

Minutes of the Public Meeting of the Trust Board held on 2nd February 2006.

Present: Non-Executive Directors
 Juggy Pandit (Chair) Marilyn Frampton Andrew Havery
 Karin Norman Charles Wilson

Executive Directors
 Heather Lawrence, Chief Executive
 Lorraine Bewes, Director of Finance and Information
 Edward Donald, Director of Operations
 Maxine Foster, Director of Human Resources
 Alex Geddes, Director of Information Communications and Technology
 Andrew MacCallum, Director of Nursing

In Attendance: Elliot Howard-Jones, Acting Director of Strategy and Service Planning
 Sue Perrin, Head of Corporate Affairs
 Fleur Hansen, Foundation Trust Lead

Action

1. GENERAL MATTERS
- 1.1 WELCOME AND REMARKS BY THE CHAIRMAN
 The Chairman welcomed Elliot Howard-Jones, Fleur Hansen and members of staff and the public.
- 1.2 APOLOGIES FOR ABSENCE
 Apologies were received from Mike Anderson.
- 1.3 CONFLICT OF INTEREST
 No conflicts of interest were declared.
- 1.4 MINUTES OF THE MEETING HELD ON 02nd JANUARY 2006
 The minutes of the meeting held on 02nd January 2006 were agreed as a correct record and signed.
- 1.5 MATTERS ARISING FROM PREVIOUS MINUTES
 The Trust Board noted the update on matters arising and discussed the following:
 - 1.5.1 CHILD PROTECTION QUARTERLY REPORT
 Mike Anderson would be asked to confirm to the next meeting that the letter regarding Capio Nightingale House had been sent on behalf of the Trust Board. MA
 - 1.5.2 SUB-COMMITTEE TERMS OF REFERENCE
 Marilyn Frampton said that she had met briefly with Charles Wilson, Chair of the Facilities Assurance Committee (she had previously met with Andrew Havery, Chair of the Audit Committee). The alignment of the agendas of the three committees remained work in progress.
 - 1.5.3 MINUTES OF MEETING HELD ON 01st DECEMBER 2005
 A note had been added to the minutes of 01st December 2005 in line with the redrafting of the resolution regarding the Trust's NHS Foundation Trust Application at the 09th January meeting. AG

- 1.5.4 BUSINESS CONTINUITY RISK
Paper to be brought to the Trust Board via Information Management and Technology Committee.
- 1.5.5 PROPOSED CLOSURE OF PRINCESS LOUISE (KENSINGTON HOSPITAL)
Heather Lawrence said that a response had been sent to the effect that whilst the Trust Board supported the closure in principle, it would expect the PCT to spend the equivalent amount of money on community care, as it had done on the hospital.
- 1.5.6 PRIVATE PATIENTS RECOVERY PLAN
Edward Donald said that the Business Case for a General Manager Private Practice had been developed and was being considered by the Executive team on the basis of the post being self-financing, following which a recommendation would be made to the Trust Board.
- 1.5.7 COMBINED HEAT AND POWER
Edward Donald said that this was no longer an option following removal of the steam absorption machines, which was approved when the Trust originally decided to stop using Combined Heat and Power (CHP) due to failures of the original system. There were also other considerations, namely gas price increases meant it was no longer economic, the cooling towers needed to be dry air based due to the risk of legionella whereas CHP needed water based coolers and new environmental standards in relation to carbon emissions which a CHP system would not support.
- NORTH WEST LONDON SECTOR STRATEGIC REVIEW
1.5.8 This review had been superseded by the changes to London's Strategic Health Authorities, which would be implemented on 1st July 2006. The PCT re-configuration was scheduled for late summer, but the London PCTs would remain in their present form.
Heather Lawrence noted that the review of paediatric services was ongoing.
- PATHOLOGY
1.5.9 Heather Lawrence said that a service level agreement was being developed, with clearly defined activity levels and turnaround times. The plan was for the SLA to be in place by 31st March 2006.
Karin Norman asked about the impact of Agenda for Change. Lorraine Bewes said that there was itemised billing between different elements of the service, and an uplift was anticipated. This would be formally resisted.
Heather Lawrence noted that assessments/interviews were in progress for a General Manager, HIV/Pathology.
- INFORMATION AND DATA QUALITY
1.5.10 Alex Geddes said that the policy had been agreed by the Information Governance Committee and would be brought to the next meeting. AG
- INFLUENZA PANDEMIC CONTINGENCY PLANNING
1.5.11 Andrew MacCallum said that feedback from the Strategic Health Authority was being incorporated in the Plan, and there were some areas awaiting clarification. Influenza Planning would be included in the Corporate Plan.
It had been recognised that an influenza pandemic should be recorded in the risk register. The risk was currently being scored. AMacC
The Trust Board would be informed of the risks and how these could be mitigated.

