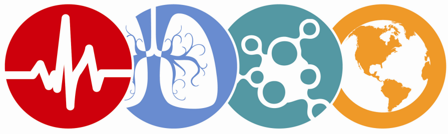


Royal Brompton & Harefield NHS
NHS Foundation Trust

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# Annual Report and Accounts 2013/14

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**Presented to Parliament pursuant to Schedule 7, paragraph 25(4) of the National Health Service Act 2006**

# Royal Brompton & Harefield NHS Foundation Trust

# Annual Report 2013-14

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# 1. Chief Executive Introduction

The following pages constitute the Annual Report of Royal Brompton & Harefield NHS Foundation Trust for its fourth full year as a Foundation Trust, for the period 1 April 2013 to 31 March 2014. The information contained in this Report is presented and prepared in accordance with the requirements set out by Monitor in the "*NHS Foundation Trust Annual Reporting Manual 2013-14*" as updated by Monitor in March 2014.

In the following pages, readers will find:

- A Strategic Report which sets out the operational performance of the Trust and its achievements during 2013/14.
- A Report by the Directors of the Trust including a set of "Disclosures in the Public Interest", indicating where information on these is to be found within the Report.
- An outline of the Governance arrangements in place in the Trust
- A report on the findings of the Staff Survey

During 2013/14 the Trust has continued to develop the process for production of the Quality Report and has taken steps to ensure that stakeholders have been involved in the choice of priority areas for 2014/15.

In previous years I have reported on the threat to our children's services posed by the national ''Safe and Sustainable'' review of children's congenital cardiac surgery. Despite the decision made in 2012 to decommission children's heart surgery at Royal Brompton Hospital, the service continues to thrive and the Secretary of State suspended the review in June 2013. In its place a new national review of congenital cardiac services (for both adults and children) is underway and is expected to reach its conclusions in early 2015. The review's focus is the agreement of national standards and a service specification against which future services will be commissioned. It is not clear how the proposed specification will be taken forward, but we are confident of meeting its requirements as provision of a 'joined up' service for both children and adults is one of the strengths of our service model.

One of the most important challenges facing the organisation is how to redevelop our hospitals over the medium to long term. Last year I reported on the decision made by the Trust Board, and supported by the Council of Governors, to redevelop premises at their current locations rather than to move to a new site. During 2013/14 future plans for the Royal Brompton Hospital have been taken forwards, working in partnership with The Royal Borough of Kensington and Chelsea; and matters have been progressed in order to establish a sustainable development programme for both Hospitals within the resources of the Trust.

A further area of focus this year has been the need to achieve a balanced budget against the background of significant structural change within the national health system. The Trust has been working closely with its commissioners at both local and national level. Excellent links have been built with NHS England, and the Clinical Quality Group (chaired by NHS England) is in place and working well. For 2013/14 around 80% of our income was deemed specialist and came from NHS England. The Trust looks forward to continuing to develop working relationships with all our commissioning colleagues during 2014/15 and to working with partner organisations on future development of the national tariff.

The Trust remains committed to the provision of high quality services for patients of all ages. The Trust intends to develop its services, and premises, to ensure the ongoing delivery of this commitment.

**............................ Robert J Bell** **27th May 2014**
**Chief Executive**

For queries regarding this Annual Report please contact, in the first instance:
Mr Richard Connett
Director of Performance and Trust Secretary
Royal Brompton & Harefield NHS Foundation Trust
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# 2. Strategic Report

## Introduction

### 2.1 Who we are and what we do

**Royal Brompton & Harefield NHS Foundation Trust is a national and international specialist heart and lung centre based in Chelsea, London and Harefield, Middlesex.**

As a specialist trust we only provide treatment for people with heart and lung disease. This means our doctors, nurses and other healthcare staff are experts in their chosen fields, and many move to our hospitals from throughout the UK, Continental Europe and beyond, so they can develop their particular skills even further.

We carry out some of the most complicated surgery, and offer some of the most sophisticated treatment that is available anywhere in the world. Consequently, our patients come from all over the UK and internationally, not just from our local areas.

We help patients of all ages who have heart and lung problems. Our care extends from the womb, through childhood, adolescence and into adulthood. Our foetal cardiologists can perform scans at just 12 weeks, when a baby's heart valve is just over a millimetre in size, and our clinical teams regularly treat patients well into their 90s.

One of the reasons for our success is our teamwork. Our internationally acclaimed multidisciplinary clinical and research teams have become established over many years and they work together throughout the Trust to deliver seamless co-ordinated, specialist care to every patient.

From the moment they arrive, our patients become part of a community of people who have benefited from more than 160 years of expert diagnosis, treatment and long-term care. Each member of staff is dedicated to patient care, from the very first contact a patient has with us to follow-up care at home or in the community.

Over the years, our experts have been responsible for several major medical breakthroughs – discovering the genetic mutation responsible for the heart condition dilated cardiomyopathy, founding the largest centre for the development of new treatments for cystic fibrosis in Europe, and pioneering intricate heart surgery for newborn infants.

Research programmes play a vital role at both our hospitals. This is because the most talented medical experts are rarely content with using tried and tested methods to treat their patients. The opportunity to influence the course of modern medicine by developing new treatments is a prospect which attracts them to specialist centres, where research opportunities are a fundamental part of delivering patient care.

## ❖ Our strategy

**Our mission is to be the UK's leading specialist centre for heart and lung disease.**

The Trust will achieve this mission by a strategy of focused growth in aspects of heart and lung treatment, particularly in congenital heart disease, arrhythmia, advanced lung diseases and heart failure. Our approach:

- Continual development of leading edge services through clinical refinement and research
- Effective and efficient delivery of core specialist treatment
- Managing the transition of more routine services to other centres to release capacity for new interventions.

Remaining an autonomous, specialist organisation is central to preserving and building on our strong clinical and organisational record.

However, we are equally convinced of the importance of effective partnerships, particularly with nearby non-specialist Trusts and major academic bodies, to ensure a continuing pipeline of innovations to develop future treatments.

Our vision is to create a hospital environment that promotes world-class patient care and supports innovation, cutting edge research and education. Our ambition is to create new facilities equipped with the latest technology to accelerate the fight against heart and lung disease – two of the world's biggest killers.

Further information concerning the Trust's forward plans can be found in the two year Operational Plan for 2014/15 and 2015/16 which has been submitted to Monitor. This document will be available through the Monitor web site.

The Trust's mission should be seen against the current backdrop of tariff deflation, cost inflation, QIPP (Quality Improvement and Productivity Plans) and new clinical technologies. These elements, along with the need to invest in increased capacity and staffing, place financial performance under strain even if they include initiatives to improve clinical quality.

The five main areas of focus in the Operational Plan are:

i) **Clinical Quality;** having particular regard to 6 areas:
   - Quality and Productivity
   - Intensive Care Family Satisfaction Surveys
   - Lung Cancer Review
   - Seven-day working
   - Reduction in theatre cancellations for non-clinical reasons
   - Medication errors for Children's Services

   Further details of the aims and objectives of these 6 initiatives can be found in the Quality Report which is given in full at Annex 2 of the report.

**ii) Partnerships**

The Trust can only provide optimal care by operating within a 'system of care'. As part of this the Trust will devote time and resources to nurturing relationships with district general hospital referral partners; continue to explore how paediatric activities can be transformed via a joint venture with Chelsea and Westminster Hospital NHS

FT on their site; fully exploit the research potential of common data sets and shared clinical practice through the three year plan for the Institute of Cardiovascular Science and Medicine in collaboration with Liverpool Heart and Chest Hospital NHS FT; and the Trust will recast its relationship with key suppliers of medical devices and consumables to achieve earlier and preferred access to exciting new technologies and funding for research projects.

**iii) Information Technology**

The Trust has many outdated, difficult-to-support and overlapping computer applications. The Trust will:

- Develop a new, simplified application architecture and information solution
- Implement a clinical data warehouse to provide a single, trusted repository of comprehensive and accurate patient-related information. Coupled with electronic document and image management, workflow and data capture solutions. The Trust will create a single information platform for our integrated digital care record (IDCR). We will also provide patients with secure, remote access to their personal clinical data.

**iv) Redevelopment of our Hospitals**

To maintain the clinical quality of our services and a financial surplus, we need continued growth in activity, both to respond to demand and to reduce unit costs. However, this growth is seriously constrained by the capacity, configuration and condition of our buildings. Examples of these constraints are the shortage of critical care beds and outpatient clinic rooms on both sites, and substantial increases in the Trust's maintenance budget, especially relating to the Fulham Road Wing. The following redevelopment plans will address these limitations:

**Royal Brompton Hospital**

- The Trust is working with the Royal Borough of Kensington & Chelsea to gain planning approval to redevelop our Chelsea campus. The proceeds from a phased sale of sites within this campus will fund the reconstruction and expansion of the main Sydney Street site to create a truly 21st century hospital. Redevelopment work is not expected to start before mid-2018.
- In the interim, the Trust will open an outpatient facility in Wimpole Street to expand private patient activities and seek other off-site opportunities to add more private inpatient bed capacity.
- Over the next 18 months, the Trust will create a hybrid theatre in which a wide range of complex procedures can be performed more effectively.

**Harefield Hospital**

Although long-term redevelopment of this campus is in the planning phase only, during the next 18 months, the Trust will:

- Establish a viable development and funding plan to create a new graduated care and imaging centre. This will consolidate all high-dependency and intensive care beds and major scanning modalities within a single, purpose-built facility.
- Address short-term capacity constraints by installing a modular-built extension with six additional beds to the level 3 ITU.
- Install a modular-built scanning centre to house a fixed MRI scanner and a second, high specification CT scanner.
- Add a further 18 ward beds on a new, second floor of Acorn Ward.

- Convert the former thoracic theatre suite into an endoscopy facility, with additional day case / short stay beds for respiratory as well as cardiac patients, and some additional transplant inpatient beds.

These plans will require a major step-up in our capital expenditure. The Trust has negotiated a 15-year loan facility with the ITFF (Independent Trust Financing Facility).

**v) Developing Services within Community Settings**

The “Shaping a Healthier Future” programme aims to improve NHS services for patients in North West London by managing more patients within primary care and at home. Expanding services in our communities, such as our pulmonary rehabilitation and rapid access cardiology programmes, will support this aim.

The Trust is also trialling different approaches to community-based diagnostic cardiology in the boroughs of Hillingdon and Kensington & Chelsea, in collaboration with primary and secondary care partners.

All of the five initiatives outlined above have been shared with the Foundation Trust membership. The membership was invited to express views on these plans to the governors, prior to the meeting of the Council of Governors on 19th May 2014.

## ❖ Our Values

At the core of any organisation are its values: belief systems that are reflected in thought and behaviour.

Our values were developed by staff for staff. We have three core patient-facing values and four others which support them.

Our three **core** values are:

### 1. We care

We believe our patients deserve the best possible specialist treatment for their heart and lung condition in a clean and safe place.

### 2. We respect

We believe that patients should be treated with respect, dignity and courtesy and that they should be well informed and involved in decisions about their care. We always have time to listen.

