

**MINUTES OF THE BOARD OF DIRECTORS MEETING  
HELD ON WEDNESDAY 1<sup>ST</sup> MARCH 2006**

**Present**

Andy Windross	Chairman
Nancy Hallett	Chief Executive
Pauline Brown	Director of Corporate Development
John Coakley	Medical Director
Tracey Fletcher	Director of Planning & Service Development
Andrew Panniker	Director of HR & Environment
Guy Young	Director of Nursing & Quality
Ian Luder	Non Executive Director
Eric Sorensen	Non Executive Director
Jessica Crowe	Non Executive Director
Caroline Clarke	Director of Finance and Information

**1.0 CHAIRMAN'S WELCOME AND INTRODUCTIONS**

Andy Windross, Chairman, welcomed the Board members and introduced Sallie Rumbold, Deputy Director of Planning & Service Development as Minutes Secretary.

**2.0 APOLOGIES FOR ABSENCE**

Apologies were received from Professor Kate Costeloe, Non Executive Director and Irving Mellor, Non Executive Director.

**3.0 DECLARATION OF INTERESTS REGARDING ITEMS ON THE AGENDA**

No declarations of interest were noted.

**4.0 MINUTES OF THE PREVIOUS MEETING AND MATTERS ARISING**

The minutes of the previous meeting were agreed as a true record of the meeting, with the following addition.

Ian Luder, Non Executive Director requested that the previous minutes should reflect the point that the Trust had continued to directly provide information to the PCT regarding emergency care performance despite not being required to. Nancy Hallett, Chief Executive gave an update on the current position of the PCT regarding the emergency care performance this quarter and stated that the PCT has a good understanding of the pressures within the Trust and to date had been supportive in responding to the situation.

**Point 7.1**

Pauline Brown, Director of Corporate Development updated the Board regarding the Monitor Consultation on NHS Foundation Trust Code of Governance and stated that the final version was awaited.

**Point 8.1**

Caroline Clarke, Director of Finance confirmed that a letter had been sent to the Strategic Health Authority to establish the position regarding waiting list activity and payment thresholds. Ms Clarke also confirmed that contract details were being discussed with individual PCTs currently including the practicalities of the waiting list threshold targets and the potential need to allow the waiting list to grow.

Ian Luder, Non Executive Director emphasised that there needed to be a sensible period of time between the threshold wait time and the breach day to allow for meeting individual clinical need and operational practicalities of delivering services. Ms Clarke agreed to report back with an update at the next Board of Directors meeting.

**5.0 CHAIRMAN'S REPORT**

Andy Windross, Chairman reported that the Non Executive Directors had met to discuss the possibility of appointing one additional Non Executive Director to the Board to ensure governance compliance. Mr Windross asked the Executive Directors for their support for this proposal. The Board agreed the proposal to appoint one further Non Executive Director as a future intention.

Pauline Brown, Director of Corporate Development undertook to confirm to the Board whether the Trusts current constitution allowed for an additional appointment or whether modifications would be required.

**6.0 CHIEF EXECUTIVE'S REPORT**

**6.1 General Update**

Nancy Hallett, Chief Executive reported that the Trust was very busy at the present time with pressure on the Emergency Department and on inpatient beds. This had been continuing for the past few weeks. There had been high attendances through A&E at times causing long waits within the Emergency Department. There had also been a higher than normal number of emergency admissions causing a shortage of beds which in turn caused delays in moving patients from the Emergency Department. Ms Hallett reported that despite staff working very hard the Trust was struggling to meet the 98% target during this fourth quarter of the year.

Ms Hallett updated the Board on the Perinatal Centre business case. This is due to be presented at the Finance Committee next week.

Ms Hallett reported that the Trust faces increased financial challenges in the coming year. This item was discussed in detail further on the agenda.

**6.2 Position with the CF investigation and staff exclusions**

This item was discussed under reserved business.

## **7.0 CORPORATE GOVERNANCE AND HOSPITAL SECRETARY'S REPORT**

### **7.1 Verbal Update on Annual Planning Process 2006/07**

Pauline Brown, Director of Corporate Development gave an update on the annual planning process. Ms Brown confirmed that a draft Trust Annual Plan will be presented at the April Board of Directors. Ms Brown stated that Monitor require the final plan to be submitted to them by the last week in May. Ms Brown explained that the clinical directorates and non clinical departments were currently drafting Business Plans to reflect the major corporate work programmes for the coming year.

### **7.2 Receive Trust's Risk Report**

Guy Young, Director of Nursing and Quality presented the Annual Risk Report to the Board. The report updated the Board on developments regarding the Trust's systems for the management of risk and provided a summary of the key significant organisational and clinical risks. Mr Young explained that Risk Management activity in the Trust is guided by the Strategy and Policy for Risk Management which was ratified at the Board in 2005. Mr Young informed the Board that the Assurance Framework currently satisfied audit requirements but it was recognised that a more sophisticated process would be needed for 2006/07.

