

**MEETING OF THE
BOARD OF DIRECTORS**

AGENDA

Wednesday 27th June 2012

Trust Offices Meeting Room

Confidential

**MEETING OF THE BOARD OF DIRECTORS OF
HOMERTON UNIVERSITY HOSPITAL NHS FOUNDATION TRUST**

Wednesday 27th June 2012 at 08:30 – 09:30

**BOARD OF DIRECTORS SEMINAR
09:30 – 11:30
Trust Office Meeting Room**

To be followed by a meeting of the Non Executive Directors Nominations Committee

AGENDA

No.	Item	Attachment	
1.	Chairman's welcome and introduction	MC	
2.	Apologies for absence		
3.	Declaration of interests regarding items on the agenda		
4.	Minutes of the meetings held on 30/05/2012 and matters arising not covered elsewhere on the agenda.	MC	12/24
5.	Chairman's Report	MC	
6.	Chief Executive's Report:	NH	
	<ul style="list-style-type: none"> • BMA Industrial Action. • Joint Ofsted/CQC City and Hackney Safeguarding and Looked After Children inspection. • Olympic update. • Workforce Related Risk Update*** 		
7.	Quality and Safety		
7.1	Patient Environment Action Team 2012 Results	CS	12/25
8.	Corporate Governance		
8.1	Annual Report and Accounts 2011/12 (verbal)	JF	
8.2	Q4 2011/12 Monitor results notification	JF	12/26

9. Business Planning & Performance Management

9.1 Finance and Performance Report Month 02 JF/TF 12/27

10. Human Resources Governance

10.1 AAC Ratification JC

11. Committee Reports

11.1 Audit Committee 28th May SH 12/28

12. Any Other Business

*** Reserved Business

Board of Directors Seminar

- Introduction Nancy Hallett
- Expanding the organisation – presentation and discussion. Tracey Fletcher
- Learning from our previous experience with merger and acquisition - presentation and discussion. Nancy Hallett

Meeting to be followed by meetings of the Nomination Committee

Dates of forthcoming meetings

Board of Directors - Wednesday 25th July 2012

Joint Council of Governors and Board of Directors – Thursday 19th July

BOARD OF DIRECTORS

Meeting date: 27th June 2012

Agenda Item: 4
Paper: 12-24

Title: Minutes of the meetings held 30th May 2012

Summary This document records the items discussed at the Board of Directors meeting held on 30th May 2012.

Action: The Board are asked to approve the minutes as an accurate record of the matters arising

Prepared by: Fiona l'Anson, Deputy Director of Finance
Presented by: Michael Cassidy, Chairman

Compliance: Terms of Authorisation - Condition 5 - Governance

**Meeting of the Board of Directors
Wednesday 30th May 2012**

Present:	Michael Cassidy	Chairman
	Nancy Hallett	Chief Executive
	Charlie Sheldon	Chief Nurse & Director of Governance
	Tracey Fletcher	Chief Operating Officer
	Dr John Coakley	Medical Director
	Jo Farrar	Finance Director
	Stephen Hay	Non-Executive Director
	Imelda Redmond	Non-Executive Director
	David Stewart	Non-Executive Director
	Professor Michael Keith	Non-Executive Director
	Vanni Treves	Non-Executive Director
	Sir John Gieve	Non-Executive Director
	Professor Chris Griffiths	Non-Executive Director

Minutes: Fiona l'Anson Deputy Director of Finance

1.0 Welcome and Introduction

Michael Cassidy opened the meeting and Vanni Treves to the Board.

2.0 Apologies for absence

None.

3.0 Declaration of interests regarding items on the agenda

None.

4.0 Minutes of the previous meeting held on 25/04/2012 and matters arising

The minutes of the previous Board of Directors meeting were agreed.

5.0 Chairman's Report

None.

6.0 Chief Executive's Report

Nancy Hallett reported to the Board that the hospital continued to be busy throughout May, particularly within our A & E services. Ms Hallett also highlighted that we have had confirmation of an additional 400 births to be transferred to Homerton from the Waltham Forest area.

Ms Hallett noted that the focus over the coming weeks would be on our preparations for the Olympics and ensuring we will be able to deliver against the contractual requirements. The Board were informed that a joint visit from Sir David Nicholson, NHS Chief Executive and representatives from the Strategic Health Authority had taken place on Monday 28th May which included a tour of the Olympic pathway. The visit went well and we received positive feedback from our visitors. The Board discussed the potential impact of the Olympics in terms of volume and types of activity and noted that whilst it was not possible to predict with certainty we were not anticipating significant additional activity during the period.

7.0 Quality and Safety

7.1 DIPC Quarterly Report (Q4)

Charlie Sheldon summarised the role of the Director of Infection Prevention and Control (DIPC) and invited Dr. Alleyna Claxton to present the paper to the Board.

Dr. Claxton presented reported a nil return for MRSA and 9 cases of *Clostridium difficile* during 2011/12. This resulted in us meeting the challenging targets set for the year. The Board were informed that work is still ongoing to fully resolve the issue of potential *Pseudomonas aeruginosa* contamination of taps and water systems and a detailed discussion was had in relation to the areas affected and how this could be managed. It was noted that significant improvements had been made and we are compliant with Department of Health guidelines.

Dr. Claxton also confirmed the community immunisation rates within moderate risk areas were lower than in prior years primarily due to the integration with CHS. It was anticipated that a 90% target would be met within twelve months.

The Board noted the report.

7.2 Organisational Development Project Updates

Louise Ashley, Associate Director of Patient Experience joined the meeting to present the paper which provided details on the Aspiring Medical Leader's development Programme (AMLP) and the Welcome 2012 project.

Ms Ashley gave the Board an overview of the AMLP confirming this was open to all consultants in the trust and would consist of a number of learning opportunities including master classes and workshops. The Board discussed the programme in detail including how the recruitment process would operate and the importance of high quality speakers for the master classes. It was agreed the programme was a positive way forward to encourage stronger clinical leadership within the organisation. The Board considered renaming the programme Homerton Medical Leaders Programme.

Ms Ashley also introduced the Welcome 2012 project to the Board, providing a background to the rationale for the project, its aims and how these would be achieved. The Board noted the report and welcomed the proposals. It was agreed that the programme must be seen as an ongoing initiative as its success relied upon cultural change which can only be achieved over a longer period of time.

The Board noted the report and confirmed its support of the proposals.

8.0 Corporate Governance

8.1 Annual Report and Quality Accounts 2011/12

Jo Farrar presented the final draft of the Annual Report and Quality Account. He informed the Board that the published report would include a full set of Annual Accounts and each component had been subject to external audit. Mr. Farrar confirmed we had received an unqualified opinion in respect to our financial statements and an unqualified limited assurance opinion on the Quality Report. It was confirmed the limited assurance opinion related to the limited scope of work rather than any issues that arise as a result of the audit.

The Board approved the Annual Report and Quality Account presented.

8.2 Annual Plan 2012/13

Jo Farrar presented the draft commentary for the Annual Plan and confirmed this would be submitted to Monitor on 31st May. Mr. Farrar highlighted the Board statements that would form part of the submission on finance, governance and quality and noted the one statement in relation to Information Governance that we were not able to certify against.

Mr. Farrar informed the Board that the commentary document had been amended since the papers were circulated to take account of the following:

- further detail added to articulate how the organisation will meet its growth agenda;
- validation of activity assumptions; and
- refinement of the external assurance section, including a fuller description implications of internal audit review outcomes.

