

THE NEWCASTLE UPON TYNE HOSPITALS NHS FOUNDATION TRUST

COUNCIL OF GOVERNORS

BUSINESS DEVELOPMENT WORKING GROUP

1. INTRODUCTION

The inaugural meeting of the group was held on 6th July 2010. In common with the other working groups, an update was received on the membership of the group and a report on the nominations for the Chair of the group (3 by the deadline).

A ballot was to be held between 8th and 14th July in consequence. The result will be announced at the Council of Governors meeting.

2. ROLE, OBJECTIVES AND SCOPE

- A briefing was received and it was highlighted that the key theme for the group to address was the sustainability of the Trust and hence the appropriate mechanisms to measure performance and the financial position
- The final Accounts for 2009/10 were available and it was agreed that a separate presentation on these, along with the external auditor's Management Letter, would be arranged (open to all governors to attend)
- Patient Choice had been key to increasing activity and hence income for the Trust and the challenge now was to maintain and improve upon this
- In this connection, ensuring that GPs were aware of the Trust's services and new developments was essential.

3. ANNUAL PLAN 2010/11

- Key extracts from the Plan were considered. The Plan had been shaped by commissioners' five-year strategies, including the proposals to move funding away from hospital-based care
- The need to secure recurrent income streams was underlined
- Understanding the cost-base was becoming ever more important and so a patient-level costing system was to be introduced
- The QIPP workstreams in North of Tyne were focused on saving money, with aspirations for bed reductions across the acute hospitals

- The Trust needed to find £80 million in savings over the next three years, without affecting quality of care and hence opportunities for disinvestment needed to be identified
- The imminent White Paper on the NHS was thought likely to alter the commissioning structure and to underpin more care provision in community settings and less in hospitals.

4. MONTH 2 FINANCE REPORT

- The Finance “dashboard” was considered. Income & Expenditure was on target at 31st May 2010
- Cost Improvements of ~£30 million recurrently need to be found this year and again in 2011/12 and 2012/13. This scale of change would require culture change, not just marginal productivity and efficiency gains
- The strong liquidity position was highlighted but this would inevitably decline over the next three years as cash became tighter and would need to be managed carefully in order to avoid lowering the Monitor financial risk rating

5. ANNUAL ACCOUNTS 2009/10

- Key points were an Income & Expenditure surplus of £8.995 million (before exceptional items) and cash holdings of £51 million
- The requirement to bring the PFI assets on to the books, along with the national asset revaluation exercise, brought a technical deficit of £55 million
- The NHS Litigation Authority premium had increased by £2.0 million on the previous year and was set to increase by a further £0.8 million this year. The premium was based upon the number of births and the number of consultants in the Trust.

6. ACTION PLAN

To be developed but would include consideration of

- the external audit Management Letter
- arrangements for the (re)appointment of the external auditors
- monitoring progress against the Annual Plan
- monitoring the success of the Cost Improvement Programme
- consideration of the impact on income of changes to commissioning structures.