

Board of Directors (in Public)

Item 9.1

minutes

Minutes of the Board of Directors' meeting held on 13th December 2016

Present :	Neil Large	Chairman
	Jane Tomkinson	Chief Executive
	David Bricknell	Non-Executive Director/ Deputy Chair and Senior Independent Director
	Julian Farmer	Non-Executive Director
	Debbie Herring	Director of Strategy and Organisational Development
	Mark Jones	Non-Executive Director
	Sue Pemberton	Director of Nursing and Quality
	Raphael Perry	Medical Director / Deputy Chief Executive
	Marion Savill	Non-Executive Director
	Claire Wilson	Chief Finance Officer
In Attendance:	Mark Jackson	Director of Research and Informatics
	Lucy Lavan	Associate Director of Corporate Affairs
	Tony Wilding	Chief Operating Officer
Apologies for absence :	Lawrence Cotter	Non-Executive Director
Observers:	Sandra Cudlip	Mersey Internal Audit Agency (MIAA) Associate Director of Workforce (Designate)
	Joanne Twist	
Governors / Staff/ Members of the Public:		

1 Welcome and Opening Matters

1.1 Apologies for absence

Apologies for absence were received from Lawrence Cotter.

Action

1
Chair's
Initials

1.2 Declaration of interests relating to agenda items
The Chairman asked Board members if they had any interests to declare in respect of items listed on the Board's agenda. All directors declared that they had no interests.

1.3 Patient Story
The Board received a patient story.

1.4 Chairman's Briefing
The Chairman welcomed Joanne Twist who would be taking up post as Associate Director of HR with effect from 9th January 2017, on the basis of a secondment from Mersey Care NHS FT.

Sandra Cudlip was also welcomed to observe the Board as part of the ongoing 'Well Led' Review being undertaken by Mersey Internal Audit Agency.

The Chairman noted that this would be Debbie Herring's final Board meeting before she leaves to start her new post at Alder Hey. On behalf of the Board he thanked Debbie for her valued contribution over the last two and a half years and wished her every happiness and success in her new role.

The Chairman confirmed that the Council of Governors had approved the re-appointments of three of the Non Executive Directors as follows :

- David Bricknell, 1 year ending 28th February 2018
- Marion Savill, 2 years ending 30th April 2019
- Lawrence Cotter, 2 years ending 31st May 2019

Congratulations were expressed to all three Directors. The Council of Governors' Nominations and Remuneration Committee would re-convene in February or March 2017 to consider the succession plan in relation to Mark Jones and Neil Large, whose current tenures were due to expire towards the end of 2017.

The Chairman noted the success of the staff awards night which had taken place at the Crowne Plaza Hotel, Liverpool on 2nd December 2016.

The Chairman noted that there would be further discussion on the STP under agenda item 3.1 but highlighted the importance of partners now agreeing a governance framework to support the decision making process, as the work moved towards the delivery phase.

Thanks were attributed to all of the Trust's staff and volunteers for all their hard work throughout 2016 and on behalf of the Board the Chairman wished all a very happy Christmas and New Year.

2 Patient Safety and Quality
2.1 LHCH Monthly Staffing – September 2016 and October 2016*
The Board received and noted the report on staffing levels by

ward for September 2016 and October 2016.

The Director of Nursing and Quality noted that the People Committee had discussed at length the staffing situation on Cedar Ward. Whilst care was safe, the recent ECS assessment had resulted in an amber rating for this ward with work needed to provide more senior nursing staff to support the large complement of newly qualified and junior staff and to mitigate the risk of continued high turnover. Work was needed also with the Universities to develop the student nursing programme such that newly qualified nurses were better equipped to take up post.

