

Minutes of the Finance and Workforce Committee
Held on 25 January 2016 at 3.30pm
In AD65, East Surrey Hospital, Redhill
PUBLIC

Present

Richard Durban	Non-Executive Director (Chair)
Paul Biddle	Non-Executive Director
Alan Hall	Non-Executive Director
Angela Stevenson	Chief Operating Officer (Part Meeting)
Ian Mackenzie	Director of Information & Facilities
Gillian Francis-Musanu	Director of Corporate Affairs
Mark Preston	Director of Organisational Development and People
Fiona Alsop	Chief Nurse

In attendance

Michael Wilson	Chief Executive (part meeting)
Janet Miller	Deputy Director of Organisational Development and People
Peter Burnett	Deputy Chief Finance Officer
Laura Warren	Head of Communications(part meeting)
David Knight	Senior Cost Accountant (Committee Secretary)

1	<p>WELCOME AND APOLOGIES FOR ABSENCE</p> <p><u>Apologies:</u></p> <p>Apologies were received from Paul Simpson (Chief Finance Officer) (Peter Burnett deputised)</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 15th December 2015 meeting were approved.</p> <p><u>Action Tracker</u></p> <p>Bowl Screening update due to the February meeting. All other action on the agenda or due to future meetings.</p>
3	<p>BUSINESS CASE INVESTMENT</p> <p><u>UKPN Full Business Case (FBC) Addendum</u></p> <p>Ian Mackenzie updated the Committee on the current legal and financial situation between the Trust and UK Power Networks (UKPN) and following negotiations the extra claim has been reduced</p>

	<p>to £61K plus VAT. The Committee sort and received assurance that no further costs should now arise.</p> <p>Alan Hall sort clarification on the financial year in which this cost would materialise. Ian Mackenzie confirmed it would be the current financial year.</p> <p>The Committee approved the addendum on a “full and final” basis.</p>
<p>4</p>	<p>BUSINESS PLANNING</p> <p><u>Communication Planning</u></p> <p>Laura Warren presented the Communication plan to the Committee. The Committee welcomed the plan which provides a set of actions for 16/17 across all platforms. The Committee noted the progress made to date. It asked for an update on outcomes and a view on achievement against the strategic objectives at an appropriate time.</p>
<p>3</p>	<p>FINANCE</p> <p><u>Financial Performance M09</u></p> <p>The month 9 Financial Performance paper was presented to the Committee by Peter Burnett.</p> <p>At Month 9 the Trust is reporting an income and expenditure deficit (after donated asset technical adjustment) of £(5.3m) which is £(4.0m) adverse to the revised TDA plan. Month 9 includes a £0.4m income accrual in respect of anticipated reimbursement from the TDA in respect of lost income from the Junior Doctors industrial action. Subsequent to the preparation of the accounts the Trust has been informed that this money will not now be reimbursed nor any loss of income from future industrial action days.</p> <p>Peter Burnett highlighted that the Junior Doctor reimbursement risk amounted to £1.6million. Mark Preston informed the Committee that this week’s strike had been postponed with both sides working with ACAS. A further strike is planned for the 10 February.</p> <p>The Committee was informed that the Trust is applying for a £9.6m loan which comes with the condition that the earlier £6m working capital loan is paid back leaving a net position of £3.6m. The £9.6m loan will be treated as PDC. In addition a Capital to Revenue adjustment of £3m has been agreed with the TDA.</p> <p>Action: Accounting treatment of the Capital to Revenue transfer to be provided to the Committee. – PBurnett/PS.</p> <p>The Trust’s cash balance at the end of December was £5.7m, with a forecast year end cash balance of £2.5m. Backlog creditors increased by a further £2.2m in month. The Committee requested a breakdown of backlog creditors.</p> <p>Action: Breakdown of 60-90 day old creditors to be provided to the Committee – PBurnett/PS</p>

2015/16 CIP Update

Peter Burnett presented the CIP paper to the Committee highlighting that the savings target YTD in the submitted TDA plan for 2015/16 is £5.3m and at month 9 the Trust has delivered £3.2m of savings and is behind both the TDA plan and also the internal plan. Non recurrent contingency savings of £0.6m have been used to achieve this position. The Committee noted that achieving the year end forecast of £4.8m would require delivery of £1.6m in Q4 against a quarterly average of £1.1m.

