North Cumbria University Hospitals NHS
NHS Trust

MINUTES OF THE TRUST BOARD MEETING HELD IN PUBLIC ON TUESDAY, 5 OCTOBER 2010, IN THE BOARDROOM, CUMBERLAND INFIRMARY, CARLISLE

Present:

Mr M Little, Chairman
Ms C Heatly, Chief Executive
Mr M Bonner, Vice Chairman
Ms J Cooke, Non Executive Director
Mr M Evens, Non Executive Director
Professor S Cholerton, Non Executive Director
Mr P Day, Non Executive Director
Mr K Clarkson, Deputy Chief Executive/Chief Operating Officer
Mr A Mulvey, Director of Finance
Mr M Walker, Medical Director
Mr S Brown, QIPP Director
Mrs C Platton, Acting Director of Nursing

In Attendance:

Mr D Gallagher, Director of Human Resources & Organisational Development
Mrs R Duguid, Company Secretary
Mrs J Stockdale, Head of Corporate Affairs
Mrs C Griffiths, Director of Strategic Planning & Business Development (TB111/10 only)
Ms K Blacker, Stroke Network Director (TB111/10 only)
Mrs J Bellard, Audit Commission (TB116.2/10 and TB116.3/10 only)
Ms H Green, Audit Commission (TB116.2/10 and TB116.3/10 only)

TB107/10 WELCOME AND APOLOGIES FOR ABSENCE

No apologies for absence were recorded. The Chairman extended a welcome to members of staff, the public and media.

TB108/10 DECLARATIONS OF INTEREST

There were no declarations of interest.

TB109/10 MINUTES OF THE LAST MEETING

The minutes were **APROVED** as a correct record.

TB110/10 MATTERS ARISING AND ACTION PLAN

The Company Secretary highlighted to the Board the current status on the Trust Board actions.

The following key points were **NOTED**:

TB44.10/10 Governance Framework for the Management of Charitable Funds: Proposal to be discussed with Charitable Funds Committee in October.

TB69/10d Performance Report – completed.

TB86/10 Chief Executive's Report – Pay Protection Policy – completed.

TB88.1/10 Performance Report – Workforce Metrics – completed.

TB98/10 Clinical Presentation – Development of Web Based Tool – completed.

TB100/10 Chief Executive's Report – White Paper Consultation – Board members to forward their comments to the Company Secretary or Director of Strategic Planning & & Business Development, so that a Trust response could be compiled by 11 October 2010.

TB101.2/10 Closer to Home Update – reports to be updated as from November 2010.

TB102.1/10 Performance Report – completed.

TB111/10 CLINICAL PRESENTATION

The Chairman welcomed Ms K Blacker, Network Director and Mrs C Griffiths, Director of Strategic Planning & Business Development to the meeting.

Ms Blacker and Mrs Griffiths gave a presentation to the Board (copy attached), which outlined details of the Cumbria and Lancashire Stroke Network of which the Trust was the Host Provider.

The Network, which consisted of 8 acute providers within the Cumbria and Lancashire region, had been awarded £250k from NW Innovate Now to establish the Network, with the Lead Commissioner being NHS Central Lancashire.

The Network would cover a population of approximately 1.96 million, treating 4000 strokes per annum – 10% of which could be potentially thrombolysed.

At present, all the acute sites within Cumbria and Lancashire (except Chorley) had a 9-5pm thrombolysis service and the options being considered by the Network were to provide a 24/7 telestroke service.

The telestroke concept would consist of a virtual rotating hub of stroke physicians with business broadband capability at home, which was anticipated to capture 60% of patients currently missed because of the 9–5pm service. This new service would consist of a combination of remote teleconsultation and teleradiology and Ms Blacker outlined a typical telestroke patient pathway. Arrangements were beginning to be put in place to procure the appropriate bandwith to enable the commencement of the new service.

