

Trust Board Finance Report
Appendix 4

Minutes of the meeting of the Finance & Performance Committee held on 11th July 2007

Present:	Narendra Makanji	(NM)
	Peter Farmer	(PF)
	Dee Henry	(DH)
	Richard Martin	(RM)
	Kate Slemeck	(KS)
	Philip Ient	(PI)
	Fazal Khan - Minutes	(FK)

1. Welcome and Apologies

Apologies were noted from Trish Donovan and David Sloman.

2. Notes of the June meeting

These were agreed other than KS being listed as present when in fact she had sent her apologies for absence.

3. Matters arising

None

4. Finance Report

4.1 Month 2 Position

RM presented the financial position for month 3 – key points discussed were :

- It was noted that income was based on activity performance for month 1+2: these months being the latest available. In terms of income above targets, it was noted that this largely related to ITU for Islington, Barnet & Haringey. The above target income will not carry on at the current rate because the income relates to patient admittance in the pervious financial year.
- It was noted that where improvements were made on length of stays, income is lost. However, it was agreed that efficiency in clearing beds was desirable and that the lost income through early discharge was accounted for in the risk adjusted financial plans.
- Excess bed-days, outpatient follow up attendances and outpatient procedures were all operating below plan whilst the most significant over performing activities being noted to be in adult critical care, ED attendance, T&O and urology inpatients and maternity, rheumatology and T&O outpatient first attendances.
- The overall month 3 position on pay areas was noted to be an under spend as per the month 3 financial position report.
- Non pay areas are overspent by some £250k in month 3 – largely caused by a historic savings target of £882k which will be reduced to ~£500k in due course.
- A shortfall to date of £166k was noted in the CIP, however, the group was reassured by RM that the overall CIP has been risk assessed and the forecast for year-end is that the total requirement will be delivered.

- PF queried the 6% reduction in ED activity against the plan and KS stated that the trust position is healthy since the plan cut projected ED activity by more than 6%.
- PF queried the reason behind the reduction in pain management income. KS explained that due to annual leave, fewer pain management theatre lists were scheduled in the early part of the year. KS added that the pain management service would be reviewed since more services are moving into the community.
- PF queried how budgets were compared to actuals. RM explained that two returns were made for the benefit of NHS London and The Department, and a third comparison was made for internal circulation. RM added that the increases in income were generated by the addition of new targets and the income that they bring.

4.2 Underlying Position

This was noted.

5. Access & Performance Report

KS presented the access report.

The content of the report, which is generally positive, was noted, including specific reference to key points:

- One breach of the 14 day GP referral to first seen target
- The number of operations cancelled for non clinical reasons had increased – a large part of this position is attributable to contamination of endoscopy equipment
- The position re MRSA was discussed – the Healthcare Commission are to randomly inspect 100 Trusts on the code of conduct and in terms of hygiene, it was noted the Trust has a plan in place but current performance needs to be improved. In addition KS reported the establishment of 3 cases of MRSA Bacteraemia in May taking the YTD total to 6 against a full year target of 12.
- 14 cases of C Difficile were reported in patients over 65 yrs of age.
- KS raised the possibility of the screening on television of a 'despatches' report on maternity services at the trust. NM stated his intention to liaise with KS and the PR officer to anticipate reaction to the report and plan appropriate action.
- A number of other changes in May 07 activity compared to May 06 activity were noted with emphasis on
 - ED attendances down by 6.1%
 - Emergency admissions down by 2.4%
 - Elective inpatient admissions up by 27%
 - Maternity deliveries up by 16%
 - GO referrals down by 7%
- PF queried the reason behind the 16% increase in maternity deliveries. KS reported that the increase was consistent with national activity and that the trust is generating more activity than expected because of Barnet and Royal Free Patients favouring The Whittington over their usual choices. KS added that the level 2 NICU facilities at The Whittington were also contributing to the increase in maternity activity.
- NM reported that Lord Warner has suggested that the trust board should have a permanent item on its agenda relating to infection control.
- PF raised the point that the information on MRSA was brief and it was agreed that readers wishing for a detailed report should be referred to the full report as circulated to the trust board.

6. Productivity Measures

- KS reported that the pre-operative length of stay has been reduced and that the reduction has been helped by the conversion of operations from inpatient cases to day cases.
- RM pointed out that with the introduction of Patient Level Costing (PLC), the trust will have a vastly superior knowledge of which types of activity are costing the trust more or less than tariff income. RM reported that the PLC consulting procedure will commence in August and that the new system should be generating reports in time for the new financial year.

7. Capital Programme

PI presented the current plan. Key points were:

- It was noted that human hours spent on the Electronic Staff Records project couldn't be capitalised because the underlying software is not owned by the trust.
- It was noted that the expansion of the Medical Records storage and sorting facility would require the relocation of Rheumatology clinics.
- £200-£300k that is to be spent on washers will be capitalised.
- The need to depreciate assets perpetually was noted so that the balance sheet value after revaluation of the asset after spending on improvements is the fair value of the asset.

