

**BOARD OF DIRECTORS**

**MINUTES OF MEETING**

**30<sup>th</sup> April 2014**

**BOARDROOM  
EDUCATION CENTRE  
ARROWE PARK HOSPITAL**

**Present:**

Michael Carr	Chairman
David Allison	Chief Executive
Cathy Bond	Non-Executive Director (NED)
Richard Dutton	Non-Executive Director (NED)
Jill Galvani	Director of Nursing & Midwifery
Sharon Gilligan	Director of Operations
Anthony Hassall	Director of Strategy and Partnerships
Graham Hollick	Non-Executive Director (NED)
Jeff Kozer	Deputy Chair & Senior Independent Director (NED)
Cathy Maddaford	Non-Executive Director (NED)
Lyn Meadows	Non-Executive Director (NED)
Evan Moore	Medical Director
Alistair Mulvey	Director of Finance
Jean Quinn	Non-Executive Director (NED)

**Apologies:**

None

**In attendance:**

Mark Blakeman	Director of Informatics
Sam Armstrong	Interim Trust Secretary

**Governors:**

John Karran

**Members of Staff:**

Chris Oliver, ADO Medical and Acute  
Barbara Crampton, Head of Communications

**Members of the Public:**

Chris Green

Reference	Minute	Action
BM 14-15/010	<b>Apologies for Absence</b> There were no apologies	
BM 14-15/011	<b>Declarations of Interest</b> There were no interests declared.	
BM 14-15/012	<b>Chairman's Business</b> The Chairman welcomed those present to observe the meeting.  The recent Public Governor election results were noted: Professor Brian Beechey had been elected to represent Greasby, Frankby, Irby, Upton and Woodchurch, with immediate effect, and Steve Evans had been elected to represent Bromborough and Eastham from September 2014.  Recent Consultant appointments were noted: <ul style="list-style-type: none"> <li>• Dr Santhosh Kumar Keshavamurthy, Consultant Emergency Medicine</li> <li>• Dr Alexander Haworth, Consultant in Radiology</li> <li>• Miss Bethan Jones, Consultant in ENT</li> <li>• Dr Venkata Pawan Kumar Lekharaju, Consultant in Gastroenterology with interest in Hepato-Pancreatobiliary Diseases</li> </ul>	

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	<p>Graham Hollick had been appointed the nominated non-executive director arising from the Government's <i>Better Procurement, Better Value, Better Care</i> publication. This was a new Department of Health requirement.</p> <p>Beryl Dare, APH League of Friends, had been recently awarded the BEM and the Trust recorded its congratulations to her.</p> <p>The challenging position the Trust faces with a planned deficit for the next two years and tight cash flow was noted: the Trust had formulated plans for internal transformation, which the Board discussed at a development session.</p>	
<b>BM 14-15/013</b>	<p><b>Patient Story</b></p> <p>Views of recent patient experiences from various multimedia sources were presented. The Board noted the positive responses and staff praised for kindness, calmness and competence. Two Governors had recently had procedures in the Trust and expressed satisfaction with their treatment and experience.</p>	
<b>BM 14-15/014</b>	<p><b>Chief Executive's Report</b></p> <p>The Board received the Chief Executive's Report, and noted the following:</p> <ul style="list-style-type: none"> <li>• The Trust had expressed its views on how best to achieve the goals of Vision 2018 and it had now been agreed that the focus should be urgent care, long-term conditions and care of the elderly. There was concern over how the health economy would need to work together to deliver the necessary changes</li> <li>• The Trust completed 2013/14 with an operational deficit of £3m</li> <li>• Discussions with University Hospital of North Staffordshire NHS Trust had been conducted to ensure it would act as an alternative provider to Trust cardiology patients. However the Trust would still endeavour to work with Liverpool Heart and Chest Hospital NHS Foundation Trust; in answer to a question it was pointed out that current wait time performances were unacceptable</li> <li>• A draft report to highlight collaboration options on the provision of orthopaedic services between the Trust and the Countess of Chester Hospital NHS Foundation Trust had been produced. This would be further developed</li> <li>• The Trust was collaborating with Chester and Wirral Partnership NHS Foundation Trust on a joint tender for the Healthy Child Programme</li> <li>• The Trust recently met with the Betsi Cadwaladr University Health Board to discuss possibilities of working collaboratively</li> <li>• The Trust recently attended the launch of the Wirral Chamber of Commerce; the value of the Trust developing a strong working relation with them was noted</li> <li>• The positive results from the Care Quality Commission were noted</li> <li>• The Trust had been reviewing proposals from three divisions for a potential major charitable campaign</li> <li>• The NHS Staff Survey results were presented to key stakeholders within the Trust on 9<sup>th</sup> April 2014</li> <li>• The positive effects on staff of the Chief Executive's announced and unannounced departmental visits were noted;</li> <li>• The divisional performance reviews continued to provide confidence to the executive team</li> </ul>	

