

West Hertfordshire Hospitals

NHS Trust

Minutes of Finance Committee Meeting

15 September 2011

Executive Meeting Room, Watford General Hospital

Committee Members

Stuart Lacey	Non Executive Director (Chair)
Sarah Connor	Non Executive Director
Robin Douglas	Non Executive Director
Anna Anderson	Finance Director
Chris Pocklington	Director of Delivery
Matt Tattersall	Deputy Director of Finance
David McNeil	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 confirmed that everyone had received the papers and had read them in advance.	
02	Apologies JF, DS.	
03	Minutes of the previous meeting The minutes of the meeting of the 8 June 2011 were approved with the addition of "put into place" being added to the Cash Update section (05). The minutes have been amended.	

04	Matters Arising and Action Log None	
05	Cash Flow Update Based on the forecast month end cash balances the Trust's cash balance is likely to remain healthy until March 2012 when the WHHT cash balance is forecast to fall to £500k. Unlike forecasts presented to previous Finance Committees, the forecast in the paper presented assumed no revision to the existing loan. This £500k outcome at the end of the financial year is dependent on: <ul style="list-style-type: none"> • Delivering the planned £4.4m revenue surplus which is dependant on delivering £15.5m of savings. AA reported to the meeting that to date only £5.6m of savings had been identified and were at 'green'. • Releasing an additional £0.7m of cash to cover the unplanned cost of loan interest. Timing of the cash released through savings is less important than their secure delivery leading to £4.4m surplus. This is mainly because of the significant slippage in capital spending. Should the Trust not achieve its planned surplus of £4.4m contingent actions to manage cash are set out in paragraph 4.1. The likelihood is the Trust's loans will not be revised until the point of Trust FT authorisation and then not in the way planned by the Trust. However the SHA is supportive of the Trust to continue to plan on the basis the loan change has the impact envisaged by the Trust except for the increased interest cost in 2011/12. The SHA is also examining what it may be able to do to support the Trust's cash position should the need arise. SL thanked DS for a clear paper but asked what level of assurance the Board could have that CIPs would be achieved. MT said that the Trust was compiling a recovery plan for submission to the September Board. Currently the Trust has schemes that exceed the £15.5m but only around £5.6m is so far in green. A risk adjusted figure for savings would indicate that the Trust will need	

	<p>to find an additional £2m of cash before the year end. CP added that Meridian (who were unable to present to the committee as per agenda item 7), externally reviewing the savings process, had only been able to suggest a further £600k which could be identified this year – a disappointingly small amount (although they had suggested other opportunities for future years). CP also informed the committee that he was leading a piece of work to reduce headcount.</p> <p>SL thanked the committee for the discussion and said that it appeared from the discussion that Meridian were not able to suggest much more that the Trust were already undertaking but was looking forward to the Meridian presentation at the main Board at the end of the month. .</p>	
06	<p>Financial Strategy & FT Update</p> <p>AA tabled a draft financial strategy and FT application update paper.</p> <p>The paper noted that the Trust had been successful over the previous 4 years in achieving its financial targets, but this has been achieved against a very weak balance sheet and poor liquidity and cash levels. Any proposals for future borrowing should be considered carefully.</p> <p>The plans are to improve liquidity and to improve cash levels to a minimum of 10 days. Service line reporting will be a first stage to service line management which will encourage greater clinical leadership.</p> <p>It will also be necessary to rationalise the Trust's estate and deliver services from fewer locations.</p> <p>RD asked what decisions the Board needs to take to make these things happen – for example, how could the Trust extend OP sessions by 2 hours – where are the obstacles.</p> <p>SL asked what was the financial strategy needed to support this potential change in direction for the Trust. AA said that there had been initial discussions at the Strategy Group with CG, but there were no easy answers as to how this could be achieved.</p> <p>After some extensive discussion between the members of the Finance Committee a consensus on Financial Strategy was reached which could be summarized as follows:</p> <ul style="list-style-type: none"> • The Trust has very little room for financial manoeuvre and would struggle to take on any additional debt. Debt capacity is further reduced 	

	<p>by the likely granting of a new loan to cover the cash shortfall at the end of the financial year.</p> <ul style="list-style-type: none"> • Improvements in the Trust's financial performance will only be achieved by improvements in operating efficiency which in turn will only come about if difficult decisions are made. The clinicians will need to be involved in making these difficult operational decisions. • Capital projects could be considered if they have a rapid financial payback and a clear benefits realisation plan with executive accountability <p>Following further discussions, it was agreed that AA should discuss more with her colleagues and the Strategy Group a way forward to fund the capital projects being proposed.</p>	
07	<p>Presentation from Meridian</p> <p>Not available – will be presented to the September Board</p>	
08	<p>Maternity Business Case</p> <p>CP said that the business case was being presented to the Finance Committee to demonstrate why the £750k was required. SL said that as this had already been approved by the Board it was more of a cost justification than a business case.</p> <p>The paper was noted</p>	
09	<p>Service Line Reporting</p> <p>Summary update paper provided to the Committee on current progress. A detailed paper on progress with SLR indicating how the information being produced is being used to make executive management decisions will be presented to the next Finance Committee</p> <p>RD asked if clinicians could be invited to talk about their involvement. AA said that Tony Divers was chair of the steering group and could be invited to the next committee.</p>	AA
10	<p>AOB</p> <p>The timescales for the Pathology Project have been extended, but this needs to remain on the agenda for future meetings.</p>	

11	Date of next meeting(s) 10 November 2011 Executive Meeting Room, Watford	
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David McNeil
Trust Board Secretary
September 2011

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

Sarah Connor (deputy Chair) on behalf of Stuart Lacey, Chair & Non Executive Director