

Minutes of Finance Committee Meeting

22 October 2009

Post Graduate Lecture Theatre, Hemel Hempstead Hospital

Committee Members

Stuart Lacey	Chairman and Non-Executive Director
Katherine Charter	Non Executive Director
Also attending	
Jan Filochowski	Chief Executive
Michele Salter	Finance Director
Dave Self	Financial Accountant
Russell Harrison	Director of Delivery
David McNeil	Director of Corporate Affairs and Board Secretary

Agenda Item	Comment	Action
	<u>OPENING ITEMS</u>	
01	Chair's Opening Remarks SL opened the meeting and welcomed the members of the committee and those in attendance.	
02	Apologies None	
03	Declarations of Interest None reported	
04	Minutes of the previous meeting The minutes of the meeting were approved	

05	<p>Matters Arising and Action Log</p> <ul style="list-style-type: none"> • The recent review by Ernst & Young as part of the HDD process had recommended that the Finance Committee meet more frequently. The committee discussed this and it was agreed to follow the advice from Ernst and Young. JF said that issues such as Liquidity should be a concern of this committee and to take a wider view of the impact of the external economic conditions. • The committee resolved to remain focussed on strategic financial issues rather than the day-to-day issues and to meet 5 times a year. DM to amend Terms of Reference to reflect this change. • It was noted that the process for establishing a £17.8m Working Capital Loan facility was underway and would need to be formalised on becoming FT. It may cost in the region of £250k per annum. • The Liquidity loan of £7m has been applied for from the SHA and MS reported that a decision is expected one way or the other no later than the end of December • DS agreed to present to the next committee a report showing a month by month latest forecast of cash flow and liquidity clearly linked to expenditure on the Capital Programme. 	<p>DM</p> <p>DS</p>
06	<p>Long Term Financial Model</p> <p>The LTFM is being reviewed and will be altered to reflect recent changes in backlog maintenance and new PCT assumptions on commissioning intentions.</p> <p>The Committee discussed the importance of achieving in year CIPs and the need for recurrent items to be identified for future years. The Committee also discussed other opportunities the Trust may have in the difficult times ahead, such as further site rationalisation.</p>	
07	<p>Report on Income and Contracts</p> <p>MS reported that the Trust had seen sustained activity growth across the year and is discussing with the PCT how it can work together to reduce demand. The PCT has indicated that they recognise the need to improve their protocols on referrals with GPs if the Trust is to see</p>	

	<p>any significant reductions.</p> <p>The Committee discussed the impact of the current economic climate and the almost certain reductions in public expenditure and expressed concern about the need to somehow ensure that the Trust gets paid for the work it does.</p> <p>It was agreed that the Committee would not act as the delegated reviewer of the annual financial plan which will continue to go to the main Board for approval. Rather the role of the Finance Committee would be identify and review strategic scenarios (both worst and best case) which have the potential to impact the Trust's ability to deliver the LTFM and maintain a suitable level of liquidity. In the event that these scenarios come to pass during the year the Committee would commission plans to seize the opportunity or mitigate the risks providing assurance to the main Board. This focussed role for the Finance Committee would be reflected in the revised Terms of Reference.</p>	
08	<p>Financial Performance Report</p> <p>The Finance Report for September was noted.</p> <p>It will be presented to the full Board on 19 November.</p>	
09	<p>Treasury Management Policy</p> <p>This policy was reviewed and was agreed as fit for purpose.</p>	
10	<p>AOB</p> <ul style="list-style-type: none"> Budget setting for 2010/11 will start soon and there will need to be extensive discussions with divisions about how savings for next year are apportioned, e.g. is it an across the Board reduction, or will it be graded according to size of budget. 	
11	<p>Date of next meeting</p> <p>28 January 2010</p>	

David McNeil
Trust Board Secretary
April 2009

Signed.....Dated.....

Stuart Lacey, Chair & Non Executive Director