

## Trust Board Meeting, 3<sup>rd</sup> August 2006 Minutes

### Present:

- Non-Executive Directors:** Juggy Pandit (JP) (chairman)  
Marilyn Frampton (MFr)  
Karin Norman (KN)  
Charles Wilson (CW)
- Executive Directors:** Mike Anderson (MA), Medical Director  
Lorraine Bewes (LB), Director of Finance and Information  
Maxine Foster (MFo), Director of Human Resources  
Alex Geddes (AG), Director of IM&T  
Catherine Mooney (CM), Director of Governance and Corporate Affairs
- In Attendance:** Sharon Terry (ST), Assistant Director of Nursing (for Andrew MacCallum)  
Nicola Hunt (NH), General Manager – Medicine (for item 3.1)  
Matthew Akid (Head of Communications) (for item 4.1)  
Fleur Hansen (FH), Foundation Trust Lead

### 1. GENERAL BUSINESS

#### 1.2 Apologies for Absence

Apologies for absence were recorded from Heather Lawrence, Andrew Havery, Richard Kitney, Edward Donald and Andrew MacCallum. Sharon Terry attended in Andrew MacCallum's absence.

#### 1.3 Declarations of Interest

No conflicts of interest were declared.

#### 1.4 Minutes of the Previous Meetings held 6<sup>th</sup> July 2006.

The following amendment was made to the minutes:

- p.5, first paragraph, final sentence: The sentence now reads as follows: [Here was a discussion whether the membership matched the patient profile and AMC reported that 30% of patient data was coded as 'other' and therefore it was difficult to make a comparison.](#) The action that followed was deleted.

Subject to the change listed above, the minutes were agreed as a true and accurate record.

#### 1.5 Matters Arising

##### 5.2/May/06 Contracted Services

Facilities Assurance Committee to report to the September Board meeting on the performance of Haden.

##### 2.3/May/06 Independent Valuation

This item is listed on the main agenda.

#### **4.2.1/May/06 Staff Survey**

The comparison on harassment and bullying with other trusts has been included in the Workforce Report which would be presented later in the meeting.

#### **2.1/Jun/06 Private Patients**

The report of Private Patients will be brought to the September/October Board meeting.

#### **2.1/Jul/06 Finance Report**

1. The updated CIP position was forwarded to Monitor.

2. A policy to reduce elderly length of stay in medicine would be discussed as part of the Medicine Directorate Savings Plan.

3. The Medicine Directorate Savings Plan would be presented later in the meeting.

4. MFO informed the Board that pay levels for midwives recruited from overseas whilst under induction had been reviewed. As the midwives are registered when recruited, it would not be appropriate to pay them less than the full amount whilst under induction. ST added that the induction did not involve re-training, it was a cultural integration which allowed the foreign midwives to shadow another member of staff to learn the way midwives practice in the Trust. MFO said in future when a decision is taken to recruit from overseas the additional costs of induction should be factored into the business case.

5. Further savings proposals have been added to the Finance Report.

6/7. MFO informed the Board that work had been undertaken to identify positions that could only be filled by agency staff. MFO said that RMNs roles would continue to need to be filled by agency staff as the Trust did not employ bank RMNs. In addition, locums, therapists and some finance and IM&T positions would need to be filled by agency as such specialist staff were not available through bank. Also there is a shortage of bank medical secretaries meaning that positions may need to be filled by agency staff. MFO said that only these positions listed would be eligible to be filled by agency staff and these and any positions outside these would require executive director sign off to be filled by agency staff. LB commented that the agency spend had come down in July.

#### **1.4/Jul/06 Performance Report**

1. LB informed the Board that the 48 hour target in GUM was being tracked and the internal plan was to achieve 60% by September. Further work was being undertaken to turn this into a profile.

2. CM commented that in AMC's absence, she had investigated the coding issue that he had raised at the last Trust Board meeting. The issue concerned the use of the ethnic code 'other' for an unusually high proportion of members (AMC mentioned 30%) listed on the Trust membership database. CM said that she had spoken with the Campaign Company regarding this and they have found that for the latest membership figures, the percentage classed as 'other' was in fact 3.5% whilst 'not specified' was 9.4%. As these appeared not to be significant figures, CM said that she would follow this up with AMC once he returned from annual leave.