Mr Young explained the role of the Clinical Risk Review Group (CRRG) and reported that there had been a change to the SUI review process and this was now being dealt with at the newly established Patient Safety Committee which met once a month. Both the Board of Directors and the Clinical Board would receive monthly summary reports of SUI's and their progress.

Mr Young reported that the Trust had achieved compliance with the Clinical Negligence Scheme for Trusts (CNST) at Level 2 in February 2005 and further assessment would be required in early 2008. Mr Young also explained that the Maternity Department had been reassessed against the maternity standards and had retained its Level 2 compliance. It would be possible for the maternity department to request assessment against Level 3 in January 2007 but this would require further work to be undertaken from April 06 onwards to ensure full compliance with clinical audit requirements.

Eric Sorensen, Non Executive Director requested clarification about the risks within the Assurance Framework Document. Mr Young confirmed that the risks were regularly reviewed and reassessed throughout the year and that scores could change during a 12 month period as Trust or external circumstances changed.

Jessica Crowe, Non Executive Director asked about risk 1.3 in the Assurance Framework which notes an increase in maternity complaints. Mr Young explained that patient experience does not always correlate with clinical risk and is not addressed within CNST assessments. Mr Young explained that patient experience is picked up within the Patient Survey and improvements are being addressed via a Maternity Development Group. Ms Crowe requested that a review of the quality of maternity care should come to the Board. Nancy Hallett, Chief Executive agreed to bring a paper back to the April or May 06 Board meeting.

### **7.3 Receive and ratify the updated complaints procedure**

Guy Young, Director of Nursing and Quality presented the updated Complaints Procedure and reported that the policy now reflects the NHS Complaints Procedure.

Jessica Crowe, Non Executive Director asked for clarification about how patients are informed about the Trust complaints process. Nancy Hallett, Chief Executive explained that there are

leaflets available and website information as well as PALS. It was agreed that the Complaints Procedure should include reference to the leaflet and how patients should be kept informed about how to complain. Mr Young agreed to action.

The Complaints Procedure was ratified by the Board of Directors with this one point to be added.

## **8.0 BUSINESS PLANNING & PERFORMANCE MANAGEMENT**

### **8.1 Finance Report**

#### **8.1.1 Financial Position 2005/06**

Caroline Clarke, Director of Finance presented a report on the current financial position for the period ending January 31<sup>st</sup> 2006. Ms Clarke reported that a reduction in contract income had led to a worsening in the Trust's projected out-turn position with a projected deficit of £752K. There had been a £400K reduction in Neonatal income which should have been anticipated and there had been lessons learned in terms of future planning.

Ms Clarke went on to report on the current debtors position, explaining that there had been issues over 04/05 data due to EPR. Ms Clarke reported that there were three PCT's with outstanding debts but she was confident that two would be settled this week with the third soon after. In particular the PCT's had questioned the validity of the Trust data attributing the correct GP to the patient. Tracey Fletcher, Director of Planning and Service Development explained that this was a known problem within the EPR system which was being dealt with urgently by both Cerner and the Trust. Ms Fletcher reported that this issue was complex and therefore taking longer to resolve than the Trust had anticipated. A solution was expected to be delivered by Cerner within the next month.

Ms Clarke reported that quarter one and two activity data for the current year was less contentious but still problematic. City and Hackney PCT had withheld 5% until pre EPR rates of coding had been returned to. This had now been achieved and Ms Clarke explained that there were only technical details now left to deal with.

Ian Luder, Non Executive Director requested clarification as to whether 100% rates were payable and whether relief regarding rates was available to the Trust. Jessica Crowe, Non Executive Director confirmed that the council has a policy for this. Mr Panniker agreed to investigate this further.

Mr Luder wished to have it noted that the savings programme had actually yielded £500K and that this was very positive for the Trust as current financial difficulties would have been much worse without this successful saving.

#### **8.1.2 Strategic Response to 2006/07 financial position**

Caroline Clarke, Director of Finance reported that the PbR tariff had been withdrawn last week and is expected to disadvantage the Trust further when it returns. Ms Clarke explained that the base case is for a 7% efficiency saving. The Finance Committee will review the full report when the tariff is reissued. The Trust is still working to sign off contracts with PCT's as planned by the end of March but the lack of planning information would make this timescale difficult to achieve.

Nancy Hallett, Chief Executive, reported that the Foundation Trust Network is being actively used to express concerns over the finance and planning process this year. Ms Hallett

explained that the Trust will need to maximise income where the tariff uplift would be beneficial and maximise productivity and efficiency in all areas.

