

**Minutes of the meeting of the Finance & Performance Committee
held on 12th September 2007 @ 3pm – Chief Executive's Office**

Present: Narendra Makanji (NM)
David Sloman (DS)
Richard Martin (RM)
Trish Donovan (TD)
Kate Slemeck (KS)
Philip Ient (PI)

Welcome and Apologies

Apologies were noted from

Peter Farmer (PF)
Dee Henry (DH)

2. Notes of the August meeting

The notes were agreed.

3. Matters arising

Patient Level Costing – RM gave an update on the implementation of patient level costing, including a description of membership of the project team and the objectives of the project

4. Finance Report

4.1 Month 5 Position

RM presented the financial position for month 5 – key points discussed were :

- Performance overall remains on target and there remains a significant favourable variance on income – especially in ITU similar to previous months – there is expected to be a downward trend in future months
- It was noted that activity for the 18 week target has not started to impact yet, this may bring additional increases in both income and expenditure
- Pay continues to show a favourable position overall however there was a significant in-month adverse variance on medical staff, which is being investigated
- Non pay continues to show an adverse variance - this is partly due to activity and controls plus analysis continue on all significant areas
- The CIP is expected to deliver overall with replacement schemes sought if there is slippage on original items
- There are currently no non-recurrent measures supporting the reported position
- A high cash balance is currently being maintained – main reasons include the timing of payments in respect of capital expenditure and the fact that pay awards for AfC staff have not yet been agreed/settled

The approach in terms of spending cash on capital by the year end was discussed, it was agreed that where there is slippage, schemes planned for

next year can be brought forward. A response from NHS London is awaited re the £1.4m previously queried. **Action RM to chase**

- Performance against balance sheet areas was considered. It was noted that cash-flow forecasting remains an area for development and that this is being addressed as part of the changes currently being implemented in the finance department. It was agreed targets are needed in the report to indicate performance on the Debtors position. **Action TD**

4.2 External Reporting

- In terms of external reporting, the original target to date was £400k surplus – this has been exceeded, as described in the report
- A recent NHS London exercise requiring year-end forecasts was completed with a best case surplus of £1.8m ; likely surplus of £1.4m (per plan) and worst case of £1m surplus reported by the Trust
- A forecast for SLA income was recently submitted to NHS London – this describes the forecast position both by Trusts and PCTs.
- It was noted that the Trust has now been placed on quarterly rather than monthly reporting against plan, (one of the current reporting requirements) - although other monthly returns (eg. FIMS) remain a requirement.

4.3 Year End Forecast

As described at 4.2 above, the current forecast is to deliver the planned surplus of £1.4m.

A detailed forecast is to be considered at future meetings, as the year progresses. The most significant item to further inform this is the impact of meeting the 18 week target. Activity requirements are being worked through by operational managers and once finalised the Income & Expenditure impact will be calculated.

4.4 Integrated Business Plan (IBP) Update

An update on the IBP was tabled. RM presented the information, describing the risks and mitigations including best and worst case scenarios described within the plan.

The significant forecast cash balances and potential for capital investment were noted.

NM asked who will test our IBP, DS explained the process re draft submissions and feedback from NHS London before the final submission for Monitor testing.

5. Productivity Measures

KS presented the report. Key items discussed included :

- It was noted that up to date DH information is not available.
- The use of Dr Foster consultant information had been discussed at this week's Business Planning meeting and the Trust needs to this module in order to access this information.
- The reduction in Average Length of Stay was noted and this remains an area for further work and it is expected to impact on future CIPs.
- Pre operative length of stay was another area identified for renewed focus – the making best use of beds project is being re-launched

- New information on workforce was included, detail needs clarification
- There were no major changes as a result of demand management
- Financial information will be developed as part of the patient level costing project
- RM queried whether information comparing capacity with output could be included – KS clarified this should be possible in the future as a result of the work underway for the 18 week project

6. Capital Programme

PI presented an update on the latest capital expenditure position – the detail is contained in appends to the finance report

It was noted that the impact on cash is currently being profiled and will be discussed at the Capital Monitoring Committee.

Overall there is an under-commitment against plan at this stage, however the programme is expected to deliver to plan by the end of the year, with adjustments to transfer specific projects/schemes between years if appropriate.

7. A.O.B

7.1 PFI Monitoring

PI presented a report showing financial performance against the PFI contract – this information will also be going to the Trust Board meeting.

Table 2 and the values were noted as was the discussion process to progress differences and the fact that the Trust is also billing for the increased cost of monitoring the contract.

PI also reported, re condition B works – we are confident this will be resolved in the Trust's favour.

7.2 DTC

Anticipated opening date is April

8. Next Meeting

The next meeting will be held on Wednesday 14th November 2007 at 3pm.

**Minutes of the meeting of the Finance & Performance Committee
held on 10th October 2007 @ 3pm – Chief Executive's Office**

Present: Narendra Makanji (NM)
Peter Farmer (PF)
Richard Martin (RM)
Trish Donovan (TD)
Kate Slemeck (KS)
Philip lent (PI)

Welcome and Apologies

Apologies were noted from

David Sloman (DS)
Dee Henry (DH)

2. Notes of the September meeting

The date of next meeting should have shown 10th October, subject to this amendment the notes were agreed.