The Board noted and approved the Annual Plan and requested that a final version of the commentary be circulated following submission. The Board approved the Board statements as set out in Appendix 1 of the paper.

8.3 Board Governance Standards

Charlie Sheldon confirmed that as agreed at the April Board meeting we are considering alternative providers to support the Board development programme and this work was ongoing. He also confirmed that we were reviewing the mechanism by which the Board and sub-committees evaluated their performance during the year and this issue will be considered as part of the work on Board development.

Michael Cassidy updated the Board on progress with the appointment of a new Chief Executive. External consultants had been engaged to support the process and a job description was being finalised. Remuneration for the role was to be considered by the Remuneration Committee scheduled after the Board meeting.

Nancy Hallett confirmed that recruitment exercises were ongoing in respect of two other senior posts: a technical director to lead the Environment directorate reporting in to the Chief Executive and an Associate Director of Workforce reporting to the Chief Operating Officer.

Michael Cassidy updated the Board on the process of appointing a new Chairman. It was confirmed the recruitment process would commence shortly after the Chief Executive appointment and a start date would be confirmed following the appointment process.

Michael Cassidy announced that Imelda Redmond will replace Stephen Hay as the Senior Independent Non-Executive for the Board.

The Board noted the updates.

9.0 Business Planning & Performance Management

9.1 Finance and Performance Report Month 1

Jo Farrar presented the Month 1 Finance and Performance Report. He reported that as of 30th April the Trust has a reported deficit of £0.3m against a planned deficit of £0.4m.

Tracey Fletcher provided the Board with an overview of the performance information included in the report highlighting that whilst performance against A & E targets in April was not in line with the 95% targets this had improved during May. Ms Fletcher noted the format of the paper had been updated and invited comments from the Board. It was agreed that future reports would include prior year actuals within the contract monitoring information.

The Board noted the report.

9.2 Olympic update

Tracey Fletcher updated the Board on the planning for the Olympics and highlighted two areas of focus:

- submission of plans and policies to NHS London was ongoing as part of the due diligence work being undertaken across the sector. This work will be completed by the end of June.
- changes to travel arrangements is viewed as the issue that will have the greatest effect on our services, both for our patients and staff. We are working extensively with the London Borough of Hackney to understand the details of road closures and working with staff and patients to ensure where possible we plan ahead to minimise disruption.

The Board discussed the plans and noted that the London Borough of Newham have commissioned NHS North East London and the City to develop a plan for the future of the polyclinics following the Olympic Games.

The Board noted the update.

10. Strategy and Policy

10.1 Agenda for June Board Seminar

Nancy Hallett proposed two items to be discussed at the Board seminar in June:

- our approach to expanding our organisation; and
- learning from our previous experience with merger and acquisitions.

These proposals were approved by the Board and it was agreed that the Associate Medical Directors should be invited to join the seminar.

11.0 Human Resources Governance

11.1 AAC Ratification

The Board ratified the appointment of Dr Nora Thoua, Consultant in Gastroenterology.

11.2 Workforce Related Risks Update***

This item was discussed under reserved business.

11.3 Statutory and Mandatory Training (SMT) Update

Charlie Sheldon presented the paper which set out progress against plans to ensure we meet the core training requirements throughout the organisation. He noted a new SMT booklet had been designed and circulated to cover all 9 core subjects and enables staff to update themselves without the need for classroom teaching which has previously been seen as a barrier to meeting targets.

The Board raised concerns on whether there was any requirement for proactive acknowledgement from the individual and whether these new processes would provide sufficient assurance in the event of an incident. Mr. Sheldon confirmed that the NHSLA and CQC have been consulted in developing the training materials and it is clear that this approach is seen as a positive way forward for us to achieve the required baseline for compliance. The Board noted that further enhancement of the appraisal process was also required and this would be a priority.

The Board noted the report.

12.0 Any Other Business

None.

BOARD OF DIRECTORS

Meeting date: 27th June 2012

Agenda Item: 7.1

Paper: 12-25

Title: Patient Environment Action Team Assessments 2012

Summary Patient Environment Action Team (PEAT) inspections are an annual assessment, established in 2000, of inpatient healthcare sites in England.

NHS Trusts are given scores on the standards of environment, food, dignity and privacy within buildings. The assessments are carried out by NHS staff. Patients, patient representatives and members of the public are also part of this assessment process.

The attached paper provides notification of the scores achieved for 2012.

Action: The Board are asked to note the scores for the Trust

Prepared by: NHS Information Centre
Presented by: Charlie Sheldon, Chief Nurse and Director of Governance

Compliance: CQC Essential Standards of Quality and Safety

May 2012

Dear Chief Executive

PATIENT ENVIRONMENT ACTION TEAM ASSESSMENTS 2012

We are now able to confirm the results of the PEAT 2012 programme for environment, food and privacy and dignity for each hospital within your Trust. Note that we do not send copies of your PEAT assessment as you should already hold this information locally. A copy of this letter has also been sent to the nominated PEAT contact for your Trust.

Site Name	Environment Score	Food Score	Privacy & Dignity Score
HOMERTON UNIVERSITY HOSPITAL	4 Good	4 Good	4 Good

National publication of the individual PEAT scores will take place in July; the precise date has yet to be confirmed. Further notice will be sent to all PEAT contacts when this has been determined.

If you have any queries regarding the accuracy of your PEAT results, please send these by e-mail to peat@ic.nhs.uk. Queries should identify the Trust, hospital(s) affected and the nature of the enquiry. **Please note that the deadline for receipt of any queries is two weeks (10 working days) from the date of the email accompanying this letter.** After this date no amendments to data provided by your Trust will be accepted and no amendments made to the results unless these have been caused by an error at the Health and Social Care Information Centre or its delegated provider for the PEAT collection system.

Once again – my thanks to you and your staff for ensuring the PEAT 2012 programme was successfully conducted.

Introduction of a Patient-Led Inspection Programme - 2013

As you may by now be aware, on January 6th 2012 the Prime Minister announced that the existing PEAT programme will be replaced from April 2013 by a new Patient-Led inspection regime. The details of this are currently being developed and we will write to you again during the course of this year to advise on this. The nominated PEAT contact at your Trust has already been offered the opportunity to provide

comments as part of the development of this new programme, but should you – or your Board – have any further comments you would wish to be considered, then

please do not hesitate to send them to Graham.Jacob@ic.nhs.uk, if at all possible by no later than 30th June 2012.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Graham Jacob', written in a cursive style.

Graham Jacob
Section Head
Workforce and Facilities
Health and Social Care Information Centre

BOARD OF DIRECTORS

Meeting date: 27th June 2012

Agenda Item: 8.2

Paper: 12-26

Title: Homerton Q4 2011-12 Monitor results notification

Summary: The attached letter and report provides confirmation of Monitor's assessment of our 2011/12 Q4 performance.

We were assigned a financial risk rating score of 4 and an amber green risk rating for Governance reflecting the previously reported failure to meet the cancer 62 day urgent referral to treatment target in the period.

Action: The board is asked to note the letter and report.

Prepared & Presented by: Jo Farrar, Director of Finance

Compliance: Monitor reporting requirements.

Homerton University Hospital NHS FT

Q4 2011-12 reporting executive summary

Risk ratings

Financial Risk Rating:

11/12 Plan:	YTD	FY	YTD Actual:	Q4
	3	3		4

Governance Risk Rating:

11/12 Plan:	GREEN	YTD Actual:	AMBER-GREEN
Declared Risks:		Breaches:	• C62dGP

2011/12 Authorisation limits

Long term borrowing	£45.5m	Working Capital Facility	£8.5m	Private Patient Income	0.3 %
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Comments

The Trust did not draw on its working capital facility this quarter.

