

THE NEWCASTLE UPON TYNE HOSPITALS NHS FOUNDATION TRUST

COUNCIL OF GOVERNORS

MINUTES OF THE MEETING HELD ON 20<sup>th</sup> MAY 2010

<b>Present:</b>	Mr KW Smith (Chairman)	
	Appointed Governors	2 (out of 9)
	Staff Governors	2 (out of 7)
	Public Governors (Constituency 1)	4 (out of 9)
	Public Governors (Constituency 2)	9 (out of 11)
	Public Governors (Constituency 3)	3 (out of 4)
	(attendance schedule attached)	

Mr D Allison, Chief Operating Officer  
Mrs A Dragone, Finance Director  
Sir Leonard Fenwick, Chief Executive  
Mrs H Lamont, Nursing & Patient Services Director  
Mr S Reed, Trust Secretary

**In attendance:**

Professor P H Baylis, Senior Independent Director  
Mrs H Byworth, Head of Contracting (item 10/26(iii) only)  
Ms C Hesketh, Head of Business Planning (item 10/22(iii) only)  
Ms W Jones, Senior Assistant Finance Director (item 10/22(iii) only)

**10/21 Apologies for Absence**

Apologies were received from Professor Burt, Dr Court, Mr Green, Mrs Haigh, Mrs Hallam, Dr Johnson, Professor Potts, Dr Sanders, Ms Tiller, Mr Welch and Dr T J Walls, Medical Director.

**10/22 Key Presentations**

i) Ward Accreditation

Mrs Lamont described the background to the Ward Accreditation scheme for infection prevention and control. Mr Smith presented certificates of achievement to the following wards and departments: RVI Ward 34; Maternity Assessment Unit; Freeman Ward 10; Dermatology Outpatients Department; Sir Bobby Robson Cancer Outpatients Department; Plastic Surgery Outpatients Department; Freeman Hospital Ward 24/24a; RVI Emergency Assessment Unit; Freeman Hospital Ward 36; RVI Ward 36; and Freeman Hospital Ward 3.

ii) Chairman's Appraisal

Mr Smith withdrew from the meeting for the duration of this item, having first raised the achievement by the Trust for three consecutive years of the Care Quality

Commission “excellent/excellent” rating for Quality of Services and Use of Resources.

Professor Baylis, Senior Independent Director, took the chair and explained that he had been a Non-Executive Director on and off since 1997, and had previously been a consultant physician. He had also been Dean of Medicine from 1997 to 2005 and had been involved in significant numbers of appraisals, with varying definitions. The detailed content of the Chairman’s appraisal was confidential.

Two concurrent processes were under consideration, namely the appraisal or assessment of the Chairman; and the appointment or reappointment of the Chairman. The two had been decoupled, with the latter for the Nominations Committee to address for the next Council of Governors meeting. Monitor and the Appointments Commission saw formal assessment as part of the process of appraisal and in this regard best practice had been followed as described. In essence the appraisal had used the “Follett” process, based upon the model for clinical academics.

The appraisal had been conducted by Professor Baylis and Mrs Donnelly as Chair of the Nominations Committee and based upon a document prepared by Mr Smith, with information from the governor and Director assessment forms, teasing out personal achievements from the corporate. Some difficulty had arisen in consequence of there having been no previous appraisal or explicit objectives. The Chairman’s objectives for 2010/11 were to be defined now, plus any personal development needs. Assessment forms had been issued to elected governors and to Directors and of 24 elected governors, 16 had returned the forms, with 12 returned from 13 Directors.

Mr Venus asked why the appointed governors had not been included in the assessment process. Mr Reed explained the background, in terms of the potential scope for conflicts of interest. Mr Venus thought that any governor with a vested interest should have declared it and not participated in the assessment. Professor Baylis explained that the appraisal process was evolving and he and the Nominations Committee would consider the position. Professor Arthur said that he would expect the appraisal form to be completed objectively.

The Nominations Committee would formalise the process for future years and including an appraisal process for Non-Executive Directors and this would include amendment of the appraisal form.