**Action: CM to follow up ethnic coding issue for Trust membership with AMC. (Response: Minutes should have read there was a discussion whether the membership matched the patient profile and AMC reported that 30% of patient data was coded as other and therefore it was difficult to make a comparison.)**

**CM/AMC**

#### **2.3/Jul/06 Acute Hospitals Portfolio**

AG informed the Board that the procedure coding issue in LastWord had now being resolved. He said that LastWord now has a facility for this and staff were being trained to use it.

### **3.1/Jul/06 Board Memorandum**

NEDs were circulated the mitigations and chairman's action was taken to sign off the Memorandum.

#### **3.1.1/Jul/06 Board Statement**

Chairman's action was taken to sign off the Board Statement.

### **5.1/Jul/06 Child Protection Annual Report**

CM informed the Board that the child protection issues did not feature on the Risk Register but that the head of Clinical Governance was to meet with the designated doctor for child protection to discuss which issues needed to be added.

### **5.3/Jul/06 Integrated Governance Update**

JP informed the Board that he had met with CM and FH to discuss the annual business cycle and the structure of Board papers. JP suggested that a Board seminar be held on this in October.

## **1.6 Chief Executive's Report**

In the absence of the chief executive JP briefly summarised the key issues raised in the report. JP highlighted the appointment of David Nicholson as chief executive of the NHS and the replacement of PPI Forums with Local Involvement Networks (LINKs). The Board discussed the academic merger between St Mary's and Hammersmith Trusts and it was noted that when their strategy and services had been decided on, then the effects on the Trust could be determined. JP commented that the likely effect will be on the Trust's research but it was noted that the consultation process was yet to begin and that this would allow the Trust the opportunity to comment. It was decided to address this in the future.

**Action: Effects of STM/HHNT academic merger to be addressed at a future Board meeting.**

**HL**

JP then updated the Board on the Trust's Foundation Trust application. JP said that the Monitor had deferred the application because of the Trust's inherited debt and their concern for our short term cash position. Monitor are concerned that the £7.8m loan from the FT Financing Facility (FTFF) has not been formally approved and consequently a risk remains that it may not be secured. Monitor also expressed concern regarding the Trust's significant CIP requirement and the fact that the Trust was off target by £500k at the end of June. JP noted that Monitor have been very supportive and they commended the Trust on its good work. They have also undertaken to work with the Trust in lobbying the DoH and have suggested asking the DoH if the PDC repayment can be re-profiled over a number of years.

JP informed the Board that the next Monitor Board meeting was not until September 28<sup>th</sup> so the first possible date for authorisation would be October 1<sup>st</sup>. JP said that he was optimistic that the Trust would be authorised on this date and commented that this delay could be positive if it provided the Trust with more flexibility for its repayments. LB added this was the first time the FTFF had been asked to approve a loan before licensing and as this may also be an issue for other Trusts in the future, that Monitor will work with us to find a solution.

## **2. PERFORMANCE**

### **2.1 Finance Report, June 2006**

LB informed the Board that the Trust was behind plan by £528k at the end of month 3 and that this was driven by pressures in pay and the savings plan. However this was a significant improvement on month 2 with a turnaround of £721k mainly due to directorates identifying additional CIPs. Also as a result of the last month's Board meeting, restrictions in agency use and non pay have been introduced to further

recover the position and the Medicine Directorate was delivering its interim report on its recovery plan later in the meeting.

LB highlighted a new risk on HIV day case income due to the classification of day case activity in the contract at a significantly higher level than there is. The directorate is reviewing the classification of activity between day case and outpatients to ensure it recorded accurately however the size of the gap means it is unlikely that re-classification will close it completely. The impact would be £1.5m of which 500k could potentially be recovered through renegotiating the baseline contract with the HIV Consortium. A £1m loss would still allow the Trust to meet a surplus of £2.4m though as it would be within the forecast. LB will write to the Consortium to request an in year change and the coding in this area will also be looked at closely.