The Chair of the People Committee noted that sickness absence levels were increasing, albeit in accordance with expected seasonal trends. The Director of Nursing and Quality advised that she was working with the Band 6 and 7 nurses to focus on resilience and ways in which support can be given to staff suffering from home-related stress. She advised that she intended to introduce Schwartz Rounds in the new year to encourage staff to talk about the emotional and social aspects of providing patient care. An action plan was in place and the ECS assessment would be repeated in the New Year to check on progress.

The Board discussed the new acuity and dependency tool that had been developed to enable better flexing of staff on the Coronary Care Unit in recognition of the mix of Level 2 and Level 1 patients.

The continuation of red flag shifts on Mulberry Ward related to periods of low occupancy when it was not a requirement to have two registered nurses present. The new national focus was now on care teams and care hours provided rather than ratios of staff to patients.

The Board noted the report and assurance received that staffing levels were appropriate and flexed in accordance with acuity and patient safety risk assessments.

2.2 Feedback from Quality Summit

The Board noted that the CQC had formally presented their findings to the Trust and other regulatory partners at a Quality Summit held on 11th November 2016. The Trust's action plan had been well received and would be formally submitted to the CQC within 30 days.

2.3 *Excellent, Compassionate, Safe (ECS) Assessment**

The Board received the results of the 2016 ECS reviews of clinical standards. All areas had achieved an overall 'green' rating but the Coronary Care Unit required improvement in the areas of 'being effective' and 'leadership'. An action plan to address the findings had been produced and delivery would be monitored via the Divisional Governance meetings.

In response to a question about assigning an Expected Date of Discharge (EDD) to all CCU patients, the Director of Nursing and Quality advised that all patients should receive an EDD within 24 hours of admission, irrespective of any issues relating to flow and assignment of beds.

The Board noted the report.

2.4 *Director of Infection Prevention & Control – Quarter 2 Report**

The Board noted the report and received an update on sepsis management from the Medical Director. The new national guidance would alter the cohort of patients that currently receive the sepsis bundle and work was underway to restructure the recording process, which in its present form was not easy for clinical staff to maintain in real time. As such the data indicated sub optimal compliance, which was not the case in practice. The Quality Committee would monitor this carefully going forward and had recognised the need for evidence to provide assurance around the effectiveness of sepsis management.

The Board discussed recent press coverage which suggested bed blocking due to the need to place patients transferred from other hospitals into side rooms to mitigate any risk of cross-infection. The Medical Director advised that he was not aware of there ever being any delay in discharge as a result of an LHCH acquired infection as these were rare. He advised that whilst many hospitals admit to side rooms on the assumption that a patient is infected until proven otherwise, LHCH had never restricted access and had a strong track record in managing infection prevention and control.

The Board noted the report.

2.5 *Winter Planning*

The Board noted the report and heard that whilst there had been central notice for hospitals to consider the cancellation of elective activity to create capacity in the run up to the Christmas break, LHCH planned to operate a full schedule up to Christmas Eve but the situation would be monitored closely.

3 *Strategy and Development*

3.1 *Cheshire and Merseyside STP*

The Chief Executive noted that Board members had received a detailed briefing on the progress of the STP at the Joint Development Day held with the Council of Governors on 16th November 2016 and confirmed that the Cheshire and Merseyside plan had now been published.

It was noted that a draft Governance Framework had been produced and that resource had been committed to support the CVD work. This would fund input from Dr Glenn Russell, Marga Perez- Casal and support from KPMG up until the end of March 2017. The resource would be provided on a subscription basis with contribution from all providers within the STP.

The Board heard that the CVD Programme Board would meet on 13th December 2016 and that a patient representative had been appointed to attend. A CVD project update was required by 22nd December and the Chief Executive would take opportunity to circulate this to Board colleagues for comment, prior to submission.

JT

The Chairman returned to the wider STP, noting that there was to date little detail underpinning the plan and that he remained concerned that the plan was predicated on an overly modest estimate of the size of the financial gap over the next 5 years; and that the implementation and phasing of schemes was 'back-ended' indicating a significant risk in relation to meeting the financial challenge. This concern was supported by the Chief Finance Officer who was also leading on the 'back office' review work. The Chairman re-iterated the importance of ensuring a robust governance framework to enable critical decisions to be made and delivery to proceed at pace from March 2017.