3. Matters arising

- RM clarified that the £1.4m capital funding had been confirmed by the SHA
- IBP update is later on the agenda
- KS explained that the productivity measures report was not available as data has not yet been issued by the DH. Once this is available the report will be updated
- PF queried the PFI information
 - PI gave an update and clarified that contract deductions for service & quality failures are estimated at approx £100k, which exceeds the value in the CIP
 - RM noted that there is outstanding debt from the previous year which had some risk associated with it until finalised – this is being progressed via the liaison committee
 - The timing of the DTC opening was discussed , noted there may be a budgetary benefit associated with the timing compared to the estimate in the plan for the current year but also noted there is significant effort going into timely completion

8. Finance Report

4.1 Month 6 Position

RM presented the financial position for month 6 – key points discussed were :

- We remain on target to deliver the £1.4m surplus by year end with a surplus of £815k reported to date

- Income continues to overperform, although ITU has slowed down compared to previous months and for the first time this year the value of IPCT activity is approx on target – a reduction on previous months
- It was noted that activity for the 18 week target has not started to impact yet, this is expected to bring significant increases in income and this is anticipated to be sufficient to meet the associated additional expenditure – plans are currently being worked up in detail for costing
- Pay continues to show a favourable position and an improvement from the previous month, where there was a significant in-month overspend against medical pay budgets – this was investigated and included a number of items some of which were non recurrent, including agency/locum cover eg for maternity leave ; flexible trainee costs where funding confirmation was awaited ; some changeover double running costs ; the impact of savings phased to commence at this stage in the year
- it was also noted that pay is reviewed weekly via the flash reports to the ET as shown at Appendix 2 – including the flexible approach to ITU staffing
- Non pay continues to show an adverse variance - this is partly due to activity and is offset by the additional income - controls plus analysis via the non pay group continue on all significant areas – the possibility of flexing budgets in line with activity & income was discussed , it was noted that this will be progressed once costing information is further developed
- There is some slippage against the original CIP , however this is expected to deliver overall with replacement schemes sought if there is slippage on original items – notably the recovery of drug costs
- It was noted that the cash balance reduced this month as the 6 monthly payment of PDC Dividends, was processed, as planned
- It was noted that the debtors balance includes the Waterlow impairment, the timing of payment is per the DH , although the debt needed to be raised at year-end 2006/07 to be correctly accounted for – payment is anticipated next month
- NM queried the activity accrual for 1 month – RM clarified the process including timescales for coding and reporting including national flex/freeze dates
- PF queried the income variance and potential continuation for the remainder of the year – this was discussed including the treatment of demand management targets, additional income targets above SLA values and the potential impact of 18 weeks
- It was confirmed that there may be overlap between activity shown as general medicine and geriatric medicine, which is based on coding

8.2 External Reporting

- In terms of external reporting, the original target to date for this stage in the year was £600k surplus – this has been exceeded, as described in the report – this position has been reported to NHS London
- The year-end forecast is to deliver the £1.4m surplus, which is as reported to NHS London
- A risk rating of 4 is indicated in the current provider agency monitoring exercise

4.3 Year End Forecast

As described at 4.2 above, the current forecast is to deliver the planned surplus of £1.4m.

The most significant item to further inform this is the impact of meeting the 18 week target. Activity requirements are being worked through by operational managers and once finalised the Income & Expenditure impact will be calculated.

4.4 Report Format

- Amendments to details shown for cash-flow, debtors and the inclusion of the monthly profile of the I&E plan were noted as useful.
- It was suggested that pay plus non-pay subjective charts be amended to show the change in actuals between years as an additional column.

Action TD

- It was agreed a paragraph will be included in the report on Balance Sheet items
- It was suggested that individual patient names will not be shown in the detailed debtor analysis

Action TD

Action TD

4.5 PLICS

It was noted that the project is progressing on plan, as described within the report

4.6 Integrated Business Plan (IBP) Update

RM gave an update on the IBP including a meeting held earlier in the day with NHS London. Further information and amendment to the plan is now needed – testing downside activity projections (population, DTC & SoC) and increases in the impact of PCT demand management plans

It was noted that the IBP is on the agenda for the October Trust Board seminar next week.

5 Productivity Measures

As noted under matters arising

NM requested an update on the Access report - KS gave a verbal update and it was noted that this paper was not on the agenda following agreement in previous months that it would be replaced by the productivity measures

It was noted that we expect the Health Care Commission ratings next week – a result of Good (quality of services) and Good (use of resources) is anticipated

It was noted that the day case rate is approx 75% and a group has been re-convened to look at day case rates and that the default elective position should be day case rather than in patient

6 Capital Programme

PI presented an update on the latest capital expenditure position – the detail is contained in appends to the finance report. It was confirmed that the £1.4 funding is now included (as reported under matters arising by RM).

The programme is expected to deliver to plan by the end of the year, with adjustments to transfer specific projects/schemes between years if appropriate.

Specific schemes / items noted included

- The new NICU has been opened in the old ITU area and there is growth in activity.
- AAU/Mary Seacole is now open, located beside the ED.

- Paediatric ED planning work is underway, this should be ready for April '08
- The Medical Records re-location is underway
- CT scanner suite work is underway

7 A.O.B

- 7.1 PF queried a donation of £1k made (Lovell Davis Unit), KS agreed to check what this was used for. **Action KS**

8. Next Meeting

The next meeting will be held on
Wednesday 12th December 2007 at 3pm in the Chief Executive's Office.