

## Meeting of the Board of Directors Wednesday 26<sup>th</sup> March 2008

**Present:** Michael Cassidy - Chairman  
Nancy Hallett - Chief Executive  
Tracey Fletcher - Director of Operations  
Pauline Brown - Director of Corporate Development  
Dr John Coakley - Medical Director  
Anna Anderson - Director of Finance  
Guy Young - Director of Nursing and Quality  
Andrew Panniker - Director of HR & Environment  
Kate Costeloe - Non Executive Director  
Stephen Hay - Non Executive Director  
Eric Sorensen - Non Executive Director  
Ian Luder - Non Executive Director  
Michael Keith - Non Executive Director

**Minutes:** James McQuillan - Strategic Development Manager

### **1.0 Chairman's Welcome and Introduction**

Michael Cassidy, Chairman, opened the meeting

### **2.0 Apologies for absence**

Jessica Crowe sent her apologies.

### **3.0 Declaration of interests regarding items on the agenda**

There were no declarations of interest.

### **4.0 Minutes of the previous meeting held on 27.02.08 and matters arising not covered elsewhere on the agenda**

The minutes of the previous meeting were agreed as an accurate record.

### **5.0 Chairman's Report**

Mr Cassidy proposed a vote of thanks to Professor Kate Costeloe and Jessica Crowe for their work as Non-executive Directors on the Board. The vote of thanks was endorsed by the Board.

Mr Cassidy reported that interviews were to take place for a replacement for Professor Costeloe and Jessica Crowe today while the list of potential candidates to replace Mr Luder in the autumn was still being generated.

## **6.0 Chief Executive's Report**

Nancy Hallett, Chief Executive, reported a successful visit by the Ambassador of Israel and the High Commissioner of Grenada. Ms Hallett informed the Board of a forthcoming visit by a party from Beijing to exchange knowledge on emergency preparedness. Ms Hallett also informed the Board of a forthcoming visit by the Chief Medical Officer.

Ms Hallett informed the Board of her visit to the Associate Parliamentary Health Group. Ian Luder, Non-executive Director, pointed out that a visit to the Associate Parliamentary Health Group would provide a good opportunity to highlight the difficulties the Trust faces when other hospitals close their doors to 'blue lights', leaving Homerton A&E department to cope with a normal planned workload plus the additional overflow from other hospitals. Mr Luder suggested that when a hospital was required to take overflow patients either the system for recording A&E breaches should be refined or the clock should be frozen during the closure period.

Ms Hallett informed the Board that elective work had held up – positive news for the trust. The emergency workload has increased largely reflecting the periodic closure of Whipps Cross Hospital to 'blue light' emergencies; Closure to 'blue lights' was a London Ambulance Service decision.

## **7.0 Corporate Governance**

### **7.1 Trust Insurance Cover**

Pauline Brown, Director of Corporate Development, reported that the Risk Committee had looked at Trust insurance relating to damage and business interruption. New cover was in place for business interruption.

Ms Brown also informed the Board of the issue of insurance cover for staff using their own vehicles for transport to meetings etc for business use. Staff should use their own insurance policy to cover this. This is implicit within the process for claiming expenses but is little understood by staff which leaves the Trust and its staff open to the risk of uninsured losses. Payroll now insists on evidence of business user cover before paying a claim. A letter will go out to staff shortly informing them of this change.

### **7.2 Board Committees Terms of Reference Annual Review**

Ms Brown introduced the annual review of terms of reference. It was agreed that all terms of reference should include an authority section detailing accountability. It was also agreed that the Infection Control Committee terms of reference should be modified to make explicit reference to the Hygiene Code and to include the clinical academic NED as a member.

Subject to the above, all terms of reference were approved by the board.

### **7.3 Amendment to Bank Signatories**

Anna Anderson, Director of Finance, proposed an amendment to bank signatories – the addition of two new signatories: Head of Financial Management and Head of Financial Accounts. This was approved by the Board.