The Board debated the need for clarity around what level of authority rests with STPs, noting that the Trust's primary duty would remain its own statutory responsibilities whilst working collaboratively with partners to explore how the STP might be used as a vehicle to drive efficiencies. It was noted that the 'Acting as One' arrangement favoured by some partners in the North Mersey LDS did not align with the statutory duties of individual organisations.

The Board went on to consider how it might utilise time at the Board Development day in February 2017 to map out and prioritise the rationalisation of 'back office' and other support functions and to develop an understanding of alternative financing models. In particular, the Board would need to consider further how it would sustain statutory duties whilst contributing to delivery of efficiencies at scale across the wider footprint.

JT/CW

The Board noted the STP document and update on progress.

3.2 *Research & Innovations Strategy - Mid-Year Review**

The Board received the report, noting the financial challenges that had been highlighted and that these were being addressed and would be evaluated further in the 2017/18 planning round.

3.3 *Outcome of Joint Council of Governors / Board of Directors Development Day 16.11.16**

The Board noted the report.

4 *Targets and Financial Performance*

4.1 *Board Dashboard – Strategic Indicators and Operational Performance, period ended 31st October 2016*

The Board received the report, noting the introduction of a new dashboard to report performance against the KPIs set out in the Single Oversight Framework, which came into force on 1st

October 2016.

The Board noted significant improvement in mixed sex accommodation breaches and an in-month amber rating attributed to HSMR (weekends), although the indicator was green for year to date performance. It was clarified that the in-month data in fact related to June 2016 as this was collated and reported nationally via Dr Foster and there was a time-lag involved in validation and receipt of the data. It was confirmed that the Quality Committee continued to monitor all mortality indices and the work of the Mortality Review Group on a routine basis.

The recent press coverage suggesting that hospitals were not investigating deaths effectively was discussed. The Medical Director advised that the coverage suggesting this was the case at all hospitals was disappointing, noting the positive feedback that LHCH had received from the CQC on this matter. At LHCH all deaths are reviewed and learning shared at audit days. The process itself was strong but there continued to be issues surrounding timeliness of review, due to the Trust's policy of reviewing all deaths; the majority of hospitals review a sample only. A focussed action plan was underway to address the backlog and improve timeliness going forward and the process continued to be monitored by the Quality Committee. The expected national guidance on mortality reviews was still awaited.

The Board discussed the workforce indicators noting that there were pockets within the organisation experiencing higher than average levels of sickness absence and turnover. The 2016 Staff Survey results would be available in the new year and provide a focus for targeting improvement work.

The Board noted that the new 7 day service targets related to ensuring patient access for urgent treatment and the safety of patients in hospital at the weekends; rather than provision of routine activity across 7 days instead of 5. The Trust's performance was 'green' in relation to all 7 day service indicators.

The Board discussed the data quality indicators noting that these reflected the 6 recognised dimensions of data quality and that the 'red' rated element related to the 'timeliness' dimension and this was a focus for improvement work. It was noted that the methodology employed to measure data quality had recently been reviewed by Mersey Internal Audit agency and had received a 'significant assurance' opinion.

A discussion followed in relation to the Quality and Experience Strategic Objective and underperformance of the target to discharge at least 20% of patients before midday on their date of discharge. The Board heard updates on two key projects relating to patient flow and patient administration and noted that there had been some success attributed to use of the discharge lounge but there remained a number of operational issues to address. Key barriers included last minute requests from medical staff for blood

tests and other investigations and the need to await the results. The Director of Nursing and Quality advised that an update on the remit of the two key project areas would be brought to the Board at its next meeting.