The cash position for June was slightly ahead of forecast at £10.3m. LB said that a paper will be brought to the next Board meeting detailing how much of this cash improvement is permanent and how much is due to more timely collection.

**Action: 1. Write to HIV Consortium to rebase the contract**  
**2. Paper on cash position to be brought to the September 7<sup>th</sup> meeting.**

LB  
LB

LB asked the Board to note that the improvement in cash position was not due to stretching creditors and that the Trust was achieving a Better Payment Practice Code (BPPC) target of 92%.

## 2.2 Performance Report, June 2006

LB directed attention to page six of the report which detailed the Trust's performance against the 2005/06 Healthcare Commission targets. The Trust fully met all the existing national targets but had an overall rating of only 'fair' for the new national targets. Of these, a 'weak' performance rating was seen for the 48-hour access to GUM clinics indicator and 'fair' ratings in the experience of patients and emergency bed days indicators. As the Trust had an excellent rating in the majority of new targets, CM suggested that some explanation would be required from Nicolas Cabon as to the logic behind the overall rating of 'fair'. It was agreed that the methodology for the ratings would be circulated to the Board.

**Action: Circulate methodology for the performance ratings to the Board.**

LB

JP asked if these targets would contribute to the Trust's performance rating – LB responded that they would along with the HCC Improvement Reviews. This was in part reflected in the dashboard with access to GUM clinics, thrombolysis and data quality on ethnic group all rated red although the latter of these had made significant improvement.

Regarding activity, outpatients was down as expected (1% on new patients and 3% on follow up) but elective inpatient activity was 16% ahead of plan. Emergency activity though was below plan by 9% but maternity deliveries were 43% of plan. A&E attendances were generally on plan but not as expected with paediatrics performing below plan and adults above it. LB said that there were still issues around length of stay and day case particularly emergency and that the Director of Operations had requested recovery plans from general managers.

**Action: Update on length of stay recovery plans to be included in the next Performance Report.**

ED/LB

There was then some discussion on the PCT-led triage service. MA explained that this service would involve patients being triaged in A&E (at the cost of £5 per patient) but then follow up would be provided in the community through GPs and clinics.

## 3. ITEMS FOR DECISION/APPROVAL

### 3.1 Medicine Recovery Plan – Interim Report

LB briefly explained that the Medicine Recovery Plan had resulted from discussions at last month's Board meeting and that this was the interim findings – the completed Plan will be presented to the Trust Board in November. The report highlights the immediate actions to be taken to improve on the straight line forecast overspend of £1.487m at the end of month 3. A number of short term actions have been taken to improve the position resulting in the deficit being revised down to £471k. The actions taken were as follow:

- Bank and Agency quota controls for all staff groups (medical, nursing, administration and clerical) £83k;
- Non-pay freeze of non-essential items £25k;
- Removal of £153k income target (e.g. re-charge for consultants who have retired)
- Level 1 beds funded at £54k p.y.e. (£94k f.y.e.);
- Endoscopy allocation of £465k to forecast out-turn pending sign-off of final ZBB;
- Budget transfers for Discharge Team and TB nurse, net benefit to the Directorate of £60k due to unfunded posts;
- Drugs procurement benefit of £132k p.y.e.; and
- Outpatient follow-up prescribing reduction of £28k, p.y.e.

LB asked the Board to note that this was a work in progress and that a rebasing exercise would be carried out to determine the base line for their activity plan. NH added that there would be a full assessment of the effects of Payment by Results (PbR) so that all winners and losers can be identified and that a zero based budgeting exercise would allow the directorate to fully allocate costs. CW requested that the Board be updated monthly as part of the Finance Report on the progress of the recovery plan.

**Action: Include monthly update on Medicine Recovery Plan in Finance Report.**

LB

The Board approved the Interim Report of the Medicine Recovery Plan.