Ms Harvey asked if the Chairman had received guidance on what he was to write and what he thought he had done well and not so well. Professor Baylis described the 10 themes which the Chairman had covered, which had not been prompted. Mr Harvey commented that the Chairman had had no objectives until now and hence had been given the opportunity to explain what he had been doing. Professor Baylis added that the aims and objectives of the Trust had been used as a proxy. Mrs Hargreave asked how the outcomes of the appraisal would be expressed. Professor Baylis explained that these would not be scored but an overall view reach, taking into account the information from the appraisal forms. Dr Holliday was disappointed at the low rate of return of forms by governors.

Revd Dr Saunders asked why there had been no objectives previously. Professor Baylis replied that in essence the corporate goals had been used and Sir Leonard echoed this. Serious political change was underway and hence in future there would be a need for leadership and authority in a new environment, which was increasingly challenging and included significant threats to funding and the appropriateness of investments and delivery of value for money. Relationships with key partners had been managed to meet past objectives, though this reflected the teamwork of the Board as a whole.

Mrs Kenny asked whether elected governors would at some point get feedback on the data in the appraisal forms. Mrs Donnelly thought that there might be scope for this on an anonymised basis. Professor Baylis added that the Nominations Committee would bring back a recommendation to the Council of Governors. Mr Harvey added that the Trust was at the beginning of a new process, which had not previously been considered and the (re)appointment of the Chairman had driven this.

Ms Harvey thought that, if all governors were equal, then exclusion of the appointed governors was in doubt and hence there was a need for further review of the stakeholders represented. Mr Reed thought that this was likely to be driven by the future shape of the NHS under the new government. Mr Ramsden commented that appointed governors could be invited to participate and any bias was likely to be obvious. Alternative views might be beneficial to the appraisal process.

It was resolved:

to endorse the briefing nem con.

iii) Annual Plan 2010/11

Ms Hesketh, Head of Business Planning, presented an update on progress and development of the plan for submission to Monitor, including priorities and objectives, the financial position, key assumptions and risks. The content had been shaped by a combination of service reviews, the need for an extensive Cost Improvement Programme, the requirement to maintain quality, and evidence from benchmarking.

Ms Jones, Senior Assistant Finance Director, gave an overview of the three-year financial plan, including the key risks and the measures taken to ensure that a Financial Risk Ratio of 3.6 would be achieved. Challenge to the plan had been brought by the governor sub-group which had reflected upon the plan.

It was highlighted that the Quality, Innovation, Productivity and Prevention (QIPP) requirement was some £800 million of savings over three years across the North East as a whole. Ms Jones drew attention to the cost impact of the VAT increase in January 2011. Some service areas only received non-recurrent funding and would need further scrutiny. There were penalties in the contracts with commissioners linked to performance targets and quality measures. A national review of Multi-Professional Education & Training funding posed a significant threat to income.

Mrs Randall asked if transplant services were centrally funded. Ms Jones explained the background to the planned growth and the construction of the new Institute of

Transplantation and the need for both increased tariff values as well as more patients.

It was resolved:  
to receive the briefing and endorse the annual plan for 2010/11.

### **10/23 Minutes of the Meeting held on 18<sup>th</sup> March 2010**

The minutes of the previous meeting were agreed to be a correct record.

The Chairman reported that Sir Peter Carr, Chairman of NHS North East, had assured the Trust that the conditions and funding requirements in relation to the proposed Specialist Emergency Care Hospital in Cramlington would still apply.

With regard to the “Maternity Matters” funding, a further £500,000 had been received this year but non-recurrently. It was thought that the new government would now set up an NHS Board, abolish a number of quangos and reduce management costs by around one third but there was no detail available as yet.

### **10/24 Matters Arising**

#### **i) Governors’ Working Groups**

Mr Smith introduced the report on a proposed new structure of working groups for governors. The informal working group was unanimous in recommending the proposals. The intention was to establish best practice and to encourage more governors to participate. Four groups were proposed: Business Development, Membership and Community Engagement, and Quality of Patient Experience, plus the statutory Nominations Committee. There would be no changes to the Nominations Committee, except that it would now take responsibility for the appraisal of Non-Executive Directors. In terms of the Constitution, the working groups would be of equal status and each would appoint its own Chair, by election where required. It would be open to any governor to attend any working group meeting, without having to be a member of that group.

