

**MINUTES OF A SPECIAL MEETING OF THE MONITOR BOARD HELD ON
THURSDAY 2 OCTOBER 2014 AT 8.00AM AT WELLINGTON HOUSE, 133-155
WATERLOO ROAD, LONDON, SE1 8UG**

Present:

Joan Hanham, Chairman (via telephone)
David Bennett, Chief Executive (via telephone)
Stephen Hay, Managing Director of Provider Regulation (via telephone)
Heather Lawrence, Non Executive Director (via telephone)
Adrian Masters, Managing Director of Sector Development
Iain Osborne, Non Executive Director (via telephone)
Keith Palmer, Non Executive Director (via telephone)
Sigurd Reinton, Non Executive Director (via telephone)

In attendance:

Miranda Carter, Executive Director of Assessment
John Curnow, Project Director
Toby Lambert, Director of Strategy and Policy
Ric Marshall, Director of Pricing
Sue Meeson, Executive Director of Strategic Communications
Kate Moore, Executive Director of Legal Services
Catherine Pollard, Pricing Development Director
Igor Popovic, Pricing Delivery Director
Simon Rogers, Legal Director
Rebecca Threlfall, Committee Secretary
Chris Williams, External Consultant (Deloitte)

1. Welcome and apologies

- 1.1 Apologies for absence had been received from Helen Buckingham (Chief of Staff), Catherine Davies (Executive Director of Executive Director of Co-operation and Competition), Philippa Harding (Board Secretary), Fiona Knight (Executive Director of Organisation Transformation) and Hugo Mascie-Taylor (Medical Director/Executive Director of Patient and Clinical Engagement).

2. Declarations of interest

- 2.1 No interests were declared.

3. Private session - resolution (oral item)

- 3.1 The Chairman proposed a resolution in order to move the meeting into private session to consider private items of business.

RESOLVED:

- 3.2 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.

4. 2015/16 National Tariff (BM/14/106(P))

- 4.1 Adrian Masters introduced the report which provided the Board with information about a potential package for the 2015/16 National Tariff that had been identified following discussions with NHS England executives. The key elements of the package were:

- i) an efficiency factor of 3.8%;
- ii) the cost base to be held constant in aggregate for 2015/16;
- iii) the introduction of a 50:50 gain and loss share on acute specialised services above 2014/15 planned contract values; and
- iv) the revision of the marginal rate rule for emergency admissions to a 50:50 basis from 30:70.

- 4.2 The Board was asked to approve, in principle, the key elements of the proposed package, and the recommended timetable and next steps to support the publication of the Section 118 Notice (under the Health and Social Care Act 2012) and subsequent consultation. It was emphasised that, in the context of the significant financial challenges that 2015/16 was likely to pose to the sector, Monitor had sought to develop a package of policies focussed on challenging providers to deliver services more efficiently, alongside ensuring that both commissioners and providers took responsibility for ensuring appropriate activity growth. The package, though challenging for the sector, was designed to strike a reasonable balance between the demands placed on providers and commissioners, and to set targets which were both credible and deliverable, albeit stretching. Careful consideration had been given in developing the package to the demands placed on all stakeholders, and to the incentives and signals that the proposed policies would set for both current and future actions. The package had been discussed with NHS England (which had explicit responsibility to consider affordability), which confirmed it was, in principle, in agreement with the proposals, subject to further discussions. The Board was updated on the negotiations which had been held at Chief Executive Officer level.
- 4.3 The Board discussed the next steps that would be required for the publication of the Section 118 Notice and subsequent consultation. These included further consultation within NHS England at Board level, and with the Department of Health. In parallel, a full Impact Assessment would be completed and made available for Board consideration alongside the Section 118 notice at its meeting on 29 October 2014.

RESOLVED:

4.4 The Board resolved to approve, in principle:

- i) the proposed package per paragraph 4.1 above for the key elements of the 2015/16 National Tariff; and
- ii) the recommended timetable and next steps to support the publication of the Section 118 Notice and subsequent consultation.

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