	<u>COMPLAINTS AND PALS REPORTS</u>	Action
1.5.12	AMacCallum said that he had relayed the Trust Board's comments to the Complaints and PALS Team.	
	<u>RISK MANAGEMENT MINTUES</u>	
1.5.13	The Director of Governance would be asked to advise on whether the Trust Board should receive these minutes. Marilyn Frampton referred to her discussion with Mike Anderson regarding the roles of the Trust Executive Clinical Governance and the Clinical Governance Assurance Committees. The Trust Executive discussed these minutes, and it would be appropriate for that committee to refer key items to the Clinical Governance Assurance Committee/Trust Board.	Dir/Gov
1.6	Andrew Havery joined the meeting.	
	<u>CHIEF EXECUTIVE'S REPORT</u>	
1.6.1	The Trust Board noted the Chief Executive's report and discussed the following:	
	<u>CNST LEVEL 2</u> Heather Lawrence said that the CNST Level 2 compliance had been achieved for both the Trust and maternity services. She commended Viva Richard's work in leading the assessment. This significant achievement demonstrated effective management of claims and clinical risk across the organisation. Progression to level 3 would be included in the Corporate Plan.	
	<u>PERFORMANCE</u>	
1.6.2	Heather Lawrence said that, whilst the Trust was making sound progress on its performance targets, there were some areas of risk, namely cancer 62 day target, ethnic category coding, delayed transfers of care and Accident & Emergency 4 hour target. The Cancer Unit would be subject to peer review/assessment the following week. The predicted date of discharge had been rolled out over all directorates. Work was on going with Social Services in respect of stays of over 20 days.	
	<u>TRAINING HUB FOR OPERATIVE TECHNOLOGIES IN HEALTH CARE (THOTH)</u>	
1.6.3	Heather Lawrence said that she was pleased to report that one of the Training Hubs would be sited at the Trust. It would raise the profile of the Trust and provide an opportunity for innovative schemes.	
	<u>MEMORANDUM OF UNDERSTANDING WITH THE ROYAL BROMPTON</u>	
1.6.4	Heather Lawrence said that she was taking legal advice on the memorandum, which she would bring back to the next meeting for ratification. In the interim, talks would continue with the Royal Brompton. The Royal Marsden Chairman and Chief Executive had asked to meet to discuss a similar arrangement.	HL
	<u>WHITE PAPER – HEALTH REFORM</u>	
1.6.5	In response to a question from Marilyn Frampton, Heather Lawrence said that the White Paper could present some risk to the Trust – there were eleven hospitals in a small geographical area. PCTs might take services off site, which would effect Payment by Results. There was also a threat from the Hammersmith and Fulham White City development. Elliot Howard-Jones was asked to advise on the implications.	

The Trust was undertaking a space review as part of its plans for future development of services, and a strategy paper, linking to the Corporate Plan, would be brought to the next meeting.	Action EHJ
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NON-EXECUTIVE DIRECTOR

- 1.6.6 The Chairman said that he hoped to be able to inform the Board of the name of the Imperial College representative, for the vacant non-executive post, at the next meeting.

The Trust Board noted the report.

1.7 NHS FOUNDATION TRUST APPLICATION

The Chairman reported that he, Heather Lawrence and Lorraine Bewes had attended a briefing from Monitor, at which it had been made clear that there would be no money to help Trusts with inherited debt. The Trust was required to put forward a careful analysis of risk and risk mitigation.

Heather Lawrence presented the report, which included the formal submission. She said that the Trust was in batch 6 and KPMG would be undertaking the financial assessment. Fleur Hansen would be picking up issues and linking back with the directors. Any Trust, which failed or was deferred, would be notified early in the process.

In addition to risks and risk mitigation, Board development and capability, and stakeholder support were important issues.

It was likely that the Board to Board would take place in early June, and the financial assessment at the end of March.

The Trust Board noted the Update.

1.8 NHS FOUNDATION TRUST APPLICATION – CASH RISK UPDATE.

Lorraine Bewes presented the report, which provided an update on progress with finding a solution to the Trust's under capitalisation and the attendant cash risk. The Trust had an historic cash brokerage problem of £20 million. The Strategic Health Authority had agreed to £3.5 million of this being waived, leaving a residual problem of £16.5 million.

