

**MINUTES OF A MEETING OF THE MONITOR BOARD HELD ON WEDNESDAY
25 MARCH 2015 AT 10.00 AT WELLINGTON HOUSE, 133-155 WATERLOO
ROAD, LONDON SE1 8UG**

Present:

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

In attendance:

Helen Buckingham, Chief of Staff
Miranda Carter, Executive Director of Provider Appraisal
Catherine Davies, Executive Director of Co-operation and Competition
Jason Dorsett, Finance, Reporting and Risk Director
Philippa Harding, Board Secretary
Fiona Knight, Executive Director of Organisational Transformation
Toby Lambert, Director of Strategy and Policy
Ric Marshall, Director of Pricing
Hugo Mascie-Taylor, Medical Director (Executive Director of Patient and Clinical Engagement)
Jeremy Mooney, Executive Director of Strategic Communications
Kate Moore, Executive Director of Legal Services
Peter Sinden, Chief Information Officer
Chris Walters, Chief Economist

No members of the public were in attendance for the public session of the meeting.

Executive officers attended the meeting as detailed under specific agenda items below.

1. Welcome and apologies

1.1 There were no apologies for absence.

1.2 The Chairman welcomed Timothy Heymann (Non Executive Director) and Chris Walters (Chief Economist) to their first Board meeting.

2. Declarations of interest

2.1 No interests were declared.

3. Minutes and matters arising from the meeting held on Wednesday 25 February 2015 (BM/15/31)

3.1 The minutes of the Board meeting held on 25 February 2015 were approved and the matters arising noted.

4. Provider Appraisal Update (BM/15/32)

4.1 The Board noted the report which provided information about significant developments with regard to the work being undertaken by Monitor's Provider Appraisal directorate since the last meeting of the Board.

4.2 Board members discussed the work that had been undertaken with regard to the review of Cambridgeshire and Peterborough NHS Foundation Trust's proposed joint venture with Cambridge University Hospitals NHS Foundation Trust. The aim of this transaction was to deliver integrated care to older people across Cambridgeshire and Peterborough. Particular consideration was given to the governance arrangements that might be established as a result of such joint ventures and how they should be assessed by Monitor.

5. Pricing Update (BM/15/33)

5.1 The Board discussed the report which provided an update on the key issues being addressed by the Pricing team in the past month.

5.2 The interim arrangements proposed by NHS England and Monitor for use until a new 2015/16 National Tariff was published were noted, as was the sector's response to these proposals. A number of NHS foundations trusts (NHSFTs) had declined to express a preference with regard to the proposals or the default position of continuing to use the 2014/15 prices from 1 April 2015 without variation to reflect the 2015/16 proposals.

5.3 In light of the concerns that had been expressed about the financial challenges that were expected to face the healthcare sector in 2015/16, the importance of clear and realistic planning by healthcare providers and commissioners was emphasised.

5.4 Board members were informed that the Pricing team continued to work with NHS England to develop the proposed 2016/17 work packages and overall programme for the 2016/17 National Tariff. Consideration was given to the importance of co-ordinated working between Monitor and NHS England on the

longer term strategy for payment systems and Board members proposed that thought be given to the arrangement of a Board workshop on this topic, perhaps between Monitor and NHS England, later in the year.

ACTION: AM, PH

6. Executive Report (BM/15/34)

6.1 Board members considered the report which summarised key developments at Monitor since the Board meeting held on 25 February 2015.

6.2 Chris Walters provided the Board with an oral update on the progress of work on 'international acute comparisons' and the relationship between this project and that which had been launched to understand the financial impact of moving care out of hospitals. Consideration was given to the most appropriate way of using the information gathered through these projects. It was proposed that some of the working papers for such projects might be circulated to Board members in correspondence, ahead of their completion, in order to provide information about their progress. Non Executive Directors were invited to inform Executive Directors should they wish further face-to-face briefings which could be arranged to take place ahead of Board meetings.

ACTION: PH

6.3 Board members requested that further information about the work of the Patient and Clinical Engagement directorate be submitted for consideration at the next meeting of the Board.

ACTION: HMT

7. Questions and comments from the public (oral item)

7.1 No members of the public were present.

8. Private session - resolution (oral item)

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

RESOLVED:

8.2 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.

9. Co-operation and Competition Update (BM/15/35(P))

9.1 Board members considered the report which provided information about significant developments with regard to the work of the Co-operation and Competition directorate since the meeting of the Board on 25 February 2015.