### 3. We are inclusive

We believe in making sure our specialist services can be used by everyone who needs them, and we will act on any comments and suggestions which can help us improve the care we offer.

The following values support us in achieving them:

### 1. We believe in our staff

We believe our staff should feel valued and proud of their work and know that we will attract and keep the best people by understanding and supporting them.

### 2. We are responsible

We believe in being open about where our money goes, and in making our hospitals environmentally sustainable.

### 3. We discover

We believe it is our duty to find and develop new treatments for heart and lung disease, both for today's patients and for future generations.

### 4. We share our knowledge

We believe in sharing what we know through teaching, so that what we learn can help patients everywhere.

## ❖ Our position in the healthcare market

### A growing market

Heart and lung diseases are the world's biggest killers. Overall, the demand for treatment is high and growing, as a result of both increased need and national policy initiatives to meet that need.

### Our international role

The Trust does not operate in a single, local health economy. The Trust treats patients referred by the health services in other parts of the United Kingdom as well as treating patients referred from other countries, either though government schemes, or as private patients. The size of the patient population served by the Trust creates the opportunity to undertake research and development projects on a scale that is attractive to the research and development arms of global enterprises.

### A strong reputation

Our strong reputation, both in the UK and internationally, enables us to maintain and grow our market position, both by developing new interventions and by securing referral patterns through established networks of referring hospitals.

### NHS Services

The majority (circa 80%) of the NHS services provided by the Trust are commissioned by NHS England. The remainder are commissioned by Clinical Commissioning Groups (CCGs) these cover the whole population of England. The services commissioned by NHS England, and those commissioned by CCGs, are commissioner requested services covered by the NHS Provider Licence issued by Monitor.

### Private Patients Unit

Royal Brompton & Harefield NHS Foundation Trust has built a significant private patient business. Our expert teams, facilities and locations provide the platform for a world class heart and lung private patient service.

Over recent years the business has seen considerable increases in revenue driven by building relations with health insurers allied to business development and marketing activities targeted at the UK self-pay and Middle East markets.

In 2013/14 private patient income exceeded £30m for the first time. This was achieved despite some private patient facilities at Royal Brompton Hospital being closed for refurbishment for part of the year.

The summer of 2013/14 also saw the unveiling of a new brand identity and logo for our private patient services. A new website was launched in September with the aim of providing a dedicated hub for private patients at the Trust.

An integral part of the private patient strategy has been to review its distribution model with a view to increasing patient enquiries and flows. A review of Royal Brompton Hospital outpatient referral patterns and patients' residential addresses was undertaken, and it became very apparent that most of our UK patients and referrals come from the area immediately around the hospital. The Trust considers that a presence in the Harley Street area of London would increase both brand awareness and market share within central and north London as well as from international patients. With this in mind, the Trust intends to open a private outpatient facility in that area in the coming year.

## Research and Development

Research is an integral component of the Trust's mission to provide better care for patients in the NHS and beyond. Research activities in the Trust are guided by a Board-approved strategy that seeks to enhance and further the Trust's reputation in pioneering, world-class cardiothoracic research.

During 2013/14, research income to the Trust continued to rise in line with 2012-2015 Research Strategy objectives to grow the business. Research income reached £12.7m and over 6000 patients participated in our research endeavours; 3600 patients recruited in over 270 ethically approved research studies and a further 2500 patients consenting for the retention of their tissue in the Trust's ethically approved Biobanks.

Our respiratory and cardiovascular National Institute for Health Research (NIHR) Biomedical Research Units (BRU) drive translational research at the Trust, in partnership with Imperial College, by providing state-of-the art facilities and funding to support the development of new treatments for the cardiovascular and respiratory conditions affecting Trust patients. In December 2013, the Secretary of State for Health opened a new genetics and genomics laboratory at the Royal Brompton Hospital which will further transform our capability to translate research advances in the genetics of cardiovascular disease into new clinical services for those with inherited cardiac conditions. In respiratory research, we are leading a new national network, the NIHR Respiratory Rare Disease Translational Research Collaborative (RD-TRC) focussed on accelerating developments in the treatment of rare respiratory diseases.

Other 2013-2014 research highlights include:

- Two new professorial appointments in partnership with Imperial College in chronic obstructive pulmonary disease and heart failure research, and two Imperial Adjunct Professor promotions.
- Eight NIHR Senior Investigators. This award recognises the top 200 clinical and applied health researchers in the UK, with the Trust having 25% of all appointments in cardio-respiratory medicine in England.
- Over £5m of new research funding to support new projects and to grow new research talent through personal awards to doctors, nursing and allied health professionals working in the Trust.
- Over 330 research publications from Trust consultants

In addition to these academic activities, a Trust-wide promotional initiative to raise awareness about our research was undertaken during 2013. Information and awareness raising material about the Trust's research programmes and the different opportunities for engagement and involvement is now more widely available and accessible to patients, carers and staff.

## 2.2 A fair balanced and understandable review of the Trust's business

## Trust Operational Performance from 1st April 2013 to 31st March 2014

During the course of 2013/14 the Trust exceeded its plans across most categories of activity; building on new services put in place during the previous financial year and continuing to deliver increased services through existing capacity.

The Trust over-performed against its income plans for NHS services by £5.0m and private patient services by £2.9m. In doing so the Trust achieved an EBITDA (earnings before interest, tax, depreciation and amortisation) of £26.7m (7.8%) compared to a planned £23.0m (7.0%).

Further details of operational performance at Divisional level are given below.

## Operational and Financial Performance by Division

**Royal Brompton Heart Division (including Children's services)**
The Royal Brompton Heart Division generated income of £125.9million in 2013/14 leading to a contribution of £23.1million, in line with plan. This is an increase from 2012/13, where the division generated £116.5million in income and £20.1million in contribution.

The underlying position for NHS income exceeded plan by £0.6million and total income increased from £101million in 2012/13 to £107million in 2013/14. Adult Cardiac Surgery was below plan in 2013/14 by 274 spells, releasing capacity for other services, for instance Congenital Heart Surgery. Although behind plan in overall spell volumes, the more complex case-load partially offset the income shortfall, and activity levels recovered steadily through the year, from 220 spells in Q1 to 263 spells in Q4.

Adult Cardiology income was on plan in 2013/14, while overall spell volumes were ahead of plan for the year. There was more day-case activity, i.e. a less complex case mix, than planned for in 2013/14. Additional 'out-of-hours' work was undertaken throughout the year in order to keep up with the increasing demand for our services.

Children's services performance was significantly ahead of plan in 2013/14 across Cardiology, Respiratory and Congenital Heart Surgery. Overall inpatient activity was ahead of plan by 576 spells, utilising some of the available theatre capacity. Part of this increase in activity has been facilitated by the additional Paediatric HDU beds opened during the year. Paediatric Congenital Surgery was ahead of plan in year by 30 spells with increased income benefit due to a more complex case-mix than hitherto. Although significant progress has been made in the recruitment of permanent paediatric nurses, there remains a vacancy factor of 19% for ward nursing staff across the children's wards. This vacancy factor is higher than seen in other areas of the Trust. The nurse recruitment team has been given additional resources in an effort to reduce the vacancy factor during 2014/15.

Also in Paediatrics, the nationally commissioned service for Primary Ciliary Dyskinesia (PCD) was commissioned in 2013/14 for the management as well as the diagnosis of the condition. The Long Term Ventilation (LTV) service has completed the national roll-out of its innovative 'hospital-to-home' service model and will further develop the service in 2014/5.

The Extra Corporeal Membrane Oxygenation (ECMO) service once again significantly exceeded plan for 2013/14, with patient retrievals from Scotland and Northern Ireland in addition to the Trust's designated zone.

The private patient activity and income target for 2013/14 was exceeded, with an over performance against plan of over 12%, despite the reduced levels of capacity due to refurbishment works on the private ward. The over performance in activity was seen across Adult Cardiology (159 spells), Adult Cardiac Surgery (39 spells) and Paediatrics (69 spells).

Divisional pay costs were £64.7million, an overspend of £3.2million against budget focused in three key areas: children's services, where the additional activity and nursing vacancy levels described above led to a nursing overspend of £1.6m (and £0.3m for junior doctors); £0.3m in adult ICU nursing attributable to significant peaks in ECMO activity as described above and the costs of covering vacancies; and £0.5m in agency costs to cover junior medical staff vacancies in adult services in the early part of the year (this was brought back under control in Q3 and Q4).

**Harefield Heart Division**

The division met its contribution target for 2013/14, ending the year with a contribution of £16.8M (19.1%).

Total income for the year was £88.3M (4.9% above plan), driven by high levels of NHS and private patient income, particularly in the final quarter of the year. The division's income was further boosted by receipts in relation to Critical Care for pre-Transplant patients.

Inpatient and day-case spell volumes were 176 (2.7%) above plan for the year.

NHS cardiac surgery activity was slightly (2.3%) below plan for the year, however a favourable case-mix, plus good patient flow through critical care in the early part of the year and flexing capacity to keep on top of demand delivered a favourable financial position of £0.2m (1.4%).

NHS cardiology activity ended the year 94 spells (1.7%) ahead of plan. Day-case and emergency work drove this positive performance. Income was broadly on plan.

Critical care income exceeded plan by £2.3M overall, including £2.9M for Transplant-related activity (including pre-Transplant).

26 heart and 62 lung transplants were undertaken in 2013/14 and 29 Ventricular Assist Device (VAD) implants, compared with 21 heart, 48 lung transplants and 27 VAD implants in 2012/13. This represents a 22% year-on-year increase in total Transplants performed.

Private patient income ended the year £0.4M (9.8%) ahead of plan. This strong position was driven by the higher number than expected of ICD implants and cardiac surgery procedures.

The high levels of NHS and private income generated have led to higher pay costs than budgeted, predominantly within nursing and junior medical posts. The nursing overspend of just over £1.0M (4.4%) was driven by the high volume of additional activity undertaken. Additional junior medical costs were due to costs associated with extra organ retrievals made during the year and the cost of covering vacancies, although this latter cost reduced to budgeted levels in the final quarter.

The division also experienced high non-pay costs through the year. These non-pay costs were incurred in connection with activity-related items.

**Lung Division (both sites)**
The Lung Division has had a strong year, with numerous service developments implemented to drive efficiencies and growth in the department, and pay and non-pay budgets have been tightly controlled. These combined to drive a significant positive contribution.

The division generated total income of £76.1m in 2013/4, spending £49.8m, resulting in a contribution of £26.3m and exceeding its 33% contribution target for the year by £1.7m. The year-on-year reduction in contribution percentage derives from the NHS tariff reductions and the impact of greater pass through of the costs of excluded drugs. Of the total income, NHS Clinical Income accounted for £71.2m (an increase of 7% on 2012-13), and private patients £4.7m.

Spell volumes in respiratory medicine at Royal Brompton were below target in the year; however associated income exceeded target, as a result of a more complex case-mix. This was also the case for thoracic surgery on the Brompton site. The Cystic Fibrosis service continues to grow, as demonstrated by activity and income both running ahead of target in the year.