On becoming a Foundation Trust, cash brokerage would be lost. The Trust would require sufficient short term cash to finance its opening working capital requirements, and sufficient headroom on its balance sheet to borrow long term finance in order to finance significant future capital projects.

The Trust had considered a number of concurrent strategies: - a formal request to the Department of Health (DoH) to write off the brokerage or a compromise solution with a phased repayment; alternative phasing of capital expenditure; and alternative sources of financing.

A formal request to the DoH to write off the brokerage had been made in December. Informal discussions had led the Trust to believe that it was unlikely that this request would be agreed. The DoH had been specifically asked to consider whether the Trust was being treated fairly compared with other Foundation Trusts and to consider a compromise solution of a three year phased repayment of brokerage.

Lorraine Bewes said that the DoH had responded that it would not waive brokerage in full. She noted that there was also regime change for NHS Trusts. Firstly, there would be no more equity – all new issues would be interest bearing. Secondly, brokerage would be charged at 10%.

The Trust wished to avoid using up gearing to deal with legacy debt. Three scenarios had been developed to consider ways of phasing of the brokerage payment and/ or

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variations to the long term borrowing.

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Lorraine Bewes said that there was £10 million per annum free cash flow available to finance the capital programme, increasing to £20 million over five years. A paper would be brought to the Board providing a sensitivity check on how large the capital programme would need to be to ensure the Trust's gearing ratios remained reasonable and ensure must do schemes were funded. The paper would consider schemes in respect of the fabric of the building and equipment separately.

An alternative source of cash could potentially be raised through the Charity trustees. The Trust Board discussed how this situation would differ if Foundation Trust status was not achieved. Lorraine Bewes considered it to be a lesser risk because ultimately cash would be there for a Trust. The failure regimes differed slightly.

Heather Lawrence said that the executives would be looking at revenues, expenditure, measures for success, data quality, information and referrals to give the Board confidence. Essentially the Trust had to resolve its own problems.

Lorraine Bewes would need to demonstrate that it could meet all ratios whilst undertaking a substantial development programme over a five year period.

The Chairman said that the Trust had already delivered £7.8 million savings plan last year and should not undervalue itself.

LB

The Trust Board discussed the three scenarios set out in the report. A total of £16.5 million brokerage had to be repaid, and half of this amount by the year end. Scenario 1 had been discounted as, even if the facility was allowed, it would be a very expensive form of financing. Scenarios 2 and 3 were viable but were dependent upon the DoH agreeing to a phased repayment of the brokerage.

The Trust Board noted that, on achievement of Foundation Trust status, it would have access to a working capital facility.

The Trust Board noted the Cash Risk Update and discussed the recommendation that the Board should continue progressing its application for Foundation Trust Status based on work in progress.

The Board agreed that the Trust should continue its application for Foundation Trust status, and required to see further work on cash management at the next meeting.

Karin Norman said that additional time was required to go through the new financial reporting formats for Monitor and understand how they tied into current Board financial reporting format. It was agreed that this should be covered from 12noon to 1pm before the next Trust Board (future members of Foundation Trust Board only). The Corporate Plan would be discussed from 1pm to 2pm (all Trust Board members).

2. PERFORMANCE

2.1 FINANCIAL REPORT – DECEMBER 2005

Lorraine Bewes presented the report, which showed the forecast position for the year-end had remained as a surplus of £2.1 million. There was a new risk in respect of HIV income. A net £2 million risk had arisen from a proposal by the HIV consortium to not pay for any over performance in 2005/2006. This proposed unilateral change in the risk sharing policy had not been accepted by the Trust, which was seeking support from the SHA to resolve this. Heather Lawrence noted that this was in conflict with a recent arbitration ruling.

In reply to a question from Charles Wilson, Heather Lawrence said that Gareth Goodier was the Chair of the HIV Consortium.

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Charles Wilson asked if this was linked to the previous problem with HIV funding. Lorraine Bewes said that the previous problem related to cross subsidisation of HIV drugs and other services. The issue had arisen because of the way in which money

had been badged. It was not connected with over performance.

Action

Karin Norman asked if there would be an arbitration process for Foundation Trusts – Lorraine Bewes to clarify at the next meeting. Lorraine Bewes said that contracts with Foundation Trusts were legally binding.

Karin Norman requested that the Board be able to see expenses deferred on an exceptional basis for whatever purpose to assess the new cash position.

The Trust Board considered whether it had a duty to contribute £2.1 million to the SHA in the light of the proposed underpayment of £2 million for HIV.

Karin Norman asked about current cash brokerage arrangements. Lorraine Bewes said that plans had been projected through to ensure that arrangements were sustainable. A weekly cash flow had been forecast to the end of June. This identified the minimum amount of cash required. An update would be brought to the next meeting.