SP / TW

In relation to the workforce objective, it was noted that the appraisal compliance indicator was amber due to a timing issue and that the People Committee had been satisfied that work to improve compliance had been effective. Also that the staff recommendation to friends and family test results were based on a very limited sample size and therefore a more meaningful analysis would be undertaken following publication of the 2016 national staff survey.

A question was raised on the operational dashboard in relation to the accuracy of reported performance in relation to two indicators for the Friends and Family Test. The Director of Research and Informatics agreed to review this and ensure any correction was reflected in the Month 9 report.

MJ

The Chairman asked the Chief Operating Officer to outline any risks to delivery of statutory performance targets and the Board heard that whilst the month of December was traditionally challenging for RTT compliance, the Divisions were expecting to deliver on all access targets. The surgical backlog had been significantly reduced and patients were no longer being referred to Stoke. Cancer performance remained strong but the target remained sensitive to low numbers and it was noted that three patients had so far been offered but declined treatment over the Christmas period. The operational teams continued to monitor and review targets on a routine basis.

The Board noted the report and that the finance metrics would be considered further under Item 4.2.

4.2 **Finance Report for period ended 31st October 2016**

The Board received the finance report for Month 7.

The Chief Finance Officer advised that the Trust remained on target to meet the deficit control total of -£927k and anticipated that the STF allocation of £2.2m for 2016/17 would be received in full. This position being dependent upon £1.2m slippage on planned investments and application of the contingency reserve.

Key highlights of the Month 7 finance report included:

- Overall financial position – cumulative deficit of £1,175K to Month 7 – £38k worse than plan after release of £900k non-recurrent investment slippage;
- Income - £199k below plan in October and £186k ahead of plan for the year to date ;
- Agency costs - £1.0m year to date spend compared to £2.1m for the same period last year;
- Cash balances of £5.4 million, above the planned position

- of £4.2m;
- CIP achieved to M7 was £1.4m (against planned CIP £2.1m)
- Capital expenditure at £2.5m, below the cumulative plan of £3.8m;
- A Financial Sustainability Risk Rating (FSSR) of 2 against a plan of 2.
- A Use of Resources Rating of 3 against a plan of 3

The Board took time to review the underlying financial position noting the cumulative analysis illustrated on Page 3 of the report which highlighted an underlying deficit to date (excluding STF funding) of £3.4m. It was noted that the most significant financial risk to the Trust was the exit run-rate and resultant gap between recurrent income and recurrent expenditure going into 2017/18. It was unlikely that the Trust would receive STF funding in 2017/18 as at the present time, it was unable to accept the control total offer from NHS Improvement.

A discussion followed in relation to critical care income which was below plan as a result of bed days being 771 less than plan in the period to date. Whilst critical care activity was now increasing, it was unlikely that the income target would be recovered, although the shortfall was partially mitigated by a slowing of expenditure and reduced reliance on agency staff. The Chief Finance Officer advised that the slippage in planned investment had been accounted for in the draft 2017/18 financial plan and that work was underway to re-examine the investment needs going forward.

The Board turned to Chart 3 on Page 4 of the report which illustrated the level of fluctuation in income, which despite some significant variations in individual income lines, was expected to be broadly balanced by the end of the financial year.

The 2016/17 financial forecast set out on Page 7 was noted and the further non – recurrent adjustments required to support the year end forecast between Months 8 and 12 were noted.

The Chief Finance Officer advised that as part of the Month 8 closedown process, her team would be re-visiting the £2.7m investment programme to review requirements for the remainder of the financial year and establish which elements could be given up recurrently.

The Chair of the Integrated Performance Committee noted that the work underway to identify the 2017/18 CIP programme was more advanced than in the previous year and there was evidence that many schemes would be in progress at the start of the new financial year.