Mr Bedlington commented that, if governors were to be able to attend these meetings, they would need to know the times and dates, using their Trust email addresses and online calendar. Mr Ramsden thought that strategic development was common to the whole Council of Governors and not just the Business Development Group. Mr Smith replied that each of the working groups would report to the full Council in order for any proposals to be ratified.

It was resolved:

To approve the establishment of the new working groups.

#### **ii) “Better Together” and Transforming Community Services**

Mrs Lamont presented a briefing on the NHS North of Tyne proposals for the process for transferring the management of community services currently provided by Primary Care Trusts to alternative organisations. Engagement with stakeholders had been limited and a number of constraints imposed, including a very tight

timetable for expressions of interest. There had effectively been no time to carry out any effective due diligence. The process had been suspended during the pre-election “purdah” and nothing had been heard since.

The Chairman commented on the benefits of the Trust seeking to work jointly with Northumbria Healthcare NHS Foundation Trust in this arena and with the three local authorities in North of Tyne, co-operating on a vision for options for working together.

Revd Dr Saunders asked what the problem was with NHS North of Tyne with regard to vertical integration of services. The Chairman replied that the organisation was both commissioner of services and provider of community services and hence was protective of the current format of management arrangements for the latter.

Mrs Hargreave asked if there was a deadline, given the potential impact on the annual plan. Mrs Dragone replied that this was in the hands of NHS North of Tyne. A list of services to be transferred had been provided but no financial data, albeit a gap between income and costs had been acknowledged. NHS North East was aware of the views of the Foundation Trusts and their willingness and ability to work together to manage community services. Mr Briggs commented that the Teesside experience had been similar in terms of inflexibility of the model to be handed over.

It was resolved:

to receive the briefing.

iii) QIPP

Mr Allison presented an overview of the Quality, Innovation, Productivity and Prevention (QIPP) proposals. They were essentially embedded in the NHS North of Tyne five-year strategy. 75% of the savings were expected to come out of hospital care. The Strategic Health Authority’s Clinical Innovation Teams were muddying the debate over funding and the time commitment was a heavy burden for hard-pressed clinical and managerial staff. Mr Allison was a member of the QIPP Board for North of Tyne. NHS North of Tyne had proposed that, by the end of June 2010, they would have produced an “end-state vision” in five years time for each provider. At best, however, only a range of scenarios could be developed in this timescale by NHS North of Tyne.

It was resolved:

to receive the briefing.

iv) Walkergate Health Centre

Mr Allison presented an updated on the proposed development of a health centre on the Walkergate site. This new facility would offer core and enhanced GP services, provided by Heaton Medical Centre, a portfolio of Trust outreach services, and community / retail pharmacy provision. Planning approval for the scheme had been received on 12<sup>th</sup> March 2010. Work was now expected to commence on site in October 2010. This would enable the building to be operational in the Autumn of 2011.

The Patient Service Plan was being revisited in light of the recently published NHS North of Tyne Strategic Plans / Investment and Disinvestment priorities. Further work was also underway to strengthen the Trust's "backfill strategy" i.e. the plan for services to replace those to be relocated to the new Walkergate facility. Viability of the Business Case for the scheme was dependent upon these issues being fully addressed.

Patients and members of the public had had an opportunity to comment on the design of the building and the anticipated Service Plan. Feedback had been generally positive. The main concern raised concerned transport networks to the site and the Trust was responding to this by developing a comprehensive Travel Plan.

Final negotiations were taking place regarding the rental and service charges for the new facility. There had been some delay owing to the District Valuer, who was acting as the PCT's representative, being unavailable. Heads of Terms were being finalised and an Agreement to Lease would be entered into following this. It was noted that the NHS North of Tyne Estates Sub-Group had still to approve the scheme.

It was resolved:

to receive the briefing.

## **10/25 Statutory Business**

### **i) Reappointment of External Auditors**

Mr Reed described the original process for the appointment of the Trust's external auditors, which was a statutory responsibility of the Council of Governors. PricewaterhouseCoopers (PwC) had been appointed and the contract provided for a potential extension by two phases of 12 months of the initial three year term. To this end, PwC had been requested to draft and present a briefing as to why the contract should be extended and this had been reviewed by a sub-group of governors.

