

THE FINANCE GROUP
19 February 2009, Doctor Piper House

Unconfirmed Minutes

Present

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| Ken Greenfield | (Chair), DPCT |
| Colin Morris | Chief Executive, DPCT |
| Miriam Davidson | Director of Public Health, DPCT |
| Bunny Forsyth | Non-Executive Director, DPCT |
| Tom Hunt | Director of Finance and Corporate Services, DPCT |
| Linda Marks | Non-Executive Director, DPCT |
| Sandra Pollard | Non-Executive Director, DPCT |

In Attendance

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| Sarah Burns | Head of Intelligence, CDPCT |
| Jonathan Storey | Portfolio Manager, NESHA |
| Pat Taylor | Director of Investment Planning, CDPCT |

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| 1. | Apologies <i>Brian Everett, John Flook, Melanie Pears</i> | |
| 2. | Minutes of the meeting held on 18 December 2008 <i>Approved as a true and accurate record.</i> | |
| 3. | Matters Arising <i>There were no matters arising</i> | |
| 4. | Action Log (items 3&4 outstanding – to be addressed in today's agenda) | |
| 5. | Payment by Results 2009/10 and HRG 4 <i>Jonathan Storey</i> JS presented this report which he said was interdependent with other NHS reforms and focused on 2009/10. He outlined the risks associated with delivery of PbR across all organisations including the financial implications of moving to a tariff based system. He said that the system would be phased in on a provider basis over the next four years. | |

JS summarised the key elements of the process for recording information on the national patient database which every PCT will be able to access and which will allow tracking of progress and comparative analysis with other clinical areas.

In response to a question by TH regarding demonstration of quality by a given provider, SB confirmed that key performance indicators were included in all contracts.

With regard to discharge letters, KG asked that it be noted that the PCT was disappointed by the response received from the foundation trust regarding these. SB reported that a pilot was underway with two Darlington practices which should improve the processing of discharge letters.

KG also stated that the PCT would be writing to the CDPCT regarding HRG4 and the projected rise/additional inpatient activity to £9.5m.

Following discussion it was agreed that audits of activity were required to ensure data quality. SB said that guidance was needed around coding to ensure consistency of tariffs charged. She said that the PCT needed to ensure that the correct criteria is in place before coding is applied.

JS gave an overview of the HRG 4 system. He confirmed that some tariffs were under review and summarised the new capitation formula.

JS also confirmed that there was protection in place for both provider and commissioner to ensure length of patient stays in hospital were appropriately charged.

Discussion included the implications of locally agreed tariffs which would vary across the country. KG expressed concern regarding the potential increased costs to the organisation which could result in financial destabilisation.

CM stated that a letter had been received from the DoH introducing HRG4, which gave guidance that organisations would not be disadvantaged by the move to this system. TH confirmed this in that it was anticipated that there would not be significant movement and that in the north east explicit tolerances were included.

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| | <p>In response to a question from LM, PT confirmed that the audit commission carried out annual reports on coding within hospitals. However, JS stated that it was the responsibility of individual PCTs to monitor coding by local providers. SB confirmed that web-based diagnostic tools were available to constantly analyse and monitor activity within the trust .</p> <p>KG expressed concern regarding the financial implications of additional cost being incurred for the existing level of activity. He asked that this be brought forward for further discussion in the future.</p> <p><i>The Finance Group received and noted the above report.</i></p> | |
| <p>6.</p> | <p>Demand Planning <i>Sarah Burns</i></p> <p>SB reported that a demand planning group and HRG 4 working group had been established to identify the potential impact of the move to the new system.</p> <p>She said that activity levels would be agreed with providers before conversion to the HRG4 system. PT confirmed that regular discussions were held with the CDDFT to identify areas of overtrading as a result of coding and counting changes.</p> <p>JS confirmed that outpatient tariffs were non-mandatory and had to be decided locally. PT said that this would involve a significant programme of work to understand historic counting arrangements. It was agreed that robust data was required around this.</p> <p>SB reported that the CQUIN tariff proposed a list of eight indicators related to patient improvement/benefits with a targeted outcome.</p> <p>It was agreed that the key issues were to identify the increased demand and impact of counting changes. It was also agreed that a key issue was the proposed CDDFT 5% margin on non-tariff activity was unacceptable as this was considered to be increased costs without additional activity.</p> <p>Discussion included the cost of critical care which was significantly higher than in other areas of the country.</p> | |

