

BOARD OF DIRECTORS

Meeting date: 25 October 2006

Agenda Item: 4

Paper: 06/108

Title: Minutes of the Meeting held on 27 September 2006

Summary This document records the items discussed at the last Board of Directors meeting.

Action: The Board is asked approve the Minutes as an accurate record of the matters arising.

Prepared by: Sallie Rumbold
Presented by: Andy Windross, Chairman

**Meeting of the Board of Directors
Wednesday 27 September 2006**

Present

Andy Windross	-	Chairman
Nancy Hallett	-	Chief Executive
Tracey Fletcher	-	Director of Planning and Service Development
Pauline Brown	-	Director of Corporate Development
John Coakley	-	Medical Director (left at 11.00am)
Andrew Panniker	-	Director of HR & Environment
Guy Young	-	Director of Nursing & Quality
Caroline Clarke	-	Director of Finance & Information
Ian Luder	-	Non Executive Director
Eric Sorensen	-	Non Executive Director
Stephen Hay	-	Non Executive Director
Kate Costeloe	-	Non Executive Director (left at 10.30am)
Sallie Rumbold	-	Minute taker

1.0 Chairman's Welcome and Introduction

Andy Windross, Chairman, opened the meeting and welcomed everyone to the new Board Room and Trust Offices in the Education Centre.

2.0 Apologies for Absence

Apologies were received from Jessica Crowe, Non Executive Director.

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 30 August 2006 and matters arising

The minutes of the previous meeting were agreed as a true record with the following amendment. It was noted that Guy Young and Eric Sorensen were not at the previous meeting.

Actions from the previous meeting were updated as follows:

AGREED ACTIONS FROM PREVIOUS MEETING	Update
Total pay costs by month and directorate included in finance report	Caroline Clarke reported that this information would be added to the balanced scorecard in October
Update on directorate budget positions	Covered in finance report
Discussion of Monitor's new liquidity ratio calculation	Caroline Clarke reported that Monitor were still considering this calculation and feedback was still awaited.
Discussion with Mayor of Hackney on impact of parking consultation on the Trust	<p>Andrew Panniker gave an update. A consultation exercise would be carried out to include staff and patients of the hospital.</p> <p>Andy Windross had met with the cabinet member responsible and discussed risks to the Trust.</p> <p>Nancy Hallett reported that this development posed a major strategic and business risk to the organisation and the formal response to the consultation should come from the Board.</p>
Monthly variance on FRP projects to be represented by arrows and to include corrective action where appropriate	Covered on the agenda

5.0 Chairman's Report

Andy Windross, Chairman reported that the Trust Annual Meeting had successfully taken place.

6.0 Chief Executive's Report

Nancy Hallett, Chief Executive gave a verbal report of the meeting with Monitor that had taken place yesterday. Ms Hallett explained that the Alix Partners report had been submitted to Monitor ahead of the meeting. The meeting had been chaired by Stephen Hay, Chief Operating Officer for Monitor. Ian Luder had been the Non Executive Director present at the meeting. Ms Hallett reported that the tone of the meeting had been extremely serious.

The outcome of the meeting was that the Trust had been informed that an external validation exercise was now necessary. A confirmation letter from Monitor regarding this was awaited.

Mr Luder, Non Executive Director gave a summary of the meeting and explained that the findings from the original Alix Partners report had predicted a £4 m deficit but the Trust had gone into the meeting yesterday reporting a predicted £2.2m deficit. It was this difference in view that was giving rise to Monitor's concerns. It was still the Trust's view that the £2.2m deficit was realistic. The Board considered the detail of this view in the following agenda items.

Ms Hallett summarised the two main issues for the Board to consider today. These were the options for dealing with third party validation and how to improve the current financial position which now needed to be accelerated. This would require the Board to consider the risks that would need to be taken within the organisation to show an acceleration of improvements.

The Board agreed to move to 8.1 and 8.2 on the agenda.

Ms Hallett later gave an update on the Chair appointment process and presented the schedule for 4 October meetings with the candidates.

7.0 Corporate Governance & Hospital Secretary's Report

7.1 Principles Governing Fee Paying Services at Homerton Hospital

Pauline Brown, Director of Corporate Development presented a paper outlining the principles proposed. The Board agreed that a policy was required for Category 2 work. The policy should state that private practice was also being reviewed. The Board agreed that further discussion would be required with the

medical representatives on the Board before any decision could be reached. John Coakley, Medical Director, and Professor Kate Costeloe, Non Executive Director, were not present for this item as they had left the meeting due to other commitments.

