Kingston Hospital NHS
NHS Foundation Trust

Finance and Investment Committee Report

Trust Board	**Item: 12.1**
Date: 24 September 2014	**Enclosure: N**
Purpose of the Report: To report to the Trust Board on the meeting of the Finance and Investment Committee held on 21 August 2014	
FOR: Information ☒ **Assurance** ☐**Discussion and input** ☐ **Decision/approval** ☐	
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Risk Implications – Link to Assurance Framework or Corporate Risk Register:	BAF Risk 8
Link to Relevant Corporate Objective:	Objective 4
Document Previously Considered By:	None
Recommendations & Actions required by the Committee: The Board is asked to note the report, and to agree the revised terms of reference for the Committee.	

Finance and Investment Committee 21/08/14

The Committee considered the month 4 position. There was a small surplus at M4; this was £0.1m bringing the Trust's year to date variance to £0.4m adverse. Year to date the Trust is breakeven on income with expenditure over plan, all of which is in non-pay. Income is £0.3m favourable in month. Non electives have recovered in month and but are still slightly adverse to plan. Trust penalties reduced from the levels seen in quarter 1 from c£50k to £9k in month. Outpatients over-performed in month due to additional sessions in a number of areas. There is continued over-performance on A&E and the Service Line is working to meet the targets with the additional demand. CQUINs is at 90% against a plan of 80% for the first quarter.

Overall, pay has recovered in month from the adverse position seen in the previous month. The services have reduced the number of escalation beds open hence reducing nursing costs. Although there are still overspends in a number of Service Lines for additional Medical staff sessions, specifically in Ophthalmology and Oral and ENT. The divisional Pay position has generally improved; however it is still being closely monitored as new recruits from Spain will worsen the position next month.

CIPs achieved greater than plan in month. Emergency Care has £0.14m of unidentified schemes; plans are in place to achieve the target by the end of the year. NH assured the committee that although some of the plans have under delivered there are measures in place to bring it back in line. MJ also enquired about the CIP shortfall in finance as a result of not removing the working capital facility. NB responded that the shortfall will be bridged. He also informed the committee of the £180k shortfall in radiology due to the delay in the re-provision of the PACS system.

Cash has increased by £2.5m largely due to the timing of an AP run which was made on 1st Aug rather than 31st July. There has been an increase in debtors due to an increased accrual for over-performance. Any issues with debtors are being clarified and debts are being chased.

Capital is up to plan for Month 4.

The Continuity of Service Risk Ratings is 3 for both indicators.

Non-pay is adverse in month. Clinical Supplies and Services are overspent within Emergency Care mainly in Cardiology and Trauma and Orthopaedics due to additional activity to meet targets. There has also been overspends in month in Pathology as there were movements in the costs expected based on the information received from SWL pathology. This overspend is offset by income in month.

The Committee received an update on premises expenditure. There was overspending in month mainly due to spend on ad-hoc maintenance work done in Esher wing which will not continue in later months. There are also additional costs from the PFI provider as the wards were kept open for longer than thought. The Committee received assurances that although in month we have an adverse variance, cumulatively we are on track.

There has also been a catch up on the number of invoices input into the system. This could partially explain the increase in non-pay.

The Committee agreed to undertake a comprehensive review of non-pay.

The Committee was presented with an update paper reviewing the post work streams. As a result of this review the authorisation form has been expanded and this has reduced the volume of special deliveries and signed for deliveries both of which are more expensive that second class post. Consequently there has been an increase in second class post. Further work is also being undertaken to change the size of envelopes to C5 from DL as it is 15% cheaper. Due to regulatory requirements the Committee would not be able to move completely to email.

In the current month the Accounts Payable teams focus was on ensuring that the invoicing input is up to date. This resulted in an extra 1000 invoices being processed in the month. The BPPC will start improving from next month as invoice input is now up to date and the invoices being paid are current.

The Committee reviewed the partnership reports. The position on RMH is generally good and the activity is on track. They were not able to increase capacity due to activity constraints. The revenue from BMI has increased with increasing work going through BMI; although this is still less than budgeted levels.

The contracts report was presented to the Committee. In the 4 months to July we have incurred £0.5m on penalties not including readmissions. There was £0.06m of 18 week breaches, mainly in Plastic Surgery, which will be cleared by the end of July, and T&O which had issues in April and May but is now on track. There are Ambulance handover breaches and the flow of the department is being investigated to try and reduce these. VTE risk assessment has incurred £0.1m of penalty for non-compliance. This has been reduced in the current month. Currently the assessments are taking place but they are not being recorded, and this can only be completed by medical staff. This is being managed as a performance issue and reinforced during the junior doctor training in August.

The Committee was provided with an update on the loan. Loan facility has been successful in the loan application to the ITFF. The loan agreement has been issued. It was a 20 year loan on a fixed interest rate. Due diligence on this agreement would be done by Capsticks who will review the draft loan document and ensure there is no issue relating to the PFI contract.

The Committee was presented with an update of the BMI Annual Contract Review and it was agreed that the Trust needs to address some of these issues soon. BMI is a strategic issue for the Trust as it could lose out on private patient work to St. George's.

An update on System Optimisation was presented and the Committee and it was agreed to include success factors in the next reports.