Respiratory activity on the Harefield site continues to grow ahead of plan, with both activity and income outstripping the targets set. This is driven by expansion of the assisted ventilation services and day case procedures. Harefield's day-case ward has been open for just under 2 years, with 2013-14 representing the first fully operational financial year.

Despite capacity constraints on the Harefield site thoracic surgical inpatient spells were well ahead of plan and generated income ahead of target. Some of this extra work has had to be accommodated out of hours, which has resulted in additional staffing costs being incurred. The Trust is investing in new capacity to accommodate the growth in demand.

Income from private practice was £0.5m lower than plan in the year. This was in part attributable to changes in capacity because of pressures from NHS services. Accommodation was moved to the newly-refurbished private ward in February 2014.

**Trust financial performance**

The Trust has reported a retained surplus of £4.5m (2012/13 - £4.1m) after a dividend of £6.4m (2012/13 - £6.2m) payable on Public Dividend Capital. This reflected year on year income growth from patient care activities, including private patient activities, of more than 5%, together with the related costs of service.

The Trust recognised £9.7m of Project Diamond income (2012/13 - £9.2m) in the period under review. The significant majority of this income is receivable from NHS England and recognises that standard tariff payments are insufficient to compensate the Trust for the complex procedures it undertakes as a tertiary healthcare provider.

Following a revaluation exercise undertaken by a firm of independent valuers, the accounts include revaluation surpluses of £4.0m in relation to the Trust's investment properties and £1.8m in relation to its operational properties. In accordance with relevant accounting standards, the first is reflected in the retained surplus for the year and the second in the revaluation reserve. The income & expenditure account also reflect a provision of £2.9m against capitalised consultancy costs for the proposed redevelopment of Royal Brompton Hospital.

The Trust invested £21.2m (2012/13 – £17.5m) in fixed assets during the year under review. In part as a result of this increase in capital expenditure, the balance of cash and cash equivalents at 31 March 2014 fell to £19.2m from £22.4m at 31 March 2013.

During the year the Trust's cash position was put under prolonged pressure as a result of delayed payments by NHS commissioners, namely NHS England and certain CCGs. The overdue position by 31 March 2014 had improved considerably although certain CCG payments remain overdue. Notwithstanding these pressures, the Trust did not seek recourse to its revolving credit facility.

In April 2014 the Trust secured a £30m loan facility from the Independent Trust Financing Facility. These funds will be drawn down over the next three years and repaid over the following 12 years. They will be used to support the Trust's capital expenditure programme prior to commencing construction of the redeveloped Royal Brompton Hospital.

**Note:** the accounts have been prepared under a direction issue by Monitor under the National Health Service Act 2006.

## 2.3 Principal Risks and Uncertainties

These are detailed within the Annual Governance Statement, please see Annex 1 of this report.

## 2.4 Going Concern

The financial performance and position of the Trust, together with factors likely to affect its future development and the associated risks and uncertainties, are referred to elsewhere in this Strategic Report. In addition, the Annual Governance Statement refers to the importance of, and risk to, Project Diamond income in future years.

After making enquiries, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the 'going concern' basis in preparing the accounts.

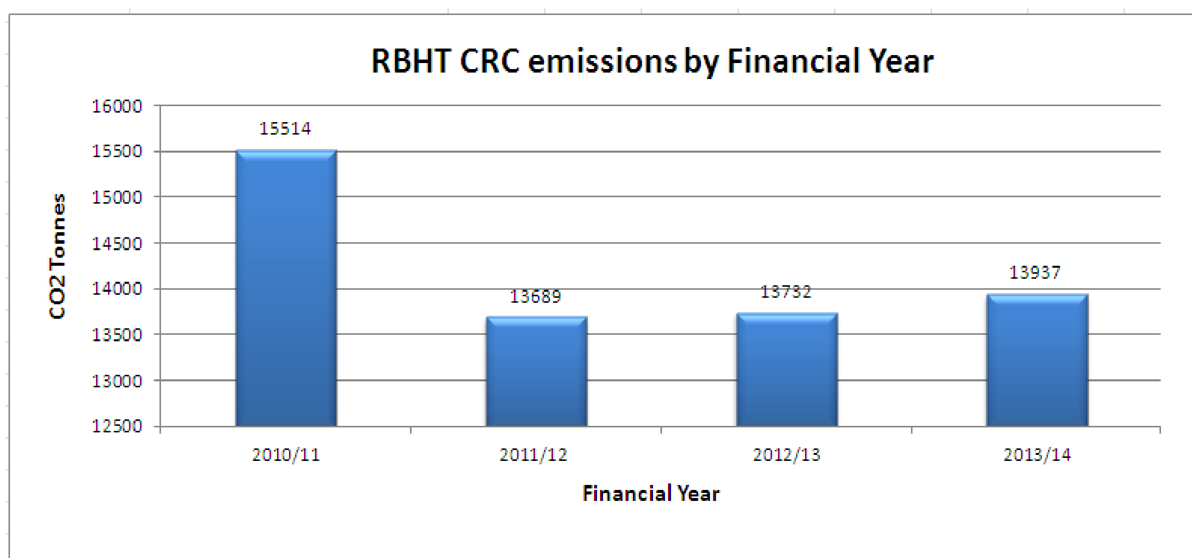
## 2.5 Environmental Matters

**Carbon Management**
The Trust is committed to reducing carbon emissions in line with the Department of Health's NHS Carbon Reduction Strategy 2009. A Carbon Management Plan has been developed in order to set out how the Trust will make progress towards achieving the targets set out in the Department of Health's strategy. The Trust's current Carbon Management Plan was formally approved by the Operational Management Team in March 2014.

The Trust is now establishing a Carbon Management Group chaired by the Head of Estates & Facilities, to work with departments throughout the Trust in order to implement the plan. It should be noted that the Trust has not set an absolute target for carbon reduction, based on the 2007/8 baseline because the Trust infrastructure has expanded since then with new capacity added. The Department of Health does not specify the metrics to be used. The Trust has therefore chosen to adopt Key Performance Indicators based on of tonnes $Co_2$/£ turnover and tonnes $CO_2$ / (staff + patient numbers) as these will enable the Trust to benchmark against its previous performance, and will be sensitive to future changes in the Trust estate.

**Carbon Reduction Commitment**
The Trust continues to actively participate in the Carbon Reduction Commitment Energy Efficiency Scheme and reports annually in July of each year as required.

CRC emissions for 2013/14 were 13,937 tCO. For comparison purposes reports from previous years were 15,514 $tCO_2$ in 2010/11, 13,689 $tCO_2$ in 2011/12 and 13,732 $tCO_2$ in 2012/13. These are illustrated in the chart below:



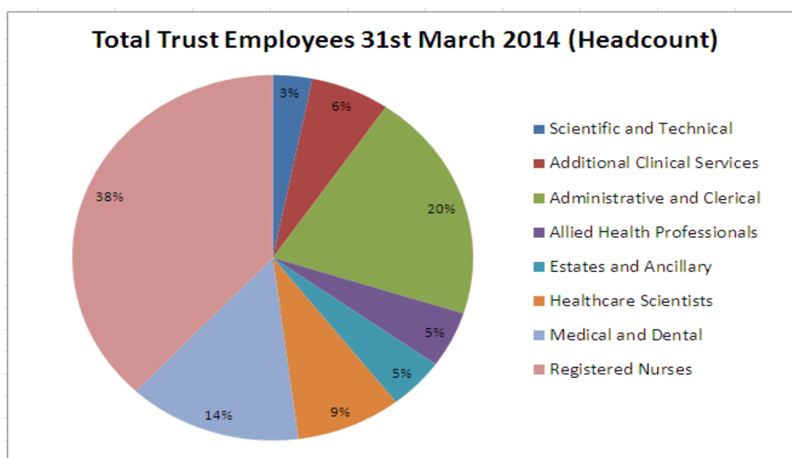

It is anticipated that the cost of emissions in 2013/14 will be £162k but this is due to rise sharply in 2014/15 when the cost per tonne of $CO_2$ rise from £12 to £16. The charge is levied by the government and is paid to the Environment Agency. The rate is set by the Department of Energy and Climate Change (DECC) and the amount collected goes into central government funds. After the rise to £16 it will continue to rise year on year in line with RPI.

## 2.6 The Trust's Employees

As at 16th April 2014, the Electronic Staff Record showed that the Trust employed 3, 307 people, expressed as head count.

Of these 1,257 were registered as nurses, a further 464 were doctors. There were 164 allied health professionals and 211 people employed to provide additional clinical services (mostly health care assistants). Healthcare scientists and scientific and professional staff numbered 281 and 105 respectively. There were 151 estates and ancillary staff. The administrative and clerical staff numbered 674; this group includes ward clerks, medical secretaries, clinic receptionists as well as corporate teams such as Finance, Human Resources and Information Technology and also members of the operational management team.

The chart below shows the composition of the work force by staff group:




The following table shows a breakdown at year end of the number of male and female members of staff in each of the specified groups:

| | Female | Male |
|---|---|---|
| **Directors (Trust Board)** | 3 | 10 |
| **Senior Managers (grade 8c or above)** | 39 | 23 |
| **Employees** | 2339 | 968 |

### 2.7 Social, Community and Human Rights Issues

The Trust has an Equality and Diversity Policy. This was issued in September 2012 and is due for review in 2015.

The policy sets out the intentions of the Trust with respect to ensuring that there are equal opportunities in the workplace, that dignity at work is safeguarded and that any issues pertaining to bullying and harassment are identified and addressed.

The Equality and Diversity Steering Group monitors the effectiveness of the policy and ensures that it is kept up to date. This group is chaired by the Director of Hyman Resources.

The policy is linked to the core behaviours expected of employees. These have been promoted during 2013/14 through the identification of ambassadors throughout the organisation. This has helped to ensure that the core behaviours are championed, and that staff are made aware of good practice.

**Directors' Statement**

This Strategic Report has been prepared in accordance with sections 414A, 414C and 414D of the Companies Act 2006, as interpreted by the HM Treasury FReM (paragraphs 5.2.6 to 5.2.11) and under a direction issued by Monitor under the National Health Service Act 2006.

**............................ Robert J Bell** **27th May 2014**
**Chief Executive**

On behalf of the Board of Directors

# 3. Directors' Report

## 3.1 Regulatory Ratings Report

**Table of Analysis**

| | Annual Plan 2013/14 | Q1 2013/14 | Q2 2013/14 | Q3 2013/14 | Q4 2013/14 |
|---|---|---|---|---|---|
| **Under the Compliance Framework** | | | | | |
| **Financial Risk Rating** | 3 | 3 | 3 | | |
| **Governance Risk Rating** | Amber / Red | Green | Green | | |
| **Under the Risk Assessment Framework** | | | | | |
| **Continuity of Service Rating** | | | | 4 | 4 |
| **Governance Rating** | | | | Green | Under Review |

| | Annual Plan 2012/13 | Q1 2012/13 | Q2 2012/13 | Q3 2012/13 | Q4 2012/13 |
|---|---|---|---|---|---|
| **Under the Compliance Framework** | | | | | |
| **Financial Risk Rating** | 3 | 3 | 3 | 3 | 3 |
| **Governance Risk Rating** | Amber / Red | Green | Amber / Green | Amber / Red | Amber / Red |

During 2013/14, the Trust delivered the financial risk ratings set out in the Annual Plan as detailed by quarter. The advent of the Risk Assessment Framework in Q3 led to reporting against Monitor's Continuity of Service Rating for periods 3 and 4.