Financial summary

£m	Q4 only			Year to date		
	Plan	Actual	Variance	Plan	Actual	Variance
Op. Rev for EBITDA	58.6	63.0	4.3	232.0	241.8	9.8
Pay	(37.1)	(41.3)	(4.2)	(150.9)	(158.7)	(7.8)
PFI Op. expense	0.0	0.0	0.0	0.0	0.0	0.0
All other Op. costs	(18.7)	(18.7)	(0.0)	(68.9)	(69.1)	(0.2)
EBITDA	2.8	3.0	0.2	12.2	14.0	1.9
Operating Surplus	0.3	1.6	1.3	5.0	8.6	3.6
Surplus after tax	(0.6)	0.9	1.5	1.4	5.3	3.8
EBITDA %	4.8 %	4.7 %	-0.1 %	5.3 %	5.8 %	0.6 %
CapEx	(3.2)	(2.0)	1.2	(9.9)	(6.1)	3.8
Net cash flow	8.3	23.8	15.5	(0.1)	13.4	13.5
Cash & Equiv	17.0	30.6	13.6	17.0	30.6	13.6
FRR Liquidity days	22.2	34.4	12.2	22.2	34.4	12.2
CIP% Op. Ex less PFI	6.6 %	4.4 %	-2.1 %	5.3 %	4.0 %	-1.3 %
Net current assets	6.1	14.4	8.3	6.1	14.4	8.3
Borrowing	(3.3)	(3.3)	0.0	(3.3)	(3.3)	0.0

- The Trust performed ahead of plan with an FRR of 4 vs. planned 3.
- The Trust reported a net surplus of £8.6m, £3.6m ahead of plan primarily due to activity above plan levels.

Key risks

Action taken / committed

Gaps and residual concerns

<ul style="list-style-type: none"> • Board changes: Departure of CE and end of term of Chair 	<ul style="list-style-type: none"> • The Chair's term ends in December 2012. • The CE has announced she will retire during 12/13. • The Board may extend the Chair's term for one year to oversee new CE transition. 	<ul style="list-style-type: none"> • Trust to keep Monitor informed of progress on recruitment as appropriate.
<ul style="list-style-type: none"> • North East London Merger: Potential strategic implications for the Trust following approval of Barts merger 	<ul style="list-style-type: none"> • Trust is working closely with commissioners. 	<ul style="list-style-type: none"> • The creation of Barts Health NHS Trust on 1 April 2012 may have strategic implications for the Trust.
<ul style="list-style-type: none"> • CHS underspend: Underspend supporting deferral of certain CIP schemes 	<ul style="list-style-type: none"> • Commissioners have not raised any issues with the agreed income. • £9.6m recurrent savings delivered in 11/12 from £12.1m target. 	<ul style="list-style-type: none"> • Focus on driving efficiency must be maintained despite headroom created by underspend. • Increased challenge in 12/13 to deliver further recurrent savings.

Next steps

- Continue quarterly monitoring

8 June 2012

Ms Nancy Hallett,
Chief Executive
Homerton University Hospital NHS Foundation Trust
Homerton Hospital
Homerton Row
London
E9 6SR

 Monitor

Independent Regulator
of NHS Foundation Trusts

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Dear Ms Hallett

Q4 2011/12 monitoring of NHS foundation trusts

Our analysis of Q4 is now complete. Based on this work, the Trust's current ratings are:

- Financial risk rating - 4
- Governance risk rating - AMBER-GREEN

The Trust has been assigned an Amber-Green governance risk rating, which reflects that it has failed to meet Cancer 62 Day Waits for first treatment (from urgent GP referral) target.

Compliance with targets, national priorities and CQC registration conditions is a requirement of the Trust's terms of Authorisation. The *Compliance Framework* sets out the significance that Monitor attaches to a failure to comply. Monitor expects trusts to have plans in place such that your Board will be in a position to submit unqualified self-certifications in future monitoring cycles.

Should the Trust fail to meet Cancer 62 Day Waits for first treatment for three consecutive quarters, its governance risk rating may be overridden to Red by Monitor in line with the procedures set out in the *Compliance Framework* and considered for escalation for potential significant breach of its terms of Authorisation.

I have attached a one page executive summary of your Trust's Q4 results for your information and a report on the aggregate performance of the NHS foundation trust sector will shortly be available on our website (in the **News, events and publications** section) which I hope you will find of interest.

For your information, we will shortly be issuing a press release setting out a summary of the key findings across the NHS foundation trust sector from the Q4 monitoring cycle.

If you have any queries relating to the above, please contact me by telephone on 020 7340 2425 or by email (Paul.Streat@monitor-nhsft.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Streat', written in a cursive style.

Paul Streat
Senior Compliance Manager

cc: Mr Michael Cassidy CBE, Chair
Mr Jo Farrar, Finance Director

BOARD OF DIRECTORS

Meeting date: 27th June 2012

Agenda Item: 9.1
Papers: 12-27

Title: Month 2 Financial position and performance report

Summary: For the period April to May 2012, the Trust was £0.2m ahead of plan, reporting an actual surplus of £0.1m compared to the planned deficit of £0.1m. This was primarily due to income over-performance in relation to outpatients, elective and non elective activity.

The Trust has now received formal confirmation from Monitor that it achieved a financial risk rating of 4 for the final quarter of 2011/12 as previously anticipated.

We did not meet the 62 Cancer target in April. As data relating to this target is only available a month in arrears we have not reported the May position. All other nationally mandated performance indicators were achieved in May.

The Board should note that we have reported 1 case of *C.difficile* in May and have subsequently had two further cases in June. As at the date of this report we have 3 cases against a national target of 7 or less (Monitor *di minimis* of 12).

The Trust has met the national requirement for 90% VTE assessments to be completed within 24 hours of admission for the second consecutive month.

Action: The Board of Directors is asked to note the report.

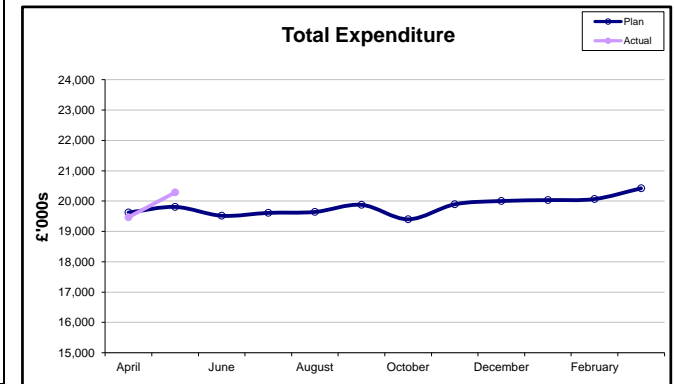
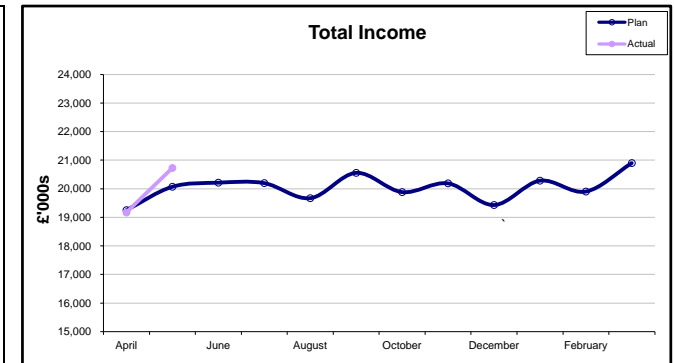
Prepared by: Julius Famaks, Associate Director of Finance and Zaman Hussain, Associate Director of Informatics.

