

Minutes of the Public Meeting of the Trust Board held on 14th June 2004.

Present: Non-Executive Directors
Juggy Pandit(Chairman) Marilyn Frampton Andrew Havery
Jenny Hill Charles Wilson

Executive Directors
Mike Anderson, Medical Director
Lorraine Bewes, Director of Finance and Information
Edward Donald, Director of Operations
Andrew MacCallum, Director of Nursing
Clare McGurk, Director of Human Resources
Alex Geddes, Director of ICT

In Attendance: Sue Perrin, Head of Corporate Affairs

Note: Items were not taken in the same order as the agenda.

Action

1. GENERAL MATTERS

1.1 WELCOME

The Chairman welcomed the members of the public and staff.

1.2 APOLOGIES FOR ABSENCE

Apologies were received from Professor Ara Darzi.

1.3 MINUTES OF THE MEETING HELD ON 27th MAY 2004

The Minutes were agreed as a correct record subject to amendments to 2.4 Performance Management, 2.5 Service Level Agreement 2004-2005 and 'Action' column, which would be made before the next meeting when matters arising from the minutes would be discussed.

1.4 CHAIRMAN'S INTRODUCTION

The Chairman said that the meeting had been called specifically to discuss the Trust's application for Foundation Trust status, which was dependent on the achievement of three stars in the annual assessment of NHS Performance Indicators. The date for wave 1a Foundation Trusts had been changed from October to November 2004. The Trust Board was required to approve The Service Development Strategy, The Human Resources Strategy, The Membership Development Strategy, The Governance Tables and The Constitution, which had been submitted in draft on 7th June. Final documents would have to be submitted by 18th June.

The Trust had consulted on its proposed arrangements to operate as an NHS Foundation Trust. The majority of responses had been favourable, with the exception of the Scrutiny Committee of the Royal Borough of Kensington and Chelsea, which had expressed concerns principally over the Trust's financial position and its future prospects for financial security. The Board would be updated on the financial situation during the meeting.

The Chairman spoke of the tangible benefits which included staff morale; the development of services in an innovative way, which would not be open to NHS

Trusts; and patronage in terms of receiving services, which would be to the benefit of patients. The Board would have to consider the risks against the benefits. The biggest risk would be financial in that the Trust would be an independent organisation and there would be no emergency funding from the Department of Health.

However, as part of the Foundation Trust modelling, Trust officers had focused on the fact that capital charges were significantly out of line with that of other London hospitals, which related to the original overrun against planned building work. Recent work had confirmed that capital charges were overstated and should be corrected in the accounts.

The Chairman asked Lorraine Bewes to explain the background to the Trust's improved financial position and the assumptions in the Foundation Trust model.

2. STRATEGY/DEVELOPMENT

2.1 FOUNDATION TRUST STATUS

Lorraine Bewes presented the paper and tabled a paper entitled 'Financial and activity plans', which updated the financial model previously circulated. She outlined the background and rationale for reviewing the value of the estate, which had resulted from the Trust's financial modelling for the Foundation Trust application. Because of the constraints and pressures on the District Valuation Office, with the quinquennial valuation, it had been decided to use the services of a reputable independent valuer, Montagu Evans, which was already familiar with the estate through rating appeals work, to carry out a valuation.

An interim report had been provided covering an asset valuation and an opinion on market value of the existing use of land, all in accordance with Department of Health guidance. Montagu Evans had considered that a length of life of 60 years as opposed to the current length of life of 37.5 years would be realistic, but it had not been possible to take this up with the District Valuer within the time frame for the 2003/2004 Accounts. The auditors, Deloitte and Touche had agreed in principle to the approach being adopted, and the resulting change to the 2003/2004 accounts subject to the Trust's discussion with the District Valuer. They would also need to take advice from the Audit Commission.

The potential full year impact in capital charges would be a reduction of £6.41 million, reducing to £4.77 million should the District Valuer not agree the extended life of the building. The reduction would be recurrent and the Trust would be better placed to obtain three stars and move forward with Foundation Trust status.

All regulatory ratios would have been met and the stringent reductions in spending would not be necessary. The Trust would be required to achieve a 1% cost improvement programme, which had previously been demonstrated to be achievable. The Trust would be better placed in the long term to produce a surplus, i.e. the national tariff less cost structure (including capital charges) which could be invested in the internal development of the hospital and its services.

The Chairman said that income projections were not based on any developments, other than the Treatment Centre, and were in line with expected activity to achieve NHS Plan targets.

Jenny Hill asked about the impact of Agenda for Change. Lorraine Bewes replied that it had been shown on the Income and Expenditure Statement, but a conservative approach had been taken.

The Trust Board resolved that, subject to the final report of the independent valuers, the formal view of the auditors, and discussions with the District Valuer and Department of Health, that the 2003/2004 accounts be amended to take account of the reduction in capital charges, as outlined in the paper.

3. ITEMS FOR APPROVAL

3.1 SERVICE DEVELOPMENT STRATEGY

Heather Lawrence presented the strategy which was the Trust's vision of how it would build on existing strengths and prioritise these areas for the short and medium term. The Trust was a major provider of services to the local population, as well as a centre of excellence for a number of specialist services. The report illustrated diagrammatically the infrastructure by which patient centred care was provided in a modern way by multi-disciplinary teams working in a safe environment and supported by state of the art technology and world class academic research. NHS Foundation Trust status would enable the Trust to build on and develop its range of services, resulting in improvements for patients and the local community.