## **8.0 Business Planning and Performance Management**

### **8.1 2008/2009 Finance and Activity Plan**

Ms Anderson presented the finance and activity plan for 2008/09.

The financial position for 2008/09 is positive because income is higher than expected. This has allowed funding of cost pressures and the setting up of a development fund of approx £2m. Overall a surplus of 1% (or £2m) is expected. The plan will achieve a Monitor Risk Rating of three.

Ms Anderson went on to highlight the risks to income and expenditure. Income risk is associated with contract activity levels not being met – in particular A&E attendances transferring to the Urgent Care Centre and NICU activity during the perinatal centre development. Expenditure risk is associated with the achievement of the planned savings and good financial management of budgets.

There was general discussion about the £2m surplus, the potential for this to be misunderstood and the need to explain that surpluses allow investment in buildings and other improvements. It was agreed to prepare a Q&A brief to handle press, public and staff questions about the surplus.

There was a general discussion over the process for allocating the development fund. Ms Hallett explained that the Clinical Board had already started work on agreeing criteria. In addition, it was recognised that it was important to give everyone the opportunity to be heard (in the process of bidding for development funds) and to generate a sense of equity and realism.

Professor Costeloe pointed out that research activity does not have any funding reserve, and that the Clinical Board might like to consider this when setting investment criteria.

The finance and activity plan for 2008/09 was agreed by the Board.

### **8.2 11 Month Position**

Ms Anderson presented the 11 month financial report – to the end of February 08.

Ms Anderson reported a strong financial performance with a surplus to the end of February of £3.9m and a forecast of £3.9m for the year end. Two significant factors will impact on this: Firstly, a risk associated with the revaluation of the Education Centre – this could have a negative impact of up to £1m; and an unexpected increase in CHPCT funding – approx £2.5m which will increase the surplus.

Ms Anderson went on to discuss the cash position of the Trust – approx £33m at the end of February and she said that her aim was to maximise payments to reduce this to below £30m at the year end.

Mr Luder raised the question of reducing the overdraft facility, currently standing at £11m, to £7m and gaining a cost reduction as a result. This would require the approval of Monitor. Ms Anderson undertook to investigate this.

The 11 Month Finance Report was noted by the Board.

### **8.3 Performance Report**

Ms Brown presented the Performance Report.

Ms Brown reported an overall improvement in performance although two areas were below target: Clinical coding and day cases.

The Performance Report was noted by the Board.

### **8.4 Perinatal Development**

Tracey Fletcher, Director of Operations, presented the perinatal business case.

Ms Fletcher explained that it was originally presented in April 2006 and is represented now with revised assumptions particularly relating to activity and income projections.

Andrew Panniker, Director of HR & Environment, talked the board through the tendering process for the building contract. Five tenders had been returned all of which had tender prices within the original estimate. Unfortunately, the tenders did not include all the information required for the adjudication process and this has introduced a delay.

It was noted that the contract included specific allowances for interruptions to work for noise and nuisance. Mr Panniker explained that provided the Trust was not unreasonably intolerant, interruptions would not cause costs over and above the contract price. It was noted that hand tools would probably be in use continually and should not be deemed to be noisy.

Mr Panniker requested that the Board delegate authority for selecting and appointing a contractor to the Chairman and Chief Executive.

The Board approved this delegation of authority.

There was a discussion over changing specification at a late stage and the risk of increased costs associated with this. Ms Hallett and Ms Fletcher confirmed that the operational teams had participated extensively in the design process and that they were happy with the design. If the external environment changed then a change to the design might be necessary but this would be the subject of a separate business case.

Mr Luder asked whether the Trust had received any confirmation on the tariff – reference paragraph 5.8 – or the letter of support from the NE London Neonatal Network – reference paragraph 5.10. Ms Anderson reported that there could be no guarantee on the tariff but that the letter of support had been received.

Michael Keith asked about the robustness of the assumptions relating to capacity of other trusts. Ms Fletcher said that these assumptions, based on current information, were robust.

The Board approved the business case.