Ms Blacker reassured the Board that appropriate governance frameworks would be established alongside the clinical model, which would encompass all of the organisations involved in the Network. Other key pieces of work for the Network to address included the operational delivery of the scheme, the commissioning framework, procurement and the commencement of a local pilot before final rollout.

Ms Blacker outlined details of the equipment which included a Telecart, video devices, web cams etc that would be used.

Ms Blacker outlined the key risks associated with such a complex project, which included addressing the impact on out of hours radiology services; skilling up stroke physician to enable them to interpret diagnostics; training and job planning for the medical workforce; cross organisational governance; logistics, procurement, training and operational management.

The next stages in the process included appointing a supplier for the equipment and training staff. Additionally, work was to be undertaken in raising awareness of stroke as a medical emergency, supporting local imaging departments to work with local stroke teams and the establishment of local implementation teams to work with suppliers, IT, emergency and imaging departments etc. Ms Blacker explained that it was likely that the project would be launched in January 2011 and appropriate publicity would be arranged.

Mrs Griffiths explained that the project was the largest innovation project within the North West and had been given a high profile by NHS Northwest. Although the project was complex, Mrs Griffiths explained that there was a lot of will and ability to get the project off the ground and to make it successful.

Ms Blacker explained that although thrombolysis was not a ‘miracle’ cure’, for the majority of patients it was extremely successful and the project would be a major improvement in patient care. The Medical

Director shared this view particularly in light of the geographical area covered by the Network.

In answer to a query regarding anticipated savings, Mrs Griffiths explained that it was expected that length of stay on both hospital sites would decrease and, therefore, in the longer term financial savings would be made. The Medical Director explained that long term stroke care would eventually reduce, however, the Trust would still incur costs for the provision of this service.

Mrs Griffiths confirmed that progression in relation to the community hospitals was in the early stages of development with diagnostics, although the information technology structure was already in place.

The Chairman thanks Ms Blacker and Mrs Griffiths for an interesting and informative presentation.

TB112/10 CHAIRMAN'S REPORT

The Chairman presented his report, which provided an update on the Chairman's business and activities. The report highlighted the following items:

- Exception report on Board cycle for 2010/11 as at 1 October 2010.
- Meetings with local MPs.
- Annual appraisal process for Non Executive Directors.
- Review of Trust Board agendas.

The Board **NOTED** the report.

TB113/10 CHIEF EXECUTIVE'S REPORT

The Chief Executive presented her report, which updated the Board on a number of items and the following key points were **NOTED**:

- Breast services - The initial review of the 1537 women was nearing completion and it was anticipated that this would be completed towards the end of October. Although the symptomatic service continued to be provided locally, the Trust was hoping to gain the support of NHS Cumbria to recruit to the vacant radiologist posts so that the breast screening service could be restarted. The Chief Executive explained that there was approximately 80 vacancies countrywide for consultant radiologists.

- Liberating the NHS: White Paper – details of the consultation process was outlined to Board members. Board members were requested to send feedback to the Director of Strategic Planning and/or the Company Secretary by 7 October 2010. The Chief Executive explained that it was likely that Cumbria's GPs would be early implementers for "Commissioning for Patients" and confirmed that key Directors were working closely with the GP clinical leaders to work together on this important transition.

- Turnaround Director for North Cumbria – Mr Terry Watson had been appointed as the Turnaround Director for north Cumbria and an initial meeting was to be held on 28 September.

- Fit for the Future Road Shows – further to the road shows held in April, and as previously promised to staff, further road shows were to be held on 21 October 2010 so as to discuss the financial challenges facing the Trust and the public sector as a whole.

- Dr Mike Cheshire, Medical Director, NHS Northwest – the Trust received a visit from Dr Mike Cheshire, Medical Director, NHS Northwest on 21 September. Dr Cheshire visited both hospitals sites and met with the Executive team and lead clinicians at WCH and found his visit most informative.