7.2 Writing, Developing & Reviewing Trust Corporate Policies

The Board agreed to ratify this policy which would strengthen Trust governance arrangements and ensure the impact assessment of policies under the Race Amendments Act would be duly considered.

7.3 Annual Audit Committee Report

The Board noted this report.

8.0 Business Planning & Performance Management

8.1 Month 5, Finance & Performance Report

Ms Clarke, Director of Finance & Information presented the Month 5 Finance and Performance Report and reported that the predicted year end deficit had now been revised from £1m to £1.82m at year end. This change was mainly due to the assumption that additional income from outpatient procedures, included as part of the Financial Recovery Plan would now not be recoverable.

Ms Clarke reported that the debtors position should improve and explained that this was due mainly to the HIV dispute being resolved and the national agreement to review debts at 6 months rather than at year end.

Caroline Clarke reminded the Board that the Trust continued with a risk rating of 3 and according to detailed modelling it would require a deficit of £3.3m or more to receive a rating of 2 and £6m + for a rating of 1, all other things being equal.

8.2 Financial Recovery Plan

Tracey Fletcher, Director Planning & Service Development presented an update regarding the Financial Recovery Programme. Ms Fletcher explained the work that had been undertaken in the past month with Alix Partners. This work had concentrated on the validation of current projects and checking to ensure these were being pushed as far as possible. The other strand of work was to identify additional projects over and above those already identified. Ms Fletcher reported that this work had been helpful including the work to obtain a clearer idea of

potential savings in terms of percentages of expenditure groups. The outcome of the scoping of projects would be available in the next 2 weeks.

The Board discussed the original Alix Partners report which suggested the Trust would have a £4m deficit and how this had been received by Monitor and given rise to their serious concerns. The Trust view was still that £2.2m was a closer reality and this had been explained at the meeting yesterday with Monitor. It was the realism of this view that was in question.

Ian Luder, Non Executive suggested that planned capital expenditure should be moved from the cash overdraft to the agreed borrowing facility. Caroline Clarke, Director Finance & Information reported that previously committed capital projects were now being reviewed in line with this suggestion and that the outcome of this would be reported at the October Board meeting.

Eric Sorensen, Non Executive Director asked for confirmation that the figures taken to Monitor were identified in paragraphs 1 and 2. Ms Clarke confirmed that this was the case. Ms Hallett confirmed that a letter from Monitor was expected soon and asked the Board whether an intervention from the Trust prior to this letter arriving would be prudent.

Ms Sorensen asked for an explanation of the risk adjusted end position in paragraph 27. Ms Clarke explained the logic and process behind the assumptions which included consideration of the risks around outpatient procedure income, training and education levies and unbudgeted risks within directorates.

Ian Luder, Non Executive Director enquired about patient transport costs. Andrew Panniker, Director of Environment explained that patients are assessed according to medical need which was signed off on a form by individual consultants. Expenditure on patient transport was currently £1m, with 2,300 patient journeys per month. The cost per journey was £33 - £41 with distances varying. Mr Luder noted that it was therefore possible for the cost of transport to mean the income from the associated PbR activity did not cover costs. Ms Clarke reported that recent work with Alix Partners had included a contribution analysis of services which would include the costs of transport and would help the Trust to look at service viability. Mr Panniker reported that work was being undertaken to look at the use of external transport contractors to make additional savings. Mr Panniker also reported that costs had been reduced this year by £400k and 10 vehicles had been taken off the road in the last 10 months to enable this saving.

Stephen Hay, Non Executive Director enquired about current coding levels. Caroline Clarke, Director of Finance & Information reported that coding was currently at 96% and should be 98% complete within 10 days of the month end. A member of the information team would be allocated to help administer this

process which was mainly a chasing exercise to ensure the discharge summaries were completed on time.

Eric Sorensen asked for clarification regarding the summary of paragraph 27 in the Finance Report. Ms Clarke explained the reasoning behind the best and worse case deviations in the table. It was agreed that it would be more realistic to remove the £750k for outpatient procedures listed in the 'best case' column which would give a likely 'best case' scenario of £1.5m. This figure was driven by circumstances beyond Trust control.

