

### Finance and Investment Committee Report

<b>Trust Board</b>	<b>Item: 12.1</b>
<b>Date: 24th September 2014</b>	<b>Enclosure: N</b>
<b>Purpose of the Report:</b> To report to the Trust Board on the meeting of the Finance and Investment Committee held on 18 September 2014	
<b>FOR: Information</b> <input checked="" type="checkbox"/> <b>Assurance</b> <input type="checkbox"/> <b>Discussion and input</b> <input type="checkbox"/> <b>Decision/approval</b> <input type="checkbox"/>	
<b>Sponsor (Executive Lead):</b>	Michael Jennings
<b>Author:</b>	Michael Jennings
<b>Author Contact Details:</b>	
<b>Legal Regulatory / Reputation Implications:</b>	None
<b>Link to Relevant Corporate Objective:</b>	Objective 4
<b>Document Previously Considered By:</b>	None
<b>Recommendations &amp; Actions required:</b> The Board is asked to note the report.	

## Finance and Investment Committee 18/09/14

The Committee considered the month 5 position. An adverse variance of £0.3 m was reported for the month after the release of £0.4m contingency. This brings the year to date position to £0.6m adverse to plan. Patient care income was £0.8m adverse mostly in non-elective activity.

The committee reviewed an analysis of the trends in non-elective activity over the last three years showing that 2014/15 is lower than all three previous years. Potential reasons were discussed and it was agreed that further analysis should be undertaken.

There are also adverse variances in elective and daycase activity and the committee were assured that service lines had plans in place to recover this position.

A more detailed analysis of trends in income, pay and non-pay at a service line level which had been discussed at the Executive Management Committee was presented. This provided greater insight into the key variances affecting the overall Trust position and highlighted which service lines needed to improve performance and what the impact on the yearend outturn might be.

This analysis had also helped to clarify the key issues on non-pay which had been identified last month. Four main areas were causing most of the overspend. Energy and Patient transport were overspent every month, whilst Premises and Drugs appeared to be one off issues. A report on the Dalkia energy contract is to be brought to the next meeting.

The committee requested that a report be brought to the next meeting identifying what could be recovered by which service lines.

CIP performance was at 99% in month, 92% year to date. Schemes due to commence in the second half of the year are being reviewed to minimise any further slippage as there is a significant increase in schemes commencing from October.

Debtors and creditors have both reduced in August with cash lower by £1.9m at £7.2m. The payment of creditors has improved with 85% paid within 30 days.

Capital expenditure is at 88% of plan with the forecast at 94% for the full year. The main slippage is on the estates strategy.

The Trust maintains a Monitor Continuity of Service (COSR) rating of 3.

The partnerships with RMH and BMI are performing well. The Committee asked whether there was scope for them to generate further contributions to the Hospital's income.

The aged debt report was reviewed and it was noted that issues with overdue debts are being clarified and debts are being chased. The Trust is part of a national pilot to improve recovery of European visitor treatment costs under the reciprocal agreement.

A report on creditors was presented and it was noted that there are some reciprocal debtor and creditor balances with local Trusts. Improved clearance of these balances should be the aim of both organisations.

The contracts report was presented to the Committee. The level of monthly penalties continues to reduce. Cumulatively this is now £0.5m with a yearend forecast of £0.9m which is slightly less than last year. Challenges made by the commissioners mean that there is some risk against the invoiced income although these are being robustly refuted. Commissioners have issued draft commissioning intentions for 2015/16 which propose the continuation of the 5 year strategy and collaborative working.

The Committee was provided with an update on the loan. Due diligence on this agreement has been carried out by Capsticks who confirmed that there is no issue relating to the PFI contract. Questions raised by committee members were answered satisfactorily. It was agreed that further financial due diligence by a third party was unnecessary. The committee recommends to the Board that the loan should be approved and that delegated authority should be given to the Chair, the Chair of the Finance Committee, the Chief Executive and the Director of Finance to finalise the timing to ensure that any undue swings in the loan rate caused by market turbulence are avoided.

A business case for the re-procurement of PACS was presented by IM&T and Radiology. It is essential that this equipment is replaced before July 2015 as the current contract expires then. The committee recommends to the Board that this case should be approved under a 10 year Managed Service contract which offers a full refresh of equipment after 5 years (Option 1).

The budget setting process has commenced with a series of four review meetings with each service line diarised over the next four months. A number of the first meetings have been held and the feedback is positive on the process being adopted.

The System Optimisation success factors were presented to the committee and agreed as appropriate measures.

An update on the rollout of e-rostering was presented by the Director of HR.

The Chair recorded his thanks to Sarah Tedford for her contributions as this was her last committee meeting.