- Visit from National Clinical Advisory Team – on 21 September the Trust and NHS Cumbria were visited by the Department of Health's National Clinical Advisory Team (NCAT). NCAT provided clinical expertise to support and advise local NHS organisations on service reconfiguration proposals. The Team had been requested by NHS Northwest to prepare reports on a number of service reconfigurations across the region, including Cumbria's Closer to Home strategy. The report resulting from NCAT's visit was expected towards the end of October.

- Transforming Community Services – the Trust had submitted a case to NHS Cumbria in relation to the Transforming Community Services Programme but had been unsuccessful in its bid. The Trust had written to NHS Cumbria to express its disappointment and a response was awaited.

The report was **NOTED**.

TB114/10 STRATEGY AND POLICY

TB114.1/10 New West Cumberland Hospital Update

The Deputy Chief Executive/Chief Operating Officer presented a report which updated the Board on key items in relation to the new West Cumberland Hospital development.

The following key points were **NOTED** by the Board:

- Following the withdrawal of the £10m contribution from the North West Regional Development Agency, the Project Board asked the Project Team to work with clinical leaders and primary care colleagues to review options for delivering the scheme within a reduced budget. The review process was, therefore, underway in conjunction with the lead GP commissioners for Copeland and Allerdale. A number of working groups had been established, comprising of hospital clinicians and local GPs. The working groups

were expected to reach their initial conclusions by the end of October 2010 and this work would inform any changes that were required to the plans for the new build and also the primary care led developments at Cockermouth and Cleator Moor.

- The clinical review process would result in a revised and updated FBC which would need to reflect any amendments made to the scheme. As expected, and as a specific requirement of the Department of Health and HM Treasury, the Trust needed to demonstrate maximum value for taxpayers' money. The Trust was, therefore, undertaking, with advice from professional advisers, an analysis of possible procurement routes for the construction phase of the project, to ensure the most competitive price/value for money was in place for the construction works. The Deputy Chief Executive/Chief Operating Officer explained that undergoing this value for money process (stage 4) was important, as if certain criteria were not able to be met, an alternative builder to that of Laing O'Rourke would have to be sought for the scheme.

  On conclusion of the review, and following appropriate Trust Board approval, the Trust would seek to submit a revised FBC for final approval by the Strategic Health Authority in January 2011.

- Agreement had been reached between the Trust and Cumbria Partnership Foundation Trust that inpatient mental health services be reprovided in refurbished accommodation in Block J at West Cumberland Hospital. This would require the stroke and palliative care services, which currently occupy that block, to be relocated. Plans for this relocation within existing accommodation were well advance and should enable the on-site relocation of mental health services from Yewdale Ward to take place in summer 2011.

- The Deputy Chief Executive/Chief Operating Officer outlined progress against the programme and budget update. The requirement to relocate mental health inpatient services meant that the works in the Yewdale area of the site could not now commence until mid-2011, however, it was expected that works on the already vacated and demolished areas of the site could commence immediately upon approval of the FBC, thereby minimising any delays to the overall programme.

In relation to the withdrawal of the £10m funding from the North West Development Agency, the Chief Executive reported that the Chairman and herself had met with the local MPs so as to look at any possible options for securing an additional £10m of funds, but this was unlikely, given the current financial pressures facing the public sector.

The report was **NOTED**.

TB114.2/10 Workforce Strategy

Further to the approval of the Workforce Strategy by the Trust Board in November 2009, the Director of Human Resources & Organisational Development presented a report which provided the Board with an update on progress made to date.

The Trust Board **NOTED** the key progress achieved to date, as follows:

- The HR Business Partner model had been implemented which involved each Division having an assigned HR professional responsible for pro-actively promoting the Workforce Strategy collectively within the Trust and individually within their assigned departments.

- In partnership with the trade union representatives, the major HR policies have been revised and updated – most notably the management of sickness absence, grievance procedures, major organisational change and capability. Monthly training sessions were regularly being held for managers in relation to these key policies.

- Dialogue with the trade unions had improved through revised and updated terms of reference for the Partnership Forum and the Joint Local Negotiating Committee.

- Workforce planning had been improved and the Trust now had a workforce plan which reflected the divisional view of the workforce of the future.

