

**Minutes of the meeting of the Finance & Performance Committee  
held on 14<sup>th</sup> November 2007 @ 3pm – Chief Executive's Office**

**Present:** Joe Liddane (JL)  
Peter Farmer (PF)  
David Sloman (DS)  
Richard Martin (RM)  
Trish Donovan (TD)  
Kate Slemeck (KS)  
Philip Ient (PI)

**1. Welcome and Apologies**

- 1.1 Apologies were noted from Dee Henry
- 1.2 PF (chairing the meeting) welcomed JL to his first meeting.

**2. Notes of the October meeting**

The notes were agreed as an accurate record.

**3. Matters arising**

- KS updated re the charitable donation, the unit plan to spend it on an MSc course for a member of staff, with an alternative being a piece of equipment – depending on the donor's preference. KS to speak to the donor and invite them to visit the unit.

**Action KS**

**4. Finance Report**

**4.1 Month 7 Position**

RM presented the financial position for month 7 – key points discussed were :

- An overall surplus to date of £1,102k is reported, this is against a planned surplus to date of £900k (building up to £1.4m planned surplus by year-end) giving a favourable variance to date of £202k.  
Income continues to exceed budget on a cumulative basis, (largely SLA s with Islington, Haringey & Barnet) although there was a reduction in September ; there was an additional income benefit due to the settlement of an overseas visitor debt this month ; the position re critical care activity was noted, where there was a drop in September however activity levels have since increased again
- In terms of expenditure a proportion of the reserve held for the costs associated with the DTC has been released ; an improved position is reported for both pay and non-pay ; the CIP is behind target to date, however is expected to be fully delivered by year-end, with replacement items implemented as required, most notably around the recovery of drug costs. The improved position on medical pay was noted, the previous levels of overspend included locum usage eg. maternity cover, plus some banding issues.
- The current assumption is that income received will offset costs associated with delivering activity to meet the 18 week target. KS updated that activity estimates are

being discussed with Islington PCT and potentially there is funding available to the PCT – our expectation is that any additional activity is governed by PbR rules

## 4.2 External Reporting

- In terms of external reporting, the original target to date for this stage in the year was £900k surplus – this has been exceeded, as described in the report – this position has been reported to NHS London. In terms of the phasing of the plan, this was initially estimated and represents the fact that some expenditure is weighted towards later months of the year where as income is generally anticipated in 12ths. (eg. pay awards for most staff are being paid in November, with arrears in December)
- 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. Additional sessions to deliver the required level of activity commenced during November, the current financial assumption is that additional costs will be met by increased income.

## 4.4 Patient Level Costing (PLICS) & Service Line Reporting (SLR)

It was noted that the PLICS project is progressing on plan, as described within the report, with the system expected to go live from April 2008. Draft output from the SLR project is expected in December.

## 4.6 Balance Sheet

The position on cash, debtors and creditors as set out in the report and appendix 1 was noted.

### Debtors

- NHS debtors, the validation process for SLA income was discussed, it was agreed that an update on the Q1 & Q2 position will be brought to the next meeting. **Action TD**
- Non-NHS debt, the position with WFL was noted and the fact that invoices are discussed at the liaison committee, followed by a dispute resolution process. It was noted that there is some provision for bad debt, within the overall position.

### Cashflow

The forecast on page 15 of appendix 1 was noted, including development of the detail and reasons for variances

- notably this month the reason for the variance was late payment from the SHA, where payment reached the Trust's account on 1<sup>st</sup> November although it was due and anticipated in October.
- it was noted that the pay award will be implemented in November, with arrears in December
- the year-end cash target was discussed and the approach to managing the position in order to meet this was outlined

- It was agreed to develop the information further so that capital payments are shown separately on the report **Action TD**

***The recommendations of the report were noted and agreed.***

## **5 Productivity Measures**

KS presented the report noting the late availability of DH information. Key points included :

- the making best use of beds project
- the overall message is that although significant improvements have been achieved, there remains room for further improvement, when benchmarking against the national picture
- pre-operative length of stay remains high, although improved for elective patients, further improvement is expected to show in Q2 information
- day case rates, still shows room for improvement in orthopaedics & urology – some as a result of individual practice issues, some organisational ; individual benchmarking information will be available for clinicians, which will be discussed via General Managers and the Medical Director ; the importance of competitiveness and evidence was noted.
- It was noted that the financial impact of improvement opportunities will vary with Length of Stay reduction likely to yield more than improved day case rates
- It was noted that process review work (eg. for 18 week project) is underway and was agreed KS will discuss the detail around this separately with JL **Action KS**

It was noted that the report is still evolving, consultant productivity information will be incorporated in a future version **Action KS**

PF indicated that performance from the access report would be useful and it was agreed that some further thought needs to be given to what information / reports come to this meeting.

## **6 Capital Report**

### **6.1 2007/08 Capital Programme**

PI presented an update to the 2007/08 capital programme and confirmed that the plan is to fully commit and spend per the programme by year-end.

The potential loss of funding that would result from any underspend against the CRL was noted.

### **6.2 Boiler Plant De-Centralisation**

The Boiler Plant De –centralisation paper was noted with agreement to proceed to stage 2

### **6.3 2008/09 Capital Plan**

PI presented the current plan, including capital requests amounting to approx £3m in excess of available funding for next year and a reduced plan matching available funding. Two main items are being prioritised, namely Midwifery led birthing unit and Isolation rooms. The plan remains under discussion with General Managers and is also to be discussed at the Infection Control committee.

The draft plan was agreed in principle and a final version will be brought to a future meeting.

#### **6.4 PFI Monitoring Report**

PI presented the summary position in terms of monitoring against the contract and confirmed that deductions are made based on the Trust's validation process and application of the payment mechanism.

These amount to over £100k to date, and largely relate to failure to close jobs off. This will be discussed at the PFI liaison committee

Key areas of risk, plus mitigations were noted – these included, generators, fire alarms, authorised person issue and condition B works.

It was noted the Board are supportive of the position in terms of strictly applying the payment mechanism.

The report was noted.

#### **6.5 Facilities KPIs**

PI presented the report, which has also been previously considered at the Executive Team (ET)

Future reports will be brought a couple of times a year, it was agreed that details on wastage that was included in the ET report should be included here. **Action PI**

The report was noted

#### **6.6 Islington Climate Change Partnership**

PI presented the report. The Trust's position in terms of the boiler house and investment in energy efficiency per the capital programme was noted.

The report was noted

### **7 A.O.B**

**None**

### **8. Next Meeting**

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

***It was noted that PF may not be at the December meeting.***

***DS expressed the committee's thanks to PF.***