Presented by: Jo Farrar, Director of Finance and Tracey Fletcher, Chief Operating Officer.

Compliance: Terms of Authorisation: Condition 12 – Financial Viability
Condition 6 – Healthcare Standards

Income Statement

£'000s	Current Month			Year to Date			Full Year		Plan Variance
	Plan	Actual	Plan Variance	Plan	Actual	Plan Variance	Plan	Forecast	
Income									
A&E	847	875	28	1,616	1,668	52	9,569	9,569	0
Inpatient Daycase and Elective	1,648	1,840	192	3,202	3,474	271	20,782	20,782	0
Inpatient Non Elective	3,841	3,993	152	7,548	7,402	(146)	48,144	48,144	0
Outpatient First and Follow up Attendances	1,268	1,622	354	3,703	4,070	368	30,724	30,724	0
Non PBR Activity	6,271	6,185	(85)	10,746	10,729	(17)	56,951	56,951	0
Community Health Services	3,856	3,855	(1)	7,711	7,711	(0)	46,266	46,266	0
Total Clinical Directorate Income	17,731	18,371	640	34,527	35,054	527	212,437	212,437	0
Other Income									
Education and Training Levy	917	917	0	1,834	1,834	0	11,001	11,001	0
Research and Development	28	27	(1)	55	55	0	329	329	0
Services to other Trusts and other income	1,374	1,411	37	2,868	2,943	75	16,560	16,560	0
Total Other Income	2,319	2,355	36	4,757	4,831	75	27,890	27,890	0
Total Income	20,050	20,727	676	39,283	39,885	602	240,327	240,327	0
Direct Costs									
Pay Costs	12,143	12,348	205	24,230	24,370	140	145,884	145,884	0
Non-pay costs	2,810	2,920	110	5,599	5,738	139	31,981	31,981	0
Total Direct Costs	14,954	15,268	314	29,829	30,108	279	177,865	177,865	0
Total Income less Total Direct Costs	5,097	5,458	362	9,454	9,777	323	62,462	62,462	0
Corporate Services									
Corporate	1,570	1,655	84	3,035	3,005	(31)	17,549	17,549	0
Environment	1,899	1,940	42	3,797	3,842	45	22,390	22,390	0
NHS CNST Premium	439	439	0	877	877	0	5,262	5,262	0
Bowel Cancer Screening	133	133	0	266	266	0	1,599	1,599	0
Reserves	0	40	40	0	40	40	5,812	5,812	0
Trust Wide QIPP Savings to Find	0	0	0	0	0	0	(2,192)	(2,192)	0
Total Corporate Services	4,041	4,207	166	7,976	8,030	54	50,420	50,420	0
EBITDA	1,056	1,252	196	1,478	1,747	269	12,042	12,042	0
Net Interest (Payable less receivable)	(2)	14	15	(3)	9	12	(160)	(160)	0
Depreciation	517	517	0	1,033	1,034	0	6,200	6,200	0
PDC Dividends	283	283	0	567	567	0	3,400	3,400	0
Surplus / (Deficit)	258	438	180	(118)	138	256	2,602	2,602	0



- The YTD I&E position for the period April to May 2012 was a surplus of £0.1m compared to a planned deficit of £0.1m. The surplus is primarily related to income over-performance.

Clinical Income

- Surgical specialties were responsible for most of the May elective over-performance. The activity in both day case and elective spells are running at high levels. Trauma & Orthopaedic and gastroenterology were also both above plan.
- As previously anticipated, the non elective under-performance from April has reversed this month as uncoded activities were coded. Income from Obstetric spells were £144k above plan in May. An estimate for the readmissions penalty has been provided for this month relating to April and May and this has resulted in an "in-month" income reduction of £270k.
- The Outpatients activity over-performance for May was mainly due to obstetrics, GUM, cardiology and general surgery.

Expenditure

- The "in-month" overspend against the direct costs is significantly activity driven reflecting pressures in maternity, theatres and diagnostics.
- The Corporate services "in-month" overspend partially reflects adjustments relating to April and hence the YTD variance is a more accurate reflection of the current position.
- The Environment "in-month" overspend primarily reflects activity driven pressures related to transport services and energy costs.

More detail of individual divisional performance is discussed on the following page.

The favourable I&E position for May was primarily due to income over-performance.

1. CLINICAL CONTRACT INCOME

Division		Current Month			Year to Date (YTD)			Forecast		
		Budget £'000's	Actual £'000's	Variance £'000's	YTD Budget £'000's	YTD Actual £'000's	YTD £'000's	Annual £'000's	Forecast £'000's	Variance £'000's
Children's Services, Diagnostics and Outpatients	Clinical Contract Income	2,400	2,383	(17)	4,593	4,561	(32)	27,894	27,894	0
Integrated Medical and Rehabilitation Services	Clinical Contract Income	6,135	6,440	305	11,713	11,971	258	70,659	70,659	0
Surgery, Women's and Sexual Health Services	Clinical Contract Income	5,340	5,692	352	10,510	10,811	301	67,618	67,618	0
Community Health Services	Clinical Contract Income	3,855	3,855	0	7,711	7,711	0	46,266	46,266	0
Total Clinical Contract Income	Clinical Contract Income	17,731	18,371	640	34,527	35,054	527	212,437	212,437	0

2. OTHER INCOME

Division		Current Month			Year to Date (YTD)			Forecast		
		Budget £'000's	Actual £'000's	Variance £'000's	YTD Budget £'000's	YTD Actual £'000's	YTD £'000's	Annual £'000's	Forecast £'000's	Variance £'000's
Children's Services, Diagnostics and Outpatients	Other Income	173	188	15	523	545	22	2,280	2,280	0
Integrated Medical and Rehabilitation Services	Other Income	451	472	22	946	958	12	5,140	5,140	0
Surgery, Women's and Sexual Health Services	Other Income	130	136	6	259	276	17	1,555	1,555	0
Total Other Income	Other Income	753	797	44	1,729	1,779	51	8,975	8,975	0

3. EXPENDITURE

Division		Current Month			Year to Date (YTD)			Forecast		
		Budget £'000's	Actual £'000's	Variance £'000's	YTD Budget £'000's	YTD Actual £'000's	YTD £'000's	Annual £'000's	Forecast £'000's	Variance £'000's
Children's Services, Diagnostics and Outpatients	Pay	3,750	3,683	(67)	7,425	7,405	(20)	44,697	44,697	0
Children's Services, Diagnostics and Outpatients	Non Pay	1,144	1,262	118	2,228	2,334	106	11,937	11,937	0
Children's Services, Diagnostics and Outpatients	Total	4,894	4,945	51	9,653	9,739	86	56,633	56,633	0
Integrated Medical and Rehabilitation Services	Pay	4,897	4,960	63	9,811	9,820	10	59,143	59,143	0
Integrated Medical and Rehabilitation Services	Non Pay	607	717	109	1,253	1,367	114	7,290	7,290	0
Integrated Medical and Rehabilitation Services	Total	5,504	5,676	172	11,064	11,187	123	66,433	66,433	0
Surgery, Women's and Sexual Health Services	Pay	3,497	3,705	209	6,994	7,145	150	42,044	42,044	0
Surgery, Women's and Sexual Health Services	Non Pay	1,059	942	(117)	2,118	2,038	(80)	12,754	12,754	0
Surgery, Women's and Sexual Health Services	Total	4,556	4,647	91	9,113	9,183	70	54,798	54,798	0
Totals	Pay	12,143	12,348	205	24,230	24,370	140	145,884	145,884	0
Totals	Non Pay	2,810	2,920	110	5,599	5,738	139	31,981	31,981	0
Totals Direct Costs	Total	14,954	15,268	314	29,829	30,108	279	177,865	177,865	0