- A new set of HR metrics had been developed and work continues on improving these. Each division now also received an HR Performance Report each month that shows all the key indicators for their areas and these key HR metrics are now a key part of the quarterly divisional review meetings, where the senior managers of each division are accountable for the performance of their area.

- A structured programme management approach is also being adopted to ensure that the many and carried HR projects that are being undertaken are performance managed. These include achieving the Trust's strategic aims, implementing the NHS Constitution, meeting CQC requirements, producing an effective IBP and moving towards the World Class HR model.

- The Director of HR & Organisational Development explained that a key part of the NHS Constitution was the four staff pledges, and these were outlined to Board members. The HR Business Partners, with support from the Communications Team, are to launch the Staff Pledges as a major project in conjunction with this year's Staff Survey. Part of the launch will include a "You said ……. We did" section to highlight what changes have been made following last year's survey.

Ms J Cooke commented that it would have been useful to see numbers attached to the report, however, appreciated that these were outlined in the Performance Report.

The Board **NOTED** the progress made since the Strategy was approved in November 2009.

TB114.3/10 Infection, Prevention and Control Strategy - Review

The Acting Director of Nursing presented an update on progress against the Infection Prevention Annual Programme of Work, which covered the period April – September 2010.

The following key points were **NOTED**:

- There had been a fall in the number of cases of MRSA bacteraemias with two Trust apportioned MRSA bacteraemia cases to date (target for the year was six or less).

- There had been a fall in the number of Trust apportioned Clostridium Difficile infections from 50 (April-September 2009) to 29 (April-September 2010).

The Acting Director of Nursing stated that these significant improvements were a result of all the hard work of the Infection Control Team. The Trust Board thanked and congratulated the Team for all their hard work.

The Acting Director of Nursing requested the Board to approve her appointment as the Director of Infection Prevention and Control, which was in line with other Trusts across the country. The Board **APPROVED** this appointment. The Chairman requested the Company Secretary to update the Board's Scheme of Delegation appropriately.

Ms J Cooke commented that some of the infection notices displayed up and around the hospitals appeared to be rather 'cluttered' and queried whether they were up to date. The Acting Director of Nursing **AGREED** to ask wards and departments to ensure that these notices were up to date and for notice boards to be tidied up.

In relation to the Trust ensuring compliance with the Health and Social Care Act, Professor S Cholerton enquired as to whether there were any specific timelines that the Trust would be working to. The Acting Director of Nursing confirmed that an action plan, with target dates, had been developed and annual monitoring would be reviewed by the Governance Committee.

The report was **NOTED**.

ACTION: The Acting Director of Nursing to request wards and departments to ensure that infection control notices were up to date and for notice boards to be tidied up.

TB115/10 OPERATIONAL PERFORMANCE

TB115.1/10 Performance Report

a) Operating Performance

The Deputy Chief Executive/Chief Operating Officer presented the Performance Report, which outlined progress against a range of indicators as at 31 August 2010.

The following key points were **NOTED** by the Board:

The Deputy Chief Executive/Chief Operating Officer explained that the CQC had still not yet confirmed the final assessment criteria for the 2010/11 year and the 'median' wait target was still be applied.

Excellent performance had been achieved in August 2010 across a variety of key indicators, as follows:

- Overall 18 weeks performance (at Trust level)
- Access to GUM clinics – 48 hour target (offered appointments)
- Data quality on Ethnic Groups
- Delayed transfers of care
- Total time in A&E: 4 hours or less
- Median waiting time in A&E
- Rapid access chest pain patients seen within 2 weeks
- Number of patients waiting longer than 6 weeks for diagnostic tests
- MRSA Bacteraemia (attributed to Trust)
- Clostridium Difficile Infections (attributed to Trust)
- Slips, trips and falls (inpatients)
- Estates and Facilities metrics

The Deputy Chief Executive/Chief Operating Officer highlighted the following performance improvement plans:

Cancer Waiting Times

Excellent performance was achieved in month across all indicators with the exception of the 31 day subsequent treatment (surgery) target and the 14 day wait for symptomatic breast patients. The dip in month of 7.3% for the 31 day subsequent treatment (surgery) indicator was due to just two patients who were on the Lower GI pathway. This was related to available surgical capacity in month. This had been investigated and addressed by the relevant Business Manager. The two patients had now completed their surgery. This

was not expected to be repeated over coming months and, therefore, the year to date position should be recovered quickly.