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	<ul style="list-style-type: none"> <li>• The Trust's Executive Fast Track Programme participant, Terry Whalley, would commence his placement in the Trust in July 2014</li> <li>• Due to financial constraints the Trust did not intend to renew its membership of the NHS Confederation. This was agreed</li> <li>• The Department of Health is consulting on proposals to amend the NHS pension scheme; in response to a question, it was clarified that staff would be contributing more than before into their pension schemes</li> <li>• The Medical Director had been accepted onto the Executive Fast Track Programme and would be studying in Harvard in June. In answer to a question it was clarified that he will have delegated appropriately to ensure cover during his absence and that he will remain in contact with the Trust while away</li> <li>• The Trust was mindful of its potential impact on small and medium sized businesses</li> <li>• The new National Patient Safety Alerting System was launched in January 2014; warnings that are sent to the Trust will be presented to the Quality Committee</li> <li>• It was agreed that BAF references for future chief executive's reports would be added</li> <li>• It was noted that the action plans from the KPMG root cause analysis for governance and cash management were being progressed</li> <li>• DA and SA would be refreshing the BAF in line with KPMG suggestions</li> <li>• Income, expenditure and activity levels in the divisions had been agreed; it was agreed to focus more on this in future chief executive reports</li> </ul>	
<b>Strategy and Development</b>		
<b>BM 14-15/015</b>	<p><b>Update on 5 Year Plan and Vision 2018 Strategy</b></p> <p>The Board received a verbal update on the overview of work to date, which provided assurance that the 2014/15 five-year strategic plan submission to Monitor would be completed for approval by the Board on 25<sup>th</sup> June 2014.</p> <p>The aging population and alcohol consumption are two key focuses for the Trust over the five-year timescale. Sustainability had been reviewed with the divisions as part of the planning process.</p> <p>There was an executive strategy day planned to develop the plan. It was noted that the Trust was unsure of the CCG focus for years three, four and five.</p> <p>The CCG had adopted the Trust's focus for Vision 2018.</p> <p>It was agreed to share parts of the strategic plan with the Board as and when they were ready to ensure the Board have time to review.</p> <p>In answer to a question it was confirmed the Trust was currently developing the plan without any outside support; although it would be investigated as to whether there would be any benefit to the Trust through additional support.</p>	

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	Service Line Reporting was noted. There was a desire to further develop this, however there are some current resource challenges.	
<b>Performance and Improvement</b>		
<b>BM 14-15/016</b>	<p><b>Integrated Performance Dashboard</b> The Board reviewed its key quality and performance indicators as presented.</p> <p>Measurements of strategic targets were being developed to add to the scorecard. A new version of the scorecard would be circulated monthly, which met one of the root cause analysis actions related to flash reporting; this approach was agreed.</p> <p>Actions for A&amp;E data were tabled as the version in the Board packs had not printed clearly. The A&amp;E target remained a real challenge over quarter 1. Many hospitals were experiencing similar challenges with A&amp;E, although the CCG had expressed its disappointment that the Trust did not achieve the A&amp;E target last quarter.</p> <p>It was suggested that the Trust needed to improve its discharge performance. It was noted that A&amp;E performance had been discussed with Monitor, who stated the Trust was taking the correct actions to improve its performance; the intensive Support Team had also provided positive feedback about the Trust's efforts in this area.</p> <p>In answer to a question, it was noted that some medically fit patients cannot be discharged until appropriate accommodation is found for them. In answer to another question it was agreed to provide a statement of the additional resource that had been expended in 2013/14 in seeking to achieve the A&amp;E target.</p> <p>It was confirmed that there would not be an automatic response from Monitor if the Trust failed the current quarter target. In answer to a question, it was confirmed that targets are reviewed within the internal audit programme and that 'kite marking' is also being investigated to use with performance data.</p> <p>The improvement in 'did not attend' (DNA) performance was noted. It was clarified that the Trust had had two never events in-year, not one. It was pointed out that non-core spend data as presented was not providing enough relevant information and that this would require further development.</p>	<p><b>SG / AM</b></p> <p><b>MB / AM</b></p>
<b>BM 14-15/017</b>	<p><b>Financial Report</b> The Board received the month 12 finance report.</p> <p>The unaudited accounts for 2013/14 had been submitted in accordance with Monitor's requirements. There was a £6m variance from a planned surplus of £2.8m to outturn of a deficit of £3m. The Continuity of Service Risk Rating (CoS) finished the year on 3.</p> <p>Cash balance was significantly less than the planned £17.4m and finished at £10m. This improved slightly in April after the CCG paid on previously disputed performance activity.</p>	

