**Finance and Investment Committee Annual Report**

**For the period April 2012 – March 2013**

The Finance and Investment Committee’s key responsibility is to ensure the effective planning and scrutiny of financial matters and decisions that the Board has determined should be reserved to the Board. The Committee’s Terms of Reference were initially approved by the Trust Board at its meeting of 29 September 2006. The Terms of Reference were last reviewed, and reapproved, by the Board in July 2012 (as part of the Committee’s 2011/12 Annual Report).

Lyn Williams was appointed Chair of the Finance and Investment Committee from the establishment of the Committee in December 2006 and has remained Chair since that date.

**Frequency of meetings and attendance**

The Terms of Reference state that the Committee should meet not less than five times a year. In the period April 2012 - March 2013 the Committee met 6 times.

By way of comparison, in the previous year, 2011/12, the Committee had met 10 times (which included 5 extraordinary meetings).

The following Non-executive and Executive Directors were members of the Committee:

* Chair – Lyn Williams (NED)
* Martin Howell (Trust Chair), Roger Reed (NED), Cedric Scroggs (NED) Julie Waldron (CEO) / Stuart Bell (CEO), Mike McEnaney (Director of Finance)

Mid-way through the reporting period Julie Waldron retired; Stuart Bell was appointed CEO and joined the Committee from October 2013.

Cedric Scroggs (NED) attended 3 of the meetings as an observer in his capacity as chair of the Audit Committee. During the reporting period, Cedric Scroggs ceased being the chair of the Audit Committee and was formally appointed as a member of the Finance and Investment Committee, attending 1 meeting in this capacity.

The Trust Secretary attended 2 of the meetings.

The following officers of the Trust and other interested parties were invited to attend for all or part of meetings (number of times shown in brackets):

* Interim Deputy Director of Finance (4)
* Director of Informatics (1)
* Health Informatics Development Manager (2)
* Director of Nursing and Clinical Standards (2)
* Interim Director of Estates and Facilities (4)
* Head of Financial Management (1)
* Head of Business Costing (1)
* Head of Strategy and Programmes (1)

On 1 occasion two Non-Executive Directors (Mike Bellamy and Anne Grocock) observed a meeting.

Under the direction of the Trust Secretary, the Assistant Trust Secretary attended meetings to take a true and accurate record of the proceedings of the Committee.

The Committee quorum is three members to include at least two non-executive directors (which could include the Chair of the Trust) and one executive director. A quorum of members has been available for all meetings. Attendance by the members has been as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 14 May | 9 Jul | 10 Sep | 12 Nov | 21 Jan | 13 Mar |
| NEDs | 3 | 3 | 3 | 2 | 2 | 3 |
| Execs | 2 | 2 | 1 | 2 | 2 | 2 |
| Total | 5 | 5 | 4 | 4 | 4 | 5 |

## Business transacted by the Committee

Set out below is the remit of the Committee together with a report on the business transacted over the period covered by the Annual Report.

1. ***Consideration and approval of capital expenditure***

During the reporting period, the Committee considered the following business cases:-

* Marlborough House Medium Secure Unit, Milton Keynes – the Committee ratified the out-of-session Business Case to construct a new reception for this unit. Subsequent to that approval, the Committee received a progress update on work taking place on the Marlborough House Medium Secure Unit; it was noted that whist a review of the service was being led by the Medical Director, essential work on the unit was progressing whereas non-essential work wasould be completed pending the outcome of the review.
* Vaughan Thomas and Wintle wards, Warneford – the Committee approved the business case to improve the environments of both wards to ensure they met minimum levels of compliance in relation to CQC requirements and to reduce ligature risks.
* Phoenix Ward, Littlemore – the Committee approved the business case to improve the environments of the ward to ensure it met minimum levels of compliance in relation to CQC requirements and to reduce ligature risks.
* Business Intelligence Unit CUBE Phase B – the Committee approved the Phase B business case to continue work of defining and integrating data across divisional and functional boundaries, and developing business intelligence reporting.

The Committee reviewed options for the replacement of the Trust’s Electronic Health Record System and approved the Trust entering into a full OJEU procurement process to replace the Trust’s current electronic record system - RiO. A full business case would be presented to the Committee in 2013/14.

1. ***Approval of PIDs for schemes over £2m***

During the reporting period the Committee, Project Initiation Documents (PIDs) for the following were presented:-

* Manor House PID (updated) – the Committee approved the revised PID for the Manor House scheme which took account of the revised budget governance arrangements and project membership.

The Committee also reviewed options relating to exiting the National Programme for IT, and agreed that a full business case to consider the options be prepared.