14 Day Wait for Symptomatic Breast Patients

The in month performance level of 63.4% for the 14 day wait for symptomatic breast patients was disappointing, but not unexpected, due to the impact on the service following the suspension of the breast screening service at the end of June 2010. During the month of August the Trust received support from Newcastle upon Tyne Hospitals NHS Foundation Trust, commissioned through the PCT, to provide symptomatic clinics over a 4 week period. The first clinic could not be set up until 21 August 2010 at which time there were 52 patients seen, of which 23 were breaches of the 14 day rule. Similarly, at the clinic held on 28 August 2010 there were 53 patients seen of which 35 were breaches of the 14 day rule. All parties, including the PCT, worked hard during this period to maintain the symptomatic service and as explained earlier the dip in performance in month was not unexpected. Strict monitoring procedures were in place for future clinics.

Cancelled Operations

The 28-day rule performance had dipped slightly in month to a level of 9.1% (target level being 5%). However, the year to date position remains solid at 1.2%. The dip in month related to the fact that there was one breach of the target against a denominator of only 11 cancelled procedures in month. Future months were expected to be within target levels.

The first part of the indicator (% cancelled) improved to a level of 0.4% in month which was an excellent 0.4% below the target level of 0.8%. The year to date position also improved to 1.0%.

Infant Health

The smoking during pregnancy indicator continued to maintain good performance at a level of 15% in month.

However the breastfeeding initiation performance continued to perform below the target level of 68% being 63.9% in month and 66.2% year to date.

The maternity team have put in place a further strategy for improving the breastfeeding rates.

Access to GUM Clinics

The GUM service continued to achieve excellent performance in respect of the “48 hour offered appointment” target (Dashboard section 3). The aspirational “seen” target continued to struggle with an in month level of 69.7%. The Trust Board had previously held

extensive discussions regarding this target and its relationship with patient choice. However, as previously reported, the planned change in the service model was now underway and the Division were taking the opportunity to re-look at this indicator and its associated performance levels as part of the service changes.

Choose and Book Slot Availability

Slot availability improved in month to a level of 78.2% with the year to date figure also improving to 71.3%. The Outpatient Improvement Steering Group continued to develop action plans across all major specialities in order to look to make further improvements to slot availability during the year.

Both length of stay indicators deteriorated slightly in month with the elective length of stay being 0.1 adrift of target level and the non-elective length of stay being 0.6 adrift of target level. Year to date performance did, however, remain on track for elective care but further improvements would need to be seen for non-elective care. This would be closely monitored over the coming months and the Trust Board woud be kept informed regarding progress

Day case rates continued to be generally static and were not yet at the required target level of 80%. The outpatient DNA rates had improved by 0.4% to a level of 8.4% in month, and due to the work being carried out by the Outpatient Improvement Steering Group, improvements in performance were expected to continue.

The Chairman commented on the high number of patients who had not attended their appointments and the associated waste of resources and appointments that other patients could have used.

b) Quality Metrics

The Acting Director of Nursing presented the Quality Metrics report and the following key points were **NOTED**:

- The Trust continued to perform well against the Department of Health's targets for reducing the incidence of MRSA bacteraemia and was within trajectory.

- The Trust trajectory for Clostridium Difficile had been set to 120 for the year and this equated to 10 attributed cases per month. The performance for the month of August showed the Trust performing within trajectory with only 7 attributed cases.