The potential governance target failures identified in the Annual Plan 13/14, which warranted a forecast of amber / red for 2013/14 crystallised in Quarter 4. They related to the *Clostridium difficile* target and the 62 day cancer pathway target. The following table shows performance against the governance indicators throughout 2013/14:

| Governance Rating 2013/14 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Indicator | Threshold | | Q1 | | Q2 | | Q3 | | Q4 | |
| MRSA | Monitor de minimis = 6 | | 0 | Met | 2 | Met | Not assessed under the Risk Assessment Framework | | | |
| C Diff | Monitor de minimis = 12 | | 2 | Met | 6 | Met | 8 | Met | 16 | Not Met |
| Cancer – 31 day subsequent treatment | 94% | | 100% | Met | 95.59% | Met | 100% | Met | 100% | Met |
| Cancer – 62-day wait for cancer first treatment | 79%** | | 88% | Met | 86.9% | Met | 79.5% | Met | 69.2% | Not Met |
| 18 weeks RTT Admitted | 90% | | 92.6% | Met | 93.41% | Met | 95.21% | Met | 93.96% | Met |
| 18 weeks RTT Non-Admitted | 95% | | 98.1% | Met | 97.71% | Met | 98.14% | Met | 98.51% | Met |
| 18 weeks RTT Incomplete Pathway | 92% | | 95.11% | Met | 94.95% | Met | 95.67% | Met | 95.00% | Met |
| Cancer – 31 day 1st treatment | 96% | | 98.78% | Met | 100% | Met | 100% | Met | 100% | Met |
| Cancer – 14 day Urgent GP Referral | 93% | Not assessed if 5 cases or fewer in a quarter | <5 | Met | <5 | Met | 100% | Met | 100% | Met |

The Trust does not believe that there are any underlying clinical issues with respect to the *Clostridium difficile* target. The Trust adopts a zero tolerance policy regarding infection control which leads to a large number of tests for *Clostridium difficile* being carried out. The Trust is required to report all positive laboratory results to Public Health England (PHE), irrespective of whether or not the patient involved showed any clinically significant signs of disease. For 2014/15, a new system of reporting will be in place which will mean that while all positive laboratory finding continue to be reported to PHE, this will be followed by a process of clinical review and if a case is found not to have involved any lapse in infection control procedures it may be deemed 'non-trajectory' which will mean that while reported to PHE the case will not count against the target.

With regards to the 62 day cancer target, the Trust has commissioned a clinical review of the Lung Cancer Service in order to ascertain whether anything further can be done to improve the care pathway. The underlying issues, and root cause of the breach of the target, is late referral. In many cases patients are referred after day 62. The Trust will continue to work with referring centres in order to seek earlier referral and will also work with NHS England, Monitor and the Department of Health in order to secure adoption of the Manchester / London Cancer Alliance Breach Re-allocation Guidance which would ensure automatic reallocation of the breach to the referring Trust is referred after day 42 and acceptance of the full breach by Royal Brompton and Harefield NHS Trust if the patient was referred on or before day 42. Please note that the figures reported above are those reported to Monitor on a quarterly basis. They include patients referred following consultant upgrade to a cancer pathway. They differ from the figures included in the Quality Report because the Quality Report requirement is for the annual figure, which does not include patients referred following consultant upgrade.

## 3.2 Board of Directors

**Board of Directors**

The Board of Directors brings a wide range of experience to the Trust and during 2013/14 has continued to ensure effective governance of the organisation. The directors have been responsible for preparing this annual report and the associated accounts and quality report and are satisfied that taken as a whole they are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

During 2013/14 the Board Comprised:

| Non-Executive Directors | Executive Directors |
|---|---|
| Chairman; Sir Robert Finch | Chief Executive; Robert J Bell |
| Deputy Chairman; Neil Lerner | Medical Director & Deputy Chief Executive; Professor Timothy Evans |
| Jenny Hill (Senior Independent Director until 30th September 2013) | Associate Chief Executive – Finance; Richard Paterson |
| Mr Andrew Valance-Owen (Senior Independent Director from 2nd April 2014) | Chief Operating Officer; Robert Craig |
| Richard Hunting | Director of Nursing & Clinical Governance; Dr Caroline Shuldham |
| Kate Owen | |
| Richard Jones | |
| Lesley-Anne Alexander | |
| Professor Kim Fox | |

Further details of Board members, and their periods of office, are provided in Section 3 of this Annual Report.

**Directors' Statement**

So far as the directors are aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware. The directors have taken all steps that they ought to have taken, as directors, in order to make themselves aware of any relevant audit information and to establish that the NHS Foundation Trust's auditor is aware of that information.

**...........................  Robert J Bell** **27th May 2014**
**Chief Executive**

On behalf of the Board of Directors

## 3.3 Disclosures in the public interest

Monitor guidance indicates that a set of key disclosures should be incorporated into the Annual Report.

**Income Disclosures required by Section 42 (2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012**

The Trust can confirm that the income from the provision of goods and services for the purposes of the health service in England, during the financial year 2013/14, was greater than the income received from the provision of goods and services for any other purposes.

Goods and services for the purposes of the health service in England continued to be delivered throughout 2013/14 and there was no detrimental impact on these services as a result of the other income received during this period.

**Countering Fraud and Corruption**

The Trust engages an accredited counter-fraud specialist to provide counter fraud services. Up to 30th September 2013 these services were supplied by Parkhill. On 1st October 2013 Parkhill merged with TIAA Ltd and began trading as TIAA and became the provider of the Trust's counter-fraud services. Investigations are carried out as required and outcomes reported to the Audit Committee.

**Remuneration - salary and pension entitlements of directors**

Details of the salary and pension entitlements of directors are set out in note 36 of the Accounts, Annex 1 of this document.

**Accounting Policies for Pensions and Retirement Benefits**

Accounting policies for pensions and retirement benefits are set out in notes 1.7 and 9 of the Accounts, Annex 1 of this document.

**Interest Paid under the Late Payment of Commercial Debts (Interest) Act 1998**

Information regarding these is disclosed in note 10 of the Accounts.

**Staff Consultations**

During 2013/14 there were organisational change proposals for the Clinical Trials Unit, the IT Department, the Haematology Service and Research and Development.

**Public Consultations**

Details of consultations with stakeholder groups engaging with the Trust around selection of quality priorities for 2014/15 are given in the Quality Report.

**Ill-health Retirements**

Details of ill-health retirements during the period are disclosed in note 8.3 of the Accounts.

**Other Operating Revenues**

Details of Other Operating Revenues are disclosed in note 5 of the Accounts.

**Data Loss/Confidentiality Breach**

There were no serious incidents involving data loss in the period.

**Cost Allocation and Charging Requirements**

The Trust has complied with HM Treasury and Office of Public Sector Information guidance with regard to cost allocation and charging.

## 3.4 Enhanced Quality Governance Reporting

The Trust was authorised as a Foundation Trust in 2009. This was before assessment against the Quality Governance Framework formed part of the authorisation process.

In September 2011, the Trust's Internal Auditors, KPMG, completed a review of Quality Governance. This review identified a number of areas for improvement and the Trust moved to ensure that action was taken to ensure that the recommendations were implemented. On 23rd April 2013 a self-assessment against the Quality Governance Framework was presented to the Risk and Safety Committee and this was followed up early in 2014 by a further review by KPMG.

The most recent review by KPMG involved a scored assessment of the Trust's performance against the Quality Governance Framework. The score for the Trust was 2. Monitor mandate a score of less than 4, in order for organisation to be deemed to have reached the standard Monitor require. So the Trust has achieved a satisfactory score when independently assessed against the Quality Governance Framework. The score of 2 is made up of 4 amber green areas, each of which scored 0.5. It should be noted that six other areas were deemed green (zero score). KPMG have made recommendations in respect of the 4 areas rated amber green. These recommendations, and the response from the Trust's management, were discussed by the Audit Committee on 20th May 2014.

It should be noted that there are no material inconsistencies between this internal audit report and the Annual Governance Statement. Nor with any Care Quality Commission reports, those from the 2 CQC inspections carried out during 2013/14 showing findings of full compliance with CQC registration requirements.

**Value of Fixed Assets**

As noted in the Strategic Report, the Trust's land and buildings were revalued as at 31st March 2014 by a firm of independent valuers.

**Donations**

The Trust has made no charitable or political donations during the period.

**Events since 31 March 2014**

There have been no post balance sheet events requiring disclosure.

**Financial Instruments**

The extent to which the Trust employs financial instruments is set out in note 28 of the Accounts.

**Compliance with the NHS Foundation Trust Code of Governance**

The Trust is compliant with the majority of the requirements of the NHS Foundation Trust Code of Governance. Areas where explanation is required include:

A.4.1; 'Appointment of Senior Independent Director (SID)', this post became vacant at the end of September 2013. A candidate to fill this post was identified by the Trust Board on 2$^{nd}$ April 2014. Consultation with the Council of Governors took place on 19$^{th}$ May 2014 thereby completing the appointment process.

B.6.3; 'The SID should lead the performance evaluation of the Chairperson'; this performance evaluation took place on 28$^{th}$ May 2014 and formal appraisal of the NEDs by the Chairman will follow.

B.6.a 'The board of directors should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors'; evaluations of executive directors have taken place. Evaluations of the performance of non-executive directors will follow the evaluation of the performance of the Chairman. An externally facilitated evaluation of the Trust Board was undertaken in 2012. The next externally facilitated evaluation of the Trust Board will fall due in 2015. Monitor guidance on the subject of governance reviews, published on 20$^{th}$ May 2014, will be taken into account when commissioning future board evaluation work.

**Occupational Health Service**

The occupational health service is provided by a team of in house staff and supports referrals made both by staff as self-referrals, and management referrals. The team also supplies occupational health services to the staff of ISS Mediclean.

The Occupational Health Department is working towards accreditation for Safe Effective Quality Occupational Health Services (SEQOHS).

**The Seasonal flu campaign for 2013/2014**

The Seasonal Flu vaccination campaign for staff members commenced on both sites on the 7th October 2013. Overall a flu vaccination uptake of 53.29% was achieved for health care workers within the Trust. This compares to the uptake of 53.1% for 2012-2013.

The flu vaccination uptake for 2013/14 includes 48 flu vaccinations given to health care workers by previous employers or General Practitioners. This information was not recorded in previous years, but it has been recognised that it is important to include these numbers within the overall assessment.

