TRUST BOARD

Minutes of a meeting held at Devon House, Heartlands Hospital

at 1.00pm on Tuesday 4th August 2009

PRESENT:

Mr C Wilkinson *(Chairman)*
Ms M Coalter
Mr I Cunliffe
Ms A East
Ms B Fenton
Mr M Goldman
Mr R Harris
Mr P Hensel
Ms E Ryabov (until 3.15 p.m.)
Mr A Stokes
Ms M Sunderland
Dr S Woolley

IN ATTENDANCE:

Ms L Jennings (Minutes)

Action

09.123 1. APOLOGIES

Apologies had been received from Mr David Bucknall, Mr Ian Cunliffe, Prof Chris Ham, Ms Claire Lea, Mr Richard Samuda

09.124 2. DECLARATIONS OF INTEREST

Mr Harris made the following changes to his declaration:
Point 2 Action for Children Trustee Superannuation Fund
Point 4 RSA Academy Governor
And the following additions:
Point 6 Director and Shareholder, Gorilla Box Limited.
Point 7 President, Solihull School Parents Association
Point 8 Wife is volunteer WRVS worker at Solihull Hospital (half a day per week)

With the above amendments, the previously circulated declarations of interest were accepted by the Board.

09.125 3. MINUTES

Mr Stokes made the following addition to 3rd paragraph on page 5 "The impact of the additional CIP to be delivered (£2m) and the implementation of Plan B savings (£2.5m) take the forecast up from £5.8m surplus to £10.3m surplus".

Ms Ryabov made the following amendment to page 1 under previous Minutes relating to 28th May 2009, "medical and nursing vacancies could only be authorised by the Medical Director or Chief Nurse".

Following these amendments the minutes were agreed as a correct record and signed by the Chairman.

09.126 4. MATTERS ARISING

4.1 Update on Neonates

Mr Wilkinson confirmed that this paper was for information only, as Mr Cunliffe was on Annual Leave.

Mr Harris expressed his concern over his understanding that the decision to implement plan C – "to move to a Maternity-Led service at Solihull" had already been made without any discussions and raised his concerns about plan C. Mr Harris was also concerned because he could not recall receiving a communication prior to the press release, which Ms Lea had sent out to the Non Executive Directors and the Governors on 24th June 2009.

Mr Wilkinson recapped on the detailed discussions at the May 2009 Board meeting around the Maternity/Neonates services at Solihull. Mr Goldman concurred and recollected that Prof Ham had expressed very strongly that it was not acceptable to carry on delivering the current service at Solihull. The prevailing view and decision of the Board at the end of that discussion had been that it was not acceptable to continue with the service and that immediate dialogue was to take place between the Trust and BEN and Solihull PCTs. It was agreed that the PCTs had an obligation to resolve the situation and that the Board would not accept the continued risk to neonates at Solihull. It agreed that Paediatricians should be put in place overnight until July/August; while the PCT and Trust worked towards finding a way forward. Mr Goldman assured the Board that as a result of the Board's decision the risks had been mitigated.

Mr Goldman had convened a meeting at Heartlands Hospital and representatives of the respective PCTs, Directors of Public Health, Paediatric and Obstetric Clinicians, as well as a representative from Governance, Ms Ann Keogh had attended. The decision of the Trust not to continue to deliver mothers at Solihull under the current conditions had been welcomed by everyone at that meeting. A short term communication strategy had been implemented until public debate through a Consultation document could be delivered during September.

Mr Goldman said it was worth noting that the most relevant letter in the recent press coverage had come from the Trust's own midwifes and Obstetric and Paediatric staff who all supported the Trust's stance. Mr Wilkinson pointed out that it was the PCTs who would be managing the consultation process as that was a statutory requirement. A draft of the consultation paper would be available to Board members, however, ultimately it would be agreed by the PCT Commissioners.

4.2 Incentives for staff flu vaccination for other Trusts

Ms Coalter confirmed that she had looked at what other Trusts were doing and in incentives were not being considered in any other regions. Their actions were similar to the Trust's with a strongly worded campaign to staff. Ms Sunderland confirmed that nurses were being trained up so that the jabs could be given locally. It was agreed that an "opt out" process would be adopted, so the norm would be to have it.