Mr Bedlington, who was a member of the sub-group commented that the PwC briefing had been impressive and had included recommendations to improve their engagement with governors. He was happy to commend the extension of contract by one year.

It was resolved:

to endorse the extension of contract for PricewaterhouseCoopers by 12 months, nem con.

## **10/26 Executive Report**

### **i) Current Issues**

Sir Leonard presented an overview of topics of current interest. Attention was drawn in particular to the Registration with the Care Quality Commission, which had been made with no conditions attached. 12 of the 22 NHS organisations which had received registration with conditions were Foundation Trusts.

Children's cardiac surgery was to be the subject of an inspection by a national review body on 24<sup>th</sup> May 2010 and there could be an issue of critical mass to retain the current national designation. However, the Trust was part of a strong network, which included Great Ormond Street Hospital.

ii) Operating and Financial Performance Review

Mrs Dragone presented an overview of Trust performance in 2009/10. Lessons had been learned which had informed the planning for 2010/11.

An Income & Expenditure surplus of £8.995 million had been achieved, before exceptional items. It was highlighted that the national requirement for revaluation of assets had written these down very substantially and hence had a technical impact on the Income & Expenditure position. Capital spend had been £43 million and the in-year financial risk rating by Monitor had been 4, which was very pleasing.

The requirement for a 3.5% cash saving in 2010/11 would be challenging and would continue for the next three years and the Trust could no longer rely on additional income. A steering group had been established to take particular oversight of this across the Trust. Mr Atkinson commended the performance in the past year and asked if a governor could join the Cost Improvement Steering Group. The Chairman replied that this could be addressed via the Business Development working group.

iii) Service Development Contracts 2010/11

Mrs Byworth, Head of Contracting, presented an overview of the contractual position for the new financial year. As far as possible the Trust had sought to secure funding streams, through, by example, moving payments to tariff and away from block contract in areas such as Radiotherapy and critical care. A local exclusion had been agreed with regard to the 30% "cap" on payments for emergency care activity in excess of the previous year's volumes. Funding had also been obtained for some previously unfunded activities. With regard to performance indicators, some were now based on de minimis levels. 0.5% of income in 2009/10 had been linked to achievement of CQUIN targets and this had now been increased to 1.5% in 2010/11, amounting to some £7.3 million of additional risks. The Chairman thanked Mrs Byworth and the contracting team for the successful and satisfactory outcome to negotiations for 2010/11.

iv) Quality & Performance Review

The latest report was received, for information. Professor Arthur commented on the number of sharps and needlestick injuries. Mrs Lamont replied that the Clinical Governance and Risk Department was working hard on this and there were grounds to believe it was good reporting rather than poor practice. The increase in medication errors reported was not linked to the eRecord roll-out. Dr Murthy asked about the Choose & Book slot availability issue. Mr Allison replied that the Trust was the 4<sup>th</sup> best in the country and best in the region. However, certain specialties could not offer slots and this had a potential impact on achievement of the 18 Weeks Referral to Treatment target. Action was being taken to improve the position rapidly.

v) Healthcare Associated Infection

Mrs Lamont presented an overview of the position in the year to date. There were now financial penalties attached to breaching of key targets and these were tighter than in the previous year. MRSA bacteraemias in the past year had been 12, against a target of no more than 30. The target for the current year was now 12.

The Clostridium Difficile Target for 2010/11 (a 30% reduction on the 2007/08 baseline) was for no more than 296 cases, which presented a very real challenge for the year ahead, given that 2009/10 outturn had been 304.

15 wards and departments were currently awaiting their Accreditation reviews and resourcing would be made available if required to secure the appropriate standards and consistency. Miss Jones asked about the duration of accreditation. Mrs Lamont explained that wards had to demonstrate a consistently high score in their self-assessment for three consecutive months and could then apply for an Accreditation review. If this was satisfactory, then the standards were monitored by the ward itself and periodically by senior nursing staff from other areas.

**10/27 Governors Elections – progress report**

Mr Reed presented a briefing on the progress with nominations in the Public and Staff governor elections and the timetable for completion. The ballots would close on 8<sup>th</sup> June 2010 and the results would be published on 10<sup>th</sup> June 2010. Revd Dr Saunders commented on the disappointing number of nominees in the Newcastle upon Tyne constituency.