The table below shows the uptake rate for the Trust compared to that achieved in similar organisations:

| | |
|---|---|
| **Royal Brompton and Harefield Foundation Trust** | **53.2%** |
| Guys and St Thomas' NHS Foundation Trust | 47.1% |
| Imperial College Hospitals NHS Trust | 47.8% |
| Barts Health NHS Trust | 38.3% |
| Chelsea and Westminster Hospital NHS Foundation Trust | 60.4% |
| | |
| **Average for the London Commissioning Region** | **40.1%** |

During the flu campaign workplace vaccinations clinics were undertaken. Walk in clinics were offered in the Occupational Health Departments at both the Royal Brompton and Harefield Hospital from October 2013 –January 2014. If staff could not attend the walk in clinics individual appointments were offered. A screen saver was also used this year to encourage flu vaccination uptake and to advertise the flu campaign.

This year, clinical areas such as Intensive care, AICU, PICU were targeted and site visits to these areas were undertaken before commencing the wider campaign.

The targeted campaign is likely to account for an improvement in uptake amongst medical staff. 27% of Doctors received the flu vaccination in October 2013; this compares to 10.4% in October 2012.

The uptake of flu vaccination by qualified nurses was 36.3% in 2013/2014, the same as in the previous year. The number of vaccinations given was slightly higher but this was off-set by the increased numbers of staff in post this year.

Whilst comparison with other organisations is encouraging, the Occupational Health Service has set a target of 75% uptake for the flu campaign 2014/2015.

**Occupational Health Services**

The main causes of sickness absence across the Trust can be attributed to stress/anxiety and musculoskeletal conditions. To help address these problems, and to reduce the time lost from work for these reasons, Physiotherapy, Pilates and Counselling services are available to staff members.

**Health and Safety**

The Trust recognises that providing a safe environment for its patients and staff underpins all its other activities. The Trust therefore provides Health and Safety training to all staff on their commencement with the organisation, and then ongoing training throughout their employment to ensure safety awareness and good practice is maintained. This may be supplemented by additional specialist training dependent on the specifics of the staff member's role. Site based Committees have been established to ensure that concerns relating to safety can be raised through local Safety Representatives. The Trust also supports staff well-being in their work through a comprehensive Occupational Health service to ensure our staff and, through them, members of the public and of course, our patients enjoy a safe environment where occupational and safety risks are minimised. Health and safety is supported from the Chief Executive down to all levels.

**Staff Sickness**

In common with all other NHS Trusts, the Trust provides quarterly data on sickness absence to the Cabinet Office. The following data has been supplied by the Department of Health and is reported here as required:

| Average of 12 Months (2013 Calendar Year) | Average FTE 2013 | FTE-Days Available | FTE-Days Lost to Sickness Absence | Average Sick Days per FTE |
|---|---|---|---|---|
| 2.6% | 3,007 | 676,512 | 17,747 | 5.9 |

The Trust operates an internally set target of no more than 3% for sickness absence. From the data reported above it can be seen that this target has been met.

**Policies in relation to disabled employees and equal opportunities**

The Trust has a Equality and Diversity Policy which was updated and ratified in September 2012.

The Trust is committed to delivering an equality of opportunity for all patients and staff, to maintain a culture in which all forms of discrimination are considered unacceptable. People are at the very heart of our Trust and the services we provide. Our patients, their carers and our staff deserve to feel respected, valued and empowered. We are committed to eliminating all forms of discrimination on the grounds of people's age, disability, gender, racial group, religion or belief and sexual orientation.

The current legislation expands the scope of our duty for protection on the basis of not only race, gender and disability but to encompass Religion and Belief, Age and Sexual Orientation and Gender Reassignment.

In particular, the Trust takes steps to ensure that in respect of people with a disability, no discrimination takes place during the recruitment process, and that both for people with a disability, and those who become disabled during our employment, reasonable adjustments are made as required. The Trust Diversity Policy contains clear guidance for managers in respect of training, career development and promotion of people with a disability.

During 2011/12 the Trust met its obligations, under the public sector equality duty, to publish equality information by 31st January 2012 and this information was updated as required by the regulations during 2012/13 and 2013/14.

# 4. Trust Governance

## 4.1 Introduction

The Trust was authorised as a foundation trust on 1st June 2009. The foundation trust is a public benefit corporation.

The powers of the Trust are set out in the National Health Service Act 2006 as amended by the Health and Social Care Act 2012. The Trust governance arrangements are enshrined in the Royal Brompton & Harefield NHS Foundation Trust Constitution. This makes provision for the Trust to be supported by a membership drawn from 3 constituencies, a public constituency, a staff constituency and a patient constituency. The Constitution also makes provision for a Council of Governors comprising both elected and appointed parties. The elected parties are drawn from the membership and the appointed parties represent key stakeholders with whom the Trust is engaged. During 2013/14 the Constitution was updated to take into account the changes contained in the Health and Social Care Act 2012. These changes were approved by the Trust Board and the Council of Governors and were ratified by the members at the Annual Members' Meeting held on 22nd July 2013.

The governance structures of the Trust comprise:

The Council of Governors, with one committee, the "Nominations & Remuneration Committee of the Council of Governors" which is responsible for appointing the Chairman of the Trust Board and the Non-Executive Directors and also for setting and reviewing their remuneration.

Operational management of the foundation trust is devolved to the Trust Board of Directors. In turn, the Board has established three Board Committees to facilitate its direction and monitoring role: the Audit Committee, The Risk & Safety Committee and the Nomination & Remuneration Committee of the Trust Board. These Committees enable the Board to discharge its responsibilities with regard to management of the risk and control environment within which the Trust operates, and to oversee levels of senior managers' pay and conditions.

The Board Committees' membership exclusively comprises Non-Executive Directors, although Executive Directors also attend meetings and participate.

Non-Executive Directors are appointed to provide an independent perspective on, and challenge to, the discharge of the responsibilities of the Accounting Officer, who has delegated certain of his powers and functions to his colleague Executive Directors. All of the Non-Executive Directors are considered to be independent with the exception of one non independent Non-Executive Director.

Detailed disclosures regarding the Council of Governors, the Board of Directors and each of the committees are set out in the next section of this document.

Other committees, whose members are drawn from both Executive and Non-Executive Directors, include the Redevelopment Advisory Steering Group, the Finance Committee, the Governance and Quality Committee and the Equality and Diversity Steering Committee. However, these are not formal committees of the Trust Board.

## 4.2 Council of Governors, Trust Board and Committees

### Council of Governors

The role of the Council of Governors is to appoint or remove the Chairman and other Non-Executive Directors of the Trust; to approve the appointment of the Chief Executive and to decide the remuneration and expenses and other terms and conditions of the Non-Executive Directors. The Council of Governors should receive and consider the Trust annual accounts, any auditor's reports on those annual accounts and the annual report from the Board of Directors. The Council of Governors provides views to the Board of Directors in respect of forward plans. The Council of Governors is consulted by the Board of Directors in relation to strategic matters affecting the Trust and should also approve and review the membership strategy.

The Governor's Council met four times during 2013/14. Details of attendance, including that of Board members, are given in the table on pages 29 and 30 of this report.

### Nomination & Remuneration Committee of the Council of Governors

Two new Non-Executive Directors Professor Kim Fox and Richard Jones were appointed by this committee during 2013/14.

Two independent Non-Executive Directors were re-appointed for during 2013/14. Kate Owen was re-appointed for a second term of 3 years, and Richard Hunting was re-appointed for a term of 1 year in recognition of the fact that he had already served as a NED for 7 years.

The remuneration of the Chairman and the NEDs, which had remained unchanged since 2009, was increased by 5%, this being consistent with the pay uplifts received by NHS staff over this 5 year period.

Members of the Committee include:

- Mr Ray Puddifoot
- Mr Philip Dodd
- Dr Adrian Lepper
- Dr Andrew Morley-Smith
- Mr John McCafferty

Mr Puddifoot, Mr Dodd and Dr Lepper have served on the Committee since its inception.

Dr Andrew Morley-Smith joined the committee during 2012/13 and John McCafferty joined the Committee during 2013.

**The Council of Governors**

| Name | Date of Appointment/ Election | Term of Appointment | Constituency | Attendance Record Council of Governors |
|---|---|---|---|---|
| Governors | | | | |
| Mr Philip Dodd | 1.6.12 | 3 years (2nd term) | public | 3/4 |
| Mr Kenneth Appel | 1.6.12 | 3 years (2nd term) | public | 4/4 |
| Mr John McCafferty | 3.10.12 | 3 years | public | 3/4 |
| Mr Brian Waylett | 3.10.12 | 3 years | public | 1/4 |
| Mrs Chhaya Rajpal | 1.6.13 | 3 years | patient | 3/3 |
| Mr Guthrie McKie | 1.1.13 | 3 years | patient | 4/4 |
| Mrs Brenda Davies | 1.12.13 | 3 years | patient | 1/1 |
| Mr Peter Kircher | 1.12.13 | 3 years (2nd term) | patient | 4/4 |
| Mr Edward Waite | 1.7.12 | 3 years | patient | 3/4 |
| Mrs Sheila Cook (Term ended 30.11.13) | 1.12.10 | 3 years | patient | 0/3 |
| Mr John McIntosh (Resigned 6.2.14) | 1.7.12 | 3 years | patient | 0/3 |
| Mr Stuart Baldock | 14.3.14 | 3 years | patient | 0/0 |
| Dr Ejikeme Uzoalor | 1.12.13 | 3 years | patient | 1/1 |
| Dr Adrian Lepper | 1.6.12 | 3 years (2nd term) | patient -carer | 4/4 |
| Dr Ian Balfour-Lynn | 1.6.12 | 3 years (2nd term) | staff | 1/4 |
| Dr Andrew Morley-Smith | 1.2.12 | 3 years | staff | 1/4 |
| Ms Jennifer Sano (Resigned 25.3.14) | 1.6.12 | 3 years | staff | 3/3 |
| Dr Claire Hogg | 26.2.14 | 3 years | Staff | 0/0 |
| Mrs Anne McDermott | 1.6.12 | 3 years | staff | 3/4 |
| Dr Alistair Lindsay | 1.12.13 | 3 years | staff | 1/1 |
| Dr Olga Jones (Term ended 30.11.13) | 1.12.10 | 3 years | staff | 3/3 |
| Councillor Mrs Victoria Borwick | 1.6.12 | 3 years (2nd term) | L.B. Kensington & Chelsea | 1/4 |
| Mr Ray Puddifoot | 1.6.12 | 3 years (2nd term) | L.B. of Hillingdon | 3/4 |
| Professor Michael Schneider (Resigned 31.12.13) | 1.6.12 | 3 years (2nd term) | Imperial College, London | 3/3 |
| Professor Mary Morrell | 1.1.14 | 3 years | Imperial College, London | 0/1 |
| Professor Peter Rigby (Resigned 22.10.13) | 1.6.12 | 3 years (2nd term) | University of London | 2/2 |

| Other Attendees including **Board Members:** | | | | |
|---|---|---|---|---|
| Chairman | | | | 4/4 |
| Chief Executive | | | | 4/4 |
| Medical Director | | | | 0/4 |
| Associate Chief Executive - Finance | | | | 4/4 |
| Chief Operating Officer | | | | 3/4 |
| Director of Nursing & Governance | | | | 3/4 |
| Director of Performance & Trust Secretary | | | | 4/4 |
| NED N Lerner (Deputy Chairman from 1.6.13) | | | | 2/4 |
| NED: R Hunting | | | | 3/4 |
| NED: J Hill (Resigned 30.09.13) | | | | 2/2 |
| NED K Owen | | | | 3/4 |
| NED: A Vallance-Owen | | | | 1/4 |
| NED: L Anne-Alexander | | | | 1/4 |
| NED: R Jones (Appointed 25.2.14) | | | | 0/0 |
| Non Independent NED: Pr K Fox (from 1.6.13) | | | | 0/3 |