2016/17 draft Budget update

Peter Burnett presented the Budget Update to the Committee. The draft budget shows a deficit of £(4.1m). This position is predicated on achieving the 15/16 forecast of £(6.0m) set off by the capital to revenue transfer of £3m i.e. a net position of a deficit of £(3.0m) . There are four main actions required to firm up the budget:

- Complete a demand & capacity plan for emergency activity
- Surgical Division to provide a capacity plan for elective activity describing cost and income
- Complete a demand and capacity plan for outpatients
- Directors to complete actions on the CIP

The Committee noted that the CIP is set at £9.2m v a forecast outturn of £4.8m for 15/16 although it recognised the contingency in the budget of £3.5m of which £1.5m is specific to nurse costs. The Committee asked that a percentage of the saving be applied depending on which gateway had been achieved; that the CIP is phased to show the rate required by quarter and that a total in excess of £9.2m be scoped to allow for underachievement; the Carter analysis may be helpful.

The Committee sought assurance around the agency cap and the hourly rate. Fiona Allsop commented that how effective the cap is going to be is still not clear. Paul Biddle sought clarification on whether the negotiations with agencies are local or being conducted on a national scale. Fiona Allsop confirmed that the negotiations are on a local basis.

Richard Durban asked if the Carter work had been included in the budget with Peter Burnett confirming that Carter were not specifically included.

Alan Hall highlighted that the phasing in the budget would result in the savings doubling and given the current run rate this would appear unrealistic. Saving would have to hit £1 million a month. Fiona Allsop commented that nursing saving that make up the bulk of savings would start to feed in from March. Gillian Francis-Musanu commented that savings planning had started earlier this year and many savings are ready to start from the beginning of the new financial year and hence are expected to deliver early.

Actions: CIP: a percentage of confidence to be added to the budgets reflecting the likelihood of being achieved; savings to be phased by quarter – PS

Carter : the M10 CIP update to discuss the integration of the Carter findings – PS

	<p style="text-align: center;">Nurse recruitment and Agency use ; an update report to the February FWC - FA</p> <p>The Committee then discussed the demand and capacity issues facing the Trust and the planning for this and noted that the status of the actions around Emergency, Elective and Outpatients would be reported to the February FWC as part of the 16/17CIP update.</p> <p>A discussion was had around the use of the restricted amount of Capital in the next financial year with Ian Mackenzie highlighting the more robust business case process that ensures better quality of capital spend.</p> <p>Action: Draft 16/17 Capital Plan to be presented to the February FWC IM</p>
4	<p>WORKFORCE AND ORGANISATIONAL DEVELOPMENT</p> <p><u>Workforce and Organisational Development Report M09</u></p> <p>Mark Preston presented the Month 9 Workforce and Organisational Development paper. The Committee noted plans against each of the 6 strategic objectives would be refreshed, that a new set of KPIs would be in place for the new financial year, that work to deliver the Achievement review target would continue and that the definition and approach to delivering mandatory training was being reviewed.</p>
5	<p>CAPITAL AND ESTATES</p> <p><u>Capital & Estates Report M09</u></p> <p>The Month 9 Capital report was presented. The Committee noted the openings of the IRU and the Macmillan Information Centre.</p>
6	<p>IT</p> <p><u>IT Report M09</u></p> <p>The IT report was noted and the Committee extended their congratulations to the IT team in the successful upgrade to the new Cerner version.</p>
8	<p>GENERAL</p> <p><u>Date of next meeting</u> Monday 23rd February 2016 8.30am – AD65</p>