09.127 5. CHAIRMAN'S REPORT

All Chairs and Chief

Mr Wilkinson gave a verbal report on a Chief Executive/Chairs meeting that had been set up at his request by Paul Sabapathy in which the 3 Financial Directors had been asked to reach a view where radical change could be achieved. Mr Stokes confirmed that they had met last week and the process had been started

with the SHA's support.

Delayed Discharges
Mr Wilkinson confirmed that following Mr Goldman and his meeting with Councillor Sue Anderson and Peter Hay, on long term delays in discharge, he had emailed Sue Anderson with a forthright letter, as of yet he had not received a response other than confirmation that it had been given to her. Ms Ryabov had met with Peter Hay and also met with Tri-cordant – a company that had carried out some work in Tameside on reduced delays. At that meeting it had been agreed that a formal day with appropriate people would be arranged for September/October with the cost being shared. Ms Ryabov confirmed that the level of delays was decreasing as a result of the work being done. Last week there were 74 against a target of 46. More processes were being put in which Ms Ryabov believed would be beneficial.

Mr Wilkinson mentioned that initiatives in Northern Ireland, and the Royal Devon and Exeter had shown that if organised properly, discharge could be achieved within 48 hours of the Consultant saying the patient was fit to leave. Ms Ryabov confirmed that the Lean Team had done some work around this and there were 3 issues that equated to 80% of length of stay that were external to the hospital. These would provide the areas of focus. The PCT had agreed to take responsibility for one ward at Birmingham Heartlands and one ward at Good hope by turning them into community units, which would be helpful.

Ms Ryabov said although a specific target of 48 hours for discharge had not been set, once a patient was clinically fit it was agreed that they should be discharged but she agreed in principle to that target.

STRATEGY AND PLANNING

09.128 6.1 Forward Look
Mr Goldman informed the Board that he had invited Ms Dawn Chaplin, Bereavement Services to come and talk about the achievements made in Bereavement Services and what they added to the patient and relative experience of end of life care.

Ms Chaplin gave an overview of Bereavement Services and the improvements that had been made, which improved the quality of care and experience for both the patient and their relatives/friends. These included:

- Improvements inspired by the "When a patient dies" paper which came out in 2005 aimed at the acute setting.

- The "End of life" strategy which mapped the end of life journey. Ward guidance had been devised, as communication, without jargon but with compassion and honesty had been identified as crucial. The end of life steering group had just been set up.

- 3 offices in the Trust that dealt with the journey from medical certification to cremation papers. 24 hour cover ensured rapid release for those faiths that required a quick burial. There was close liaison with the Registry office and the possibility of having one on site at Solihull was being looked into, to help with partnership working for patients who died without relatives.

Ms Chaplin handed round seed cards and condolence cards which had made a

big difference for the bereaved relatives. Also jewellery boxes and property bags had been introduced to add dignity to the return of loved ones' jewellery and belongings.

Mr Wilkinson thanked Ms Chaplin for her inspiring work.

PERFORMANCE

09.129 7. Performance Balanced Scorecard – National and Local Targets

Mr Goldman said that he would present this paper this time but if the Board were in agreement then Ms Ryabov would present at future meetings. The Board agreed to this.

Mr Goldman draw attention to PROMS on page 5 of his report. This was a new indicator included in the pack for the first time this month. There was a national requirement to collect PROMS information from patients that had come into effect on 1 April 2009. This established a 'before and after' assessment by the patient of their health, status, mobility pain etc. PROMS cover all providers in England, NHS and the Independent sector and include patients in 4 defined procedures: Groin Hernia, Varicose vein, Hip and Knee Replacement. They would commence on 30 September 2009 when the Patient Outcomes in Surgery (POIS) audit for the Royal College of Surgeons came to an end. As a result Outcome measures would become more prominent and would be part of the Quality Innovation Performance Productivity.

Mr Goldman advised that regarding MRSA, although 4 cases had been received in July at the time of the report, there were no additional cases and the trajectory had only been exceeded by one. All of the cases had been at Good Hope.

Ms Ryabov agreed to explore the possibility of a 2 page performance summary for the Board.

The Board also noted that attendances for potential swine flu cases had reduced.

The increase in cancelled operations had been caused by a failure at the Cath Lab and a significant amount of operations cancelled in Trauma and Orthopaedics due to lack of assistant theatre staff.

