

**BOARD OF DIRECTORS**

**MINUTES OF MEETING**

**2<sup>nd</sup> APRIL 2014**

**BOARDROOM  
EDUCATION CENTRE  
ARROWE PARK HOSPITAL**

**Present:**  
 Michael Carr Chairman  
 David Allison Chief Executive  
 Cathy Bond Non-Executive Director  
 Jill Galvani Director of Nursing & Midwifery  
 Sharon Gilligan Director of Operations  
 Anthony Hassall Director of Strategy and Partnerships  
 Graham Hollick Non-Executive Director  
 Jeff Kozer Deputy Chair & Senior Independent Director  
 Cathy Maddaford Non-Executive Director  
 Lyn Meadows Non-Executive Director  
 Alistair Mulvey Director of Finance  
 Jean Quinn Non-Executive Director

**Apologies:**  
 Richard Dutton Non-Executive Director  
 Evan Moore Medical Director

**In attendance:**  
 Sam Armstrong Interim Trust Secretary (minutes)  
 Mark Blakeman Director of Informatics

**Governors:**  
 Donald Shaw  
 Robert Howell  
 John Karran

**Members of Staff:** None

**Members of the Public:** None

Action	Minute
<b>Apologies for Absence</b> 15/001	Apologies were noted as above.
<b>Declarations of Interest</b> 15/002	There were no declarations of interest.
<b>Minutes of Meeting on 26<sup>th</sup> March 2014</b> 15/003	Minutes of the previous meeting were approved as a correct record.
<b>Minutes Plan 2014 – 16: Operational Plan Statement</b> 15/004	<p><b>Presentation from CEO</b>                      The achievements of 2013/14 plan were noted.</p> <p>It was pointed out that there was a need to reduce the number of beds at the Trust in 2014/15; approximately 75% of beds at Arrows Park</p>

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	<p>Hospital are being utilised by non-elective activity. The Trust has decided to focus on frail and elderly care, urgent care and long-term conditions to achieve improvements in bed capacity issues.</p> <p>It was clarified that trusts not alerted to any impending changes from specialist commissioners, should assume there will be no effect on their two year operational plans. It was pointed out that work with the Trust's clinicians will be needed to ensure the plan is successful. A communications strategy will also be needed to support the annual plan implementation.</p> <p>Updated sections of the plan, from comments at the previous week's Board meeting, were noted. Risk have been recorded and noted in the BAF.</p> <p>In answer to a question from a non-executive director, it was confirmed that a restructure plan is being developed and that any plans for savings were tested against the need for retained quality. In response to a challenge from a non-executive director, it was confirmed that the Project Management Office (PMO) will monitor performance against the plan and regularly report progress. To a follow up question it was confirmed that spending will be reduced over the years and locum and contract arrangements in particular will be reviewed.</p> <p>It was acknowledged that the development of plan with earlier deadlines than in previous years caused challenge. The Trust's 2013/14 outturn was circa £220m; it had received an offer from the CCG of a block contract for two years at £219.7m p.a. The Trust's position was that a no-growth contract required a CCG PbR-based income of £223m p.a. for the two years. A risk mitigation of £1.5m on income was recognised within the plan.</p> <p>In response to a question it was clarified that the executive believed that the potential risk of CCGs not providing necessary funding had been mitigated. In response to another question, it was confirmed that the area team would need to be engaged early if the CCG was unable to control demand.</p> <p>It was noted that the previous draft of the plan had a risk of £5m, which was accounted for through an expected normalised position, however with £1m mitigation. It had since been decided to include £2.5m in the baseline plan to accommodate potential expenditure discrepancies from 2013/14 to 2014/15. There was a planned CIP of £13m and an outturn deficit of £4m. CIP had £8.2m identified in-year, of which £4m had been approved and a contingency of £1.5m had been set aside to mitigate the risk of failing to achieve CIP in full.</p> <p>It was pointed out that CIPs in previous years were not achieved in full. In response it was confirmed that the PMO was only established in the last year and that they will monitor CIP progress during 2014/15. CIP is much more advanced this year compared to the same time last year.</p> <p>Capital spend is planned to be £12.03m this year, inclusive of £3.5m of the award from the Safer Hospitals, Safer Wards Technology Fund. In</p>	