**Governors' Interests**

<table>
<tr><th colspan="2">PUBLIC CONSTITUENCY 1: North West London</th></tr>
<tr><td>DODD, Philip Joseph</td><td>Member: Harefield Hospital Rebeat Club<br>Company Director:<br>Wastewater Management Holdings Limited<br>Ayr Environmental Services Limited<br>API Holdco Limited<br>Agecroft Properties (No.2) Limited<br>Semperian Holdco Limited<br>Semperian Borrowerco Limited<br>Abergavenny Facilities Limited<br>Monmouth Facilities Limited<br>The Hospital Company (Dartford) Holdings Limited<br>The Hospital Company (Dartford) Group Limited<br>The Hospital Company (Dartford) Limited<br>The Hospital Company (Dartford) Issuer PLC<br>The Hospital Company (Dartford) Holdings 2005<br>The Hospital Company (Dartford) 2005 Limited<br>Road Management Services (Darrington) Limited<br>North Wiltshire Schools Limited<br>White Horse Education Partnership Limited<br>Mercia Healthcare (Holdings) Limited<br>Healthcare Providers (Gloucester) Limited<br>Gloucester Healthcare Partnership Limited<br>GH North Northampton Holdings Limited<br>GH Rotherham Limited<br>GH North Northampton Limited<br>Albion Healthcare (Doncaster) Holdings Limited<br>Albion Healthcare (Doncaster) Limited<br>Bexley PPP Health Services Limited<br>Black Country PPP Health Services Limited<br>First Priorities PPP Health Services Limited<br>Epping PPP Maintenance (Health) Services Limited<br>Grosvenor PPP Holdings Limited<br>Alternate Director<br>Road Management Services (Darrington) Holdings Limited<br>Road Management Services (Finance) plc<br>Albion Healthcare (Oxford) Holdings Limited<br>Albion Healthcare (Oxford) Limited<br>The Newcastle Estate Partnership Limited<br>Newcastle Estate Partnership Holdings Limited</td></tr>
<tr><th colspan="2">PUBLIC CONSTITUENCY 2: Bedfordshire & Hertfordshire</th></tr>
<tr><td>APPEL, Kenneth</td><td>Member: Harefield Hospital Rebeat Club<br>Co-coordinator for the supply of non NHS funded Requirements Harefield Hospital<br>Sometime assistant at Harefield Hospital Pavilion<br>NICE, Assessor Advisory Committee of Clinical Excellence Awards<br>Member: East of England Steering Committee for Abdominal Aortic Aneurysm/Vascular Surgery Rapid Response Service Development<br>Member: NW London Cardiac network<br>Member: Hertfordshire Health watch<br>Member: Watford and Three Rivers Locality Patient Group Board<br>Chair of Committee to Monitor the Prevention/Treatment of Specific Medical Conditions</td></tr>
</table>

| PUBLIC CONSTITUENCY 3: South of England | |
|---|---|
| **McCAFFERTY, John** | Member: Harefield Hospital Rebeat Club<br>Member: Harefield Transplant Club |
| **PUBLIC CONSTITUENCY 4: Rest of England & Wales** | |
| **WAYLETT, Brian Peter** | None |

| PATIENT CONSTITUENCY: North West London | |
|---|---|
| **RAJPAL, Chhaya** | None |
| **McKIE, Guthrie** | An elected Councillor for the Harrow Road Ward in the City of Westminster.<br>Member of the Labour Party<br>Director, 26 Sutherland Place Management Limited |
| **PATIENT CONSTITUENCY: Beds & Herts** | |
| **DAVIES, Brenda** | None |
| **KIRCHER, Peter** | Member, Harefield Hospital ReBeat Club |
| **PATIENT CONSTITUENCY: South of England** | |
| **WAITE, Edward** | Member, Liberal Democrats |
| **PATIENT CONSTITUENCY: Elsewhere** | |
| **BALDOCK, Stewart** | Member of the Conservative Party<br>Associate Member of the Conservative Medical Society |
| **UZOALOR, Ejikeme** | None |
| **McKINTOSH, John** | Director, Specialised Engineering Projects Ltd<br>Ownership/Shareholder in Specialised Engineering Projects Ltd |
| **PATIENT CONSTITUENCY: Carers** | |
| **LEPPER, Adrian Murray** | Member: Hertfordshire Healthwatch (voluntary)<br>Company Secretary and Director: Chilterns Woodland Project Ltd (voluntary) |

| STAFF CONSTITUENCY | |
|---|---|
| **BALFOUR-LYNN, Ian** | Member: BTS Specialist Advisory Group on Home Oxygen<br>Executive Committee Member: British Paediatric Respiratory Society<br>Member RCPCH Council (Representative of Sub-specialists)<br>Member cystic fibrosis Clinical Reference Group<br>Chair Cystic Fibrosis group, European Respiratory Society |
| **HOGG, Claire** | Director, S. Padley Ltd |
| **JONES, Olga** | None |
| **LINDSAY, Alistair** | Director, Regent's Park Heart Clinics |
| **MORLEY-SMITH, Andrew** | None |
| **SANO, Jennifer** | None |
| **McDERMOTT, Anne** | None |

| APPOINTED: | |
|---|---|
| **BORWICK, Victoria (Royal Borough of Kensington & Chelsea)** | Councillor: Royal Borough of Kensington & Chelsea<br>Assembly Member, Greater London Authority (Deputy Mayor.)<br>Founder and Trustee: Edwin Borwick Charitable Trust<br>Director: Poore Ltd, Second Poore Ltd<br>Member: The Conservative Party, The Conservative Councillors Association<br>Husband is a Trustee of the Royal Brompton and Harefield Charity |
| **PUDDIFOOT, Ray (London Borough of Hillingdon)** | Leader: London Borough of Hillingdon<br>Chief Executive: Magdi Yacoub Institute (health research charity)<br>Chairman: Health and Wellbeing Board London Borough of Hillingdon<br>Member, the Conservative Party, The Conservative Councillors Association<br>Member: Leaders Committee London Councils<br>Member: London Congress<br>Hon. Member: Harefield Transplant Club |
| **MORRELL, Professor Mary (Imperial College London)** | Trustee and executive board member of the British Sleep Society<br>Trustee and executive board member of the Physiological Society<br>Chair of Porter Progress UK (Charity) |
| **SCHNEIDER, Professor Michael D (Imperial College London)** | Head of Cardiovascular Science, Imperial College London<br>Member: MRC Council<br>Research Director: Cardiovascular and Renal Clinical Practice Group (CPG4), Imperial College Healthcare NHS Trust<br>Founder and Scientific Board Member: Kardia Therapeutics<br>Consultant: Cardio3 Biosciences<br>Scientific Advisory Board, Diabetes and Obesity Research Center, Sanford-Burnham Medical Research Institute<br>Heart Failure External Strategy Review Committee, Janssen Pharmaceuticals |
| **RIGBY, Prof Peter (University of London)** | Deputy Chairman: The Wellcome Trust<br>Member of Council: Marie Curie Cancer Care<br>Chairman: Scientific Advisory Board of Oxford Gene Technology |

**Governors' Expenses**

| | |
|---|---|
| Mr Kenneth Appel | £16.50 |
| Mr John McCafferty | £547.14 |
| Mrs Chhaya Rajpal | £126.58 |
| Dr Ejikeme Uzoalor | £25.16 |
| Mr Edward Waite | £206.18 |
| Mr Peter Kircher | £184.40 |
| Mr Adrian Lepper | £31.92 |

These expense claims cover travel expenses for attendance at:

- meetings of the Council of Governors
- attendance at PLACE (patient led assessment of the care environment) meetings
- GovernWell courses (National Training Programme for NHS Foundation Trust Governors provided by the Foundation Trust Network)
- Governors' Working Groups meetings
- Interview panels for the appointment of Non-Executive Directors
- Executive Patient Safety Walkrounds.

**Trust Board and Committees**

The Board of Directors is appointed to exercise all of the powers of the Trust on its behalf. The membership of the Board of Directors meets the requirements of the NHS Foundation Trust Code of Governance in respect of balance, completeness and appropriateness, being currently composed of 6 independent Non-Executive Directors, 1 non independent Non-Executive Director, 5 Executive Directors and a Chairman who is Non-Executive. The arrangements for appointment and removal of Non-Executive Directors are set out in the Royal Brompton & Harefield NHS Foundation Trust Constitution, Non-Executive Directors are appointed for a period of 3 years in the first instance.

**Details of Operation**

Between 1 April 2013 and 31 March 2014, the Trust Board convened on 8 occasions.

**Composition and Committee Duties**

| **Name** | **Roles** | **Attendance Record** | | | |
|---|---|---|---|---|---|
| | | **Trust Board** | **Audit Committee** | **Risk & Safety Committee** | **Nominations & Remuneration Committee of the Trust Board*** |
| **Sir Robert Finch** | Chairman | 7/8 | | | 2/2 |
| | | | | | |
| **Robert Bell** | Chief Executive | 8/8 | | | |
| | | | | | |
| **Executive Directors** | | | | | |
| Robert Craig | Chief Operating Officer | 8/8 | | | |
| Dr Caroline Shuldham | Director of Nursing & Clinical Governance | 7/8 | | | |
| Prof Tim Evans | Medical Director; Deputy Chief Executive | 7/8 | | | |
| Richard Paterson | Associate Chief Executive – Finance | 8/8 | | | |

| **Non-Executive Directors** | | | | | |
|---|---|---|---|---|---|
| Lesley-Anne Alexander | Nomination and Remuneration Risk & Safety Committee | 7/8 | | 4/4 | 26th March 2014 meeting as an observer |
| Prof Kim Fox | | 5/8 | | | |
| Jenny Hill | Nomination and Remuneration Committee Risk & Safety Committee | 4/5 | | 2/2 | 1/1 |
| Richard Hunting | Chairman Nomination and Remuneration Committee; Audit Committee | 6/8 | 4/5 | | 2/2 |
| Neil Lerner | Chair of Audit Committee, Risk & Safety Committee | 5/8 | 5/5 | 3/4 | |
| Kate Owen | Nomination and Remuneration Committee, Audit Committee | 7/8 | 5/5 | | 2/2 |
| Mr Andrew Vallance-Owen | Chair Risk & Safety Committee Audit Committee | 5/8 | 4/5 | 3/4 | |
| Other Attendees | | | | | |
| Richard Connett | Director of Performance & Trust Secretary | 7/8 | 5/5 | 4/4 | |

*Note - The Chief Executive and the Executive Directors, although attendees at Board Committee meetings, are not formally members of those Committees.*

**The meeting of the Trust Board originally scheduled for 26th March 2014, was deferred to 2ndh April 2014 in line with Monitor's deadline for approval of the Annual Plan*

The table on pages 29 and 30 of this Report demonstrates that Executive and Non-Executive members shown above have also been in attendance at meetings of the Council of Governors in order to understand the views of governors. Non-Executive Directors also attended the Annual Members' Meeting at which the views of members were expressed. It should also be noted that some of the Governors are frequently present at meetings of the Trust Board.