BUSINESS PLAN 09/10 PRIORITIES

We Are Financially Secure

09.130 8. Turnaround Report

Mr Goldman confirmed that he had covered many of the issues in his previous report. However, he drew the Board's attention to the fact that the Executive Team had changed their approach to Turnaround. A sponsorship team had been created for each area with an Executive sponsor, and Finance and HR support, as outlined on page 4 of Mr Goldman's report. In addition Ms Ryabov was managing the cost improvement group. These were important changes in approach. In the first instance the team had concentrated on the A&E target and then detailed what had been done. A&E was meeting its target and holding its own, with some very good days and managing to hold its own on the difficult Sundays and Mondays. The Board was informed; however, that an improvement notice had been issued by the PCTs against the Trust's in-house performance and that had been addressed.

A discussion initiated by Mr Wilkinson then centred around how the Trust could reduce the pay bill by £13.5m. Ms Ryabov referred to the paper she had brought to the Board in June, which had identified that if the Trust only did half of what was suggested, it could save £15m. A significant amount had already been taken out of the pay bill with the closures of Ward 5, Robert Peel, and the planned closure of Ward 8 would further help. In addition to this both surgery units had identified contingency funds. Mr Stokes and Ms Ryabov confirmed that the operational budget position allowed reserves that could then be spent later on and the operational budget deficit would not get bigger and it would not add to the over spend.

Mr Wilkinson continued to raise his concern over the need to reduce the pay bill by £13.5m. Ms Ryabov reminded the Board of the benchmarking paper at the last Board meeting, where it was illustrated that there was potential to make £15.4m, if 50% of the schemes mentioned were enacted. At the current time the Trust has saved £2.2m against its plan of £5m. The best course of action would be to focus on Trauma & Orthopaedics and activate the plans that had been identified by Mckinsey's.

Mr Goldman summarised the past discussions which had led to this point:

- the CIP plan had been set out in order to deliver a set of objectives
- The Mckinsey report had risk assessed that CIP plan and indicated that 55% of the plan was deliverable which would deliver the target of £5.8m which had been declared to Monitor.
- The Board had argued that this was not sufficient so the Executive Team had introduced 4 other measures to give a further £2m headroom

Mr Goldman said that although not in a position to offer guarantees, he could assure the Board that the Executive Team was implementing the plan to ensure the Trust achieved the best possible figure.

Mr Stokes confirmed that the Trust was on track with the risk assessment level that Mckinsey's had recommended but it would be £2m short of where the Trust wanted to be with the extra head room.

Ms East raised her concern that the plan was backend loaded. Ms Ryabov confirmed that the team were looking at how some of the schemes could be accelerated to avoid being in that risky situation and the 3 year rolling plan would give the opportunity to look forward in a much more effective way.

Mr Goldman summed up by outlining the changes to the management structure and the control that would be gained. By the end of September the new structure would be fully in place and external review suggests that the Trust would meet its minimum target. Therefore the most probable outcome would be that Monitor's target would be met. Mr Goldman warned of the counterproductive nature of pursuing the internal target of £15.4m at the expense of loss of focus on achieving long term success. It was important to continue to hold down the cost base, whilst working on the plan to achieve further savings and maintain the CIP. By the end of the second quarter, the Executive Team would be in a better position to know where they were in relation to the Monitor target. Mr Goldman agreed to circulate Mckinsey's report to the Non Executive Directors. **MG**

The Board agreed that it would be counterproductive to make cuts now that would undermine the Trust's ability to improve services in the future and Bereavement Services had been a good example of a non profit worthwhile service. It was acknowledged that the 10 year plan would have to be reviewed in light of the changed environmental issues.

09.131 9. Monthly Finance Report

At the request of Mr Wilkinson this report was taken first followed by the Turnaround Report and then linked in with winter bed management paper. Mr Stokes drew the Board's attention to the following key areas:

- Year to date surplus of £0.8m, which was £2.8m behind plan.
- Income grew more in June but costbase of organisation was still presenting a challenge, due to 3 key issues, namely pay controls, CIP delivery and recruitment of expensive Locum doctors

Mr Stokes reported that temporary staffing levels had come down for the first time on the back of an increase in permanent staff. The Trust had produced a £1m surplus in month after taking out the £2m Costains benefit in June. Over performance income received of £2.1m had been fully released and the Business Unit operational budgets were overspent by £1.4m in month and £4.7m year to date.