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	<p>response to a non-executive it was clarified that the CERNER project has enough to be maintained, however it had not been allocated the full amount of the project approved £11m. There was no additional funds for replacing aging equipment, however contingencies were in place.</p> <p>In response to a question from a non-executive director, it was confirmed that a reduction in capacity will allow for the best facilities to be used by patients. The director of estates had planned to review all facility use in due course. It was confirmed that any unplanned urgent estate issues were to be handled through the usual backlog maintenance process.</p> <p>Expected CoS risk ratings from the plan were noted. It was pointed out that the plan does not account for the expected benefits from KPMG's work on the Trust's cash flow. The Trust plans to sell the Springview site in quarter two. Impacts to the CoS of various cash and financial scenarios were discussed at length. It was noted that an overdraft facility had been established for utilisation, if needed.</p> <p>The Board reflected on the planned monthly financial performances and decided that it was too optimistic in quarter four. It was agreed to allow for additional overall debt of £4.2m, which was expected to affect CoS in that quarter from 3 to 2. The Board agreed to recognise this and amended the plan accordingly.</p> <p>Redundancy cost provisions in the plan were noted. It was clarified that the related workforce CIP was recorded as a net benefit of £400k in 2014/15, due to expected costs of reducing existing posts.</p> <p>It was noted that the financial aspects of the plan had been difficult to complete against very tight timescales. It was confirmed that the risk to performance in A&amp;E and infection prevention and control was highlighted for the submission. It was decided that the related performance risk to RTT was not significant enough to warrant highlighting to Monitor. Monthly performance control meetings were in place to monitor financial performance at the divisional level. It was confirmed that the lead executives were accountable for their divisional performances.</p> <p><b>ii. Commentary from Director of Strategy and Partnerships</b> This occurred within the previous section of the meeting.</p> <p><b>iii. KPMG Observations</b> It was noted that much work had been undertaken by the Trust and in recent weeks in particular. KPMG had reviewed enough evidence to conclude that the annual plan was a balanced document and that sufficient challenge and engagement with the executive directors and non-executive directors had occurred.</p> <p><b>iv. Board Discussion</b> This occurred within the previous section of the meeting.</p>	
<b>BM 14-</b>	<b>Annual Plan 2014 – 16: Financial Plan Statement</b>	

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15/005	<p><b>i. Presentation from CEO</b>  A presentation on organisational redesign was made. It was noted that the executive had planned to develop the project at its Executive Director Team meeting before an update is provided at the 30<sup>th</sup> of April directors development session after the Board meeting. The redesign will need to be implemented by 1<sup>st</sup> October with all requirements completed within this timeframe. Fundamental change to the structures of the divisions and management of the organisation is planned.</p> <p>A capacity reduction programme had been developed and length of stay improvements had been expected. The project will be led by the medical director.</p> <p>It was pointed out that specific resources are needed to implement major organisational restructure and it cannot be expected that current managers have the capacity to achieve this with their current duties. In response it was confirmed that the Trust relied on the PMO and Kaizen teams to manage these projects. It was agreed that funding be set aside to ensure that implementing any restructure is achieved quickly and effectively.</p> <p>There was an asset utilisation project planned, however the scope and governance is still to be finalised. An urgent review of the use of locums will be completed in the coming weeks. The plan to close ward 20 was confirmed. It is expected that vascular beds will close in the next month, with the final patients either being appropriately discharged or relocated to Countess of Chester Hospital NHS Foundation Trust; it was suggested that related facility alterations be significant enough to not be easily reversed. It was confirmed that any closed area would only be re-opened after an agreed business case. In answer to a question it was confirmed that in the current phase, more non-clinical posts will be removed than clinical ones.</p> <p>It was noted that the reorganisation and capacity plans as presented gave more confidence to the annual plan. It was agreed that updates would be provided regularly to the Board and Audit Committee and the schedule of updates would be finalised.</p> <p>It was noted that change management had been difficult to achieve at the Trust in the past. The current project will also identify those that can lead change in the organisation.</p> <p>It was noted that the Trust had agreed to undertake a finance governance review as discussed with Monitor. It was discussed whether the review could have wider terms of reference to assist the Trust to deliver the plan. It was agreed to discuss this further with Monitor.</p> <p><b>ii. Commentary from Director of Finance</b>  This occurred within the previous section of the meeting.</p> <p><b>iii. KPMG Observations</b>  KPMG had no comments at this section of the meeting.</p>	<p>DA</p> <p>DA</p>

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	<p><b>iv. Board Discussion</b> This occurred within the previous section of the meeting.</p>	
<p><b>BM 14-15/006</b></p>	<p><b>Board Assurance Framework Overview</b></p> <p>An updated version of the Board Assurance Framework was tabled. It was noted that risks relating to the annual plan, raised at the last Board meeting, had been added.</p> <p>The Board noted the updated Board Assurance Framework.</p>	
<p><b>BM 14-15/007</b></p>	<p><b>Formal Board Sign Off of Two Year Operational Plan</b></p> <p>The Board approved the annual operational plan for 2014 – 16 with an updated planned deficit of £4.2m. in year one.</p> <p>The Board agreed to grant delegated authority to the Chairman and the Chief Executive to make any incidental changes, if necessary.</p>	
<p><b>BM 14-15/008</b></p>	<p><b>Any Other Business</b></p> <p>There was no other business</p>	
<p><b>BM 14-15/009</b></p>	<p><b>Date and Time of Next Meeting</b> Wednesday 30<sup>th</sup> April 2014 at 2.00 p.m. in the Boardroom, Education Centre, Arrowe Park Hospital.</p>	

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**Chairman**

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**Date**