Heather Lawrence reminded Board members that the Trust had received a once off repayment of £3.4 million in the current year.

Andrew Havery noted that the Trust had approximately £9 million of NHS debt, of which £5.5 million was over six months old and that data quality issues meant that it was taking a long time to resolve these issues.

LB

Karin Norman referred to billing for incorrect activity and the time lapse before this had been corrected. Lorraine Bewes said that Foundation Trusts would invoice monthly and could not send late bills. Quarterly reconciliations for over and underperformance was now the NHS standard. Improvements had been made in coding and a default setting had been set up to ensure that patients re-admitted would not be incorrectly grouped to one spell.

The Trust Board noted the financial position at month 9.

2.2.

PERFORMANCE

Lorraine Bewes presented the report and noted that key areas of risk had been covered in the Chief Executive's report. She drew attention to the new format of the appendices and specifically the 'Performance Dashboard'. The report remained work in progress and feedback would be welcome.

Previously the report had focused on 'must do' targets. This had now been broadened to include Healthcare Commission targets, pulling together Workforce indicators and secondary targets, plus key operational drivers. The graphs relating to operational targets gave some sense of movement.

LB

Service Level Agreement Performance showed activity plus income. Work was in hand in respect of delayed discharges and to improve information governance. The Board would receive a report on delayed discharges the following month.

Overall, performance was ahead of plan in both activity and income, but certain elective areas were behind plan.

The Chairman noted that average length of stay was consistently lower than the previous year.

The Trust Board noted the report and commended the new format.

2.3

WORKFORCE REPORT

Maxine Foster presented the report. She said that the assumptions made in respect of the impact of Agenda for Change on the pay bill were holding up to date. 98% of staff had been assimilated. The process had reached the more senior grades in the Trust and the impact would be monitored closely.

Lorraine Bewes said that worst case assumptions had been factored into the budget

and she would share the detailed assumptions with the Board. Charles Wilson asked about project management costs of £361,000. Maxine Foster said that this was the cost of the project team. Controls on Bank and Agency Staff continued to be effective. Significant savings had been made on the Agency contract and Bank rates would be reviewed. The results of the staff survey would be released in February. The Improving Working Lives Group was revisiting certain initiatives, for example the role of the Childcare Advisor had been expanded to become the Working Families Advisor. The Trust had continued to adopt the on-line NHS E-recruitment. The Strategic Health Authority had established a new North West London Race Equality and Human Rights Group. Karin Norman and Edward Donald had been nominated to represent the Trust. The Equality and Diversity training course for managers and supervisors had continued, and had included staff from the Royal Brompton. Staff support groups were being developed. The Board considered the number of exit interviews to be disappointing. It was suggested that there should be a target of 10% of total staff leaving, and that the interview should be with the manager not the HR advisor. Karin Norman asked if ethnicity was measured in respect of disciplinary hearings. Maxine Foster said that this figure would be given in the Annual Report. Karin Norman requested the figure quarterly.	Action MFo
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The Trust Board noted the report.

2.4

CORPORATE PLAN 2006/2007

Elliot Howard-Jones outlined the process, which will be a key document as we move towards Foundation Trust status. The Strategic Development Strategy would be the core document, and this will drive the items in the Corporate Plan.

The Corporate Plan would be updated, identifying Year 1 successes and what was still relevant in terms of the Strategic Development Strategy. The Plan would relate to the overall Budget and Service Level Agreement process. Key additions would include efficiencies, Measures for Success and benefits realisation from, for example, Agenda for Change and IT infrastructure. Some of the content of the Dr Foster tool would be used, as this was how the Trust was perceived externally.	EH-J
The process would involve a series of seminars and meetings to ensure that the process and impact were understood.	EH-J

The process would involve a series of seminars and meetings to ensure that the process and impact were understood.

It was intended that the Plan would be complete by mid/late March, and brought back to the April Trust Board for approval.

The budget would be a separate document but part of the one process. Elliot Howard-Jones agreed to produce a planning guidance paper for information.

The Chairman raised the subject of marketing.

Heather Lawrence said that she had authorised the purchase of Dr Foster software, which would show where GPs sent their patients.

Charles Wilson noted that Guys and St. Thomas's had extensive pages for GPs.

Suggestions made included GP sessions and customer surveys.

The Trust Board noted the oral report.

3. ITEMS FOR DECISION/APPROVAL

3.1 There were no items under this heading.

4. ITEMS FOR ASSURANCE

4.1 ANNUAL HEALTH CHECK – IMPROVEMENT REVIEWS

The Trust Board received the report for information.