8.3 Alix Partners Progress Report

Nancy Hallett, Chief Executive explained that the Trust now had to obtain additional third party validation and asked the Board to consider how the Trust should deal with this given that this exercise could be costly and time consuming.

Ms Clarke explained the three options as follows:

- Engage a third party company
- Request KPMG to take on the validation in their role as external auditors
- Ask Alix Partners to revise their original report based on figures at the end of September and their work with the Trust so far

Mr Luder summarised the options and stressed to the Board the seriousness of Monitor's tone at the meeting. Mr Luder summarised the view of the Board and explained that the Non Executive members remained of the view that Alix Partners should be asked to draft a revised report regarding projected best out turn for the year and what they considered will be achieved by next year. The rate of progress was important to demonstrate. Ms Hallett explained that the Trust could ask Alix Partners to review their report but Monitor would also need to agree to support this approach. Mr Luder agreed to email this request and the Board view to Monitor.

Mr Panniker agreed that a summary of this requirement would be added to the agreement letter with Alix Partners and a copy could be sent to Monitor to confirm arrangements.

Pauline Brown, Director of Corporate Development raised the issue of communication to the Council of Governors and staff. It was agreed that a consistent and honest message was important. Ms Hallett reported that further staff briefings were planned.

Kate Costeloe, Non Executive Director raised concerns regarding the inevitable loss of quality resulting from the financial savings and concern that the consequences were not fully understood. The Board discussed the difficulty of achieving savings without loss of some aspects of quality which may have been

built up over many years and the consequences of this on patients and the Trust as a whole. It was agreed that the Board needed to consider and understand the concerns regarding quality but that difficult decisions were now inevitable as savings had to be made.

Ms Fletcher presented a summary of current and planned recovery plan projects.

Guy Young, Director of Nursing & Quality reported that 20% of the nursing budget is currently spent on Clinical Nurse Specialists. A review was now being undertaken.

Mr Luder stressed that consultation was important but all actions needed finite end dates and it was essential that actions were completed on time and delivered.

The Board discussed Monitor's reference to the work of the Board and how the role of the Non Executive Directors was to challenge and also to support the executive team in making difficult decisions.

Tracey Fletcher, Director of Planning & Service Development reported that difficult decisions now need to be made and projects needed to be pushed hard to deliver the required savings at the planned time.

Mr Luder noted that payroll expenditure had not changed even after the closure of one ward. The Board discussed the fact that reorganising, consulting and redesigning were ideal but took time which the Trust now did not have available. The decision making process regarding speeding projects up would need to be reviewed.

It was agreed that it would be helpful for the Non Executive Directors to meet with the Clinical Directors to discuss and consider these issues. Mr Young confirmed that agency and bank spend was already authorised via the senior nurses and nursing staff were not routinely replaced when sick. Mr Young reported that the majority of the agency expenditure was around administrative and clerical staff, specialist labs and radiology and that these areas now required review.

The Board confirmed their understanding that another ward would need to be closed at the very least and that the executive team would need to review all non clinical posts.

Ms Fletcher gave an update on the Financial Recovery Plan team. James McQuillan had now started on a part time basis as Programme Manager. Dr Christine Blanshard, Clinical Director and Louise Olley, Senior Nurse would both join the FRP team in October supported by the communications manager.

It was reported that Sallie Rumbold, Deputy Director Planning & Service Development would be leading on key performance targets. Clinical Risk responsibility remained with Guy Young and John Coakley.

It was agreed that an extra ordinary meeting Board of Directors Meeting would be convened prior to the next Monitor meeting and that the Clinical Directors would be invited to this meeting. This would be combined with the Finance Committee meeting on October 17th.

Eric Sorenson noted that there was good evidence of projects now moving forward and further FRP projects being identified. This included the Clinical Nurse Specialist review and further ward closure.

Nancy Hallett led a discussion regarding current planned capital projects including the Perinatal Centre and the Police Office. The Board agreed that the Perinatal Centre project was not in question as this was essential to the future strategy of the Trust.

The project for an 'on site' police office also continued to be supported. It was noted that the costs for this project had risen from £500k to £580k for the work required on the car park.

Ian Luder confirmed the Boards' commitment to the capital projects discussed and advised that projects be re-profiled to come from the borrowing facility and not from free cash where possible. Caroline Clarke agreed to action.

Stephen Hay requested confirmation that the negative variance on savings last month was due to the Cerner fees project which had not yet completed. Ms Fletcher confirmed that this was correct and that negotiations with Connecting for Health continued. The meeting moved to item 8.4.

