

**DRAFT MINUTES OF A MEETING OF THE NHS TRUST DEVELOPMENT
AUTHORITY AND MONITOR BOARDS HELD ON TUESDAY 22 MARCH 2016 AT
13.00 AT WELLINGTON HOUSE, 133-155 WATERLOO ROAD, LONDON
SE18UG – SUBJECT TO APPROVAL AT THE MEETING OF THE BOARD ON 28
APRIL 2016**

Present:

Ed Smith, Chairman
Jim Mackey, Chief Executive (items 13-22)

From the NHS Trust Development Authority:

Bob Alexander, Deputy Chief Executive
Sir Peter Carr, Deputy Chair
Sarah Harkness, Non-Executive Director
Kathy McLean, Medical Director
Elizabeth O'Mahony, Director of Finance
Caroline Thomson, Non-Executive Director

From Monitor:

Lord Patrick Carter, Non-Executive Director
Stephen Hay, Managing Director of Provider Regulation
Timothy Heymann, Non-Executive Director
Heather Lawrence, Non-Executive Director
Adrian Masters, Managing Director of Sector Development
Iain Osborne, Non-Executive Director
Sigurd Reinton, Non-Executive Director

In attendance:

From the NHS Trust Development Authority:

Lynne Burgess, Senior Governance Manager
Andrew Hines, Associate Director of Delivery and Development (London)

From Monitor:

Helen Buckingham, Chief of Staff
Jason Dorsett, Financial Reporting and Risk Director (items 1-16)
Toby Lambert, Director of Pricing (items 13 & 14)
Ruth May, Nursing Director
Kate Moore, Chief Lawyer
Steve Murray, Head of Internal Finance (item 7ii)

From the Integration Team

John Wilderspin, Integration Director (items 16-22)

1. Welcome and apologies (oral item)

- 1.1 Apologies for absence had been received from Dame Christine Beasley (NHS TDA Non-Executive Director), Peter Blythin (NHS TDA Director of Nursing), Lord Ara Darzi (Monitor Non-Executive Director) and Hugo-Mascie Taylor (Monitor Medical Director).

2. Declarations of interest (oral item)

- 2.1 It was noted that Ruth May, Nursing Director, is married to Nigel Beverley, the Chairman of Basildon and Thurrock NHS Foundation Trust, which Trust is variously involved in programmes of support for some local trusts.

3. Minutes and matters arising from the joint NHS TDA and Monitor Board meeting held on 25 February 2016.

- 3.1 Minutes of the previous meeting were approved and the matters arising noted.

4. Update on the Virginia Mason Improvement Programme

- 4.1 The Board was briefed on the initiative launched in July 2015 involving the renowned Virginia Mason Institute in Seattle, USA (VMI) working in partnership with five NHS trusts to support accelerated improvement in the quality and efficient delivery of patient services. The programme would run for a period of five years and set the five trusts on the path to becoming leading healthcare institutions who would share their learning to benefit the NHS as a whole.
- 4.2 The Board discussed the positive and valuable potential of the VMI initiative alongside other available improvement programmes.

RESOLVED

- 4.3 The Board agreed that the VMI programme should continue and be supported by NHS Improvement.

5. NHS Improvement Governance

5.1 Proposed governance framework

- 5.1.1 The Board was presented with details of NHS Improvement's proposed future governance framework and was asked to adopt new Rules of Procedure to take effect from 1 April 2016.
- 5.1.2 In the context of very limited legislative change, the approach to the governance framework had sought to combine best governance theory and

practice, as previously adopted by Monitor and the NHS Trust Development Authority with the strategic focus of NHS Improvement and emerging thinking on its operating model. Development of the framework had included appropriate consultation with the Chair and executive directors. A scheme of delegation to the executive would be completed once the operating model was finalised. The framework would be kept under review as NHS Improvement became fully established. The terms of reference of the joint nominations and remuneration committee of the Board would undergo further revision.

5.2 Proposed standing financial instructions and associated policies

- 5.2.1 A new set of standing financial instructions forming part of the Rules of Procedure and associated policies, endorsed by internal and external auditors, were also presented as a critical part of the internal control framework of NHS Improvement.

RESOLVED

- 5.3 The Board noted the proposed governance framework for NHS Improvement and agreed to adopt the new Rules of Procedure, including new standing financial instructions, with effect from 1 April 2016.

6. Questions and comments from members of the public

- 6.1 A member of the public enquired about arrangements for authorising new community foundation trusts. It was confirmed that consideration was being given to streamlining the authorisation process for community trusts.

- 6.2 A member of the public welcomed the plans to establish the Healthcare Safety Investigation Branch (HSIB) and asked whether Health Education England (HEE) was to be involved in the initiative. The Chair advised that NHS Improvement would host the HSIB and not be accountable for its operations. The Medical Director undertook to revert on the position with regard to the involvement of the HEE.

Action: KmC

- 6.3 A member of the public raised a question about financial reporting by NHS providers and was assured that Finance Directors were being supported through the year end reporting process.