- In relation to the reporting of mortality rates, these were summarised in the Performance Dashboard. The rates were derived from data submitted by all CHKS client Trusts to the Secondary Uses Services (SUS) and were further processed through a complex methodology to produce an in-hospital risk adjusted mortality rate which compared Trust to Trust and was

sensitive to factors such as differences in age, case mix or emergency admission rates. A mortality index was in general terms a ratio of observed number of deaths to an expected number of deaths. The Risk Adjusted Mortality index, which was derived from the CHKS system, was not the same as the HSMR analysis, which was produced by Dr Foster. The intention was to refine the criteria for benchmarking the CHKS indicator by applying an analysis of the peer group and to also seek to introduce the HSMR quarterly data to the Dashboard if this could successfully sourced through national datasets, which are provided by Dr Foster. This was being reviewed as part of the revised Divisional reporting to the Governance Committee to ensure robust information could be provided to the Board on the overall mortality rate, as well as any outliers within specialties.

- The work of the Slips, Trips and Falls Steering Group was now to be extended to all ward areas and would form part of the CQUIN contract for 2010/2011. The Trust was committed to a further reduction over the year and would also concentrate on injuries to patients.

  The group was, therefore, reviewing falls with particular reference to injury to patients. This work would result in a route cause analysis being undertaken as appropriate. The results would continue to be reported on a monthly basis, as reported in last month's Performance Report.

c) Workforce Report

The Director of Human Resources (HR) and Organisational Development (OD) presented the key issues in relation to the Workforce Report.

The following key points were **NOTED:**

- Staff in post for the Trust as a whole was currently running at 3080.85 WTE into Month 5 2010/11. This equates to a reduction of 5.93 WTE when compared to the equivalent month in 2009/10. The Director of HR and OD explained that the paybill and headcount was reducing across the region. As the Trust's workforce was extremely stable, turnover was low compared to other Trusts.
- Turnover for the Trust into Month 5 remained low at 0.46%. This figure was also lower than the equivalent month in 2009/2010 with a reduction of 0.19%.
- The sickness absence rate for the Trust for Month 5 was 4.59% This performance was considerably better than the equivalent point last year (Month 5 2009/2010) when sickness absence was 5.44%.

- Appraisal completion at Trust level remained under target and was, therefore, reporting as red, with 46% of appraisals being reported as completed as at the end of Month 5. This was an improvement of 3.1% from Month 4. Estates and Facilities and Corporate Services had the highest rates with 92% and 61% respectively. Medicine had the lowest figure at 29%, showing only limited improvement from Month 4.

  The HR Business Partners were now actively monitoring appraisal completion within the Divisions and action plans would be put in place to outline how and when improvements would be made. Each Division was working to an agreed trajectory to achieve the required improvements.

The Director of HR and OD explained that there was some unrest within the workforce due to changes taking place and some grievances from unions had also been received in relation to those changes.

In answer to a query, the Director of HR and OD explained that no stress figures for CIC had been recorded in the report due to the figures not being collected in time for the production of the report.

Mr Evens enquired as to why the headcount in Estates and Admin & Clerical was not reducing in line with other staff groups. The Director of HR and OD explained that the Estates Department had had a lot of vacancies which had been previously covered by overtime and these had now been appointed to, however, the Department was within budget.

In relation to the 194 managers who had attended the sickness absence training sessions, Professor Cholerton enquired as to what proportion of managers in the Trust this represented. The Director of HR and OD explained that there were approximately 500 supervisors/managers within the Trust who had responsibility for staff.

The Deputy Chief Executive/Chief Operating Officer stressed the importance of the Trust having a robust occupational health service so as to help managers tackle the issue of staff sickness and enquired as to the current position of this service. The Director of HR and OD explained that following recent interviews for an occupational health physician an appointment had not been made. The Director of HR and OD would bring back a report to the Trust Board outlining plans for the future in relation to the service and ensuring compliance with the Boorman Review recommendations relating to improvement in the health and well-being of staff across the NHS.

d) Financial Report

The Director of Finance presented the Financial Report and the following key points were **NOTED:**

- The Trust had a deficit of £8,606k at the end of month 5 (31 August 2010). The impact of arbitration with NHS Cumbria had

been factored into the financial position, which was the key driver for the decline in the reported position.