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	<p>The in-year Cost Improvement Programme (CIP) achieved £9.3m of savings against a plan of £10m. EBITDA finished at 3.3% against a plan of 5.2%.</p> <p>The Trust was working to match capacity and demand. An A&amp;E consultant had been recruited, which allowed the Trust to reduce the use of expensive locums in this area.</p> <p>The summary financial statement was noted.</p> <p>It was suggested that the current year would be complicated and the Board needed to decide the reporting areas, and related data, on which it wished to focus.</p> <p>It was agreed that the Finance, Performance and Business development Committee would review the Trust's ability to remain as a 'going concern' and report to Board in July.</p>	<p><b>MB / AM</b></p> <p><b>AM</b></p>
<p><b>BM 14-15/018</b></p>	<p><b>Chair's Report of the Quality and Safety Committee</b></p> <p>The Board received the Quality and Safety Committee report. The recent patient story had highlighted a number of concerns, particularly in outpatients.</p> <p>Sickness absence was noted, particularly the different rates recorded across different areas of the Trust. There was an action plan in place to improve this. It was added that the divisional performance reviews were providing real ownership and detailed actions to achieve improvements.</p> <p>Mortality rates continued to decline; as did falls and pressure ulcers and the Friends and Family test results had been a great improvement.</p> <p>There was no evidence that CIP is harming quality.</p> <p>The Committee had been pleased with the progress of the Quality Accounts. It was noted that measuring c.difficile, of course, remained very important, however as this was already separately measured the Trust felt that other measures would more beneficially audited in the Quality Accounts.</p> <p>Updates to the risk register from the Committee were noted.</p>	
<p><b>BM 14-15/019</b></p>	<p><b>Quality and Safety Committee Annual Report</b></p> <p>The Board received the Quality and Safety Committee annual report. The Committee met on 10 occasions during the year and pursued assurance by observation through triangulation, reviewing detailed action plans and analysing quality related data.</p> <p>The Committee made use of trends analysis and its actions were consistent with the general recommendations of the KPMG governance root cause analysis.</p> <p>The report set out the key themes the Committee focused on during the year and highlighted the work ensuring CIP schemes were tested for potential effects on quality. The patient stories were considered important and it was noted that the Committee's work had been praised by the</p>	

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	<p>Overview and Scrutiny Committee.</p> <p>It was suggested consideration be given to reviewing the annual safeguarding and infection prevention reports before they are presented to the Board.</p> <p>It was agreed that the work of the Committee had provided assurance to the Board. It was agreed that some consideration to the cycle of business be undertaken as the Committee does review some items too regularly.</p> <p>The Board approved the report.</p>	
<p><b>BM 14-15/020</b></p>	<p><b>Chair's Report – Finance, Performance &amp; Business Development Committee</b></p> <p>The Board received the report. It was noted that the financial performance item at the last meeting had been classified as incomplete assurance. Much focus had been on expenditure, which had not been sufficiently controlled; actions have been formulated and the Committee was awaiting the outcomes. The Trust had been spending circa £1m per month more than it received.</p> <p>The Committee was reviewing the implementation of the KPMG recommendations for cash management and continued to monitor the performance. Considerable work was also underway concerning improvements to financial forecasting.</p> <p>CIP performance was also classified as incomplete assurance. The Committee was updated on the current position; there was currently a gap of at least £5m on identified schemes. Deadlines had been set for May and June to have plans in effect.</p> <p>The Committee reviewed the information service provision business case in March and recommended to the Board its approval, which was granted at the subsequent Board meeting.</p> <p>Developments in procurement and related transparency were noted. The Committee reported observing improvements over the last nine months and a head of procurement had been appointed.</p> <p>The Committee had robustly challenged the accounts. The difficulty of negotiating with the commissioners was noted and that the contract had yet to be signed for 2014/15.</p> <p>It was anticipated that future contract negotiations would be expected to be challenging as commissioner resources were diminishing. In response to a question it was clarified that the likely contract for the current year would be a mix of performance by results (PbR) and a block contract. To a follow up question, it was pointed out that the Trust could have signed a contract earlier, but to a value which would have only ensured serious financial and governance problems from the outset of the year.</p>	
<p><b>BM 14-15/021</b></p>	<p><b>Update on Contract Settlement and Budgets</b></p> <p>It was noted that the 2014/15 contract between the Trust and Wirral CCG had not yet been agreed. The executive team was confident that an agreement between the Trust and commissioners for funding will be agreed soon.</p>	