7. Private session - resolution (oral item)

- 7.1 The Chair moved a resolution in order to move into private session to consider private items of business.

RESOLVED:

7.2 The Board resolved that representatives of the press and other members of the public should be excluded from the meeting, having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest.

8. Royal National Orthopaedic Hospital NHS Trust – disposal of the west development zone and retention of sale receipts

8.1 The Board was asked to approve an outline business case (OBC) to allow disposal of part of the Royal National Orthopaedic Hospital NHS Trust's Stanmore site and retention of the proceeds.

8.2 The Board was informed that the site was in very poor condition and, although the Trust was recognised as delivering high quality specialist services, the Care Quality Commission had commented negatively on the condition of the estate.

8.3 A Department of Health (DH) loan for £14.2 million was required to clear the disposal site following which the land would be sold, the loan repaid and the remaining funds used to redevelop other parts of the site.

8.4 The OBC had been developed with specialist estate input from NHS England and had received detailed scrutiny by relevant teams in the NHS TDA and its Investment Committee.

RESOLVED

8.5 The Board approved the OBC for the disposal of the west development zone at the Stanmore hospital site and the retention of funds by the Royal National Orthopaedic Hospital NHS Trust for the purpose of re-development.

9. 2016/17 National Tariff payment system: outcome of the consultation

9.1 A statutory consultation on the proposed National Tariff for 2016/17 had run from 11 February to 10 March 2016. A number of responses had been received which had been considered. This analysis had determined that the objection threshold (of either 66% of relevant providers or commissioners by number) had not been met, that a number of minor points should be clarified and that overall, there was no reason for Monitor not to publish the 2016/17 tariff and bring it into effect on 1 April 2016. The Board was asked the responses to the consultation and approve the publication of the 2016/17 National Tariff.

RESOLVED

9.2 The Board agreed that the National Tariff for 2016/17 be published and brought into effect on 1 April 2016.

10. Costing Transformation Programme IT investment

- 10.1 Successful delivery of the Costing Transformation Programme required investment in IT infrastructure to increase organisational capability to collect and analyse trust data. Capital funding was to be sought from the DH to fund the investment. The scheme would be procured through the usual DH channels. The Board was asked to approve the business case in advance of its submission to the DH.

RESOLVED

- 10.2 The Board approved the business case to seek capital funding from the DH to invest in IT infrastructure linked to the Costing Transformation Programme.

11. Joint provider sector performance report

- 11.1 The Board was updated on the financial and operational performance of the NHS provider sector at Month 10. NHS providers were facing unprecedented financial and operational challenges. Rising demand, especially for urgent and emergency care, had led to many providers failing to meet national performance targets. The financial run rate had slowed but the provider sector was still expected to show a significant deficit at the year end.
- 11.2 The Board discussed the need to consider new approaches to delivery of out of hours care to enable the health system to be more responsive to current patterns of demand.

12. Chief Executive's report

- 12.1 The Chief Executive briefed the Board on a recent meeting with Ministers, who indicated that improvements in financial and operational performance in NHS providers and the delivery of 7-day services were to be the key priorities for NHS Improvement. Ministers had asked for swifter progress with the development of Sustainability and Transformation plans in vulnerable areas.
- 12.3 The Board noted that, via work being undertaken by the Medical Director and her team, additional clarity on the definition and scope of 7-day services would be produced for providers.
- 12.4 The Board would be provided with details on the proposal to implement the further ratchet in agency spending.

Action: KMc

Action: KMc

13. National Elective Data Validation Programme

- 13.1 The Board noted a proposal to fund a national data validation programme in relation to the key referral to treatment standard in the NHS Constitution. Further information about the programme and its benefits to patients would be circulated.

Action: JM

RESOLVED

- 13.2 The Board approved the proposal to fund the national data validation programme.

14. NHS Improvement

- 14.1 The business planning process was shortly to commence and the executive team had discussed key priorities. A note on the current position would be circulated to Board members, who would be consulted on the business plans and emerging operating model, both of which would be discussed at the April Board meeting.

Actions: AM/KM

15. Other business

- 15.1 Caroline Thomson asked for copies of the provider newsletter to be circulated to non-executive directors.

Action: LB

- 15.2 The Chair conveyed the Board's thanks and best wishes to Adrian Masters, Heather Lawrence, Iain Osborne, Tim Heyman and Christine Beasley, all of whom would be stepping down from the Board on 31 March 2016. Christine Beasley would be staying on in the role of special adviser to the Appointments and Remuneration committee.

- 15.3 The Chair announced the appointment of three new non-executive directors to the Board, Richard Douglas, who would chair the Audit and Risk Committee, Dame Glynis Breakwell and Laura Carstensen.

- 15.4 The Chief Executive announced that Bob Alexander, Executive Director of Resources/Deputy Chief Executive, Stephen Hay, Executive Director of Provider Regulation/Deputy Chief Executive, Dr Kathy McLean, Executive Medical Director and Dr Ruth May, Executive Director of Nursing, would serve alongside him as executive members of the Board.

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