### **8.5 Fertility Unit Business Case**

Ms Fletcher presented the business case for the fertility unit.

Ms Fletcher explained that this case was originally presented in June 2006 and the current business case was an update on the original. Ms Fletcher further explained that the Trust had little choice: move the department or close it down.

Eric Sorensen, Non-executive Director, asked about the operational management of the new department. Ms Fletcher explained that provision had been made to increase the robustness of management processes as the unit moved from a 'portacabin' setting to one of a substantial department.

Mr Panniker explained that invitations to tender would be issued shortly with a response date of 18<sup>th</sup> April 08. The building works were expected to be completed by mid-September 2008. Mr Panniker requested that the board delegate authority to the Chairman and Chief Executive to approve tenders and appoint a contractor. The Board agreed to this delegation of authority.

The Board approved the business case.

### **8.6 CPZ Update**

Mr Panniker gave an update on the CPZ.

The Trust has an agreement with the council for managing permits, of which 300 have been allocated to Homerton. Each permit can be used by five vehicles, but to ensure ease of operations, there will be a one-to-one matching between permits and vehicles.

During the first year the trust will fund up to 50% of a permit – a measure to ease the burden of unexpected financial outlays on staff. It is anticipated that the Trust will be able to manage quite easily within the limit of 300 permits. A formal review with the Council has been set for six months.

## **9.0 Clinical Governance**

### **9.1 SUI Reports**

**This item was discussed under reserved business**

### **9.2 Patient Survey**

Mr Young reported the results of the 2007 National Inpatient Survey.

Mr Young explained that the Trust suffered from a poor response rate and had been awarded an overall score which was below average. The Trust had the lowest response rate in the country and the number of usable responses (319) was fewer than stipulated minimum (500), although this did not prevent the survey company from drawing conclusions based on the less-than-minimum responses. It was noted that a poor response rate is a feature of the Trust's user community and that the Trust had introduced the Patient Experience Tracker in order to work around this issue.

Mr Young explained that the Trust was aware of the issues it had to address and work on these issues was ongoing; Mr Young's report included details of actions to address the issues.

Mr Young explained that the Trust would probably be subject to a selective inspection from the Healthcare Commission

The Board noted the report and approved the proposed actions.

## **10.0 Human Resource Governance**

### **10.1 Employee Relations**

**This item was discussed under reserved business**

### **10.2 Ratification of Consultant Appointment**

The Board ratified the appointment of Dr Eleanor Wood, Consultant Gastroenterologist

## **11.0 Strategy and Policy**

### **11.1 Healthcare for London Update**

Ms Hallett updated the Board on the consultation.

The consultation was complete and the outcome was awaited. Notwithstanding this, NHS London have taken forward two strands: Stroke and polytrauma. They are also testing the concept of the polyclinic.

It was noted that NHS London had invited early implementers for polyclinics, and that CHPCT had responded. It was noted that CHPCT had not discussed this with Homerton nor given sight of their response to the Trust.

Ms Hallett also outlined the current status in the race to become London's academic science centre. Three groups have formed: Firstly, Imperial, which is seen as the leading contender; secondly a consortium comprising Guys and St Thomas, Kings and the Institute of Psychiatry; thirdly, a consortium comprising University College, Royal Free, and Moorfield's. It is thought that Barts and Queen Mary might join this last consortium. Funding streams were unclear.

Ms Hallett reported that Newham continue with an interim CEO.

## **12.0 Committee Reports**

Stephen Hay, Non-executive Director, reported on the Audit Committee.

Mr Hay reported two critical issues: a positive update from Ms Fletcher concerning clinical coding, however, noting the potential of losing staff once they had been trained, to another organisation; and the revaluation of the Education Centre.

### **13.0 Papers for Information Only**

None

### **14.0 Any Other Business**

None

### **15.0 Dates of Forthcoming Meetings**

Wednesday 30<sup>th</sup> April 2008 to be followed by Remuneration Committee

Wednesday 28<sup>th</sup> May 2008

Wednesday 25<sup>th</sup> June 2008