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	<p>The unresolved contract has impeded strategic development and decisions.</p> <p>The contract outturn had been concluded for the 2013/14 year and expenditure and income lines closed.</p> <p>The Trust was working to make improvements in managing expenditure and income and to achieve a significant CIP of 5.3%.</p> <p>The summary financial position was noted. By 2015/16 the Trust and its partners would need to have fundamentally changed the manner in which services are delivered, as well as removing costs.</p> <p>The capital programme was set at £12m, which included £3.5m from Department of Health as an award to support development of innovation; the remaining £8.5m had been internally generated. The cash position would open lower than it did last year, which was to be expected after posting a deficit at year-end. Cash management was being developed. The Board noted the agreed prediction of continuity of service risk rating (CoS) of 2 for each quarter of 2014/15.</p> <p>There was a CIP contingency of £1.5m and the Trust might reasonably expect winter pressure funding as well. A transitional plan would be developed to move the Trust from two planned deficits to future surpluses. The Trust is in a similar position when compared with many other trusts in the area.</p> <p>It was challenged that the transition plan was still underdeveloped. In response it was pointed out that confidential actions are planned, which would be discussed at a development session. To a follow up question it was confirmed that applications for an overdraft, to be used only if needed for cash flow purposes, were being progressed. It was pointed out that across the sector capital programmes had been reduced, cash had diminished, surpluses had been eroded, Trusts were recording and forecasting deficits and targets had become increasingly difficult to achieve. In response to a question it was confirmed that an arbitration process existed if a CCG and trust could not agree contractual terms.</p>	
<b>Regulation and Assurance</b>		
<b>BM 14-15/022</b>	<p><b>Monitor Q4 Board Statements</b></p> <p>The Board gave consideration to the assurances received in respect of finance and governance before self-certifying the three Board statements for submission to Monitor with the Quarter 4 monitoring returns.</p> <p>The Board noted that advice had been sought from Monitor in relation to the Governance statement after it had not achieved the A&amp;E target in Quarter 4 and there had been reservation about achieving it in quarter 1. The advice was that providing the Board was satisfied that the plans in place to achieve sustainable compliance with the A&amp;E target by the end of Q1 were sufficient, then the Board could 'confirm' the Governance statement, however it should include a note stating the Trust's position in respect of A&amp;E. Alternatively it could declare not confirmed with an</p>	

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	<p>explanation as well; there would not be any automatic response or breach as a result, however the accompanying statement would be considered important.</p> <p>After some consideration the Board agreed:</p> <ul style="list-style-type: none"> <li>• to record 'not confirmed' for the finance statement as presented;</li> <li>• to record 'not confirmed' for the governance statement and add a reference to the unachieved quarter 4 A&amp;E target, the actions the Trust was taking to achieve this in the future, the related risks and challenging context the Trust currently operates within; and</li> <li>• to record 'confirmed' for the 'otherwise' statement.</li> </ul> <p>It was pointed out that the risks to achieving the A&amp;E target were mentioned in the 2014/15 annual plan.</p>	
<b>BM 14-15/023</b>	<p><b>External Assurance: Q3 letter from Monitor</b> The Board received and noted the Monitor letter for quarter 3.</p>	
<b>BM 14-15/024</b>	<p><b>Health and Safety Compliance Review Update</b> The Board received the updated health and safety review. It was noted many of the issues had rapidly improved. There was, however, still a significant risk on asbestos within the Trust; an organisation wide survey was underway with results expected in September. There were controls currently in place to ensure if any work is undertaken on site that any potential risks are mitigated.</p> <p>The Board had a full discussion over which governance group should oversee future update reports. It was agreed that the Board should view and approve a quarterly update report.</p> <p>The issue of safety while working on roofs in the Trust was raised and as an agreed action should have been completed. It was requested that assurance be obtained that the related actions for this issue were completed and that controls were in place.</p>	<p><b>DA</b></p> <p><b>DA</b></p>
<b>Governance</b>		
<b>BM 14-15/025</b>	<p><b>Workforce Annual Report</b> The Board received and noted the report. It was noted that the report had been to the Quality Committee for review.</p> <p>It was suggested that the Trust focus on attendance management rather than absence and was noted that much work had been undertaken to achieve improvements in this area.</p>	
<b>BM 14-15/026</b>	<p><b>Chair's Report of the Audit Committee</b> The Board received the report. It was noted that the Audit Committee had reviewed the Board Assurance Framework (BAF) at its last meeting. The importance of a good BAF and its effects on the Board's business and the completion of required documents such as the Annual Governance Statement was noted.</p> <p>The Committee had agreed the annual plans for Internal Audit and Counter Fraud and also reviewed draft accounting policies. The Committee had considered the proposal to not segment accounts and</p>	