1. ***Approval of any forecast variation of £100-£500k of the approved budget for a capital development***

During the reporting period, the Committee approved a change in the budget allocation for the Manor House development. Specifically, the Committee approved the allocation of fee contingency and approved an amendment to the Manor House change control procedure (that potential savings allocation be managed through the Manor House Project Board).

1. ***Critically review the Financial Strategy, 5-year Estates Strategy, ICT Strategy and Telecoms Strategy with a recommendation to the Board of Directors on approval. Receive annual progress reports on the anniversary of their approval and review recommendations on variations to strategy. Approve supporting strategies relating to these key strategies.***

In May 2012, the Committee approved the ICT Strategy for 2012-16; a copy of the approved strategy was subsequently presented to the Board for information. The Committee approved revised ICT Steering Group Terms of Reference and requested that an annual progress report on the ICT Strategy should be presented by the Steering Group to the Committee; the Steering Group would no longer be required to present an annual report to the Board. The Committee received regular ICT programme progress updates.

The Committee had expected to receive a final draft of the Estate Strategy during 2012/13 but this had not come to fruition as outlined below.

* During 2009/10, the Committee was advised that an Estates Strategy, which was due to be presented in July 2010, would not be presented during the reporting period due to emerging issues with proposals around the Forensic Directorate. The Committee was advised that, once these had been resolved, a first draft of the strategy would be presented to the Committee in June 2011.
* During 2011/12, the Committee was informed that further issues had arisen (including delays in finalising the Forensic Strategy, changes within the Estates directorate function and the impact of the PCT estate transfer) which further delayed the finalisation of the Estate Strategy. During the period, regular updates were provided on the developing approach to the strategy and it was anticipated that the Estate Strategy would be presented to the Committee in 2012/13.
* During 2012/13 (the current reporting period), the Committee continued to receive regular updates (May 2012, September 2012, November 2012 and March 2013) on the development of the Estate Strategy. In September 2012, the Committee was informed that work was taking place to build up the base line Estate data through working with each Division. In November 2012, the Committee had expected to review a version of the strategy that would be suitable for wider consultation however this had not been possible due to the need to take account of the likely impacts on the Trust estate of the service re-modeling, and the need to have a clear view on the future of the Littlemore and Warneford sites. The Committee had expected that the Board would consider a final version of the Estate Strategy during January – March 2013, however in an oral update provided in March 2013, the Committee noted that a final draft had yet to be prepared and the strategy was now expected to be finalised during 2013/14.

The Committee had not been asked to undertake a formal critical review of the Financial Strategy during the reporting period. However, the Committee reviewed an updated version of the FY13-15 financial Plan in May 2012, following earlier consideration of these by the Committee in March 2012 (set out in the Committee’s previous annual report). Accordingly, in reviewing the Financial Plan for FY13-15, the Trust’s broad strategy for financial management was considered.

1. ***Annual review of Capital Programme and recommend to the Board***

The Committee was informed in May 2012, that the Capital Programme FY13-15 had been reviewed and approved by the Executive Board. An outline of the programme had been previously reviewed by the Committee.

1. ***Review the governance arrangements for the capital investment programme by request from the Audit Committee on the basis of a recommendation arising from an assurance report***

The Audit Committee did not formally request the Committee review of the governance arrangements during the reporting period.

1. ***Monitoring delivery of capital investment programme through quarterly progress reports from the Capital Programme Board***

The Committee monitored delivery of the programme through receipt of the minutes of the Capital Programme Board (CPB) and progress reports throughout the reporting period.

The Committee received two reports on the Highfield Project during the reporting period. In March 2013, the Committee agreed that no further reports were required as the project had been completed and within budget.

During the reporting period, the Committee received regular progress reports relating to the Manor House re-development scheme. The Committee authorised the Trust to seek to renegotiate the existing draft Section 106 in order to increase the estimated land sale receipts. Recognising the importance of the Section 106 negotiations, the Committee requested that regular progress reports on this be provided.

1. ***Consideration of evaluation reports for capital schemes over £2m***

The Committee did not receive, and was not expected to receive, any evaluation reports for capital schemes over £2m in the reporting period.

1. ***Receive annual report from the Capital Programme Board on performance of project delivery***

The Committee received an annual report from the Capital Programme Board on performance of project delivery for 2011/12 in May 2012.

1. ***Receive an annual report from the Director of Estates and Facilities on securing VFM***

The Committee received an annual report on the Capital Investment Programme, including securing Value for Money (VFM) in May 2012. The report had showed poor performance of the framework contractor and, noting that this was the first occasion that the Committee was aware of these concerns, a further update was requested. In September 2012, the Committee received a Capital Programme Board Quarterly Report which reinforced the procedures adopted as part of the capital investment process to ensure that VFM was managed and maintained throughout all stages of the programme.

1. ***Approve any financing or use of financial instruments within its delegation***

The Committee was not asked to approve any financing or use of financial instruments during the reporting period.