The Chief Finance Officer was invited to update the Board on progress with contract negotiations and she highlighted the following:

- The CCG contract (led by Liverpool CCG) was subject to

consideration of a block contract which all local providers would sign up to under the STP 'Acting as One' agenda. This would be based on 2016/17 activity outturn plus 1% growth, with full reflection of HRG4+, which would not impact significantly on CCG resources as specialist services were excluded. The Board noted that CCG income accounted for approximately £16m of the Trust's £125m turnover and that the proposals represented a fairly minimal financial risk as the growth rate in the service lines involved was expected to be relatively low. Whilst there was an appetite to work differently and collectively, there would need to be a clear understanding of the risks including the behaviours required to manage demand across the system, and these would need to be articulated in the contract. Individual providers were in the process of working through the financial implications of the contract offer;

- The Specialist Commissioning contract was close to agreement and was expected to be signed before the Christmas break, subject to agreement on a residual issue relating to the QIPP target which carried an associated financial risk of c £200k. This contract would be based on Payment by Results (PbR) and reflect the full impact of HRG4+;
- The Welsh contract was subject to a different timeframe and unlikely to be signed in the coming days. The single biggest issue was the fact that Wales had not been funded for HRG4+ and was a net importer of specialist services from English providers. The Trust was supporting the Welsh commissioners in their bid to secure the funding required and was working on the assumption that the new tariff would be paid, but this remained a financial risk.

The Board noted the report.

5 Governance and Assurance

5.1 Operational Board – Revised Terms of Reference – for approval

The Board approved the proposed changes to the Terms of Reference of the Operational Board, subject to refinement of job titles of executive team members to reflect changes in roles effective from 9th January 2017.

6 Board Assurance

6.1 Board Assurance Framework – Quarter 2 Review

The Board took time to review progress made in Quarter 2 to address the gaps in controls and assurances identified at the previous review of the BAF.

A number of new controls and assurances had mitigated in-year risks and these included the agreement of a control total for 2016/17; the development of a long term financial model as a forecasting tool, the establishment of a new Business Transformation Steering Group; establishment of a Programme

Board to deliver the CVD pathway work and introduction of a new tariff for 2017/18 based on HRG4+ (subject to final publication). The Trust had achieved an 'outstanding' rating from the CQC and had been categorised as 'Segment 1' by the NHSI under the new Single Oversight Framework. There had also been a very positive visit from HEE which was expected to result in the Trust being removed from the enhanced monitoring process relating to the training of junior doctors.

The Board discussed future risks relating to the underlying financial position, exit run rate and the unlikelihood of being able to accept a control total and associated STF funding in 2017/18. On this basis it was cautious in downgrading Risk 3.1, determining that this should be scored $4 \times 3 = 12$ (possible) with a rating of 'amber'. The BAF would be amended to reflect this.

On Risk 3.2, it was clarified that the risk score related to meeting the requirements of NHS Improvement's regulatory regime and that there were no issues of concern relating to the CQC.

LL

The Board acknowledged considerable progress on Risk 4.3 but agreed that the risk rating would remain amber until the results of the 2016 national staff survey had been received and evaluated.

The Board supported the articulation of a new risk at 4.4 in relation to staff morale in relation to the extent and pace of organisational change required to deliver the wider system objectives. It was agreed that the People Committee would monitor this and make recommendations to the Board on the risk scoring if it felt this was required. The constraints around delivery of training and development for staff were also debated and acknowledgement given to the operational difficulties in releasing staff for training and the need to look at innovative ways to provide training.

In relation to Risk 4.5, this would be evaluated by the People Committee following receipt of the Staff survey results and review of equality and inclusion indicators, including experience of bullying and harassment.

Subject to amendment of the risk score assigned to Risk 3.1, each of the proposed changes outlined in the paper and shown as tracked changes on the accompanying BAF were accepted.

DH

The Board confirmed the completeness of the BAF and supported the RAG ratings assigned to each principal risk, along with the systems of controls, assurances and actions to address any gaps.

The updated BAF at Quarter 2 was approved and a final 'clean copy' would be circulated.

