

Appendix 5

Minutes of the Finance & Performance Committee meetings held in November and December 2005.

Minutes of the meeting of the Finance & Performance Committee held on 2 November 2005

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)

Apologies: Eric Read

1. Notes of the previous meeting held on 5 October 2005

agreed as an accurate record, noted that the PFI update should form a separate item for Trust Board

2. Matters arising

PF sought clarification that information on reserves was available – TD confirmed this was being tabled at the meeting.

3. Finance Report

SS presented the financial position for month 6, detailing the improved in month performance but noting that this included non-recurrent items eg. a release from central reserves. Main points discussed were :

- ◆ Pay – better control over use of temporary resources now evident, this is also being monitored weekly by the Executive team ; The revised nursing establishment has been funded ; Agenda for Change estimated cost is based on average payments made to staff assimilated to date, the value will be refined as further progress is made and final values will be benchmarked
- ◆ Savings – performance summarised in the report ; regular meetings are being held with Green & Kassab, there is some slippage on projects but overall progress is being made ; Headcount reduction proposals are being developed by Operations and Facilities for discussion at Exec team, Corporate items have been identified and are being implemented ; It was noted that the impact of PbR in both finance and IM&T directorates is being looked at and it is likely that additional resources will be required, however these should be self financing as a result of the impact on income
- ◆ Income – currently a surplus as a result of over-performance plus private patients and overseas visitors income ; performance against SLAs as detailed in Appendix 2 was discussed
- ◆ Year-End Forecast – a best case position of break-even was reported to the SHA for month 6, significant risks have been identified

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- ◆ Balance Sheet – Debtors balance remains high and although there was improvement in the month further reduction is needed to meet cash requirements
- ◆ Cash – high balance as a result of initial PCT payments and low expenditure on capital to date ; clarified that the current financial regime requires a significant cash balance to be held at year-end in order to meet the EFL ; further work required to refine forecasting of cash
- ◆ Capital Expenditure – latest report to the Capital Monitoring Committee (CMC) included as an appendix – currently an over-commitment but PI clarified that the programme is changing rapidly and not all schemes listed will actually go ahead this year – eg. out-patient project discussed at HMB today ; DH queried whether investment now would save or generate income in the future, PI clarified that a business case is required including a cost benefit analysis before any schemes can go ahead.

There was a detailed discussion around pay and DS summarised that overall pay controls are impacting as required, three key areas were discussed :-

- (i) Medical Locums where detailed analysis by Division is now to be carried out, rotas are being looked at and vacancies advertised to reduce reliance on locum staff. The benefit of revised rotas is expected in future months.
- (ii) Nursing noting that spend on agency has dramatically reduced and the revised establishment has now been funded and
- (iii) A&C where further analysis on bank and agency usage is needed.

DH queried the authorisation process for locum medical staff, KS clarified that all bookings have to be authorised by the Director/Deputy Director of Operations or Medical Director.

PF queried whether current performance against nursing budgets is sustainable, it was clarified that spend is expected to remain within budget for the remainder of the year as a result of funding the revised establishment, there are two areas where issues remain – ED as a result of targets and a high level of vacancies and Maternity as a result of the current shortage of midwives – these are the only areas in which agency staff were used this month.

TD agreed to clarify that the WTE shown has been updated – it includes the revised establishment but is unclear whether changes to Trevor Ward have yet been reflected.

Action TD

DH queried whether we can attract staff to the Trust's bank for these specialist areas, KS confirmed that we regularly advertise and a piece of work is underway (between KS & TD) to look at changes to pay rates for specialist areas in order to attract people. NM confirmed it is appropriate to retain flexibility and use temporary resources in areas such as ED where requirements are linked to activity demand.

In terms of non-pay, PI has been asked to lead a piece of work to clarify controls across non pay areas.

TD tabled a detailed year-end forecast, a summary of reserves and the current risk assessment in terms of delivering a balanced year-end position and talked through the information and associated assumptions. Members agreed to raise any queries once they had the opportunity to consider the detail.

Action ALL

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It was agreed that the risks identified are significant and the year-end forecast (to be reported to the SHA) should be amended to reflect these.

Action DS/SS/TD

4. Workforce Plan

It was noted that a monthly return is now submitted to DH on workforce.

Current workforce controls were discussed under item 3 above.

The proposed headcount reduction and next draft PSP will be available for the next meeting.