9.2 It was noted that Monitor had agreed draft undertakings with Blackpool Clinical Commissioning Group and Fylde and Wyre Clinical Commissioning Group regarding the complaint made against them by Spire Healthcare Limited with concerning the commissioning of elective services in Blackpool and the surrounding areas. Consideration was given to the manner in which adherence with these undertakings would be measured.

10. Provider Regulation Update (BM/15/36(P))

10.1 Board members noted the paper which provided an overview of the NHSFTs subject to formal enforcement action. Information was provided with regard to the following NHSFTs:

- King's College Hospital NHS Foundation Trust;
- Medway NHS Foundation Trust; and
- Sherwood Forest Hospitals NHS Foundation Trust.

11. Chief Executive's update (oral item)

11.1 David Bennett confirmed that he had no oral update to provide the Board.

12. Steps towards the payment system reform to support the Five Year Forward View, and 2015/16 national tariffs (BM/15/37(P))

12.1 Adrian Masters presented the report which reminded the Board about the long-term payment reform strategy that had been published by NHS England and Monitor in December 2014 (Reforming the payment systems for NHS services: supporting the Five Year Forward View). It also provided information about the initial steps already undertaken to implement this strategy and the Pricing team's work programme and the timetable for producing the 2016/17 National Tariff in line with it.

12.2 Board members welcomed the report, noting the importance of the long term payment reform strategy in responding to and advancing the Five Year Forward View.

12.3 It was noted that the work packages for 2016/17 had been chosen to progress the strategy for long term payment system reform whilst taking account of immediate pragmatic improvements that could be made in areas such as currency design and feedback received on the 2015/16 National Tariff. Work to engage the sector on the 2016/17 National Tariff would also be used to inform the decision that was still to be taken on the 2015/16 National Tariff. Two choices still remained for 2015/16 – re-consultation on alternative proposals or

referral of the original price-setting method to the Competition and Markets Authority. The final decision on action to be taken would be brought to the Board in due course.

13. Progress on Business Plan Actions for 2014/15 (Interim Report) (BM/15/38(P))

Das Mootanah (Risk and Performance Director) joined the meeting for the consideration of this item.

13.1 The Board noted the report which provided an update on the progress of the 2014/15 Business Plan actions as at mid-March 2015. The report was provided as an interim update; a full report would be provided to the Board at its meeting on 28 May 2015, as part of the Q4 Performance Report.

14. Proposed 2015/16 Business Plan (BM/15/39(P))

Lisa Collins (Project Director, Policy) and Kate Denham (Senior Policy Adviser) joined the meeting for the consideration of this item.

14.1 David Bennett presented the report which set out Monitor's proposed business plan for 2015/16, in a narrative form with a high level summary of the key actions.

14.2 Board members noted that there were a number of policy issues which would require further consideration in light of the uncertainty of the outcome of the general election. In light of this, the plan focussed on the first quarter of 2015/16. Should amendments be necessary once the outcome of the general election was known, these would be brought to the Board in due course.

14.3 A number of detailed drafting comments were provided with regard to the proposed business plan narrative. Subject to these, the Board considered that the plan was appropriate. The value of additional clarity about how the actions described in the plan contributed towards the achievement of Monitor's strategy was emphasised.

RESOLVED:

14.4 Subject to the comments above, the Board resolved to approve Monitor's business plan for 2015/16.

15. Proposed 2015/16 Budget (BM/15/40(P))

Cara McRory (Finance) and Steve Murray (Head of Internal Finance) joined the meeting for the consideration of this item.

15.1 Jason Dorsett introduced the report which proposed a total budget for Monitor for 2015/16 and the allocation of that budget between directorates.

15.2 Consideration was given to the staff budgets which had been fully allocated to directorates, including the baseline organisational design and new proposed posts, subject to the normal recruitment approvals. The implications for Monitor's accommodation were also discussed. It was proposed that, although there were a number of risks and contingencies, there was sufficient budget for Monitor to deliver the 2015/16 business plan that had been approved by the Board.

15.3 With regard to the potential 2016/17 allocation to be made by the Department of Health to Monitor, it was noted that until this was confirmed, care would be required when entering into contractual commitments which extended into 2016/17.

RESOLVED:

15.4 The Board resolved to approve Monitor's budget for 2015/16.

16. Any other business

16.1 No other business was raised.

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