## Directors' Interests

The Trust has an obligation under the Codes of Conduct and Accountability for NHS Boards to compile and maintain a register of directors' interests, which might influence their role. The register is available to the public, in accordance with the Freedom of Information Act, through written application to the Trust's Chief Executive. The Trust is also required to publish in the report for the accounting period the directorships of any member of the board in companies that are likely to, or seek to, conduct business with the NHS. In this context declarations of the directors of Royal Brompton & Harefield NHS Foundation Trust are as follows:

### Chairman

**Sir Robert Finch**
Director & Chairman, GHP Russia Real Estate Development
Director & Chairman, Aviva Mall Fund
Governor, Legal Education Foundation and Chairman of Investment Committee
Trustee, LSO Endowment Trust
Hon Colonel, Inns of Court City and Essex Yeomanry
DL, City of London
Magistrate, City of London Bench (non-active)
Trustee, NHLI Foundation
Trustee, Royal Brompton & Harefield Hospitals Charity
Honorary Bencher, Lincoln's Inn
Shareholder, Recognition Health
Trustee, Morden College

### Senior Independent Director (up to 30th September 2013)

**Mrs Jennifer Hill**
Consulting Director, Echelon Ltd
Non-Executive Director, Mintec Ltd (Mintec is the principal independent source of global information for commodities and raw materials)

Member, Modernising Nursing Careers Steering Group
Director, CPS Ltd (Executive mentoring and coaching)

### Senior Independent Director (from 2nd April 2014)

**Dr Andrew Vallance-Owen**
Chair, South West Academic Health Science Network
Chair, Private Healthcare Information Network
Chair, Royal Medical Foundation of Epsom College
Chair, Association for Independent Healthcare |Organisations' Cosmetic Surgery Working Group
Specialist Medical Advisor, Healthcare UK, UK Trade and Investment
Member, Department of Health Cosmetic Interventions Advisory Board
Member, NHS England Patient Reported Outcomes Advisory Group
Trustee, College of Medicine
Trustee, Barrett's Oesophagus Campaign

## Non-Executive Directors

**Ms Lesley-Anne Alexander CBE**
CE – Royal National Institute of Blind People (RNIB) Group (RNIB, Action for Blind People, Cardiff Institute for the Blind)
Director – RNIB Services Ltd
Director – RNIB Enterprises Ltd
Chair and Member – Association of Chief Executive Voluntary Organisation (ACEVO)
Chair – UK Vision Strategy
Trustee – National Talking Newspapers and Magazines
Advisory Board Member – Peridot Partners
Member – National Council for Voluntary Organisation (NCVO)
Member – British Judo Association
Fellow – Royal Society of Arts (RSA)
Judge – Civil Society Awards

**Prof Kim Fox**
Head, National Heart and Lung Institute (NHLI)
Chairman, Institute of Cardiovascular Medicine & Science (ICMS)
Director, Heart Research Ltd
Director, Versalius Trials Ltd
Trustee, National Heart & Lung Institute
Adviser, Servier Pharmaceuticals Ltd
Adviser, European Society of Cardiology (Past President)

**Mr Richard Hunting CBE**
Chairman, Hunting Plc
Chairman, CORDA, preventing heart disease and stroke
Chairman, Royal Brompton & Harefield Hospitals Charity
Director, Institute of Cardiovascular Medicine and Science
a joint venture between RBHFT and the Liverpool Heart & Chest Hospital Foundation Trust

**Mr Richard Jones**
Member, Royal Institution of Chartered Surveyors
Trustee, Bishops' Stortford Baptist Church

**Mr Neil Lerner**
Council Member; Royal National Lifeboat Institution (RNLI)
Member RNLI Finance & Audit Committee
Board Member, LMS Capital Plc

**Ms Kate Owen**
Governor, Imperial College
Fellow, Windsor Leadership Trust (Charity)

## Executive Directors

**Mr Robert J .Bell**
Board Member, CORDA, preventing heart disease and stroke
Trustee, Royal Brompton & Harefield Hospitals Charity
Board Member, Imperial College Health Partners
Board Member, Institute of Cardiovascular Medicine and Science

**Professor Timothy Evans**
Board Member, Faculty of Intensive Care Medicine
Board Member, Faculty of Pharmaceutical Medicine
Honorary Civilian Consultant in Intensive Care Medicine, Army
Editor in Chief, Future Hospital Journal (Royal College of Physicians)
Shareholder, Recognition Health

**Mr Richard Paterson**
KPMG - Provision of ad hoc Consultancy Services
Director, Hurlingham Court Ltd

**Mr Robert Craig**
Trustee, MY Research Network (UK Charity)

**Dr Caroline Shuldham OBE**
Visiting Professor, Buckinghamshire New University
Trustee, Foundation of Nursing Studies (FoNS)
Nurse Fellow , European Society of Cardiology

## Directors' Resumes

**Chairman**
Sir Robert Finch was appointed by the Appointments Commission as the Trust's chairman for a term of four years, effective from 1 January 2009 and he has subsequently been reappointed by the Council of Governors for a period of 2 years. Sir Robert brings significant board experience to the Trust, both in the business and not-for-profit sectors. He has a legal background, having qualified as a solicitor in 1969. He spent his career at the City law firm Linklaters, latterly as a head of real estate. He is a former Lord Mayor of London and has been a member of a number of City Corporation committees. In 2005 Sir Robert joined the board of Liberty International plc, a FTSE 100 London-based property company, becoming Chairman in mid 2005 until he resigned in 2008. In addition to his responsibilities at the Royal Brompton & Harefield NHS Foundation Trust, he is Chairman of the Aviva Mall Fund, and Chairman of GHP Russia Real Estate Development Co. Ltd.

**Non-Executive Directors**
**Ms Lesley-Anne Alexander CBE** has been chief executive of the Royal National Institute of Blind People (RNIB) since January 2004, prior to which she was director of operations for the Peabody Trust and director of housing for the London Borough of Enfield. She joined Royal Brompton & Harefield NHS Foundation Trust as a non-executive director in February 2013.

Lesley-Anne currently chairs both the UK Vision Strategy Group and ACEVO (the Association of Chief Executives Voluntary Organisations). She was awarded a CBE in The Queen's 2012 Birthday Honours list in recognition of her services to the voluntary sector.

**Mrs Jenny Hill** is founder and consulting director of Echelon Learning Ltd – where she advises on strategic planning and service development issues. She has worked with clients such as Bupa, Tussauds Group and Channel Tunnel Rail Link. Previously, she worked for the NHS for 10 years, having joined through the graduate training scheme. She has an honours degree in Politics and History is a Fellow of the Chartered Institute of Personnel and Development. She left the Trust Board in September 2013 having given an immense contribution to the development of the Trust in her capacity as Senior Independent Director.

**Mr Richard Hunting CBE** is chairman of Hunting PLC, the international oil services company. He is also Chairman of CORDA: Charity: preventing heart disease and stroke, a court member of the Ironmongers' Company, one of the 12 principal livery companies of the City of London; chairman of The Battle of Britain Memorial Trust. He has an engineering degree from Sheffield University and an MBA from Manchester Business School. During 2012/13, Richard took on a new role as Chairman of Royal Brompton & Harefield Hospitals Charity following the establishment of the Charity as an entity separate from the Foundation Trust.

**Mr Richard Jones** joined the Trust Board in February 2014. He is an experienced real estate executive director. He brings to the Board extensive expertise in investment and asset performance and management gained from a long career with Aviva Investors as Head of European Life Funds, Managing Director UK Real Estate and, most recently, Managing Director of Aviva Clients and Global Asset Management. While in this role he was a member of the Aviva Investors Global Real Estate Board, chair of the Real Estate Operational Management Group and chair of the Real Estate Sustainability Group.

He is currently a member of the Royal Institution of Chartered Surveyors (MRICS) and is an FSA Approved Person.

**Mr Neil Lerner** is an experienced accountant specialising in all aspects of risk management. He has played a key role in the development of ethical standards for the accountancy profession, globally and in the UK. After becoming partner at leading international provider of professional services, KPMG, in 1984, Mr Lerner held a number of senior positions, including head of privatisations, head of corporate finance and head of transaction services business for KPMG UK, and chairman of the KPMG Global Professional Indemnity Insurance Group. He retired from the firm in 2006 and currently holds a number of non-executive posts.

**Ms Kate Owen** runs a consulting business advising on change and development in organisations. She retired as vice president executive development at BP in 2005 having worked with the company for 24 years. Her 35-year industry career spanned line management, general HR work, training and organisational transformation. Her previous experience was in retail and the public sector. She spent nine years on the Board of HM Revenue and Customs, was chair of the Conference Board (Europe) Organisation and Business Council, a member of the Ministry of Defence Armed Forces Training and Education Steering Group and a member of the UK Government Risk Review Steering Group. Ms Owen is currently a Governor of Imperial College and a Fellow of the Windsor Leadership Trust.

**Dr Andrew Vallance-Owen** trained as a surgeon in Newcastle upon Tyne but, after holding various positions on the staff of the BMA including head of policy development, became group medical director of Bupa in 1995. Following his retirement from Bupa in 2012, he has taken up a number of non-executive roles; he is chair of the South West Peninsula Academic Health Science Network and the Department of Health's Patient Reported Outcomes Stakeholder Group. He has a strong interest in outcome measurement, clinical audit and greater clinical accountability, and is a passionate advocate of patient feedback in service improvement and shared decision making. Mr Vallance-Owen studied medicine at Birmingham University where he recently received an Honorary Doctorate.

**Non-Independent Non-Executive Director**

**Professor Kim Fox** is a consultant cardiologist at the Trust as well as professor of clinical cardiology and head of the National Heart and Lung Institute, Imperial College, London. Professor Fox is chairman at the Institute for Cardiovascular Medicine and Science (in partnership with Liverpool Heart and chest Hospital) and is the Diana Princess of Wales Chair in Cardiovascular Medicine and Science. He was appointed as non-executive director (non-independent) to the Trust Board on 1 June 2013.

**Executive Directors**

**Mr Robert J Bell** joined the Trust as chief executive in March 2005, from the William Osler Health Centre, Ontario, Canada, where he was president and chief executive officer. He has had over 40 years' international experience in hospital and health services management. He is a member of the Board of Directors of Imperial College Health Partners and the heart charity CORDA and is also a Board Director of the Institute of Cardiovascular Medicine and Science. He has previously held positions as vice president, Health Care and Life Sciences Market Sectors, Cap Gemini, Ernst & Young Canada Inc; partner at Ernst & Young and KPMG (Peat Marwick), Toronto; vice president, Hilton Universal Hospitals UK Ltd, London; vice president, International Services, Extendicare Inc (London and Toronto); executive director of District Health Councils in the Ministry of Health, Ontario; Treasury Board officer, Management Board of Cabinet, Government of Ontario; and systems engineer, Hospital for Sick Children, Toronto. He is a Bachelor of Applied Science in Industrial Engineering and a Master of Public Administration.