Lorraine Bewes noted that hospitals now had responsibilities in respect of public health targets.

5. ITEMS FOR NOTING

ED

5.1 MEDCINES MANAGEMENT STRATEGY 2005

It was noted that the date should be 2005-2008. Edward Donald agreed to ask the Chief Pharmacist to include commentary on the following areas:

- ❖ Impact of the Pharmacy Robot on errors and target for further reduction.
- ❖ Differentiation between errors as a result of administration, prescribing and dispensing.
- ❖ Comparison of Chelsea and Westminster and national statistics.
- ❖ Benefits realisation associated with the investment made in the pharmacy robot and electronic prescribing.

The strategy would be revised in line with these recommendations and re-submitted to the Trust Executive Clinical Governance meeting in March 2006 for approval followed by an update to the April 2006 Trust Board for final ratification.

5.2 MINUTES OF SUB-COMMITTEES

5.2.1 AUDIT COMMITTEE

Andrew Havery said that the new Audit Committee Handbook had been discussed and it had been agreed that it was not necessary to change the terms of reference.

5.2.2 CLINICAL GOVERNANCE ASSURANCE COMMITTEE

Marilyn Frampton said that she had nothing to add to the minutes.

5.2.3 FACILITIES ASSURANCE COMMITTEE

Edward Donald said that ISS Mediclean had performed well in the first year of their contract, with positive partnership work evidenced by improvements in cleaning standards, catering and more recently security. In relation to Haden Building Management (HBM) further work was required to achieve the contract standards, particularly in relation to record keeping. This had been discussed with HBM and a contract re-invigoration programme agreed, including additional support from their Head Office. The progress made would be reviewed at the March 2006 Facilities Assurance Committee.

Heather Lawrence said that the generators continued to be a risk. A recent generator test had failed because of battery problems.

Edward Donald explained that because of the historic problems associated with the generators, Haden had been indemnified for this element of the contract, until such time as they had passed two all day tests on full load. A detailed joint programme of work had been undertaken and if the generators passed the all day test scheduled for 19 February 2006, it was agreed that the indemnity would be removed as HBM would then be in a position to maintain the generators, having been restored to the required working condition.

The Trust Board discussed concerns regarding demonstration of the maintenance work being undertaken, what should have been undertaken given earlier comments about record keeping and whether this had impacted on the Trusts ability to resolve the indemnity issues sooner. HL

Edward Donald said that HBM were working in partnership with the Trust to resolve long standing issues regarding the reliability of the standby generators on the basis that satisfactory resolution was in both party's interests. A maintenance programme continued to be in place. It was agreed that this matter would be reviewed in detail at the next Facilities Assurance Committee, given the continuing level of risk.

Heather Lawrence said that the two existing standby generators did not have enough spare capacity to support a significant increase in clinical services on site. To enable the standby generators to cope with electrical supply to the hospital with the existing level of services, some non-essential areas had been removed from the essential load category. She confirmed that the previous contractor had advised on the purchase of the new generators.

Edward Donald reported on the actions to mitigate the legionella concerns in the St. Stephens building. The showers identified had been closed and work was in progress in respect of water flow throughout the building to resolve the risk overall.

Edward Donald said that the washer disinfectors in the Treatment Centre and in Endoscopy were currently compliant with the relevant Health Technical Memorandum (HTM) standards. The endoscopy washer disinfectors had recently passed the relevant microbiological test regime required by the HTM for the first time and this would continue to be monitored closely.

5.3 REGISTER OF SEALING

A lease with the Friends of the Hospital had been sealed in respect of the Hairdresser's. The Chairman asked if the duration of 15 years could be re-considered. There was debate around a number of issues associated with the sealing of the Hairdresser's lease with questions being asked as to why such a low level of rent applied when they were in fact open to the public. There was also discussion around the length of the lease and the location of the Hairdresser's.

6. ITEMS FOR INFORMATION

6.1 PATIENTLINE

The report giving Patientline's comments/press statement on the Ofcom report on its investigation under competition law into the prices charged by Patientline and Premier Telesolutions for incoming calls and into the terms of the contracts between the providers and NHS Trusts was received.

7. QUESTIONS FROM THE MEMBERS OF THE PUBLIC

7.1 There were no questions.

ANY OTHER BUSINESS

8. There was no other business.

8.1

DATE OF THE NEXT MEETING

9 2nd March 2006

9.1

CONFIDENTIAL BUSINESS

10. 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 to be concluded in the second part of the agenda. The item to be discussed related to commercial matters and to individual patients.

10.1