- Clinical income had also been low in month as a result of lower than planned levels of activity, however, a reduction in expenditure had not been evident.

- A pay overspend of £612k in month had been driven by high levels of spending on agency and locum medical staff.

- £7,557k of the Trust's annual CIP of £21,018k had been achieved, resulting in a year to date shortfall of £1,193k. Plans were being developed by the QIPP Team for each Division which, once implemented, would hopefully see an improvement in the delivery of the CIP.

- The impact of arbitration had had a significant impact on the Trust's liquidity (cash position) and the Trust was currently in discussion with partners to ensure that sufficient cash was available to meet the Trust's financial obligations.

- The Trust's year end financial target was for a surplus of £3,000k (adjusting for the impact of IFRS), which was predicated on full delivery of the CIP target. The combination of non delivery of CIP and costs associated with the use of agency/locum medical staff were the key financial risks the organisation faced in achieving its statutory financial duties.

In summarising, the Director of Finance explained that the Trust was not where it needed to be financially and it was at risk of not achieving the expected year end position. The Director of Finance added that weekly monitoring was in place to ensure delivery of the Trust's challenging CIP plans.

The report was **NOTED** by the Board.

ACTION: Director of HR and OD to present a report to the Trust Board outlining an action plan in relation to the Trust's occupational health service.

TB116/10 ANNUAL REPORTING

TB116.1/10 Audit Committee Annual Report

Mr M Evens, Chairman of the Audit Committee, presented the 2009/10 Audit Committee Annual Report to the Board.

The report outlined the key activities of the Audit Committee which had been undertaken during 2009/10. The report also confirmed that the Committee had achieved its duties and responsibilities set out in its terms of reference.

Mr Evens explained that the Committee had held 7 meetings over the past year due to the amount of issues needing discussed, but the number of meetings within the coming year was expected to reduce in line with best practice guidance.

The Committee had noted improvements in the Assurance Framework and Internal Control, however, the general financial standing of the Trust was of concern. The Committee noted that although the Financial Recovery Plan 2007 had not been effectively actioned, this was now in place and had been taken forward by the Finance Committee.

The report was **NOTED**.

TB116.2/10 Annual Audit Letter

Mrs J Bellard, Audit Commission, presented the Annual Audit Letter for 2009/10 to the Board.

The report, which summarised the findings of the Audit Commission's audit of the Trust's financial statements and the Auditor's Local Evaluation of the Trust's arrangements to achieve value for money in its use of resources.

Mrs Bellard reported that she had issued an unqualified opinion on the financial statement, however, the audit had identified an error in the breakeven note that had resulted in the breakeven in-year surplus being overstated. However, this had now been corrected and the breakeven amount reduced from a surplus of £875k to £327k.

The Deputy Chief Executive/Chief Operating Officer drew attention to page 7 of the report, point 24, and queried why the report, which covered the period 2009/10, had indicated that the Trust did not have robust plans in place to ensure delivery of the 2010/11 financial targets. The Deputy Chief Executive/Chief Operating Officer commented that whilst the financial position of the Trust was challenging, it was disappointing to note some of the concerns outlined in the report, given the cost improvements which had been delivered in 2008/09 and 2009/10. Mrs J Bellard explained that the Audit Commission had a responsibility to ensure their work looked at the Trust retrospectively but also reviewed the robustness of financial plans for future years.

The report was **RECEIVED** by the Board.

TB116.2/10 Report by the Auditor to the Trust Board

Mrs J Bellard, Audit Commission, presented her report, as statutory auditor, for 2009/10. The purpose of the report was to draw to the Board's attention specific concerns around the arrangements in place at the Trust for financial management and financial statement.