### 3.2 Agency Staffing Spend – Oral Update

The Board had already discussed the restrictions in agency staffing under matters arising. MFo added that for the last two weeks there had been a 15% reduction in agency spend week on week and the expenditure matched levels from 2003/04. MFo said that the next piece of work would be focused on consolidating contracts as the agency contracts were based on cost and volume and as the volume of usage was decreasing, the cost may need to be renegotiated. MFo added that the number of different agencies being used may be reduced. The Board noted the solid improvement in position.

### 3.3 Working Capital Facility

LB explained to the Board that this paper was being presented to seek approval to open an RBS account in preparation for FT authorisation.

There was then some discussion on the terms offered by RBS. LB explained that KPMG had advised that the Trust seek a facility greater than 364 days so the terms offered were £18m for 12 months and then £12m for a further 6 months. LB said that a facility of £12m would provide the Trust with sufficient headroom but that £18m was sought to maintain the Trust's risk rating. The fees would be 0.10% for £6m and 0.13% for £12m with a non-utilisation fee of 0.5%. KN questioned whether the non-utilisation fee was appropriate – LB said that she would follow this up outside the meeting.

**Action: RBS to be consulted on non-utilisation fee.**

LB

JP suggested that whilst the Board authorise the opening of the RBS account, that the figures be revisited at the September 7<sup>th</sup> Board meeting, prior to a possible October 1<sup>st</sup>

authorisation.

The Board authorised the setting up of an RBS bank account.

### **3.4 Independent Valuation**

LB informed the Board that this paper reported on the results of the independent valuation undertaken by Montagu Evans earlier in the year in anticipation of becoming a Foundation Trust. The last valuation was undertaken by the District Valuer at the 1<sup>st</sup> of April 2005. The Montagu Evans valuation at 1<sup>st</sup> April 2006 was £28m less. LB said this could be the result of one of two things – either there was a difference in the pricing estimate compared with the previous valuation or there has been a significant physical deterioration in assets. The former was confirmed by Montagu Evans as they have confirmed that the estate is in good repair and the Directors are not aware of any physical damage.

This is supported by the fact that Montagu Evans said that the estate has a remaining useful asset life of 42 years as opposed to 28 years as suggested by the District Valuer. This was in part due to the District Valuer under appreciating the flexibility of the building. The impact of the revaluation is a current reduction of approximately £900k in depreciation (which had been included in the savings programme) and by £700k in 2007/08. LB informed the Board that if the Trust becomes an FT, it will be able to use the higher asset life as per the independent valuation, otherwise it must remain with District Valuer's view of the asset lift. As an FT the Trust will no longer be required to index annually but instead will need to take an independent valuation every five years and review it at least every 3 years.

The Board approved the adoption of the independent valuation if licensed as a Foundation Trust but it would still need to address the frequency of indexations. JP suggested that this valuation be reflected in the management accounts only, not the statutory accounts.

## **4. ITEMS FOR ASSURANCE**

### **4.1 Draft Annual Report**

The Board had reviewed the draft Annual Report and a couple of amendments were suggested:

- As Prof. Kitney did not commence his NED role until May 2006, Prof. Darzi should be listed at the academic NED in the report. (LB)
- Amanda Pritchard's role was mostly as acting Director of Strategy and Service Development in 2005/06 and she was yet to take up post as Deputy CE and the report needed to reflect this. (LB)
- Mention needed to be made of Jenny Hill and Prof. Ara Darzi departure and Karin, Prof. Kitney, Amanda and CM's arrival in the chairman's report and on the corporate governance pages. (JP)
- Under the chief executive's report, CIPs should be £11m not £10m as stated. (LB)
- The NHS standard BPPC under the summary financial statements is 95% not 90% as mentioned. (LB)

Matthew Akid noted these amendments and the Board thanked him, George Vasilopoulos and the other contributors to the Annual Report.

## **5. ITEMS FOR NOTING**

### **5.1.1 Complaints Annual Report**

ST informed the Board that the top three complaint subjects were aspects of clinical

care or treatment (143 complaints), attitude or behaviour of staff (134) and aspects of the appointment system (61). The second of these should be reduced by the setting up of the customer care training and appointments systems complaints should be reduced through improved access namely through Choose & Book. The largest of complaints received were in Women's and Children's (59) with the majority of these being in maternity. ST said that HL had requested a breakdown of these complaints.