4. TOTAL INCOME LESS EXPENDITURE

Division		Current Month			Year to Date (YTD)			Forecast		
		Budget £'000's	Actual £'000's	Variance £'000's	YTD Budget £'000's	YTD Actual £'000's	YTD £'000's	Annual £'000's	Forecast £'000's	Variance £'000's
Total Income less Expenditure	Total Income less Expenditure	3,530	3,899	369	6,427	6,725	298	43,547	43,547	0

Clinical Contract Income

- **CSDO:** Neonatology inpatient income is below plan although partially offset by SCBU and NICU over-performance.
- **IMRS:** High levels of general medicine and A&E activity in both elective and non-elective spells are responsible for the over-performance
- **SWSH:** Surgical specialties and obstetrics inpatient activity are the main over-performing areas.

Expenditure

- **CSDO:** The "in-month" pay underspend is mainly due to the current level of vacancies within acute paediatrics and community nursing which were only partially covered by temporary staff.
- **IMSR:** The "in-month" pay overspend is largely related to locums in T&O and cardiology services covering for vacancies and sickness absence. The "in-month" non-pay over spend is mainly due drugs (activity related high costs drugs), A&E non pay and other consumables.
- **SWSH:** The "in-month" pay overspend largely activity driven and relates to nursing pay within maternity services and theatres.

Total income less expenditure is £0.4m ahead plan in May due to significant income over-performance.

NOTE SIGNING CONVENTION USED:

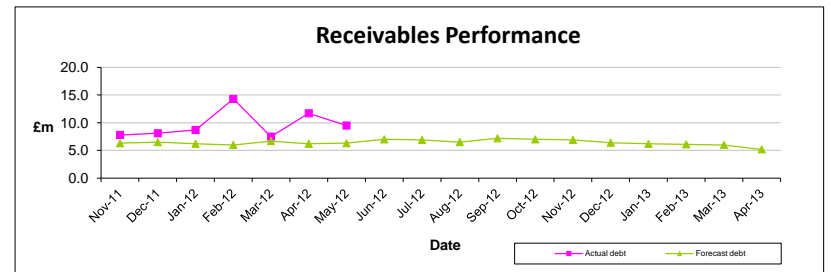
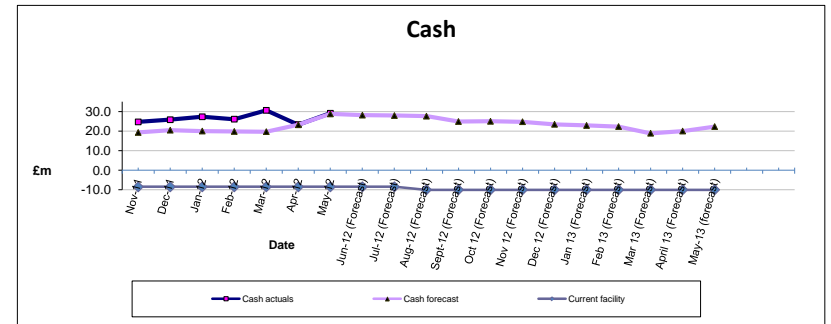
Positive variances shown in **black**, Adverse variances shown in **Red**

Liquidity / Cash		
	£m	£m
	May-12	Apr-12
Available Working Cap Facility	8.5	8.5
Cash Balance at Month End	29.1	23.3
Average Daily Cash Balance in month	36.6	34.8
Monthly net change in cash	5.8	-7.3

Receivables Performance £ '000s					
Days	Balance	% of total	Previous Month	% of total	Movement
1 - 30	1,181	13%	6,011	51%	4,830
31 - 60	3,908	42%	1,608	14%	(2,300)
61 - 90	1,248	13%	498	4%	(750)
91 - 120	452	5%	642	5%	190
over 120	2,499	27%	3,018	26%	519
Total	9,287	100%	11,777	100%	2,490

CAPITAL PROGRAMME			
	2012-13 Plan £'000	YTD Actual £'000	(Over)/under spend Variance £'000
• Minor Works	36	0	36
• Medical equipment	379	0	379
• IT	31	0	31
• Ward Refurbishment	0	0	0
• Service Development	25	0	25
• Capital Salaries	33	27	6
• Contingency	0	0	0
• Carried Forward from 2010/11	281	460	(179)
TOTAL SPEND	785	487	298

- **Cash** – The increase in cash balance is mainly due to receipt of our April SLA payment for Community Health Services. The balance of £29m is in line with our plan.
- **Receivables** – The decrease in receivables was mainly due to receipts from City and Hackney PCT whose debt dropped by £3m. Of the 9.3m receivables, £2.8m relates to 2011/12 overperformance and CQUIN, £1.8m relates to unpaid SLA's (mainly C&H, ELFT, Haringey and East of England), £1.1m of NCAs (mainly Hertfordshire, South East Essex and Lewisham PCTs).
- **Capital** – The total spend in month is £487k with a variance of £298k against the plan. This is mainly due to delays in the purchase of new and replacement medical equipment. However in the first week of June there has been a delivery of endoscopes which will bring the spend in line with plan. The £179k over-spend against carried forward schemes is due to the endoscopy suite scheme being completed quicker than anticipated.



Quarterly Monitor Rating Summary				
Metric	2011-12 Plan	2011-12 Q4	2011-12 Annual Plan	2011-12 Q4
EBITDA margin	5.3%	6.3%	3	3
EBITDA, % achieved	97.4%	125.5%	4	5
ROA	4.6%	7.2%	3	5
I&E surplus margin	1.0%	2.8%	3	4
Liquidity rating	22.2	37.0	3	4
Weighted Average			3.2	4.1
Overall Rating			3	4

In Month Performance on Monitor targets			
	YTD Plan	YTD Actual	
Private Pat. Cap (Max %)	0.30%	0.26%	
Long term borrowing utilised	£4.7m	£4.7m	
Working Capital Utilised	£0m	£0m	

Monitor has now confirmed the Q4 rating of 4 for 2011/12. The anticipated annual plan rating for 2012/13 is yet to be confirmed

	2011/12	2012/13	2012/13
	£000	£000	£000
	M12	M1	M2
	(Audited)		
ASSETS Non Current			
Intangible Assets	642	607	572
Property Plant and Equipment	115,121	114,618	114,684
Total Non Current Assets	115,763	115,225	115,256
ASSETS Current			
Inventories	1,121	1,121	1,121
Trade Receivables and other Financial Assets	13,454	12,705	12,197
Cash on Deposit (Investments)	25	878	1,521
Cash at Bank (Current)	30,531	22,876	27,539
Total Current Assets	45,132	37,581	42,379
LIABILITIES: Current (within one year)	(30,734)	(22,985)	(27,380)
NET CURRENT ASSETS	14,399	14,596	14,999
LIABILITIES: Non Current (after more than one year)	(3,795)	(3,774)	(3,752)
PROVISIONS FOR LIABILITIES (Non current)	(641)	(641)	(641)
TOTAL ASSETS EMPLOYED	125,727	125,406	125,862
TAXPAYERS' EQUITY			
Public Dividend Capital	84,100	84,100	84,100
Income and Expenditure Reserve - Prior years	20,768	20,766	20,766
Income and Expenditure Reserve - Current year		(319)	136
Revaluation Reserve	20,859	20,859	20,859
TOTAL TAXPAYERS EQUITY	125,727	125,406	125,862

The Month 12 Statement of Position has now been finalised and submitted to Monitor as part of our Annual Accounts.

