

Board of Directors Meeting: Thursday 3 September 2009

BD2009.84

Subject	Report from the Finance and Performance Committee			
Purpose of paper	To provide the Board of Directors with an overview of the Board's Finance and Performance Committee meeting of Wednesday 22 July 2009			
Board Lead	Chairman			
Background papers (if any)	-			
Action/decision required	To note the discussion, and any actions that the Committee approved.			
Key purpose	Strategy	<u>Assurance</u>	Policy	Performance
Strategic Goals	SG1: To be Hospitals of Choice SG3: To achieve financial sustainability and long-term growth SG4: To be an excellent employer			
Strategic Objectives	SO6: To provide demonstrably excellent clinical outcomes and indicators of patient safety SO7: To improve the overall patient experience by offering excellent customer care SO9: To maximise the Trust's contribution to the health and wellbeing of the local community SO10: To become a strategic, high performing and agile organisation supported by efficient and patient focused clinical processes, modern systems and business processes			
Links to: Board Assurance Framework/ Trust Key Risks/Annual Health Check element(s)	-			
Also considered by	-			
Resource and financial impact	As described in the text			
Consideration of legal/equality/diversity/engagement issues	As described in the text			

Acronyms and abbreviations used	-
Author	This report is based on minutes of the meeting drafted by the Board Secretary, and to be approved by the Committee at its subsequent meeting on Friday 28 August 2009

Report of the Finance and Performance Committee meeting of Wednesday 22 July 2009

Financial performance

Activity had been flat for three months, but overspending on pay and non-pay had continued, although the rate had fallen during Month 3. Pay expenditure was expected to fall in July, for the first time in over two years. Introduction of the revised International Financial Reporting System (IFRS) had impacted on the Trust's financial position, and he suggested that South Central Strategic Health Authority (the SHA) might support the Trust accordingly, as it had already supported another Trust. Further discussion was needed with Oxfordshire Primary Care Trust (the PCT) about its excess 'cap' of £5m.

The Board should consider the following action, or strong alternatives:

Increasing other income

Income could be increased by legitimately off-setting some Trust costs against research and development funding for the Biomedical Research Centre, particularly as 'Culyer funding' had ended in 2008/09.

Increasing income from private patients

Margins on the Trust's private practice should be defined more clearly. Insurance companies did not always support patients who wanted private treatment in an NHS hospital rather than in a private hospital.

Improving systems collaboration

This meant persuading the PCT to increase its 'cap'.

Reducing pay spending

During Months 1 to 3, £1.5m had been spent on agency, bank and overtime payments. The overall workforce target was achievable, although its impact would clearly vary between areas that were at present over- or under-spending.

However, current measures were largely opportunistic, and services should be redesigned during Years 2 to 5 in order to achieve ultimate recurrent savings.

Full budgets, with full savings assumptions, had been issued to Divisions, but further detailed local planning was needed. The number of substantive staff on the payroll had fallen.

Report from the meeting with the PCT

At the first meeting between Executive Directors of the Trust and the PCT to discuss the Trust's financial position, the PCT had recognised that the number of referrals from primary to secondary care had not been reduced sufficiently. At the second meeting, the PCT had presented a demand management plan, but many of the ideas to implement ideas for reducing referrals not now achieve their predicted full-year effect; and nothing had been proposed that would 'claw back' the excess referrals that had been made

already. By way of improving communications, PCT representation had been offered at the Trust's Cost Improvement Programme Board meetings.

The Trust should reply in a full to the PCT proposals, quantifying their fiscal consequences, describing their potential impact on quality, and generally using the report to inform communication with the SHA and all relevant stakeholders. There was underlying need to reach conclusions with the PCT and the SHA, particularly in planning for Years 2 to 5 and in ensuring that the Trust was paid for all the activity that it had provided. The Trust should ensure that its actions put no one at risk, and that any new measures should be based on explicit guidance from (for instance) NICE.

The arrival of two new Non-executive Directors should be used to extend contacts with Non-executive Directors of the PCT. The Trust Board should also seek to improve its interaction with the Board of the SHA.

Board 'away day'

The Chairman invited comments on the report prepared on the Board 'away day' on Monday 8 June 2009. As there was none, the report would be considered at the next meeting of the Committee.

Eighteen weeks waiting times

The Committee agreed to consider a report on the issue of tracking eighteen-weeks waiting times at its next meeting.