

**BOARD OF DIRECTORS**

**MINUTES OF MEETING**

**26<sup>th</sup> MARCH 2014**

**BOARDROOM  
EDUCATION CENTRE  
ARROWE PARK HOSPITAL**

<b>Present:</b>	
Michael Carr	Chairman
David Allison	Chief Executive
Cathy Bond	Non-Executive Director
Richard Dutton	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
Cathy Maddaford	Non-Executive Director
Lyn Meadows	Non-Executive Director
Evan Moore	Medical Director
Alistair Mulvey	Director of Finance
Jean Quinn	Non-Executive Director
<b>Apologies:</b>	
Jeff Kozer	Deputy Chair & Senior Independent Director
<b>In attendance:</b>	
Sam Armstrong	Interim Trust Secretary (minutes)
Mark Blakeman	Director of Informatics
<b>Governors:</b>	
	John Karran
<b>Members of Staff:</b>	
	None
<b>Members of the Public:</b>	
	None

Reference	Minute	Action
BM 13-14/0109	<b>Apologies for Absence</b> Apologies were noted as above.	
BM 13-14/0110	<b>Declarations of Interest</b> There were no declarations of interest.	
BM 13-14/0111	<b>Annual Plan 2014 – 16: Operational Plan</b> It was noted that the documentation is still being completed. The Board was reminded of the Monitor requirements and expectations for the annual plan.  The draft annual plan was presented and it was noted that the documents had been built on discussions with staff, members, governors and the Board since late 2013. The earlier submission date this year had affected the development timetable.  The narrative of the annual plan was considered. It was noted that each division had produced its own plan and in response to a question it was confirmed that all had been reviewed for alignment.  The Board discussed the current position of the principal commissioner	

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	<p>and noted that the details of the Better Care Fund (BCF) were only received last week; the Trust had responded to the draft. In response to a question, it was noted that the Trust had little initial involvement in the BCF development.</p> <p>In response to a question, it was noted that Monitor expects the Trust to make a judgement about the impact of the commissioner's schemes to reduce A&amp;E activity; the related risk was recognised. In answer to a question, it was noted that there are currently different understandings in Trust staff of the consequences of not achieving targets, however, the divisional triumvirates are expected to sign up to deliver financial and operational targets this year. Specialist commissioner plans are still being developed, although NHS England expected trusts to be aware of the next two year's direction.</p> <p>In response to a question, it was noted that the planned activity had been analysed from this year's activity and then reviewed by the divisions, including known adjustments for elements such as vascular service. To a follow up question, it was clarified that the 15% reduction BCF scheme had not been factored into the plan as the Trust wanted to observe evidence of its effects first. It was clarified that the Trust had assumed that the BCF scheme for reduction in A&amp;E activity would deliver a flat activity rate from last year. The Trust operational plan included a 2015/16 section of 15% reduction in urgent care.</p> <p>The Board's and Governors' agreement to the quality priorities was confirmed.</p> <p>It was pointed out that Payment by Results (PbR) provided incentive for growth in activity and therefore an increase in costs to the health economy. The CCG might then seek to secure savings elsewhere in the Trust's contract. In response to a question, the Board was assured that the Trust had conducted discussions with the CCG about the possible negative consequences on the CCG of a PbR contract. It was agreed that the income risks have to be monitored throughout the plan and reflected in the Board Assurance Framework (BAF). The commercial risks identified in the plan also need to be reflected in the BAF.</p> <p>In response to a question, it was confirmed that the RTT targets are expected to be achieved.</p> <p>The 2014/15 financial plan was presented. It was noted that it is a break-even plan and, with expected growth, is based on £223m income, with an in-year CIP of £13m.</p> <p>The Board of Directors were presented the Trust's normalised financial position including a description of how both non-recurrent income benefits and non-recurrent costs were being reflected in the underlying position. The discussion included the resourcing of cost pressures incurred in 2013/14 and how in the main these had been resourced and or resolved. It was noted that to maintain a balanced position there were c£4m of costs which required specific actions to be undertaken for these to be resolved and whilst most of these actions were in place there remained a risk that elements of 2013/14 pressure may persist into 2014/15. The potential for</p>	<p>SA</p>