The significant balances for M2 2012/13 are as follows :-

Trade Receivables - Of the £12.2m receivables and financial assets, non NHS receivables were £1.8m (Apr £1.3m) and NHS receivables were £7.4m (Apr £10.5m). The remainder of the receivables balance relates to prepayments, accrued income and other receivables.

Cash at Bank

The cash at bank totalled £27.5m made up of a balances with GBS of £27.4m, NatWest £0.1m. The investments of £1.5m is made up of balances primarily with NatWest. We are currently in the process of reviewing our investment portfolio to ensure we maximise returns during the 2012/13 financial year.

Current Liabilities- due within 1 yr - Of the £27.3m of liabilities, trade and tax creditors accounted for £11.3m (April £8.5m) of the balance, £6.2m (April £4.2m) relates to accrued expenditure and £6.6m (April £6.6m) of deferred income. The remainder relates to other creditors and current provisions.

Non-current liabilities - The liability of £3.8m reflects the two outstanding loans of £3.1m from DoH and £0.7m from Homerton Charitable Fund.

A Working Capital Facility of £10m has been agreed with Natwest which will be in place from July 2012.

Patient Safety and Quality	Month	Trust Threshold	Last Month	This Month				Year To Date				
			Trust Actual	Trust Actual	CSDO	MRS	SWSH	Trust Actual	CSDO	MRS	SWSH	
Infection Control												
MRSA bacteraemia (Trust attributable)	May	1 pa	0	0	0	0	0	0	0	0	0	0
MRSA bacteraemia (non-attributable)	May	-	0	0	0	0	0	0	0	0	0	0
MRSA Screens	May	100%	91.8%	92.3%		91.2%	95.8%	92.0%		90.5%	97.2%	
C-Diff (Trust attributable)	May	7 pa	0	1	0	1	0	1	0	1	0	0
C-Diff (non-attributable)	May	-	0	1	0	1	0	1	0	1	0	0
MSSA bacteraemia	May	-	1	1	1	0	0	2	1	1	1	0
E. coli bacteraemia	May	-	10	13	1	12	0	23	1	22	0	0
High Impact Interventions (Acute only)												
Hand hygiene	May	100%	99.1%	99.0%	100.0%	98.7%	98.8%	99.0%	100.0%	98.9%	98.9%	98.9%
IV lines	May	100%	97.9%	99.3%	100.0%	98.6%	100.0%	98.6%	96.7%	98.6%	100.0%	100.0%
Catheters - Ongoing care	May	100%	99.1%	100.0%		100.0%	100.0%	99.5%		100.0%	98.8%	98.8%
Incident Reporting												
Number of Serious Incidents (SIs)	May	-	1	2	0	1	1	3	0	2	1	1
Number of Never Events	May	0	0	0	0	0	0	0	0	0	0	0
Clinical Incidents (Resulting in Major Harm or Above)	May	0	3	3	1	0	2	6	1	3	2	2
Medication Errors (Resulting in Major Harm or Above)	May	0	1	0	0	0	0	1	0	1	0	0
Falls (Resulting in Major Harm or Above)	May	0	0	0	0	0	0	0	0	0	0	0
Pressure Ulcers - Grade 2 and above (Hospital Acquired)	May	0	11	9	0	7	2	20	0	12	8	8
Incidents reported per 100 admissions	May	-	6.1	5.1	4.8	6.4	3.8	5.6	5.9	7.0	3.9	3.9
Incidents reported per community contact	May	-										TBC
Complaints												
Number complaints received - current month	May	-	25	24	0	15	7	49	4	26	17	17
Responded to within 25 days - previous month	Apr	75%	64.0%	84.0%	100.0%	63.6%	100.0%	84.0%	100.0%	63.6%	100.0%	100.0%
Outstanding complaints not returned to complaints team within 20 days	May	-	-	4	0	4	0	4	0	4	0	0
Complaints referred to ombudsman	May	-	0	0	0	0	0	0	0	0	0	0
Other												
SHMI (Summary-level Hospital Mortality Indicator)	Oct'10 - Sep'11	1.0	1.0	0.98								
HSMR rating (month in arrears)	Apr	100	71.9	86.2								
Mixed Sex Accommodation Breaches	May	0	0	0		0		0		0		
Mixed Sex Accommodation Breach Rate	May	0%	0%	0%		0%		0%		0%		
National VTE Risk Assessment	May	90.0%	92.4%	92.1%		93.2%	91.6%	92.3%		91.8%	92.5%	
Monitor Compliance Framework Indicator												

Patient Safety & Quality

- The board should note that we have now had 3 C. difficile cases ytd (additional 2 cases in June) against a national target of 7 or less (Monitor target of 12 or less).
- We have had no MRSA bacteraemia ytd against a national target of 1 or less (Monitor target 6 cases or less).
- No national targets are set for e-coli / MSSA.
- The Trust met its target for VTE assessment for May.

	Month	Trust Threshold	Last Month	This Month			Year To Date				
			Trust Actual	Trust Actual	CSDO	IMRS	SWSH	Trust Actual	CSDO	IMRS	SWSH
Efficiency & Productivity											
Admissions											
Average LOS - Adults											
Elective (Excluding Daycases)	May	3.0	4.3	2.6		2.5	2.8	3.4		3.7	2.6
Emergency	May	5.1	4.3	4.4		4.8	3.0	4.3		4.7	3.0
Non-Elective (Non-Emergency)	May	1.3	1.3	1.2			1.2	1.3			1.3
Average LOS - Paeds											
Elective (Excluding Daycases)	May	2.5	1.2	3.9	3.9			2.3	2.3		
Emergency	May	1.2	1.7	1.1	1.1			1.4	1.4		
Non-Elective (Non-Emergency)	May	4.3	3.4	4.4	4.4			4.0	4.0		
Bed Occupancy											
Adults - General and Acute	May	85%	86.0%	88.7%		89.7%	86.1%	87.3%		89.2%	82.8%
Paeds - General and Acute	May	85%	81.7%	80.4%	80.4%			81.0%	81.0%		
Bed Capacity - General and Acute	May	-	321	321	12	219	90				
Readmission Rate within 30 Days (all patients)											
Post Elective Admission	May	-	7.3%	5.0%	0.0%	5.5%	3.9%	6.0%	0.0%	6.4%	5.4%
Post Daycase Admission	May	-	2.8%	2.8%	0.0%	4.8%	1.6%	2.8%	0.0%	4.9%	1.6%
Post Emergency Admission	May	-	17.4%	18.8%	12.6%	21.9%	12.5%	18.1%	11.7%	21.3%	11.4%
Readmission Rate within 30 Days (Applying national exclusions)											
Post Elective Admission	May	-	2.8%	3.9%	0.0%	3.7%	4.5%	3.4%	0.0%	2.7%	5.8%
Post Daycase Admission	May	-	1.9%	2.2%	0.0%	3.7%	1.3%	2.1%	0.0%	3.4%	1.3%
Post Emergency Admission	May	-	13.6%	14.2%	10.4%	15.2%	11.6%	13.9%	9.6%	15.1%	11.0%
Theatres											
Daycase Rate	May	80.0%	87.9%	89.1%	89.8%	92.4%	85.9%	89.0%	78.5%	90.1%	87.0%
Cancelled Operations (Non-Clinical) on day of surgery	May	5%	0.20%	0.50%		0.50%	0.50%	0.35%			0.35%
28 Day Cancellation Rule	May	0	0	0			0	0			0
DNA Rate - Main Theatres	May	4.8%	3.3%	3.8%			3.8%	3.6%			3.6%
DNA Rate - Day Stay Unit	May	6.2%	5.9%	2.5%			2.5%	4.2%			4.2%
Theatre Utilisation Rate (Overall)	May	85.0%	86.9%	87.3%			87.3%	87.1%			87.1%
Theatre Utilisation Rate (Main Theatres)	May	85.0%	87.2%	85.7%			85.7%	86.5%			86.5%
Theatre Utilisation Rate (Day Stay Unit)	May	85.0%	86.4%	89.7%			89.7%	88.0%			88.0%
Outpatients											
New to follow up ratio	May	1.9	2.1	2.1	2.1	1.7	2.4	2.1	2.1	1.7	2.4
DNA Rate	May	13.0%	13.2%	13.3%	14.3%	15.4%	11.6%	13.4%	14.4%	16.0%	11.6%
Community											
Number of referrals received	May	-	6053	4613	1162	3451		9067	2641	6426	
% of new patients with a valid ethnicity code	May	90%	86.1%	86.8%	85.9%	87.0%		85.9%	88.6%	84.6%	
% of Did Not Attend appointments	May	10%	13.6%	11.6%	8.3%	13.8%		12.7%	8.6%	15.4%	
% of Patient Cancelled appointments	May	10%	9.5%	9.8%	8.0%	11.1%		9.6%	7.7%	11.0%	
% of Service Cancelled appointments	May	10%	3.3%	2.8%	3.0%	2.7%		3.1%	2.5%	3.6%	

