

Minutes of the meeting of the Finance & Performance Committee held on 7th June 2006

Present:	Narendra Makanji (chair)	(NM)
	Dee Henry	(DH)
	Peter Farmer	(PF)
	David Sloman	(DS)
	Susan Sorensen	(SS)
	Trish Donovan	(TD)
	Kate Slemeck	(KS)
	Philip Ient	(PI)

1. **Apologies:** None

2. **Notes of the March meeting**

Agreed as an accurate record

3. **Matters arising**

3.1 It was clarified that a paper on the Highgate Treatment Centre will be taken to the July Trust Board.

3.2 SLA Matrix (London position) an update to be brought to next meeting – **Action TD**

3.3 *ALE* – It was clarified that we have scored 2 on the 2 completed areas. Feedback from the auditors to be given to Audit Committee and this may still not be final. It was noted that most organisations are currently scoring 2 so we are well in the pack but we anticipated a better result. DS and SS met auditors and expressed disappointment that the score was not 3 as we were of the impression it would be.

3.4 The £1.2m (financial recovery) remains under discussion and has been raised by both DS and SS with the SHA.

4. **Finance Report**

4.1 The 06/07 plan is still under discussion, including detailed reconciliation of HR/Financial plans and detailed identification of CIPs.

An overall position of break-even has been submitted in the last draft of the plan, this is still £1.3m less than required (to make 1% surplus). Unidentified CIPs are not acceptable as a balancing item.

CIPs are currently under review in detail by ET and will be brought back to future meetings. Risk assessment is being built in. (risk incorporating non achievement and service risk)

4.2 SS presented the M12 financial position, which included run charts for the first time as examples of the type of information that could be incorporated. It was noted that some adjustments to final presentation of values were made at year-end, these included the presentation of expenditure on drugs – where

values are grossed up in respect of trading activities but expenditure is offset by income

It was noted that the non-pay group is currently looking at all major areas of expenditure and that budgets may need to be adjusted to reflect subjectively current expenditure. In terms of the overall current approach, finance is compiling details of cost pressures and there will be a cautious/phased release of reserves to offset specific items.

PP income is expected to be higher this year and some specific contracts are currently being negotiated

Specific queries on 05/06 information were :

Clarify Pharmacy savings – currently shown as nil

Clarify details re budget adjustment described as Camden PCT for £99k

Action TD

4.3 The format of the finance report was considered and whilst it remains under development, the following points were agreed :

- Keep prior year comparator values on tables
- Retain Trust level reports with run charts and develop exception reports
- Cut pages 9 – 15, the new version of this report can then be used for HMB, Trust Board and F&PC

Information showing performance at Divisional level was discussed, it was clarified that this is considered by Divisional Managers and budget-holders, with members of the management accounts team each month, for each specific area.

NM requested that a copy of information at this level be made available to him.

ActionTD

Run Charts to be further developed including showing bank & agency info separately and developing details for other staff groups.

The use of Unit costs and incorporating these into the report is also to be explored.

It was noted that it may be useful to vary the charts each month, to reflect significant variances.

Income – additional information is needed on income, especially around performance against SLAs. It was clarified that a new monitoring system is currently being implemented (SLAM) and the first set of reports, from this system, are planned for quarter 1 information.

It was clarified that due to the time required to code activity, performance against SLA in terms of income is always a month behind other financial information.

5. Activity and Performance report

The April activity and performance report was noted.

The format has been revised to reflect performance against standards and is categorised into 4 priority areas. It was noted that it would be useful to show the relevant standard within each section.

Action KS

Headline items included

Delayed transfers of care high recently and still high

ED attends remain high – this week again saw record attendance levels at around 300

The 18-week target applies from Dec 2008, a report is being developed detailing progress in this area.

Information to HMB on length of stay and 18-week targets will include day case information. Report on outturn should go to Trust Board and consider ongoing reporting. Board to have both papers that went to HMB today.

It was noted that the table shown in previous versions of the report, comparing activity to previous year was useful and should be added.

Action KS

6. Capital Programme

PI presented an update on changes to current programme and confirmed that the programme remains in overall balance.

In relation to the Workplace nursery, the location remains an issue.

It was noted that allocations of £2.3m for commissioning the new building and £600k for the PACS system have been agreed and these will be included in future reports.

It was noted that the capital programme (following initial adjustments) for 05/06 was spent on capital and that the 05/06 plan was delivered.

7. A.O.B.

None

8. Date of next meeting

The next meeting will be held on Wednesday 5th July 2006 at 3 pm.

*Apologies noted from PF (note papers to be sent)
and from SS.*

Draft Minutes of the meeting of the Finance & Performance Committee held on 5th July 2006

Present: Narendra Makanji (chair) (NM)
Dee Henry (DH)
David Sloman (DS)
Trish Donovan (TD)
Philip Ient (PI)
Karen Hunter (KH)

1. Apologies: Peter Farmer (PF)
Susan Sorensen (SS)
Kate Slemeck (KS)

2. Notes of the June meeting

Agreed as an accurate record

3. Matters arising

3.5 TD tables an updated SLA Matrix covering all SLAs and confirmed that all but one had been agreed and the remaining one was being followed up. It was noted that the completion of SLAs this year is much earlier than ever before. The timing of SLAs was discussed and it was agreed that these should be prepared as early as possible, but noted that SHA/Sector guidance and PbR rules and tariff are key issues in the planning process.

In terms of other income, it was noted that there will be a substantial reduction in the Trust's R&D funding next year (2007/08) and a further reduction in 2008/09.