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	<p>agreed this was appropriate. It was noted that to do so would entail a great deal of work and as there is no particular benefit and no requirement it was better not to do so.</p> <p>The Committee reviewed the CERNER implementation report. It also raised concerns about the Trust continuing as a going concern; it was decided to await the views of the external auditor.</p>	
<b>BM 14-15/027</b>	<p><b>Audit Committee Annual Report</b> The annual report was presented. It was noted that this was the first annual report of the Audit Committee, highlighting the work undertaken throughout the year. It was noted that the Committee provided a detailed report of actions to the Board after each meeting.</p> <p>The Board approved the annual report subject to minor amendments.</p>	
<b>BM 14-15/028</b>	<p><b>Board's Assurance Process Update</b> The Board agreed in principle with many of the proposed root cause analysis actions, however it wanted full details of the new governance structures before formally approving. The BAF will be developed to ensure it drives the Board agenda and assurance committees, which will be presented at the June Board development session.</p> <p>The Board was generally comfortable with the direction of the governance reforms. When these matters were next brought to the Board for final approval, it would be important that a full paper was prepared, bringing together the product of the Board's own reflection on the implementation and effect of the governance changes introduced following the McKinsey review, and the latest governance recommendations arising from the KPMG root cause analysis.</p>	
<b>BM 14-15/029</b>	<p><b>Board of Directors – Register of Interests 2014/15</b> The Board received and approved the updated register of interests.</p>	
<b>BM 14-15/029</b>	<p><b>Minutes of the Previous Meetings</b> The minutes of the meeting held on 29<sup>th</sup> January 2014 were received and approved.</p> <p>The minutes of the meeting held on 2<sup>nd</sup> April 2014 (extraordinary meeting) were received and approved.</p>	
<b>BM 14-15/030</b>	<p><b>Board Action Log</b> The Board reviewed the Action Log and agreed to close the completed actions as presented.</p>	
<b>Standing Items</b>		
<b>BM 14-15/031</b>	<p><b>Any Other Business</b> <b>External Support</b> The Board received a proposal to procure external support. It was noted that further work was needed from the root cause analysis project and that two significant change projects were to be undertaken. The Board had recognised that additional capacity was needed and Monitor had expressed a desire for momentum to engage appropriate external support to be maintained.</p> <p>Areas where assistance would be of benefit included: ensuring full delivery</p>	

Reference	Minute	Action
	<p>of CIP; financial governance and reporting review from the annual planning work; support for cash management in the Trust; transformational programmes, estates utilisation and strategic planning.</p> <p>The Board was concerned with the apparent scale, breadth and potential costs of the proposal, though it understood that some assistance would be required. It was clarified that some projects were needed more than others and included work on financial governance review, cash management and CIP, which it was expected Monitor would want to see the Trust pursuing.</p> <p>In response to a question, it was noted that KPMG had advised on establishing a Programme Management Office and achieving some early gains, which had been done. It was suggested that more could be achieved with the PMO rather than procure external support.</p> <p>It was noted that external support can be very beneficial for work on CIP, which there was a gap in for 2014/15. It was also noted that the Trust must implement some external support and Monitor would be supportive of this. The Chief Executive agreed to re-examine the proposal in the light of the Board discussion.</p> <p>It was requested that the total spend on management consultants for the last 12 months be shared with the Board.</p>	<p><b>AM</b></p>
<p><b>BM 14-15/032</b></p>	<p><b>Items for BAF / Risk Register</b> There were no new items for the BAF.</p> <p>The Board noted the new risk number 2550 with a score of 20.</p>	
<p><b>BM 14-15/033</b></p>	<p><b>Date and Time of Next Meeting</b> Wednesday 28<sup>th</sup> May 2013 at 9.00am, in the Boardroom, Education Centre, Arrowe Park Hospital.</p>	

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**Chairman**

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**Date**