

TRUST BOARD

Minutes of a meeting held at Devon House, Heartlands Hospital

on 30 May 2006

PRESENT:

Mr C Wilkinson (*Chairman*)
Mrs A East
Mr M Goldman
Mr P Hensel
Mr A Okuyiga
Dr H Rayner

Mrs B Fenton
Ms A Gynane
Dr R Hopkinson
Prof J Perry
Mr B Spittle

IN ATTENDANCE:

Mrs L Dunn
Mrs N Rabjohns
Dr S Woolley

Mr P Milligan
Mr A Stokes
Mr M Pye
Mrs L Cartwright

1. APOLOGIES FOR ABSENCE/DIRECTORS

Apologies were received from Dame Jill Ellison and Mr Ian Cunliffe.

The Chairman reported that Mrs D Friend had tendered her resignation with effect from 8 May 2006.

2. ISSUES RAISED BY NON-EXECUTIVE DIRECTORS

There were no items raised for discussion.

3. MINUTES OF THE MEETING HELD ON 2 MAY 2006

The Minutes of the meeting held on 2 May 2006 were approved as a correct record (and subsequently signed) subject to the following amendments:

3.1 Minute 6.5.3(b) by insertion of "UGI" in the second line.

3.2 Minute 6.5.4 by the insertion of additional wording relating to the Risk Assurance Framework as new sub-paragraph (f).

4. MATTERS ARISING FROM THE MINUTES

There were no matters arising from the Minutes other than those referred to specifically during the course of the meeting.

5. GOOD HOPE HOSPITAL

5.1 *Strategic Business Case on Acquisition of Good Hope Hospital*

Mr Stokes presented a Strategic Business Case covering the possible acquisition of Good Hope Hospital. It was noted that this had been prepared prior to the availability of any results from the due diligence and without any firm knowledge of details regarding the likely deal structure, both of which would need to be taken into account when available.

Action

Mr Goldman said that he had met with the SHA and they support the proposed acquisition in principle. The question was raised as to whether HEFT should meet the full costs and expenses of the acquisition, given that other organisations will benefit from the results of this exercise. Mrs Fenton said that this is being considered. It was noted that the SHA will undertake its own due diligence. It has not yet been determined to what degree the SHA will require, or the timescales of, public consultation.

Following detailed discussions, the Board agreed to support the Good Hope Acquisition Business Plan (subject to the agreement of a suitable method of covering the structural debt of GHH) and agreed with the timing of October to conclude negotiations and begin the absorption.

The Board gave approval for Mr Goldman and Mrs Fenton to agree the fees for due diligence and advice on corporate finance (within the budget of £400k), giving authority as appropriate to KPMG, approaching the SHA to negotiate possible sharing of the due diligence etc. costs and to liaise as appropriate with the DOH.

MG/BF

The Chairman confirmed that he and Mr Goldman would draft the necessary correspondence to pursue all matters.

MG

It was noted that the Governors will need to be advised and consulted at various stages, as appropriate.

5.2 Acquisition Programme Management Arrangements

The Board received and considered Mrs Fenton's presentation on the above topic. It was noted that the content of the report was subject to advice received from the Secretary of State and that it was prepared prior to receipt of Monitor's guidelines which may therefore affect the quoted timelines.

Throughout the programme key discussions and results will be reported back to the Board regularly.

Our Financial Risk Rating with Monitor is currently just below 4, and it was recommended that we must not go below 3 as a consequence of the acquisition programme. The Trust's agreed aim, however, is to maintain its current rating. This will be closely considered by Monitor in their deliberations.

The Board approved the acquisition programme and methodology and agreed to proceed on all areas of the package as presented by Mrs Fenton.

6. CHIEF EXECUTIVE'S REPORT

Mr Goldman summarised his report (Enclosure 2 to the agenda). Principal items of discussion took place around:

6.1 Good Hope Management Contract

Mr Goldman summarised this Contract (Appendix 1 to Enclosure 2) and the context in which events occurred. It was noted that the Contract is supported by the Good Hope Board and, subject to the statutory "standstill" period, would be accepted by them. It was clear that the support of the Good Hope Board would be necessary in the short term to implement certain structural changes in order to achieve the agreed objectives of the merger. The contract and related proposals were approved by the Board.

6.2 Performance

Mrs Fenton's report and KPI indicators (Appendix 2 to Enclosure 2) for month one were received. It was noted that a full analysis for the year ending 31 March 2006 had been presented to Executive Directors and will be submitted to the Board next month.

BF

6.3 GP Strategy Update

It was noted that Mrs Dunn's paper to the Executive Directors will be circulated to all members of the Board for discussion at the next meeting.