Efficiency & Productivity

- Emergency readmissions is performing in line with contract agreement.

Access	Month	Trust Threshold	Last Month				This Month				Year To Date						
			Trust Actual	Trust Actual	CSDO	MRS	SWSH	Trust Actual	CSDO	MRS	SWSH						
Emergency Care target																	
All patients seen < 4hrs	May	95.0%	96.46%	95.73%		95.73%			96.08%		96.08%						
Type 1 patients seen < 4hrs	May	95.0%	94.95%	94.01%		94.01%			94.46%		94.46%						
Type 3 patients seen < 4hrs	May	95.0%	99.89%	99.87%		99.87%			99.88%		99.88%						
Total Time in A&E (95th Percentile)	May	<= 04:00:00	03:58:00	03:58:20		03:58:20											
Time to initial Assessment - Ambulance (95th Percentile)	May	<= 00:15:00	00:14:28	00:16:24		00:16:24											
Time to treatment decision (median)	May	<= 01:00:00	01:03:39	01:10:24		01:10:24											
% Left Without Being Seen	May	<=5%	3.3%	4.2%		4.2%											
% Unplanned Reattendance within 7 days	May	>=1% and <=5%	3.35%	3.09%		3.09%											
Number of 4 hour breaches of the trolley wait standard	May	0	0	0		0			0		0						
Number of 12 hour breaches from decision to admit to admission	May	0	0	0		0			0		0						
Patients with minor illness or injury to be treated and discharged within 4 hours of arrival in A&E	May	95%	99.4%	98.4%		96.4%			98.9%		98.9%						
Cancer Waiting List (monthly in arrears)																	
2 Week Wait																	
2 week for all Cancers	Apr	93%	96.8%	96.2%		96.2%			96.2%		96.2%						
2 week for symptomatic breast	Apr	93%	96.5%	96.9%		96.9%			96.9%		96.9%						
31 Day Target																	
31 day diagnosis to treatment for all cancers	Apr	96.0%	100.0%	100.0%		100.0%			100.0%		100.0%						
31 day second or subsequent treatment (drug)	Apr	98.0%	100.0%	100.0%		100.0%			100.0%		100.0%						
31 day second or subsequent treatment (surgery)	Apr	94.0%	100.0%	100.0%		100.0%			100.0%		100.0%						
62 Day Target																	
62 days urgent referral to treatment of all cancers	Apr	85.0%	84.0%	76.9%		76.9%			76.9%		76.9%						
62 day referral to treatment from screening	Apr	90.0%	100.0%	100.0%		100.0%			100.0%		100.0%						
62 day referral to treatment from hospital specialist	Apr	85.0%	100.0%	100.0%		100.0%			100.0%		100.0%						
18 Week RTT Indicator																	
Admitted % seen within 18 weeks	May	90%	94.4%	95.1%		92.3%	94.6%	97.0%									
Non-Admitted % seen within 18 weeks	May	95%	99.4%	99.9%		100.0%	99.8%	99.9%									
Incomplete Pathways % within 18 weeks	May	92%	97.0%	98.3%		99.6%	99.5%	97.4%									
Incomplete Pathways - numbers waiting	May	---	4,715	4,956		453	1,526	2,927									
Admitted - 95th Percentile weeks wait	May	23.0	18.0	17.0		19.3	17.7	17.0									
Non-Admitted - 95th Percentile weeks wait	May	18.3	13.0	14.0		14.3	14.0	13.0									
Incomplete Pathways - 95th Percentile weeks wait	May	28.0	15.0	14.0		12.0	9.0	15.0									
Admitted - Median weeks wait	May	Q1 12/13	9.0	10.0		12.0	12.0	9.0									
Non-Admitted - Median weeks wait	May	Q1 12/13	5.0	5.0		6.0	5.0	4.0									
Incomplete Pathways - Median weeks wait	May	Q1 12/13	4.0	3.0		3.0	2.0	4.0									
Diagnostic Waits																	
Diagnostic Waits < 6 weeks	May	99.0%	100.00%	100.00%		100.00%	100.0%	100.0%									
Diagnostic Activity for Endoscopy based tests	May	---	3,729	4,600													
Diagnostic Activity for Non-endoscopy based tests	May	---	413	391													
Other																	
Avg Waiting times (weeks) for first appointment	May	5.0	4.8	4.8		6.7	4.6	4.1									
RACP 2 Week Wait	Qtr4	98.0%	100.0%	100.0%					100.0%		100.0%						
Patient 48 hour access to GUM	May	100%	100.0%	100.0%					100.0%		100.0%						
Delayed transfers of care (bed days due to DTOCs)	May	---	189	213		0	213	0	402		361						
Monitor Compliance Framework Indicator																	

Emergency Care

- The Trust achieved 95.7% for all types of A&E attendances for the month. We have achieved the target for the month for all attendances but not for Type 1 patients exclusively.
- Trust performance for time to treatment decision has got worse for May. The department has an action plan in place to achieve the target.

Cancer Waiting List

- The Trust has not achieved the 62 day cancer target for April.
- May data is not available as the reporting cycle for Cancer waiting list compliance is always one month in arrears. This is due to national validation deadlines for external organisations for shared patient pathways.

BOARD OF DIRECTORS

Meeting date: 27th June 2012

Agenda item: 11.1

Paper: 12-28

Title: Draft minutes of the Audit Committee held 28th May 2012

Summary This document records the items discussed at the Audit Committee meeting held in June 2012.