The main areas of concern continued to be:

Pay Expenditure overspend - £1.8m in month. Total expenditure on pay increased in month even after taking into account pay arrears for Clinical Excellence Awards of £75k and banding arrears which were not communicated of £58k. Medical pay overspend was £1.2m in month, £2.8m year to date. There had been no change in total expenditure on locum and agency Medical staff in June, £1.2m had been used to cover vacancies, sickness, unfunded capacity and WETD compliance. Out of hours expenditure totalled £354k in June. Corporate facilities had seen a downturn of expenditure due to not filling vacancies or using temp staff. Surgery was dominating overspend, at £3.3m year to date.

The new system of executive sponsorship with Finance and HR support had been put in place for each directorate, with Ms Ryabov being the sponsor for Trauma and Orthopaedics. The reason that surgery was overspent had changed over time. Last year it had struggled to do activity within hours, which had been a new issue and there continues to be a struggle to deliver CIP. There is an over dependence on income to delivery CIP. It had also been struggling with staffing levels. From August the directorate would be fully established with junior doctors and that combined with the drive to improve productivity and efficiency with theatres would have a positive effect.

X site Strategy

The X Site Strategy paper had been previously circulated but after the Agenda had been set. Mr Stokes confirmed that the Executive Directors had met last week and agreed to move to outline business case for Ward Block 1 and the Lean team had agreed to support the redesign of the patient flow. When the full business case was complete, it would have to justify £27m expenditure on this new service. It was agreed that this would not just be about a new building but about changing the way the service worked, and would be about driving benefits out to justify the build.

Mr Wilkinson asked for reassurance that the Programme Director, Peter Mumford would manage this situation and ensure tight controls were in place so that the cost would not increase further.

Mr Stokes confirmed that the CPPG committee had been chaired by Mr. David Bucknall (NED), but was currently being chaired by Mr. Roy Shields, (Public Governor). A guaranteed maximum price had been established for ward Block 1 and Peter Mumford had been seconded across from Turner and Townsend to the Trust. The Programme Director had to report to CPPG on price, programme, and construction. As a result of the MIDRU overspend, there was now a very strong process in place to trigger an alert at the first sign of any variance to plan. Mr Stokes confirmed that all new projects were on time and on budget and Ms Ryabov and himself recognized the importance of working closely together.

Mr Stokes highlighted the areas that had been committed, those that had been removed and those that were at business case stage or agreed stage. Ward Block 1 at Good Hope was a committed work. He reassured the Board that the X Site Programme was in line with what had been agreed 18 months ago. Each separate case within that programme would then have to be scrutinized.

The Board accepted the update and agreed to release £1.4m from within the envelope previously agreed by the Board.

09.132 10. Financial Challenges and preparedness paper
11. Winter Bed Management for 2009/10

This paper and the following paper Winter Bed Management for 2009/10 were taken together for this discussion.

At the NHS confederation conference in June David Nicholson had confirmed that the NHS would have to make efficiency savings of £15bn to £20bn from 2011-14.

For the Trust the impact was predicted to be 2 fold: the efficiency targets that the DoH set using the operating framework were expected to rise from 3.5% to 4% next year, then to 5.5% from 2011 onwards, with the worse case being 6% and BEN PCT and Solihull CT had been asked to achieve a 30 – 40% reduction of their contract with Trust over the next 4 years.

As a result the Trust's growth plans as set out in the 10 year Finance Strategy presented to the Trust Board in Feb 2008, now presented the Trust with a considerable challenge in a market that was not expected to grow in value for several years.

Mr Wilkinson confirmed that there would be a £30m a year reduction in income from all PCTs, this would work on a slower build up and be cumulative to 2013/2014. This equated to approximately 25% of the Trust's cost base over the next 4 years. Ms Fenton stated that the Health sector would now have to get into the realms of vertical integration.

Concern was raised as to how an increase in acute admissions could be turned around and reduced. It was agreed that this was beyond the Board's control. Mr Stokes suggested that there was likely to be 3 remedies to the financial situation for the government: extension of working age beyond 65; Pay freeze and Tax increases, as demand would not fall. Mr Goldman said it was worth noting that Britain was behind most of Europe with regards to the amount being spent on Healthcare.

