

Report from Finance Committee: 10 May 2012
Chris Green; Chair

1. FT Application

Finance Committee reviewed the DH letter which confirmed that the DH Technical Committee had considered the WHHT application and asked for further work, including strengthening aspects of the LTFM. The Executive team offered a very positive paper in response to the DH letter, including:

- Commitment to deliver a re-worked LTFM for July DH Technical Committee (June meeting would be too tight) which could still get SofS approval in September.
- Identifying more headroom for downsides: eg liquidity risk and higher cash levels; need to demonstrate CIP delivery and well developed savings plans for further two years
- A number of strategic issues will also need to be clarified in the up-dated LTFM: eg additional bed capacity; future use of the HH site; an updated assessment of backlog maintenance; whether the level of capital investment needs to be increased; pathology; and the IT strategy.
- The May 31 Board Meeting will be critical in getting Board involvement, debate and formal agreement to the changes needed to convince DH that we are 'in control'.

The Committee welcomed the detailed proposals and the accompanying project timetable and offered additional Committee meetings/phone conferences/email exchanges to support the team in a very important task. Significant time will be needed at the Part II Board Meeting on 31 May to close these issues down to assure the DH that our FT Application should proceed.

2. Getting Better: Update

The Trust is in a better place than a year ago, but the disappointment is that we have still not started the year with underwritten schemes that deliver the £13m in the budget, let alone additional ideas to create more headroom. The Committee had a report showing agreed green schemes for just £7m so there is a need to identify and deliver another £6m to achieve budget - and then a further £2.5m for headroom. On top of this, we need to demonstrate that we have good plans for future years and have more measures to mitigate our downside plan.

The Board must review and endorse a list of 'Green' schemes that deliver £13m on May 31 and know that these are underwritten by individual budget holders: many existing schemes are still 'trustwide' targets, eg agency control; sickness etc, and need to be broken down to divisions and departments. We are unlikely to achieve our budgeted CIP savings for April or May and need a catch-up plan very quickly.

3. Cash and Loan re-scheduling

We are in a strong position until September, as we are temporarily holding £7m for the road which neatly balances the delayed loan re-scheduling until September. The committee challenged the risk of a delay in the loan re-scheduling until, say, March 2013 and the Executive was able to demonstrate a plan that covered the position until the end of the financial year.

4. Emergency Capacity

The Committee reviewed a draft paper to the May 31 Board from Chris Pocklington which addressed both the need for additional bed capacity and some ways of mitigating the need for extra beds. The Committee asked for more detailed numbers to be included in the final paper which was

expected to show a gross need for 43 beds – but mitigating factors which reduce this to 30 beds with Ambulatory Care reducing admissions and Working Differently (more surgery at St Albans etc). Funding for this investment has not yet been resolved and the final capital and running costs still need to be pinned down before any final authority is given.

5. Decontamination Business Case

The final Business Case shows that the NHS FT option, which the Board had asked be evaluated more fully, was not sufficiently developed to give adequate assurances that it could give WHHT a robust decontamination service. The Committee therefore used its delegated authority to agree that the Executive should sign an alternative contract with NW London Collaboration without further delay and to incur the Revenue and Capital Investments in the Trust's financial plan to recognise this decision.