Nancy Hallett, Chief Executive presented a confidential paper to the Board which set the backdrop to discussions on the challenges facing the Trust in meeting the financial position for 2006/07. Ms Hallett reported that the Trust will be facing an extremely challenging year financially and that this had resulted from a combination of a below inflation price uplift for next year, uncertainty around contract activity and difficulty with managing our cost base.

Ms Hallett asked the Board to consider and discuss the measures that would be required in the coming year and to consider how sound the proposals were, bearing in mind that the Trust had already struggled this year in a theoretically less harsh climate. Ms Hallett also noted that some of the initiatives proposed would be contentious and may be met with anxiety from staff and that the Trust would need to consider how best to handle both the actual change and the anxiety.

Ms Hallett gave an over view of the initiatives proposed so far and invited the Board to use the meeting to consider in some detail those initiatives that were likely to be most sensitive or contentious and confirm its support for the executive team to take these forward.

Eric Sorensen, Non Executive Director noted that the entire health economy will be affected by the new financial climate within the NHS and asked whether City and Hackney PCT was being particularly disadvantaged at this time. Ms Clarke reported that current predictions suggest that each PCT in London will be required to put 2.5% of growth into a risk pool to cover the whole of London. Further information was still awaited from the Strategic Health Authority. The Board discussed the consequences of this, noting that this position will limit the PCT's ability to fund a reduction in wait times and to substitute secondary care services into primary care. Growth available to the Trust appeared to be negligible in these circumstances.

Tracey Fletcher, Director of Planning and Service Development presented to the Board a summary of the 5 main service modernisation projects which were being proposed to achieve major efficiencies this year. Ms Fletcher emphasised that speed was now of the essence. The 5 projects described were:

- **Theatre Utilisation**  
Ms Fletcher explained that an audit was already available to review and theatre lists were currently being cancelled when not fully utilised. Ms Fletcher reported the work ongoing regarding management structures within this department.
- **Outpatient Modernisation**  
Ms Fletcher described this project as being mainly focused on improving patient experience. A review was underway to ensure there were systems for properly utilising available processes and resources. Ms Fletcher explained that there would be concentration on a process review following the implementation of EPR to ensure good usage and benefits realisation assurance including best use of clinician's time in clinic.
- **Length of Stay Project**  
Ms Fletcher explained that the aim would be to reduce length of stay by hours not just days. Ms Fletcher reported that the project would focus on a ward by ward approach identifying and working on individual differences. Some issues would require a whole Trust approach and others would be ward specific. Ms Fletcher emphasised that this project would be the most resource intensive of the projects. The philosophy of 'managed' care as opposed to 'rushed' care would be promoted.

- **Maternity Productivity**  
Ms Fletcher reported that a group was already working on improvements and removing unnecessary waits and delays. The project would also look at better use of available resources.
- **Orthopaedic Modernisation**  
Ms Fletcher explained that this would entail a review of rota's, responses to emergency patients and an activity resource review. It was agreed that all specialties would be reviewed in this way including a review of the benefits of the Physician of the Day Model.

Ms Hallett invited the Board to comment on the project proposals. Ian Luder, Non Executive Director confirmed the support of the Non Executive Directors for the proposed projects and the difficulties that lay ahead.

Andrew Panniker, Director of HR and Environment agreed that a review of all capital projects was now essential in the light of the new financial climate to reassess long term viability. Ms Fletcher explained that where activity is likely to increase and additional space is required a Business Case will now be required before any space is identified.

Ms Hallett stated that there was now a need to move fast and agree targets. One such target would be to close a ward by July 1<sup>st</sup>. The Board discussed the communication exercise that will be required to break this to the organisation. The Board acknowledged the enormity of the project and the need for good systems and processes to ensure this can happen.

Eric Sorensen, Non Executive Director suggested that a 'spend to save' model would need to be adopted. Examples of this were discussed such as improving diagnostics to reduce length of stay or lengthening the opening hours of the Day Stay Unit to allow inpatient beds to close at night.

Ms Hallett agreed to bring a paper on the proposed Orthopaedic Model to the next Board meeting. John Coakley, Medical Director explained that where emergency cover is provided rotas need to be European working time compliant. This rota compliance requires a high level of resource, which might not be required if the service was elective based only.

Ms Hallett went on to describe some of the other proposed projects to improve efficiency within the organisation. This included the need to undertake a 'restructuring and redeployment project'. Ms Hallett explained that very little redundancy would be anticipated as staff would mainly be redeployed within the Trust.