LL

6.2 BAF Key Issues Reports and Minutes from Assurance Committee Meetings:

6.2.1 Integrated Performance Committee (IPC)

The Chair of IPC noted that the terms of reference required that the Committee meet 4 times each year plus an additional meeting in March to review the assumptions underpinning the annual plan. As the national planning timetable had changed with the final Operational Plan to be submitted in December, she advised that the March meeting was no longer required. The Board approved the proposal that the IPC's Terms of Reference be amended to reflect this.

LL

The Board received the approved minutes of the meeting of the Integrated Performance Committee held on 25th July 2016.

6.2.2 Quality Committee

In the absence of the Chair of the Quality Committee, the Director of Nursing and Quality highlighted the following from the BAF Key Issues report:

- Sepsis management and recording remained an area for close monitoring as previously discussed;
- The timely maintenance of medical equipment that was issued out to patients for use in their own homes was proving challenging. A system was in place to check and service equipment when patients were scheduled to attend clinic but the process was often hampered by patient cancellations and delays. The Quality Committee had requested further assurance on the timely servicing of devices.
- Continued delay in receipt of a small number of Quality Impact Assessments to support CIP delivery.

The Board went on to discuss capital backlog and the investment needed to replace aging medical equipment. The Chief Operating Officer outlined the process in place to prioritise the capital budget and it was noted that the Quality Committee would seek assurance on the safety of residual equipment that could not be replaced at the end of its designated useful life.

The Board received the approved minutes of the meeting of the Quality Committee held on 5th July 2016.

6.2.3 Audit Committee

The Chair of the Audit Committee reported on the progress with embedding consultant job plans, noting that the next stage was to focus on productivity. The Medical Director would update the Audit Committee in Spring 2017.

The role of the Audit Committee in receiving assurance that processes were in place for collection and billing of private patient income was noted in light of the recent 'limited assurance' report on this subject.

The Board noted that the Council of Governors had accepted the Audit Committee's recommendations around the timetable and establishment of a task group to take forward the process of appointing a new external auditor in 2017.

The Audit Committee had reviewed the licence checklist and was mindful of the Trust's inability to accept the control total offers for 2017/18 and 2018/19.

The Board received the approved minutes of the meeting of the Audit Committee held on 18th July 2016.

6.2.4 People Committee

David Bricknell had chaired the most recent meeting of the People Committee and noted that the majority of key issues had already been debated as part of the BAF review item. He reiterated the strong progress made in relation to junior doctor training and in addressing staff development needs, noting if further progress were to be challenged by the financial position, then use of charitable funds could be legitimately considered for support of staff development.

Agency usage would continue to be monitored closely and continued focus on engagement of staff would remain a priority as the STP moves towards implementation phase.

6.3 Operational Board

The Board received the Summary Reports of the Operational Board meetings held on 30th September 2016, 4th November 2016 (including strategy day) and 25th November 2016.

The Chief Executive highlighted that there had been robust debates on the development of strategic plans which had required more collaborative work to be undertaken internally before presentation to the Board of Directors.

The Board received the approved minutes of the meetings of the Operational Board held on 29th July 2016, 30th September 2016 and 4th November 2016.

7 Board Calendar 2017/18

This was received and noted.

8 Action Log from Previous Meeting

The action log was reviewed and updated as follows:

- Action 1 – response from Rt Hon Jeremy Hunt MP awaited;
- Actions 3 and 4 – in progress and with assurance Committees – removed from Board action log,

All actions not listed above would carry forward per designated review dates.

- 9 Legality of Board Documentation and Decisions**
Board members confirmed that the conduct of the meeting and decisions made by the Board, to the best of their knowledge, complied with the law. Board members confirmed they were satisfied with the format of the meeting.
- 10 Date and Time of Next Meeting:**
Tuesday 31st January 2017 at 9.30am
- 11 The Board resolved to exclude the public at this point by reason of the private nature of business to follow.**