Heather Lawrence outlined some of the ways in which NHS Foundation Trust Status would be used to benefit patients.

Mike Anderson commented that the strategy would continue to evolve and allow the Trust to plan its finances, rather than be dependent on annual allocations.

The Chairman noted that the PCTs had been involved and were being kept up to date.

Jenny Hill considered the strategy to be a clear prospectus for the community of what the Trust would deliver, and indicated close connections into the local community.

The Trust Board approved the Service Development Strategy as work in progress.

3.2 HUMAN RESOURCES STRATEGY

Clare McGurk presented the strategy, which complemented the Service Development Strategy and the proposed Governance arrangements. The strategy had been developed in conjunction with stakeholders, including staff representatives and trade unions locally, and this dialogue would be continued throughout implementation.

The strategy set out the four key goals as a Foundation Trust employer, together with the priority tasks that needed to be undertaken in order to deliver a modern, highly skilled and motivated workforce capable of delivering the Service Development Strategy.

The paper included a Workforce Plan for 2004-2007, which showed the desired workforce numbers required to deliver the key elements of the Trust's Service Development Strategy. For each service development, perceived risks had been highlighted. These related principally to recruitment shortages for particular roles/specialties. Strategies to address these had been detailed within the Implementation Plan, which summarised the key tasks and deliverables supporting each of the key objectives. .

The Learning and Development Strategy would build on that previously approved by the Trust Board.

Jenny Hill said that the Trust would need to address re-branding and how it would sustain the programme of organisational change. Heather Lawrence said that performance management was embedded and the next stage would be to continue the development of an agile and high performing organisation.

The Trust Board approved the Human Resources Strategy as work in progress.

3.3 MEMBERSHIP DEVELOPMENT STRATEGY

Andrew MacCallum presented the strategy, which had been drawn up in conjunction with Mutuo, an association of mutual organisations. It formed the basis of the Trust's plans to build and then develop and maintain an active and representational membership comprising local residents, patients and staff. The Trust would aim to

develop a membership, which would be representative of the geographical location and reflect the age, gender, ethnicity and socio-economic groups of the local population. Building and maintaining a vibrant membership would be essential to the Trust. Should the Trust decide to proceed with its application, there would be an immediate mail shot to households and a membership drive for staff. Charles Wilson asked about the management of the membership. Andrew MacCallum said that resources had been allocated for the initial work. Structures would need to be put in place to support the ongoing work. Heather Lawrence said that Governance was a large agenda and that there was a proposal as to how activities could be aligned and taken forward. Jenny Hill asked how many members were required initially. Andrew MacCallum said that somewhere in the region of a thousand members would be required to hold a meaningful election. It had not been decided whether staff would be required to 'opt in' or 'opt out'.

The Trust Board approved the Membership Development Strategy as work in progress.

3.4 CONSTITUTION

Andrew MacCallum introduced the constitution, which described the proposed governance arrangements, including the membership community and the composition and election process for the Board of Governors and Board of Directors. The Trust Board discussed the document and made a number of changes, which Andrew MacCallum would forward to Cobbetts, the firm of solicitors, which had drafted the document, to advise and make the changes if appropriate.

The Trust Board approved the draft constitution, and agreed to revisit the amended version.

3.5 RESPONSE TO CONSULTATION

Andrew MacCallum presented the paper, which outlined the public consultation process. He noted that the overall response had been overwhelmingly positive, with the exception of the Royal Borough of Kensington and Chelsea Overview and Scrutiny Committee.

The Trust Board noted the response to the consultation.

4. QUESTIONS FROM THE PUBLIC

The following questions/points were raised:

- ✚ A request for the full letter from Councillor Tomlinson, Chairman of the Overview and Scrutiny Committee to be submitted with the documentation for the application.
- ✚ The degree of risk of the District Valuer not accepting the revised valuation of the building, and the consequences for the Accounts. Lorraine Bewes said that she would be corresponding with the District Valuer and the External Auditors, who had confirmed that this could be taken into the Accounts whilst they were still open. Should the revised valuation not be accepted, the Trust would post a deficit of £5.2 million and would have to implement a more rigorous cost improvement programme. Heather Lawrence noted that the adjustment had to be made in time for an application to CHAI to take it into account in its assessment of the Trust's performance. Andrew Havery said that the adjustment would be a result of a genuine error being corrected. Heather Lawrence said that the Trust would be a financially viable entity, working with legally binding contracts and delivering activity in line with National Plan targets.

- ✚ It was noted that opposition to the application had been by the Overview and Scrutiny Committee, and not by the borough itself, and that Wansworth was a key player.

5. DECISION OF THE TRUST BOARD

The Chairman asked the Board to consider the three options which had been put forward in paper 2.1:

- ✚ To withdraw the application for Foundation Trust Status;
- ✚ To defer the application, possibly until April 2006; or
- ✚ To continue with the application for November 2004

The Trust Board VOTED UNANIMOUSLY to continue with the application for Foundation Trust Status for November 2004.

The Trust Board resolved that, should it not be possible to make the adjustment to the Accounts in time for the deadline for the November 2004 wave, to defer the application to the next cohort.

The Trust Board resolved that Chairman's action should be taken on Friday 18th June, on the basis of the above resolutions.

6. DATE OF THE NEXT MEETING

24th June 2004

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