**10/28 Governors Reports**

i) Food Tasting, Ward 31, Newcastle General Hospital

The report was received, for information. There were no issues of concern.

ii) Dermatology Services Visit, 1<sup>st</sup> April 2010

The report was received, for information. Mr Bedlington added that a short video of the visit was available.

iii) Plastic Surgery Services Visit 13<sup>th</sup> May 2010

The report was received, for information.

iv) Emergency Winter Ward, Royal Victoria Infirmary

The report was received, for information.

v) FTGA Development Day

Mrs Hargreave, Ms Harvey and Dr Murthy tabled a report on the Foundation Trust Governors Association development day held in London on 22<sup>nd</sup> March 2010, for information.

vi) Children's Services Working Group

Ms Harvey reported that the new Children's menus were to be rolled out across the whole of RVI Children's services imminently.

vii) Musculo-Skeletal Unit Visit, Freeman Hospital

Mr Venables tabled a report of the visit which had taken place on 22<sup>nd</sup> April 2010. Attention was drawn to the impact of the tariff cap on emergency orthopaedic cases.

viii) Governors' Questions

Any items for the next Agenda were to be notified to the Trust Secretary by 8<sup>th</sup> July 2010.

**10/29 Items to Receive**

i) "Safe and Sustainable" - Paediatric Cardiac Care

As touched upon in the Chief Executive's report, Paediatric Cardiac Care was undergoing national review and the timetable for this was noted.

ii) Whistleblowing

In response to a question from a governor, a paper was tabled which set out the Trust policy on whistleblowing and gave an overview of recent cases.

iii) Redevelopment of Newcastle General Hospital Site

A paper was tabled for information, setting out details of the latest steps towards submission of a planning application for redevelopment of the site.

iv) Inpatient Survey 2009 (Picker Institute Europe)

The Executive Summary of the report was tabled, for information. The Care Quality Commission had just published the national report.

**10/30 Date and Time of Next meeting**

The next meeting would be held at 2.00pm on Thursday, 15<sup>th</sup> July 2010, in the Education Centre, Freeman Hospital, Newcastle upon Tyne.

**COUNCIL OF GOVERNORS**

**GOVERNORS ATTENDANCE, 20<sup>th</sup> MAY 2010**

2	Professor Fenwick Arthur	YES
2	Mr Peter Atkinson	YES
3	Mr John Bedlington	YES
A	Mr Paul Briggs	YES
S	Mr Peter Bringham	YES
A	Professor Alastair Burt	APOLOGIES
S	Ms Elaine Coghill	YES
S	(vacancy – Ancillary & Estates)	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
1	Dr Jennifer Court	APOLOGIES
S	Mrs Bernadette Crittenden	NO
1	Mrs Jane Donnelly	YES
S	(vacancy – Volunteers)	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
1	Mr Eric Green	APOLOGIES
2	Mrs Grace Haigh	APOLOGIES
A	Mrs Monica Hallam	APOLOGIES
2	Mrs Mary Ann Hargreave	YES
2	Mr Maurice Harvey	YES
1	Ms Sandy Harvey	YES
S	Dr Malcolm Holliday	YES
3	Dr Alan Johnson	APOLOGIES
2	Mrs Naomi Kenny	YES
A	Councillor Liz Langfield	NO
3	Dr Lakkur Murthy	YES
1	Professor Jean Potts	APOLOGIES
A	Dr Mike Prentice	NO
2	Mr Peter Ramsden	YES
1	Mrs Ethel Randall	YES
1	Dr William Ryder (resigned)	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
1	Dr Gill Sanders	APOLOGIES
3	Revd Dr Michael Saunders	YES
2	Mrs Deborah Staley-Bush	YES
A	Mrs Pat Taylor	NO
A	Ms Gina Tiller	APOLOGIES
2	Mr Christopher Venables	YES
A	Mr Raymond Venus	YES
A	Professor Andrew Wathy	NO
1	Mrs Sally Webster	YES
S	Dr Andrew Welch	APOLOGIES