £(2.5)m, £2.3m better than the planned £(4.8)m deficit position. The Sustainability and Transformation funding trigger has been achieved at Q1 (based on financial performance). The Trust has achieved its agency spend plan for the quarter. Although the Trust is still ahead of plan, there was overspending within all Divisions (except Surgery). Paul Biddle commented that there was a slight underspend on pay. Paul Simpson replied that the Trust has phased the budget differently rather than using reserves but that although agency is showing a slight decline it is not reducing by as much as is needed.

The cash balance at the end of June 2016 was £3.7m. The Trust has drawn down £7.2m of its 2016/17 revolving working capital facility. The Committee noted that the in year £6m working capital facility would now need to be repaid by 31/3/17 and that payment to suppliers was improving.

2016/17 CIP Update

Paul Simpson presented the 2016/17 CIP paper and highlighted that it showed that at the end of June the Trust achieved savings of £1.0m and is ahead of the NHSI plan.. The Trust remains confident the full £9.2m savings can be successfully delivered in 2016/17.

2016/17 Budget Paper

Paul Simpson presented the 2016/17 final budget and highlighted that the Trust was staying with the previous surplus of £15.2m which includes:

- a) the receipt of £9.7m sustainability and transformation funding;
- b) A cost improvement/savings plan of £9.2m (3.1% of turnover, after excluding set offs for pass through costs and taking account of income included in Divisional budgets);
- c) A £2.7m productivity gain from additional activity valued at £3.6m – this item describes the main stretch for the Trust and increases the overall efficiency gain to 4% of turnover).

Paul Simpson advised the Committee that the achievement of this surplus has the following caveats:

- a. Contracts are signed (bar Sussex MSK) without material adverse impact on the budget;

	<p>b. The readmission penalty will not be levied; c. MRET threshold change has been agreed with East Surrey CCG, but not with Sussex CCGs (subject to a dispute process);</p> <p>The Committee then reviewed the risks and mitigations against them in detail and noted that the control total would reduce (to £11m) if the caveats were not achieved.</p> <p>Paul Biddle asked when the Trust would receive the £2.4m STP Q1 funding. Peter Burnett replied that we were already chasing NHSi for payment.</p> <p>The Committee recommended that the Board approves the final budget.</p>
4	<p>WORKFORCE AND ORGANISATIONAL DEVELOPMENT</p> <p><u>Workforce and Organisational Development Report M03 and M03 KPIs</u></p> <p>Mark Preston presented the Workforce & Organisational Report to the Committee advising the Committee that an exercise was being undertaken within workforce to review the establishment changes that have been processed in the previous months to ensure the procedures are being correctly followed.</p> <p>Mark Preston then presented the National Staff Surveys report to the Committee. It was noted but there was no discussion.</p>
5	<p>CAPITAL AND ESTATES</p> <p><u>Capital & Estates Report M03</u></p> <p>Ian Mackenzie presented the M03 Capital & Estates report. Paul Simpson reminded the Committee that that the Trust has set a capital budget of £9m but advised that the planning returns we have submitted to NHSi are for a £15.9m Capital Resource Limit (CRL) in the 2016-17 plan resubmission (which includes potential schemes for EPR Digitise, clinical capacity investment and pathology). The capital programme funding assumes the agreement of £3m PDC for the 2015/16 transfer from capital to revenue and a £3.5m capital investment loan. Richard Durban asked if that meant the capital was guaranteed and Paul Simpson replied that we had been given conflicting advice from NHSi.</p>
6	<p>IT</p> <p><u>IT Report M03</u></p> <p>The IT report was presented by Ian Mackenzie and noted by the Committee.</p>

7 GENERAL

Date of next meeting

Tuesday 23rd August 2016 8.30am – AD77