8.4 Cerner and Connecting for Health Position Update

This item is recorded under Reserved Business.

8.5 Fertility Unit Business Case

Tracey Fletcher, Director Planning & Service Development presented the Fertility Unit Business Case and explained the background to the service. Ms Fletcher explained that Homerton was one of only two specialist NHS fertility service providers in North East London. There was no reason to think that this would change and good relations were being built up with secondary care as they were the sources of referral to the unit. Patient choice was also seen as important as most patients were seen in gynaecology services first and referred on to the

tertiary centre. It was important that the unit moved to new premises to continue to comply with Human Fertilisation & Embryology regulations.

Ms Fletcher also explained that NICE guidance was now available regarding the funding of IVF treatments. It was explained that the Fertility Unit also sees NHS paying patients as NHS funding was not available to all and exclusion criteria applied for funding.

The Board discussed the possibility of increasing paying patient income further in future and how this might affect the paying patient cap set by Monitor. Stephen Hay noted that the risks for the project would be reduced if paying patients income was increased. However the Board accepted that the business case was not required to note this as the case was already clear. It was agreed that further work would be required in future to consider how the Trust could capitalise on paying patients income safely and within the guidelines. Caroline Clarke noted that other Trusts had explored this but had not been successful with Monitor.

Stephen Hay enquired regarding the differences in success rates and how these may vary between units. Tracey Fletcher explained some of the factors that can affect treatment outcome in this area.

Eric Sorensen asked whether there were any challenges externally for the fertility unit business. Tracey Fletcher reported that local commissioners had agreed to fund IVF at BLT and Homerton currently and in future the aim was for Homerton to increase the number of Pat's funding IVF treatment at Homerton. It was thought unlikely politically that funding would be withdrawn.

Ms Fletcher confirmed that the current plan was for the Fertility to move into the old Trust Offices space and the aim was for this to open autumn 2007. The Board reviewed schedule F of the Business Case during the meeting which showed that costs were met over the life of the scheme.

The Board approved the Fertility Unit Business Case.

8.6 Monitor Q1 Executive Summary

The Board noted this report.

9.0 Clinical Governance

9.1 SUI Report

Guy Young, Director Nursing & Quality presented the SUI report. One additional SUI had occurred which was within the Fertility Unit and action had been taken

immediately to prevent a recurrence. The review process by the Patient Safety Committee was working well.

10.0 Policy, Strategy and Innovation

10.1 SUI Policy

Guy Young, Director Nursing & Quality presented the revised policy which now included reference to the Patient Safety Committee and employees responsibilities. The Board ratified the policy.

10.2 2012 Delivery Plan

Nancy Hallett, Chief Executive presented the 2012 Delivery Plan and explained that a response was required by November. The Board agreed that the plan was welcomed. It was also agreed that all 2012 consultation documents in future would come to the Board.

10.3 Reducing Infant Mortality Project

Pauline Brown, Director Corporate Development presented a paper regarding this project and explained that a large grant had been secured by Team Hackney from the Neighbourhood Renewal Fund. Homerton Hospital would act as host organisation for eight intervention streams of work. Jane Walker, Consultant Midwife would be overseeing the project. The Board gave its support for the project and the hosting arrangements and agreed that this was a huge opportunity for Hackney.

Caroline Clarke, Director Finance & Information explained that no further money would be invested in the projects until the SLA had been formally signed off although it was understood that funding had been agreed from April 2006 onwards.

10.4 Away Day 29 November 2006

Arrangements had already been confirmed.

11.0 Human Resources Governance

11.1 Ratification of Consultant Appointments

There were no new appointments to ratify.

11.2 Disciplinary action and dismissal (reserved business)

The Board agreed that this report should be received and reviewed at subsequent meetings.

12.0 Papers for Information Only

Subcommittees of the Board of Directors

No papers were received for information.

13.0 Any Other Business

Nancy Hallett, Chief Executive led a discussion regarding the potential future strategic direction of the hospital. The Board agreed that further discussion should take place at the Away Day on November 29.

14.0 Dates of forthcoming meetings

Wednesday 25 October 2006

Wednesday 29 November – Away Day

AGREED ACTIONS FOR NEXT MEETING	BY WHOM
Further discussion with Board medical representatives on fee paying work and private practice.	PB