LD

6.4 Commercial Strategy

The Board considered Mrs Fenton's proposals (Appendix 3 to Enclosure 2). There was a clear need to assess priority areas for expansion without accumulating too high a risk level or unnecessary costs. Whilst recognising the benefits, risks are always assessed to determine their overall effect on a project before being considered and/or approved by the Commercial Development Committee. Rather than be too selective with business cases, it was felt necessary to be open to any ideas wherever they come from. Risk measurement awareness is also required in order that potential projects can be progressed as swiftly as possible. The adopted strategy will be financially driven to double turnover over a five year period (including Good Hope). Although the current main business opportunity is Good Hope, this paper sets out other potential opportunities. Mrs Fenton confirmed that with any project embarked upon progress figures will be regularly reported and that external business partnerships (e.g. Medipark) will continue to be sought.

The Trust Board agreed to adopt the proposals set out in the report.

6.5 "Lean" Thinking

This item was brought to the attention of the Board for consideration as a possible "Away Day" topic as HEFT is constantly under pressure to improve productivity. The Board noted that this topic will be brought forward at a future date.

MG

6.6 Annual Plan

The Board received and considered the draft Annual Plan (Appendix 4 to Enclosure 2) prior to submission to Monitor. A number of comparatively minor changes to the draft were agreed. It was felt that some of the wording should be revised to be less self-congratulatory and there was opinion that paragraph 1.1.2 should be more formally worded.

The draft Annual Plan as agreed to be amended was approved for submission to Monitor.

7. REPORT FROM OPERATIONAL BOARD

Mr Goldman summarised his report (Enclosure 3 to the agenda). Principal items of discussion took place around:

7.1 Medical Director's Report (Medicine)

The Board endorsed the Operational Board's decisions set out in the report.

7.2 Medical Director's Report (Surgery)

The Board endorsed the Operational Board's decision to appoint a new Consultant Paediatric Ophthalmologist.

7.3 Research & Development within a new Medical Innovation Development and Research Unit (MIDRU)

Mr Goldman summarised the report (Appendix 1 to Enclosure 3) and the background to this business case. Particular reference was made to the table on page 31 which presents the figures based on incremental growth over 10 years. Risks (growth rate/interest rate/increase in capital costs), property rights and royalties will all be carefully researched. MIDRU was regarded as the "magnet" for drawing other organisations to the site and the project is not expected to impact unfavourably on the Medipark development. The method of funding is still to be finalised. It was noted that Good Hope Hospital does not invest in R&D.

The Board agreed that this venture is worthwhile and approved the MIDRU business case.

7.4 Vacating Wards 32/33

Further to the approval of the MIDRU business case, the Board endorsed the action taken by the Operational Board in respect of this project.

7.5 Cancer Report

The Board noted 100% overall compliance and that there were no reported issues of concern within the month.

7.6 Human Resources Director's Report

The Board acknowledged the hard work involved in the success of the Activate project. It was noted that the full end-of-year review and assessment will determine the project's future.

7.7 Finance Director's Report.

The contents of the Finance Director's report (Appendix 2 to Enclosure 3) were noted. As the external audit neared completion, no major problems had been highlighted.

The budget setting process had been completed and, in particular, Surgery had undertaken a very thorough review to remedy a repetition of previous overspends. It was noted that there are potential areas of savings in various parts of the Trust which have still to be fully explored. As surplus is related to investment, the importance of capital investment was highlighted (Intequal being an example of a profit-making project). It was agreed that whilst the surplus potential of investing in equipment is more difficult to assess, the value of such an investment should not be underestimated. Capital will need to be spent to drive efficiency gains to even higher levels. The Board agreed the budget setting policy for 2006/7 and the planned surplus of £2.7m was supported.

7.8 Agenda for Change

The Board discussed and noted the contents of the Agenda for Change Update (Appendix 4 to Enclosure 3). Agenda for Change has likely increased costs in the region of £1m and consequent efficiency improvements are needed to offset this. Mrs Gynane will look to create benchmarking against other local organisations.

AG

7.9 Key Risks Report

The Key Risks Report (Appendix 5 to Enclosure 3) was discussed, noting particularly two major incidents; one being a contentious complaint and the other involving a patient fatality.

It was noted that the Strategic Risk Register does not currently include a section on patient safety. Given the above two incidents, this will now be considered. Such cases can potentially damage reputation and, although there is a low likelihood of such a case occurring, still warrant inclusion in the Strategic Risk Register. Investment in patient safety is considered to be at least as important as investment in efficiency.

RH

Mr Spittle particularly queried DTX 1509 and asked if further expenditure would help to correct this issue. Dr Hopkinson and Mr Goldman arranged to discuss this further.

RH/MG

7.9 Nursing Director's Report

The Board noted the contents of the Nursing Director's report. Statistics are showing a positive trend and the aim is to continue to improve these further.

8. ANY OTHER BUSINESS

There were no other items raised for discussion.

9. DATES OF FUTURE MEETINGS

27 June 2006

1 August 2006

29 August 2006

3 October 2006 (AGM)

31 October 2006

28 November 2006

19 December 2006

Clive Wilkinson

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Chairman