Andrew Panniker, Director of HR and Environment presented a proposal to introduce a new 'Absence Management Programme' to reduce sickness absence. Mr Panniker explained the project involved introducing an external company to manage sickness for the Trust. This would involve staff phoning a call centre to report sickness absence. The call centre would provide advice or referral to medical staff as appropriate. Managers would be immediately informed of staff sickness. If staff failed to report sick then pay would be stopped. The external company would track all sickness and the target would be to reduce sickness absence by at least 1% in the first year. The contract with the external company would be renewable on a six monthly basis. The Board approved the proposal.

Guy Young, Director of Nursing and Quality reported on the project to reduce bank and agency usage across the Trust. Mr Young reported that the Staff Bank now had a new manager, new software and was actively recruiting. Mr Young explained that rostering habits

were being challenged by the introduction of the new Careware Software which was helping to achieve balance rosters within given resources. Mr Young reported that the Bank would be extended to include clerical and therapy staff with the aim of reducing agency expenditure in these areas.

Jessica Crowe, Non Executive Director asked whether back office functions were being reviewed. Caroline Clarke, Director of Finance confirmed that an option appraisal to assess the feasibility of shared services was being undertaken. Ms Crowe also emphasised that communication would be very important. The Board discussed the need to balance being honest with staff regarding the large amount of money that needed to be saved with the risk of staff feeling overwhelmed and unable to cope including the loss of morale within the organisation.

Andy Windross, Chairman asked Nancy Hallett, Chief Executive to sum up. Ms Hallett asked the Board to approve the approaches outlined, including the loss of some posts and to approve the closure of one ward from 1<sup>st</sup> July. Ms Hallett said that Board needed to accept that many of the measures required would be unpopular. The Board gave their support for the proposals and measures suggested.

## **8.2 Performance, Data and Coding Report**

Tracey Fletcher, Director of Planning and Service Development presented a report detailing the Trust's performance against the key targets for January 2006 and an update on clinical coding performance and future plans. Ms Fletcher reported that the emergency care target of 98% would be difficult to achieve this quarter. Attendances and admissions had increased which had created pressure both on inpatient beds and on resources within the emergency department.

Ms Fletcher reported that targets for inpatients, outpatients, cancer and booking & choice had been achieved.

Ms Fletcher reported progress with clinical coding as good with a return to pre EPR levels of coding. There had been a lot of work to clear the backlog for quarter three which had been successful. A new process for keeping consultants informed of their coding performance had been introduced and work was ongoing to ensure a new backlog did not accumulate.

## **8.3 Healthcare Commission performance rating 2005/06**

Guy Young, Director of Nursing and Quality presented a paper summarising the process from which this year's performance rating will be derived. The new Healthcare Commission performance ratings (Annual Health Check) will now replace the star ratings. The ratings will remain as a four point scale but Trusts will be classified as *Weak, Fair, Good or Excellent*. Mr Young reported that an *excellent* rating would now be weighted towards 'Making and Sustaining Progress' and it was therefore unlikely that most Trusts would receive an Excellent rating. In December last year the Healthcare Commission announced that financial performance would be given a greater weighing than originally anticipated. Mr Young explained to the Board that the Trust was therefore unlikely to receive more than a *Fair* rating.

Mr Young reported that the Trust had made a draft declaration of compliance against the core standards last October and that a full declaration would be submitted at the beginning of May 2006. This Declaration would come to the next Board of Directors meeting for approval.

## **9.0 CLINICAL GOVERNANCE**

## **9.1 SUI Update**

Mr Young presented the summary report SUI report to the Board and reported that the new process for review of SUI's had already been described earlier in the meeting.

## **10.0 POLICY, STRATEGY AND INNOVATION**

### **10.1 'Our Health, Our Care, Our Say; A new direction for Community Services – Implications for the Homerton Hospital**

John Coakley, Medical Director presented a paper summarising the above White Paper. The Board agreed that the main message from the paper should be that the Homerton needed to position itself to become the 'Community Hospital for Hackney' in the future. Nancy Hallett, Chief Executive reported to the Board that the Finnamore Report had now been received and had confirmed that the PCT would require heavy resource commitment to achieve the proposed shift in activity. The recommendations from the report were currently being considered and a decision was still awaited. Ms Hallett agreed to bring a summary of the report to the Board at a later date.

## **11.0 PAPERS FOR INFORMATION ONLY**

There were no papers to be received by the Board.

## **12.0 RATIFICATION OF CONSULTANT APPOINTMENTS**

There were no consultant appointments to be ratified at this meeting.

## **13.0 ANY OTHER BUSINESS**

No 'Other Business' reported.

## **14.0 DATES OF FORTHCOMING MEETINGS**

Wednesday 5<sup>th</sup> April 2006

Wednesday 26<sup>th</sup> April 2006

Wednesday 24<sup>th</sup> May 2006