There was agreement that there had to be a big change in thinking and that the Health sector would have to work in a completely different way. There would be change but this would have to come from the government. With a potential change in government the situation remained uncertain.

Ms Fenton said the acquisition of community hospitals as part of vertical integration would increase the Trust's control over its environment. Ms Fenton told the Board about a piece of work carried out on Heart Disease and Diabetes a few years ago with the aim of reducing costs. Mr Goldman offered a word of caution that such work made assumptions based on the levels of service at the time.

Ms Ryabov raised the issue of rationing and the work carried out in Scotland, and the integration of Social Services, PCTs and Acute Trusts, which was being done in Wales at the moment. However unless the issue of the aging population was dealt with, it would not be possible to find a solution.

In summing up Mr Goldman reiterated that a number of assumptions had been made in April 2008, which were now inaccurate and some of the cash would be needed to change the organisation because it would be necessary to double run for a while to enable long term efficiency changes to be made. Mr Goldman suggested it would be a good time to confirm that so far the Board had only committed to phase 1 of the plan. The chairman then directed the Board to Ms Fenton's Transformation paper.

We Continually Learn & Innovate

09.134 12. Organisational Transformation – progress report : part 3 : July 2009

Ms Fenton's drew the Board's attention to the fact that although the Trust was a long way off full scale service transformation, the Lean Team had isolated pockets of improvement. From this, they had had the opportunity to use lean thinking and lean tools and thus overall improve the care the patients received. There had also been some evidence that savings could be realised through lean redesign in healthcare.

There would be 3 areas of concentration over the next 12 months and a summary sheet of Lean Objectives 2009/10 for the Board to ratify or amend was circulated:

1. The establishment of a clear, focused programme of support to the organisation for the next 12 months that was relevant, achievable, realistic and measurable.
2. Fully integrate improvement projects into the new operational structure ensuring full buy in and engagement of key operational and clinical leads.
3. Improvement of the organisation's understanding of Lean, the improvement programme and the role of the Lean Academy.

Ms Fenton drew the Board's attention to McKinsey's matrix on page 4 of the Turnaround report, which looked at Structural, Financial and Operational goals and time lines. The McKinsey report highlighted the fact that the current set of Trust initiatives focused primarily on the bottom left box, i.e., operational responses that would have an immediate (< 6 months) impact, such as vacancy freezes or cost avoidance. In time the Trust would have to move into the other areas too.

In Ms Fenton's view the improvements did already outweigh costs with

Productive Wards being rolled out at Good Hope which would be extended to all 3 sites to run concurrently as soon as possible. Concern was expressed about whether the focus of the transformation work was too wide and Ms Fenton acknowledged that it was a big programme, and that increased resources were being explored.

The Lean Team was working in an integrated and collaborative way with the Turnaround Programme, and had been strengthening the 98% A&E position.

The Lean and operational teams contributed equally to the continuous improvement process. Neither party could do it on their own. The ultimate measure would be whether the organisation was improving.

Ms Fenton was asked to consider ways in which to measure the effectiveness of the programme and to report back to Board in 4 months.

Mr Goldman pointed out that the Board would have to need to consider whether the Lean programme should be reported separately from the core business, when in reality the resource was there to improve on operational performance, quality and to put cash in the bottom line. It should be judged on its results in line with other areas on the performance scorecard. **BF**

The Board agreed with to change the name from Transformation to Lean Team, to remove confusion. The Lean Academy reported to Ms Fenton and it made sense to change the name to Lean Team.

A question was raised regarding why the Trauma and Orthopaedics team had chosen not to reduce patient waiting time. Ms Ryabov confirmed that she would investigate this and report back. **ER**

09.135 13. Corporate Business 2009/1- Quarter 1 Progress reports

The above previously circulated report was taken as read and questions were invited. Mr Harris asked if the plan was still pertinent given the economic changes. Ms Fenton confirmed that she had agreed at the Executive Directors to relook at the 3 year goals in light of the economy and new structure.

GENERAL BUSINESS

09.136 14. COMPANY SECRETARY'S REPORT

The previously circulated report was taken as read and no questions were received.

09.137 15. ANY OTHER BUSINESS

There was no other business.

09.138 16. DATE OF NEXT MEETING

Tuesday 1st September 2009

…… Chairman