Mrs Bellard outlined details of her concerns around the robustness of the Trust's financial plans for 2010/11 and the Trust's ability to deliver the financial recovery plan required to meet its statutory breakeven duty by 2015/16.

Mrs Bellard explained that as the Trust's Auditor, she had a duty to report to the Secretary of State (under a Section 19) if she felt the Trust was likely to breach statutory financial duties and also if recovery plans in place were at risk of not being delivered. Mrs Bellard reported that although she had concerns, she would not be submitting a Section 19, however, would be monitoring the Trust's recovery plan.

Mr M Evens drew attention to page 8 of the report, section 26, which related to month 6 financial performance information and whether the auditor would need to take further action under the Audit Commission Act 1998 once this information was available. Mr Evens queried whether Mrs Bellard would report back to the Board before or after any decision was taken. Mrs Bellard confirmed that she would be having further detailed discussions concerning the Trust's financial recovery plan and would discuss the outcome of these discussions with the Audit Committee.

The Director of Finance reassured Board members that improvements had been made since the production of the report.

The Deputy Chief Executive/Chief Operating Officer commented that all staff and the Trust Board had worked extremely hard since 2007 to achieve £22m cost improvement efficiencies and were committed to deliver the plan to achieve the £21m for the current year and, therefore, queried what was missing that gave the Audit Commission concern that the Trust did not have plans in place to achieve this. Mrs Bellard acknowledged that the Trust had delivered certain savings, which was why a Section 19 had not been issued, however, the progress to date and challenges that were associated with delivering the £21m were significant.

The Chief Executive assured the Board that the Executive Team would be working closely with Mrs Bellard and her team, and although the Trust was facing a huge challenge, it would be making every effort to achieve this.

The report was **NOTED**.

TB117/10 STANDING BOARD COMMITTEES

TB117.1/10 Audit Committee Minutes and Action Plan (unratified) – September 2010

Mr Bonner, who chaired the Audit Committee meeting in September, reported that the Company Secretary had been asked to pick up various issues from three Internal Audit Reports on behalf of the

Committee. The reports were Pharmacy Ascribe, Medicine Management and Deep Cleaning.

The minutes were **NOTED** by the Board.

TB118/10 ANY OTHER URGENT BUSINESS

TB118.1/10 HSJ Annual Awards

The Chairman congratulated the QIPP Director and Mr Mark Irving on being shortlisted for an award at the HSJ Annual Awards in relation to their web based tool for monitoring nursing standards and wished them 'good luck' on behalf of the Trust.

TB118.2/10 Question from Staff/Public

The Board addressed a number of questions from members of staff and the public in relation to telemedicine, Section 19, A&E HRG Version 4 and breast screening, as follows:

- The Acting Director of Nursing gave assurance that all the required and appropriate training would be given to staff in relation to the new telemedicine project.

- The Director of Finance confirmed that the Trust did have a financial recovery plan in place, albeit the delivery of the plan would be a challenge. The QIPP Director stated that it was a responsibility of everyone, not just the Trust Board, to take the plan forward.

  The Chairman explained that every Trust in the country was faced with reductions in income and the Trust had historic debt going back to 2000/01, which it needed to repay in order to move the organisation forward. The Board had made significant achievements during the last 2 years to deliver the financial targets, as well as improve the overall performance of the organisation. The Chairman added that the Trust needed to embrace the new changes which would require everyone in the organisation to work together to ensure services provided high quality care for patients but also value for money in the new economic environment we now worked in. The Chairman stated that the Government had said this had to happen. There was a new White Paper that had to be encompassed. The Chairman assured the staff and public present that it was a very able and competent Board and one which was committed to rising to these challenges to ensure a sustainable future for secondary care services in north Cumbria.

- The Chief Executive confirmed that it was expected that the breast screening review would be finalised within the next four weeks, following which, the Director of Public Health would be producing a review report.

TB119/10 DATE, TIME AND LOCATION OF NEXT MEETING

Tuesday, 2 November 2010 at 1.00pm in the Board Room, West Cumberland Hospital, Whitehaven.