1. ***Be empowered to delegate its authority to the Chairman or Chief Executive within the limits contained in the Trust’s Scheme of Delegation***

The Committee was not asked to delegate its authority to the Chair or Chief Executive during the reporting period.

1. ***Discuss and review budgets and strategic plans and recommend changes in financial strategy***

***Budgetary Control Policy***

The Committee approved a revised Budgetary Control Policy in November 2012.

***Long term financial plan and budgets***

In March 2013, the Committee received and noted an oral update on the development of the Annual Budget for 2013/14 and Long Term Financial Model (which were subsequently approved by the Board). As no formal report was presented, the Committee did not make a formal recommendation to Board in relation to the budget or LTFM.

***Oxford Pharmacy Store***

Following the Board’s decision in March 2012, to approve a Three-year Plan for OPS and revoke the earlier decision to divest of OPS, the Committee reviewed the position of OPS through the reporting period. In September 2012, the Committee approved the establishment of new OPS Board; minutes of that meeting were presented to the Committee for review.

***Cost Savings and Income Generation Plan (CSIG) 2011/12***

The Committee reviewed the overall performance of the 2011/12 CSIG plan in May 2012.

***Cost Improvement Programme (CIP) 2012/13***

The Committee received regular CIP progress update reports throughout the reporting period, including a detailed mid-year review of the FY13 financial position in November 2012. The Committee routinely questioned performance against plans and, noting the shortfall combined with the target for the coming year, urged that planning for the 2013/14 CIP occur as a priority.

1. ***Review compliance with financing agreements and covenants and the operation of treasury management policies***

In March 2013, the Committee noted the on-going consultation on the draft Monitor Risk Assessment Framework and, accordingly, agreed that the Trust’s existing Investment Policy should remain in force until Q1 FY14 when Monitor had confirmed the new Framework.

The Committee received the Treasury Management Annual Report 2011/12 in May 2012.

The Committee approved the revised Treasury Management Policy in July 2012.

The Treasury Management Policy states that the Director of Finance should provide a summary of the quarterly cash flow report for review by the Finance and Investment Committee. The Committee received reports on cash management and cash forecasts at every meeting.

The Committee reviewed the Trust’s Working Capital Facility arrangements and agreed that a decision on its future management should be taken once the outcome of Monitor’s consultations on the NHS foundation trust financial governance regime had been completed.

1. ***Consider changes to accounting policies before the Audit Committee scrutinises the statutory accounts***

No changes to accounting policies were identified and reported to the Committee

1. ***Agree and monitor the work of the Capital Programme Board (CPB) and review annually its terms of reference, performance and effectiveness within the integrated governance structure***

The Committee reviewed the Minutes of the CPB on a regular basis and received 8 copies during the reporting period. However, the Committee was informed that minutes relating to meetings held in October, November and December 2012 had been lost (and were not presented to the Committee). The Committee was assured that no decisions had been taken in the CPB meetings for which there were no minutes.

The Committee received an annual report for 2011/12 from the CPB which provided information on the performance and effectiveness of the CPB. The annual report drew attention to the CPB’s terms of reference being reviewed in March 2012.

The Committee also received quarterly progress reports for the Capital Programme Board.

1. ***Other business transacted***
* Finance and Investment Committee Annual Report 2011/12
* Legal Services Annual Report 2011/12
* Utilisation and monitoring of Reserves
* Considered the National Reference Costs process and the development of Patient Level Costing
* Approving a process for managing Trust leases (in line with the revised Budgetary Control Policy) and one rolling lease expiry report
* Consideration of the benefit of achieving a higher NHSLA Risk Management Level
* Review of the Mutually Agreed Resignation Scheme (MARS) which had been launched in February 2012. Lessons learnt from the first phase had been addressed when the second phase was launched in August 2012.

***Procurement***

Throughout the reporting period, the Committee received regular updates on the Trust’s procurement function; in September 2012, the Committee had agreed to exit arrangements with Pro-Cure. The Committee was kept informed of progress to transform the Trust’s procurement arrangements and shared reports with the Audit Committee (noting that that Committee had reviewed an Internal Audit Report on procurement).

***PCT Property Transfer***

In November 2012, January 2013, and March 2013, the Committee reviewed in detail the option for the Trust to take on the ownership of the Oxfordshire PCT estate (in line with national policy). On each occasion, the Committee approved the Trust continuing with the proposed transfer and, in March 2013, recommended that the Board take the final decision whether or not to accept the transfer once all the outstanding information had been obtained.

## Reporting

Meetings are formally recorded. Copies of the minutes have been circulated to all Board members and formally reported to the Board of Directors.

Lyn Williams

Chair, Finance and Investment Committee