It was noted that the Agenda for Change process is to get current staff assimilated to new pay bands but noted that some areas are taking the opportunity to review roles at the same time, there will be potential to review other areas in the future.

5. Activity and performance report

KS presented the activity report. Overall performance against targets was very good for September. Main items included :

- ◆ Further refinements have been made to the report to include MRI and CT scanning information. No one is waiting above target (26 weeks)
- ◆ Number of deliveries is high – members were not aware of specific reasons/unusual circumstances accounting for this
- ◆ Out Patients – no over 17 week waiters and plans are in place, by specialty, for the required reductions to meet the 13 week target in December, with extra clinics where required
- ◆ First to follow up ratios improved
- ◆ DNAs increased slightly in September – similar trend in previous years
- ◆ Cancer – the Trust is a demonstrator site and is hitting the 100% target
- ◆ Bed Occupancy was at 91%
- ◆ DTOCs – reduced
- ◆ Average Length Of Stay is improving – lots of work continues in this area to bring down average where possible
- ◆ Noted GP referral information is now included
- ◆ MRSA & C DIFF information included, this was discussed in detail at the HMB earlier in the day – a separate report on MRSA to be prepared for Board

Action KS

DS queried whether the cancelled operations figures had been adjusted for actions taken on 07/07. KS to clarify and adjust if necessary.

Action KS

PF queried when day case activity is expected to increase, it was clarified that this should be within the next three months as part of the work on the 10 High Impact Changes.

DH queried whether good performance against targets is being communicated. It was noted that the positive messages should be publicised where possible.

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6. Capital Expenditure

Covered under item 3

7. New Finance System

TD gave an update – recent progress included :

- ◆ additional end user training in all core modules, delivered during late October,
- ◆ technical refinements as agreed at the user group
- ◆ installation of additional reporting and analytical tools for all finance staff for which additional training is planned – this will lead to further development and refinement of financial information / reports and automated distribution
- ◆ document scanning is now operational in the payments department, although there is a backlog to be cleared as a result of the delay, but this is being worked on
- ◆ Ultimately the system is to be developed so that non-finance managers can access information electronically

8. PFI Update

A separate meeting of the sub committee was held.

9. A.O.B.

PF queried whether in year monitoring of SLAs should be performed by this committee rather than the Audit Committee (as recommended). It was agreed that SLA performance is within the remit of the Finance & Performance committee.

NM requested that 2006/07 SLAs be in place by December. There was a brief discussion around the requirements of PbR and sector planning guidance and timetables, but noted that NM wanted the Trust to aim for this.

2006/07 issues to be included on next agenda

10. Date of next meeting

Wednesday 7 December 2005 at 3 pm.

Minutes of the meeting of the Finance & Performance Committee held on 7th December 2005

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)

Apologies: Eric Read

1. Notes of the November meeting

agreed as an accurate record

2. Matters arising

There were no matters arising

3. Finance Report

SS presented the financial position for month 7, detailing a continuation of the overall improved performance for the month but noting that this again included non-recurrent items eg. a release from central reserves that will not be available in future months.

The detail of the report was discussed, including the following main points :

- ◆ Improved performance in the Operations Directorate
- ◆ Pay – break-even overall reflecting the revised nursing establishment implemented recently, there is still overspending on Medical Staff and work continues on analysis and controls
- ◆ Non Pay – pressures are still evident, focus in this area now increased including recent agreement at HMB and Exec Team that authorisation levels will be increased and pilot work on non pay analysis from the EROS system is underway – it was noted that work is needed to match commitments against budgets and that some areas still raise orders outside of the EROS system, however this is moving towards full implementation and real time information becoming available. Tests sent to other organisations was flagged as an area for further work, Green & Kassab are exploring how they may assist in this area and some work is underway via the Medical Director to increase controls.
- ◆ Savings – almost 60% currently being achieved but includes an allocation from reserves against the target.
- ◆ Income – accurate & timely information production remains under development and has been challenging due to the complexities of PbR this year and the requirement to develop an appropriate reporting environment, however the IM&T directorate are now making progress in this area. At the time of meeting month 6 performance against SLAs was being finalised and the current estimate was included as an appendix to the finance report.