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	<p>overspending to continue into 2014/15 has been recognised in a scenario within the Trusts operational plan with a gross pressure of £5m, mitigation of £1.1m and an unresolved potential risk of c£3.9m</p> <p>It was suggested that this plan demonstrated the Trust was worse off this year compared to last and the figures did not allow for any misjudgements. It was pointed out that the CIP target this year is £20m to mitigate this. It was noted that prior CIP performances had been mixed.</p> <p>The projected Continuity of Service (CoS) risk ratings were presented. Worst case scenario in quarter 1 is CoS could slip from planned 2 to 1. The planned activity volume and phasing and reserves were noted. It was noted that there were no reserves for winter pressures. It was clarified that it was being assumed that a seasonal increase in activity would attract an increase in funding and the risk was identified in the plan.</p> <p>It was agreed to reflect work schemes to improve the way clinical care was delivered in the hospital, in the plan.</p> <p>Given the small margins within the plan it was agreed that consideration should be given to schemes to immediately reduce spending to provide headroom in the plan until the plan's assumptions are proven in practise. The plan also demonstrated that the Trust could not continue in the same manner as at present and that work should begin as soon as possible to develop a clinical model to deliver activity within a reduced cost plan.</p> <p>It was suggested that scenarios be modelled on PbR and commissioner behaviour to see how the Trust is affected and when: there was a desire to understand more about how the health economy is affected by the scenarios.</p> <p>The Board noted the possible implications to different CoS risk ratings.</p> <p>The Board thanked all involved for the hard work that has been conducted on the annual plan and acknowledged the difficult financial context that existed.</p> <p>The Board was not in a position to approve or delegate authority to do so and that, as such, another Board meeting was agreed to approve the plan.</p> <p>The Chairman summed up and stated that there was a need for:</p> <ul style="list-style-type: none"> <li>• better understanding of the expenditure assumptions, particularly the unattributable £4m risk</li> <li>• a clear link between activity, income and expenditure across the divisions</li> <li>• Work to identify what actions the Trust can take now to provide further headroom on expenditure to give us greater confidence to manage the Trust while the assumptions of the plan are monitored to see if they are OK.</li> <li>• Work to begin as soon as possible on a different clinical model for the Trust.</li> </ul> <p>The Board agreed to a workshop on Monday and a follow up Board</p>	<p>AH</p> <p>AM</p>

Reference	Minute	Action
	meeting on Wednesday 2 <sup>nd</sup> of April.	
<b>BM 13-14/0112</b>	<p><b>Vascular Update</b></p> <p>It was noted that the business case to transfer the SMART centre to Countess of Chester (CoC) had been discussed at the January Board meeting.</p> <p>A decision not to proceed would have significant consequences for the three trusts involved as well as vascular services across South Mersey.</p> <p>Quality and Safety Committee will monitor patient experience and the Chief Executive will chair the SMART group from April. CoC will lead on communications.</p> <p>Finances have been secured for the first year and the commissioners have agreed to consider support of the service in the second year, however they have not made a guarantee of this; it was believed that no better outcome could be expected at present.</p> <p>In answer to a question, the Board was informed that CoC had reported positively on nurse staffing and the Trust does not expect any related problems in relation to staffing vascular services. It was noted that some challenges in future nursing recruitment could be experienced by the Trust as demand for graduates has increased.</p> <p>In answer to a question, the Board was assured that the total impact of the move would be monitored.</p> <p>The Board approved the proposal to transfer the SMART centre as presented.</p>	
<b>BM 13-14/0113</b>	<p><b>IT Service Provision</b></p> <p>The Board received the proposal for the Trust to withdraw from the current IT service provider and establish an in-house IT service at the Trust.</p> <p>It was noted that the proposal had been given detailed consideration at the Finance, Performance and Business Development Committee last week, where they agreed to recommend approval of the business case to the Board. The potential downsides had been explained and reviewed at that meeting.</p> <p>The Board approved the withdrawal from the current IT service provider and establishment of an in-house IT service at the Trust, as proposed.</p>	
<b>BM 13-14/0114</b>	<p><b>Any Other Business</b></p> <p>In response to a question from a member of the public, the Chief Executive advised that the commissioners have plans to review services in a number of specialties and the Trust is involved in these discussions which remain at an early stage.</p>	

Reference	Minute	Action
<b>BM 13-14/0115</b>	<b>Date and Time of Next Meeting</b> Wednesday 2 <sup>nd</sup> April 2014 at 2.00 p.m. in the Boardroom, Education Centre, Arrowe Park Hospital.	

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**Chairman**

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**Date**