DS requested clarification of the NMET allocation, and whether there was an indication of a reduction in that funding stream this year. **Action TD**

3.6 It was noted that a score of 2 has been allocated for the completed reas of the ALE assessment.

3.7 TD clarified that the budget adjustment shown in the month 12 finance report, relating to Camden PCT (as queried last month) related to the formalising of the final SLA value for 05/06.

3.8 TD clarified that the Pharmacy Directorate had delivered savings in 2005/06 (also queried from the month 12 finance report last month). The original target was £35k plus headcount savings later in the year. The Directorate delivered a balanced overall position for 2005/06.

3.9 TD confirmed that a letter is expected from the SHA detailing the £1.2m financial support for the 2005/06 accounts/audit. This has been agreed by the SHA

4. Finance Report

TD presented the finance report for months 1 and 2. Key items discussed were :

- ◆ An updated 06/07 financial plan has been submitted to the SHA, demonstrating compliance with the London financial strategy, requiring the Trust to deliver an I&E surplus of 1% (approx £1.3m).
- ◆ The plan includes a substantial CIP (almost £10m). A full risk assessment is underway and will be reported to the July Trust Board.
- ◆ Expenditure was discussed in detail, with particular focus on areas with adverse variances – within pay these were Medical & Nursing staff and in non pay specific cost pressures eg. utilities and engineering costs in facilities.
- ◆ In terms of income, performance against SLA activity targets was included as an appendix to the report, and this was discussed. Fully costed information was not available as all activity had not yet been coded.

In terms of the activity target shown to date, there was significant under-performance for in-patient activity and over-performance against both out-patient and ED attendances. Until fully coded activity is available it is not possible to determine case mix and the financial impact cannot therefore be calculated, however given the level of under-performance indicated it is likely that there would be financial under-performance.

It was noted that SLA activity targets are currently phased in 12ths and this may not be representative of activity flows throughout the year. Further work is needed to determine a relevant phasing of activity targets (and associated income targets) and this needs to be completed quickly in order to inform decisions. KS and TD had already been requested to progress this.

Action KS/TD

- ◆ Performance against the CIP to date was noted, as was the fact that plans are not equally phased throughout the year and many items are weighted towards later months. It was noted that there will be an increased focus on implementing & monitoring the CIP as a result of the introduction of the Directorate of Strategy & Performance from August.
- ◆ The revised format of the report was noted, and this remains under development. It was agreed that information in future reports would be grouped under Expenditure, Income, CIP and Balance Sheet sections.

It was clarified that due to the time required to code activity, performance against SLA in terms of income is always a month behind other financial information.

5. Activity and Performance report

The activity and performance report was presented by KH. Key items included :

- ◆ Cancer targets were met
NM noted the recent visit by P Hewitt in connection with Cancer targets.
- ◆ The number of maternity deliveries remains constant

- ◆ The success against the Breastfeeding Rate (1.3.3) was noted, but it was recognised that considerable resource may have been directed at this initiative and this should be reviewed.
- ◆ In terms of DTOCs it was noted that there has been a recent increase and that this area may not be of such high priority for PCTs as previously. Performance varies between Islington and Haringey. The Trust needs to consider its position in relation to the pooled budget arrangements.
- ◆ ED performance against the four hour target was just below 98% for May, but on a year to date basis performance remains above the target. It was also noted that there was a day with the highest ever level of attendances in June.
- ◆ Information on progress towards meeting the 18 week target is being developed.
- ◆ E-Booking may be impacting on referrals (increasing), as the system is easy to book onto.
- ◆ MRSA – noted the details in the report were incorrect, there were 5 cases in May and 2 in June. It was noted that a formal analysis of individual incidents is undertaken. Key items expected to have no impact include a focus on peripheral lines and the move to new ICU facilities. The position was discussed and detailed in a paper to the HMB earlier in the day (Saving Lives).

6. Capital Programme

PI presented an update on changes to current programme and confirmed that the programme remains in overall balance. Key areas included :

- ◆ Major allocations have been confirmed, including £2.3m for commissioning the new building, £600k for the PACS system and £1m for works on the Highgate Wing.
- ◆ It was clarified that the Imaging Capital Receipt relates to items of equipment purchased in 2005/06, as they were urgent replacements, from the Trust's capital allocation. These will be transferred into the Managed Equipment Service with the provider paying book value for the transfer.
- ◆ In terms of the commissioning allocation, it was noted that £1.7m had already been committed and the balance is likely to be fully required. Consideration needs to be given to requirements in public areas.

PI updated the group on the current position regarding lifts and clarified that there is an allocation within the programme. Access to the new building is required in order to access the new lifts.

There was a brief discussion of patient flows through the new building and DS clarified that this work is underway in the Operations Directorate and will be performance managed through the Executive Team with feedback to the Board via the CEO's report.

PI and ML to provide an update in terms of expenditure and commitment against this item. **Action PI**

- ◆ PI confirmed that work has commenced on the Highgate Wing (landlord repairs). This incorporates major items such as the roof and fire escapes and clarified that under the new tenancy agreement we need to maintain the building.

TD confirmed that an issue regarding the accounting treatment of this allocation has been raised with the SHA.

7. A.O.B.

- 7.1** TD informed the group of the requirement to report Month 3 performance to the SHA on Thursday 6th July – in advance of any results being available (only 3 working days into the month). It was noted that the requirement to report this early is unusual and most if not all organisations would be reporting on an estimated basis.

It was agreed that TD would check with colleagues in other organisations how they intended to meet this timescale and would then agree a position to report with DS outside the meeting. This was likely to an adverse variance from plan, as a result of slippage on the implementation to date of the CIP.

8. Date of next meeting

The next meeting will be held on Wednesday 2ND August 2006 at 3 pm.