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- ◆ Year-End Forecast – a forecast of break-even was reported last month as the best case achievable for year-end, risks in the region of £3m were also discussed with the SHA and a most likely year-end forecast of £1.5m deficit now submitted to the DH. This is considered quite realistic however there remains considerable anxiety about the cost of fully implementing Agenda for Change.
- ◆ Balance Sheet Items – Management of the Debtors position is improving, with changes in procedures being introduced ; payment of creditors remains good but below the PSPP target overall (almost 90% against a target of 95%) this has been possible due to the high cash balance and is likely to reduce in the final months of the year ; Cashflow forecasting remains under development and now includes a comparison of actual performance against forecast
- ◆ It was agreed that over the next few months the Trust will move towards FT style finance reporting/information

A number of queries were raised and discussed in detail including :

- ◆ the forecast year-end position – it was agreed that the monthly profile to year-end that is now included in the monitoring information submitted monthly to the SHA will be included in information to this committee in future **Action TD**
- ◆ Medical Staff expenditure - following discussions at the HMB earlier in the day, agreed that KS will discuss temporary medical staffing with the Medical Director ; in addition, a paper detailing the Hospital at Night project is to be produced detailing changes to rotas as this is expected to generate significant savings next year ; it was noted that controls are in place for temporary medical staff bookings but requirements differ from other staff groups.
- ◆ It was noted that the cashflow forecast now shows the variance for the current month and agreed that it would be useful to list variances for previous months in future **Action TD**
- ◆ Interest Receivable – it was clarified that interest is received on the bank balance, this is shown on the I&E summary and is approx £415k to date
- ◆ The activity position was discussed in terms of performance against SLAs, DS expressed concern about under-performance on elective work and PCTs potential approach on treating patients below target times and the associated risk to income ; it was noted that we need to develop reports showing activity performance as well as financials against SLAs
- ◆ Agenda for Change – a return, as submitted to the SHA, was tabled it was agreed it will be useful to gather information on other organisations for comparisons and that an analysis of changes by staff group over recent years would be useful. A number of pieces of analysis are to be progressed once implementation nears completion, including :

Further details to be produced once December payroll information available (mid January) **Action TD**
Funding available from reserves to be re-assessed **Action TD**
The impact of vacancies on headcount reductions on AfC to be assessed **Action TD/KS**

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4. Workforce Plan

Targets and detailed plans were distributed and discussed. It was noted that the current year-end forecast includes an assumption that £1.4m saving will be achieved in 2005/06 as a result of headcount changes, but the potential cost of re-organisation is not currently reflected and may be a pressure in the region of £100k for the Operations Directorate plus protection issues in the Facilities Directorate. It was noted that there is a balance yet to be identified for Operations and an assessment of what has already been implemented needs to be completed. It was agreed that we need to deliver the reduction of £1.4m this year. Some savings in facilities are planned via additional income rather than headcount reductions. The additional pressure on departments, especially in smaller areas, as a result of this reduction was noted.

Current workforce controls were discussed under item 3 above.

The committee discussed whether there were any additional items/areas that could be explored, the following were noted :

- activity recognition and associated income
- non pay controls
- pp ward opening

5. Estate Benchmarking Data

PI presented a paper detailing estate performance, this was based on 2003/04 data which is the latest available, although 2004/05 data has been submitted and results are expected in 2006.

Areas of concern noted included the Health & Safety backlog – general backlog as a result of limited capital.

It was agreed an update should be brought to a future meeting once available. As this was the first time this information has been brought to the committee it was agreed that once the 2004/05 information is available a comparison should be prepared reporting detail of changes eg investment in estate.

6. Capital Expenditure

Appendix 3 of the finance report details the expenditure position for the capital programme. PI presented a report on the latest position and confirmed that the detail had been reviewed at the Capital Monitoring Committee, with a number of schemes removed or postponed to next year. These are identified as items with an allocation of £nil. In summary the plan currently shows a potential under-spend of £121k and there are still possible additional allocations (eg. NICU) that could result in a higher underspend. This is in line with a request from the SHA that we generate a cash surplus by year-end. It was noted that the current programme is a good indication of how difficult it is to plan a reduction in backlog maintenance.

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7. Activity and performance report

KS presented the activity report. Key issues highlighted were :

- ◆ monthly performance remained good with all targets being met – detail in report discussed
- ◆ there were zero MRSA incidents in the period
- ◆ some endoscopy patients have now been moved to day case from out-patients – this is reflected in the report

8. New Finance System

- ◆ TD tabled a report on the latest position, which was noted. Further updates will be brought to future meetings.

8. PFI Update

SS gave a verbal update.

9. A.O.B.

none

10. Date of next meeting

It was agreed that the January meeting will be cancelled. The next meeting will be held on Wednesday 1 February 2006 at 3 pm.