**Action: Breakdown of complaints in Women's and Children's Directorate to be forwarded to HL.** AMC/ST

LB suggested that it may be more useful to track complaints by area rather than by speciality. ST said that a score card for wards was being produced which should identify key areas of complaint. MA commented that complaints may be used more formally in medical staff appraisals. MA said that he would also like to identify medical staff that consistently arise during complaints.

CM enquired as to how the actions that result from complaints are agreed and implemented. ST responded that there was a tracking system in place but that it may not be as robust as necessary and that further work needed to be undertaken to ensure that actions that apply Trust-wide are communicated.

**Action: 1. Publicising changes in practice as a result of complaints to be followed up with the Head of Communications.** CM

**2. Review of systems ensuring actions recommended as a result of complaints are implemented.** AMC

### 5.1.2 PALS Annual Report

ST informed the Board that there had been a marginal increase in the number of PALS enquiries in 2005/06 – 32 more than the previous year but that there had been a decrease in the number of comment cards received. ST said that a campaign was now running to raise awareness of the comment card scheme. ST also highlighted the number of positive comments that had been received through PALS – 206. ST commented that positive or useful feedback can sometimes be treated as a complaint but that a suggestions box was now being trialled in PALS. CW commented that the pie graph on page five did not correspond with the figures on the bottom of page four.

**Action: Pie graph figures on page five of the PALS Report to be corrected.** AMC/ST

KN suggested that more year-on-year trend data should be added to the reports.

**Action: Year-on-year trend data to be added to the PALS and Complaints Report.** AMC/ST

At this point the Board extended its congratulations to Sharon Terry on her new appointment as Director of Nursing at the Royal Cornwall Hospitals NHS Trust.

### 5.2 Workforce Report – Q1 2006/07

MFo informed the Board that the key focus for the quarter has been to control staffing costs and improve productivity to support the Trust's financial balance. A key aspect of this was restricting bank and agency spend which was down £200k on Q1 last year and reducing bank rates could save a further £800k. Vacancies have risen but this will reduce in August once the figures are calculated using the new budget and significant savings had been made through the increased use of e-recruitment and the electronic staff record project. MFo also informed the Board that by the end of June, 76.8% of staff had moved to their Agenda for Change salary and that less people were on pay protection.

KN suggested that it would be useful if long term sickness was tracked and that target lines be added to the graphs in the report. ST suggested that other staff groups be included in the graphs not just nursing and midwifery.

**Action: The changes noted above to be made to the Workforce Report.** MFo

JP noted that the percentage of staff experiencing harassment from patients or relatives was fairly high compared to other London trusts at 37% with the average being 24%. It was noted that this was a historical issue and it was decided that more work needed to be done on this.

**Action: Further work to be undertaken on high percentage of staff experiencing harassment from patients or relatives.**

**CM/MFo**

## **6. ITEMS FOR INFORMATION**

### **6.1 Minutes of Audit Committee meeting held 4<sup>th</sup> July 2006.**

LB noted that Andrew Havery had given a verbal update on this meeting had been given at the July 6<sup>th</sup> Board meeting. The Board noted the minutes.

## **7. QUESTIONS FROM MEMBERS OF THE PUBLIC**

There was a request from a member of the public that the Confidential Agenda be made available to the public. JP said that the Trust would determine if this was possible and if so then it would be made available.

**Action: Determine if Confidential Agenda can be made available to public.**

**CM/FH**

## **8. ANY OTHER BUSINESS**

## **9. DATE OF THE NEXT MEETING**

The next meeting is scheduled for 7<sup>th</sup> September 2006.

## **10. CONFIDENTIAL BUSINESS**

The Chairman proposed and the Trust Board resolved that the public be now excluded from the meeting because publicity would be prejudicial to the public interest by reason of the confidential nature of the business concluded in the second part of the agenda.