Action: Minutes for information

Presented by: Stephen Hay, Non-Executive Director
Prepared by: Fiona l'Anson, Deputy Director of Finance

Compliance: *Terms of Authorisation – Condition 21 – Audit Committee*

AUDIT COMMITTEE

Draft Minutes of Meeting 28th May 2012
IT Training Suite

Present:	Stephen Hay (Chair) Imelda Redmond	Non-Executive Director Non-Executive Director
In attendance:	Jo Farrar Heather Bygrave James Barker Nick Rolfe Darriane Garrett Nancy Hallett David Bridger Susan Ash Iola Williams Sallie Rumbold Zaman Hussain	Director of Finance Deloitte, External Audit Deloitte, External Audit KPMG, Internal Audit RSM Tenon, Counter Fraud Chief Executive (items 7.1 to 8.4 only) Head of Governance (items 4.1 to 6.5 only) Interim Operational Manager for Environment (item 6.3 only) Chief Pharmacist (item 6.4 only) Divisional Operational Director (items 6.4 only) Associate Director of Information (item 6.5 only)
Minutes:	Fiona l'Anson	Deputy Director of Finance

1. Apologies

Michael Keith Non-Executive Director

2. Minutes of last meeting on 28th March 2012

The minutes were agreed.

3. Matters Arising

There were no matters arising other than those included elsewhere on the agenda.

4. Statutory Reporting

4.1 Annual Accounts 2011/12

JF presented the Annual Accounts for 2011/12 confirming we had achieved a surplus of £6.2m before impairments of £0.9m. He confirmed the audit of the Accounts had now been concluded and there was one management representation required with respect to calculation of provisions.

SH asked whether we are required to have revaluations of the Trust estate on an annual basis. JF confirmed that our policy was to do a full revaluation every five years, with interim desktop revaluations at least every twelve months.

The Committee approved the Accounts.

4.2 Annual Report 2011/2

DB presented the Annual Report which included the Quality Accounts. These have both been subject to external audit. DB highlighted two areas that had been updated since the papers were circulated in relation to complaints response times and nursing education and confirmed we were still awaiting final comments from Hackney Overview and Scrutiny Committee which would be included in the final report.

SH asked for more details to be added regarding the SHMI targets including a reference to QUEST. The Committee approved the Annual Report subject to the final amendments noted.

5 External Audit

5.1 Statutory Audit Report

HB introduced the report and confirmed an unqualified auditors' opinion would be issued as a result of the work undertaken. She noted there was still a small amount of work outstanding in relation to the Agreement of Balances exercise that would be completed to meet the required deadlines.

JB took the Committee through the detailed audit work that had been completed. He noted the draft Accounts provided were of a high standard and the audit had gone well. He highlighted a number of recommendations that had been agreed by management and noted that there were no unrecorded misstatement in the Accounts.

HB confirmed they were able to conclude that the Trust has appropriate arrangements in place to secure Value for Money which is a requirement within Monitor's Audit Code.

SH queried the EBITDA margin reported for the current year and JB agreed this would be reviewed adjusted within the final report.

The Committee noted the report and approved the draft management representations letter.

5.2 Quality Accounts Report

HB presented the report on the audit work completed on the Quality Accounts. She confirmed that they were able to provide an unqualified limited assurance opinion based on their findings. She noted that the 'limited assurance' opinion related to the limited scope of the work rather than any issues that had arisen during the audit. She highlighted recommendations within the report that had all been agreed with management.

The Committee noted the report.

6 Internal Audit

6.1 Annual Report 2011/12 and Head of Internal Audit Opinion

NR presented the report that summarised all the reviews undertaken during 2011/12 along with a summary of the follow up of recommendations. He highlighted that the report also included the Head of Internal Audit Opinion which concluded that significant assurance could be given that there is a generally sound system of internal control on key financial and management processes.

The Committee noted the report.

6.2 Progress Report

NR presented the report that summarised the work completed since the last Audit Committee. He confirmed there was only one outstanding review from the 2011/12 workplan in relation to the assurance checklist which will be concluded in the next quarter. He drew the Committee's attention to the technical update included in the report.

The Committee noted the report.

6.3 Medirest Contract Management Review

NR presented the report and confirmed an assessment of inadequate assurance. He highlighted the significant issues that the review had found in relation to monitoring of both the catering and cleaning contracts. SA confirmed she had been asked to address the findings of the report, looking at verification and validation of data in respect of the service being delivered, confirmation of KPIs within the contract and governance arrangements for contract management going forward.

The Committee discussed the implications of the review including how major contracts are tendered and managed going forwards including procedures for Board approval. It was agreed that as the

report raised a number of significant issues the Committee required an update on progress against the recommendations to be presented at the next meeting.

The Committee noted the report.

6.4 Pharmacy Report and Management Action Plan

IW presented the management response to the Internal Audit Pharmacy report. She updated the Committee on progress against each of the recommendations, highlighting that a number of these had already been addressed in full and specific issues in relation to systems development were ongoing. IW provided the Committee with explanations on drug returns and waste procedures in place.

The Committee noted the report.

6.5 Quality Accounts and Information Assurance Report

NR presented the report and confirmed an assessment of 'requires improvement'. He noted that whilst they had seen improvements in the area of information assurance, there were still a number of areas of development in respect of data quality that needed to be addressed and these had been raised as recommendations within the report. ZH confirmed all recommendations had been agreed. SH asked which Committee should take this forward and provide assurance to the Board and it was confirmed that Information Governance was a standing agenda item on the Risk Committee so they look at this area in more detail. SH asked that a progress report be presented to the December Audit Committee.

The Committee noted the report.

7. Counter Fraud

7.1 Annual Report 2011/12

DG presented the report that provided details of the work carried out by RSM Tenon across all areas. She confirmed this included details of all investigations and proactive work carried out. During 2011/12 a Qualitative Assessment was completed and the Trust was awarded a rating of '2' which is in line with the majority of other Foundation Trusts.

The Committee noted the report.

7.2 Progress Report

DG gave a verbal update on progress against the 2012/13 workplan to date. She confirmed proactive work was ongoing and highlighted the status of three reactive cases that were ongoing.

8 Audit Committee Business

8.1 Audit recommendation tracker

FI presented the tracker which provides the most up to date position on outstanding recommendations. SH asked for further clarification on progress against the market analysis recommendations. NH summarised the current status and noted that further details would be included in the Board seminar planned for June.

8.2 Service Line Management action plan

JF confirmed that we are still in the process of developing a detailed action plan to develop service line management and this would be presented at the next Committee meeting.

8.3 Audit tender update

FI presented the paper confirming that we would be completing a tender process for our internal audit and local counter fraud services during 2012/13.

The Committee noted the report.

8.4 Requests for waivers of standing orders

FI presented the list of waivers that have been approved since the last meeting.

The Committee noted the report.

9 Any other business

SH confirmed this would be his last meeting as Chair of the Audit Committee and thanked members of the Committee for their support.

NH thanked Stephen on behalf of the Trust for his work as Chair of the Audit Committee.

Action Table

Action required	Date action identified	Person responsible
To update the Annual Report with final amendments as discussed	28/05/12	David Bridger
To present an update on the recommendations from Medirest report at next Audit Committee meeting	28/05/12	Charlie Sheldon
To present an update on the Information Assurance recommendations at December Audit Committee meeting	28/05/12	Tracey Fletcher
To provide an update on Service Line Management project at next Audit Committee meeting	28/05/12	Tracey Fletcher

Date of next meeting: Wednesday 26th September 12 – 2pm, Trust Office Meeting Room