8. A.O.B

- None

9. Next Meeting

The next meeting will be held on Wednesday 15th August 2007 at 3pm.

**Minutes of the meeting of the Finance & Performance Committee
held on 11th July 2007 @ 3pm – Chief Executive's Office**

Present: Narendra Makanji (NM)
Dee Henry (DH) from 3.35pm
Richard Martin (RM)
Trish Donovan (TD)
Kate Slemeck (KS)
Philip Ient (PI)
Susan Sorensen (SS) for DS

2. Welcome and Apologies

Apologies were noted from
Peter Farmer (PF)
David Sloman (DS)

2. Notes of the July meeting

Corrections noted were :
Page 1 - Heading on point 4.1 should read Month 3 (rather than month 2) position
Page 2 - under Access report - should say GP (rather than GO) referrals

Subject to these the notes were agreed.

3. Matters arising

None

4. Finance Report - Month 4 Position

RM presented the financial position for month 4 – key points discussed were :

- Performance overall remains on target however there is a significant favourable variance on income – especially in ITU , which includes activity relating to previous periods as billing is based on discharge dates – there may be a downward trend in future months

NM asked whether anything needed to be done to tackle this, KS explained that staffing is flexed based on bed occupancy and less temporary staff would be used when activity was lower

- Pay continues to show a favourable position to date, noting that the CIP target is held separately and the underspend on pay offsets that target
- Non pay shows an adverse variance - partly due to activity
- CIP should be achieved overall with replacement schemes sought if there is slippage on original items

The latest forecast was tabled, suggesting slippage and a best/worst case ; most schemes are phased in 12ths and are being met within the overall financial position as a result of the favourable income and pay positions. Directors have been requested to identify additional schemes and detailed review continues via the executive meetings.

- Potential issues / risks are around any cost pressures yet to impact and should income reduce without a corresponding expenditure reduction
- It was clarified that no recurrent general reserves remain available – those held are for specific pressures yet to impact (eg. pay awards)
- Non recurrent measures are not yet factored into the position and would be utilised as a last resort if needed to ensure the plan is delivered
- SS reported that looking at the report from an FT viewpoint we need to clarify the presentation of the planned I&E surplus
This point was also raised by PF via E-Mail
TD clarified the ledger requirement for a balanced budget and that the surplus plan is currently represented via reserves

Action - TD to look at amending presentation to clarify

- Other points raised in PF's e-mail were discussed – TD to respond after the meeting
Action TD
- DH joined the meeting and NM briefly recapped on the financial position discussed so far
- KS asked for detail on printing & stationery and travel & subsistence, both of which are showing adverse variances. It was agreed the non-pay group should explore these. It was noted that EROS controls and authorisations remain in place.
- It was noted that the narrative for balance sheet areas should now be expanded, reflecting the focus for FT information.
Action TD/RM to develop
- The capital programme (appendix 3) was noted
 - a separate report on the out-patients redevelopment plan is on the agenda.
 - Noted work on SCBU has started, this is expected to open in October
- PI requested clarification of the position should the full capital allocation not be spent at year-end, following recent NHS London communications and clarification as to whether the £1.4m additional allocation was agreed for inclusion this year

5. Agenda item 6 was taken next – Out-Patient Redevelopment Plan

PI presented the report, explaining the detail and rationale including the various elements involved in the overall plan. The detail was discussed including the need to finalise timing, with potentially some of the plans falling into the current year and some into next year. The paper was agreed and work on the medical Records area is to commence.

Note PF confirmed his agreement to this paper via e-mail.

8. Productivity Measures

KS presented the report and explained that further benchmarking information is being explored, however in general limited information is available – this currently includes :

- i. internal comparisons over time
- ii. national datasets on admitted patients (annual)
- iii. Dr Foster data from current modules

Areas noted included consultant performance and bed usage – patient level information & costing will help in this area.

RM queried whether capacity v actual activity could be reported eg. by ward or consultant

Noted position per national data on bed day usage, where we have improved 9 from 162 to 117 (out of 172) and that further improvement is expected via projects such as making best use of beds and the DTC project now underway.

Workforce Indicators – are available from HR report

Financial Indicators – to be developed based on patient level costing information

It was noted that SLA expectations would be useful information.

This was generally considered to be a very useful report ; PF had also fed comments on this report to KS via e-mail and agreed it was well developed.

KS will ensure views are reflected where possible including removing the Dr Fosters element, benchmarking workforce information and adding financial elements. **Action KS**

NM suggested KS share the report with her team for views as to what would be useful.

9. Capital Programme

- As noted under item 4

8. A.O.B

- RM reported that the patient level costing project is now commencing, with a project group established and suggested that the Finance & Performance Committee be the project board.

This was agreed

9. Next Meeting

The next meeting will be held on Wednesday 12th September 2007 at 3pm.