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| | <p>PT said that she will meet with the foundation trust next week to discuss the issues raised above to agree a fair and realistic approach. She said that discussion would include national and local tariffs which she would negotiate on behalf of both Darlington and County Durham PCTs.</p> <p>TH reported that increased performance management was required for the future as significant variations from the original planned expenditure was anticipated. He reported that an overspend of £1.7m for 2008/09 was forecast but that this was being managed on a non-recurring basis by slippage in-year.</p> <p>KG said that the PCT would be writing to commissioners regarding the above and would present the response to the Darlington PCT board meeting in March.</p> <p><i>The Finance Group received and noted the above report.</i></p> | |
| 7. | <p>Accelerating Health Improvement in Darlington: Progress Report <i>Miriam Davidson</i></p> <p>MD said that this report was for information and gave an update on work underway regarding health improvement in Darlington.</p> <p>TH confirmed that non-recurring funding had been committed into public health initiatives earlier in the year.</p> <p><i>The Finance Group received and noted the above progress report.</i></p> | |
| 8. | <p>Budget Setting 2009/10 <i>Tom Hunt</i></p> <p>TH said that this report had been presented to assure the board that a detailed process for budget setting was in place for 2009/10.</p> <p>With regard to analysis of activity TH confirmed that clinical advice should be sought to identify appropriate scrutiny of coding charged from the foundation trust.</p> <p><i>The Finance Group noted the above report.</i></p> | |

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| <p>9.</p> | <p>Finance Report for 9 Months ended 31 December 2008 <i>Tom Hunt</i></p> <p>TH reported that the month 9 position was consistent with previous forecasts in that the PCT was on track to meet the control target.</p> <p>He stated that significant improvements had been made around 10-day targets and that further improvements were anticipated in future months.</p> <p>With regard to risk ratings, TH said that end of year risks were being managed and that less movement was anticipated in the remaining months of the financial year.</p> <p>He confirmed that the forecast overtrading had been factored into the control total.</p> <p><i>The Finance Group received the above report and supported the management action to address the risks identified.</i></p> | |
| <p>10.</p> | <p>Finance Report for Provider Services 9 months ended 31 December 2008 <i>Tom Hunt</i></p> <p>TH reported that there had been significant under-use of resource against plans for provider activity within quarters 2 and 3 of this financial year. However he said that this had been addressed and the PCT was now overspending against planned activity.</p> <p>He said that the month 10 position would be reported to the provider committee to reinforce and support activity to ensure this remained on target.</p> <p><i>The Finance Group received and noted the above report.</i></p> | |
| <p>11.</p> | <p>Non-recurring Spending Plans <i>Tom Hunt</i></p> <p>TH said that this report outlined the means by which unallocated resource was being managed. He said that the report also identified resource available. He stated that £9.5m would be spent on a non-recurring basis to absorb pressures and fund developments.</p> | |

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| | <p>TH said that the report identifies current commitments and includes an analysis of anticipated future pressures.</p> <p><i>The Finance Group received the above report and supported management action being taken to ensure delivery.</i></p> | |
| 12. | <p>Finance Group: Programme for 2009/10 <i>Tom Hunt</i></p> <p>TH asked that members forward requests for areas to be included on the programme for this year to him for consideration at the next finance group meeting.</p> | |
| 13. | <p>Any Other Business</p> <p>PBC November 2008: Finance Update <i>Tom Hunt</i></p> <p>TH said that this report was for information to demonstrate analysis available. He said that this was detailed to individual practice level and was routinely supplied to the PBC group.</p> <p><i>The Finance Group noted the contents of the report.</i></p> | |
| 14. | <p>Date and time of next meeting:</p> <p>Thursday 23 April 2009, 4.00pm, Doctor Piper House</p> | |