**Mr Robert Craig** is the Chief Operating Officer. He joined Harefield Hospital in 1995, having previously worked in community and general hospital services. Following the Trust merger in 1998, he became site director at Harefield and, in 2001, deputy director of operations for the Trust. Mr Craig has also fulfilled the roles of director of governance & quality (2003-2006) and director of planning & strategy (2006-2009) – in the latter post, he was responsible for the Trust's Foundation Trust application. He was appointed to his current role in mid-2008.

**Professor Timothy Evans BSc MD PhD DSc FRCP FRCA FMedSci** is medical director of the Trust and was appointed deputy chief executive on 31 March 2006 and director of research and development in 2008. He was made responsible officer in 2011. In addition to his clinical roles within the Trust (professor of intensive care medicine and consultant in thoracic and intensive care medicine), he is head of the unit of critical care at Imperial College (National Heart and Lung Institute) and honorary consultant in Intensive Care Medicine to HM Forces, In 2013 he also became a Board Member of the Faculty of Intensive Care Medicine.

**Dr Caroline Shuldham OBE**, director of nursing and clinical governance, has worked in the Trust since its inception, having previously been employed at the Royal Brompton Hospital. She has a background in cardiac and intensive care nursing, nursing education and research. In addition to leading nursing, she is responsible for clinical governance, and patient and public involvement and is the director of infection prevention and control. Dr Shuldham is a Visiting Professor at Buckinghamshire New University and a nurse fellow of the European Society of Cardiology. Dr Shuldham was recognised with an OBE on the Queen's Birthday Honours List in June 2009.

**Mr Richard Paterson** served the Trust as interim director of finance in January 2011 for a six-month term. He subsequently joined the Trust as associate chief executive - finance and was appointed to the Board on 26 October 2011. He worked at KPMG, accountants and business advisers, for 40 years, appointed to the partnership in 1986 and retiring in 2010. In addition to client responsibilities for listed companies and public interest entities, his management roles included: six years in charge of KPMG UK's infrastructure, government and healthcare division; head of markets for KPMG's Europe, Middle East and Africa region; and executive chair of the global professional indemnity insurance committee, a committee of the international board of KPMG. Mr Paterson continues to provide ad hoc consultancy services to KPMG.

## 4.3 The Audit Committee report

### A. Role and responsibilities

The Committee's terms of reference state that it will provide the Trust Board with an independent and objective evaluation of the establishment and maintenance of an effective system of integrated governance, risk management and financial and non-financial internal controls that support the achievement of the organisation's objectives.
Within this overarching framework the Committee:

- Ensures that a regular review is undertaken of governance, risk management and internal controls
- Maintains oversight of the Trust's financial systems, financial information and financial reporting in compliance with relevant law, guidance and regulation
- Reviews and monitors the effectiveness of the Trust's internal audit and counter-fraud functions
- Reviews and monitors the effectiveness of the external audit process and of the external auditor's independence and objectivity
- Assesses the disclosures in the narrative sections of the Annual Report to ensure that they are fair, balanced and understandable.

In carrying out its activities the Committee is cognisant of the interest of the Trust's governors and members.

### B. Composition of the Committee

The members of the Committee who served during the period under review are disclosed on page 35 of this Annual Report. Committee meetings are also regularly attended by the Chief Executive Officer, Associate Chief Executive – Finance, Chief Operating Officer, Medical Director and Deputy Chief Executive, Trust Secretary and senior members of the finance team.
There was one addition made in the year to the Committee's membership: Dr Andrew Valance-Owen was appointed on [date]. Dr Valance-Owen chairs the Risk & Safety Committee, whose agenda links closely to that of the Audit Committee, particularly as regards risk identification and management. Neil Lerner, who chairs the Audit Committee, is also a member of the Risk & Safety Committee.

### C. Summary of Committee meetings

Since the approval of the 2012/13 Annual Report and Accounts the Committee has met on five occasions. These considered the following subjects:

- July 2013
  - progress reports from internal audit and counter-fraud services
  - health sector developments
  - quality governance framework assessment
  - the Audit Committee self-assessment exercise
- October 2013
  - Progress reports from internal audit and counter-fraud services
  - Health sector developments
  - External audit plan for 2013/14
  - Discussion of Deloitte paper on the effectiveness of the audit process

- February 2014
    - Progress reports from internal audit and counter-fraud services
    - 2013/14 governance and reporting requirements
    - External audit planning update
    - Discussion of future internal and external audit tenders
- April 2014
    - Progress reports from internal audit and counter-fraud services
    - 2013/14 annual reports from internal audit and counter-fraud services
    - Draft 2014/15 annual plans for internal audit and counter-fraud services
    - External audit progress report
    - Draft 2013/14 Annual Report and Accounts
    - Private session to discuss service providers
    - An initial draft of this report
- May 2014
    - Final draft of 2013/14 Annual Report and Accounts
    - External audit reports on financial and quality accounts
    - Initial draft of 5 year strategic plan
    - Proposals for retendering the external audit service

The Committee's responsibilities and activities dovetail with those of the Finance and Risk & Safety Committees and procedures are in place to avoid both omission and duplication.

**D. Significant issues relating to the Annual Report and Accounts**

The principal issues addressed included:

- The format and, particularly, the content of the 'strategic report' included within the Annual Report. This expands the narrative reporting of earlier years.
- The adequacy of provisions for example in relation to stock and debtor balances, contractual disputes, and in relation to Royal Brompton Hospital, capitalised redevelopment expenditure. These provisions are financially significant and, by their nature, judgemental.
- The impact on the financial statements of the independent revaluation of the Trust's operational and investment properties as at 31 March 2014. This was the first independent valuation since 31 March 2010 and the amounts and judgements involved are both of significance to the financial statements.

All these matters were resolved to the satisfaction of the Committee and of the Trust's external auditors without requiring adjustments to the draft annual accounts. Where adjustments are proposed by the auditors, the Committee considers both their nature and their materiality to the accounts in deciding whether to record them.

## E. Risk management and internal control

In tandem with the Risk & Safety Committee, which principally focuses on clinical and related risks, the Audit Committee keeps under review the overall risk profile and the financial risks to which the Trust is exposed. In this work it is informed not only by management but also by reports from internal and external auditors. It also considers the output of the Trust's counter-fraud provider. From all these sources of data the Committee seeks to assess the quality and adequacy of the internal financial controls in place at the Trust.

No major financial risks were identified during the year except as regards the timing and quantum of Project Diamond income, and failure to maintain adequate liquidity (see Annual Governance Statement). In the event this income was received in full prior to 31 March 2014. No significant deficiencies in internal control came to the attention of the Committee during the year although there were a number of recommendations for improvements in systems and processes by the Trust's external and internal auditors: the Committee closely monitors the implementation by executive management of these recommendations.

## F. External audit

The Committee engages regularly with the external auditor over the course of the financial year, including private sessions at which executive management is not represented. The subjects covered are referenced in sections C. and D. above: they include consideration of the external audit plan, matters arising from the audit of the Trust's financial statements, the review of the Trust's quality accounts and any recommendations on control and accounting matters proposed by the auditor.

The Audit Committee regularly carries out an evaluation of the effectiveness of the external audit process. This is achieved through assessment by individual committee members, and attendees, of performance against a set of pre-determined criteria.

Deloitte LLP has been external auditor to the Trust since 2002/3. The length of the firm's time in office has led to the decision to invite written proposals to provide external audit services from suitably qualified firms. It is intended that a short list of those firms will subsequently be invited to make written and oral presentations to the Audit Committee following which a recommendation will be made to the Council of Governors. Due attention will be given to avoiding auditor conflicts of interest in the selection process where firms may be providing other services to the Trust.

## G. Internal audit

Each year the Audit Committee reviews and approves the internal audit plan, internal audit reports throughout the year and the internal auditor's annual report and head of internal audit opinion. These items are discussed with the internal auditors at Committee meetings as are the outstanding recommendations from both internal and external auditors and how these are responded to by management.

KPMG LLP has completed its initial three year appointment as internal auditor to the Trust. Given KPMG's satisfactory performance in that role and the Trust's desire to avoid putting internal and external audits out to tender at the same time, the Audit Committee recommended a 12 month extension to the internal auditor appointment so as to include the 2014/15 financial year. Thereafter, it is intended that the internal audit service will be put out to tender, again without compromising independence and objectivity.

## 4.4 Risk & Safety Committee

The Risk & Safety Committee (composed of Non-Executive Directors) is chaired by Dr Andrew Vallance–Owen. It met on 4 occasions during 2013/14. The Risk & Safety Committee has discharged its responsibilities to provide the Trust Board with an independent and objective evaluation of Trust risk and safety governance systems and processes. The minutes of the Risk & Safety Committee have been submitted to the Trust Board and the Chairman of the Risk & Safety Committee has reported risk and safety matters to the Trust Board after each meeting of the Risk & Safety Committee. The Risk and Safety Committee agendas have included in depth reviews of serious incidents, the Trust response to the Francis Report, review of the relationship between the Risk and Safety Committee and the Governance and Quality Committee and review of performance against the Quality Governance Framework, supported by quarterly updates reporting any in year change.

## Performance Evaluation of the Board of Directors, The Audit Committee and the Risk & Safety Committee

Monitor requires that an external evaluation of the Trust Board be undertaken every 3 years. There was extensive evaluation of the Trust Board immediately prior to Foundation Trust authorisation in 2009 and a further external evaluation was commissioned and delivered during 2012. The review was undertaken by DAC Beachcroft LLP and the Foresight Partnership and included examination of the governance of the Board and its principal Committees, namely the Audit Committee and the Risk & Safety Committee. The evaluation consisted of interviews with Directors, observations of Board and committee meetings in March and April 2012, gathering of views from focus groups of staff and Governors and a comprehensive review of board documentation. Matters that were examined included: strategy, risk, operational performance and quality management. In addition, a skills inventory was compiled for Board members, to assist with succession planning. The conclusions from the board evaluation exercise were presented to Board members in May 2012 were implemented as appropriate. The next externally facilitated evaluation of the Trust Board will fall due in 2015. Monitor guidance on the subject of governance reviews, published on 20th May 2014, will be taken into account when commissioning future board evaluation work.

Since this date, work has focused on the changes brought about by commencement of the provisions contained within the Health and Social Care Act 2012 and their impact on the Foundation Trust Constitution. Additional work has been undertaken during 2013/14 to update the ‘Matters Reserved to the Board’ and the ‘Scheme of Delegation’ which sets out the authority of the Chief Executive and the executive directors. These documents were approved by the Trust Board in April 2013 and the Council of Governors in May 2013, along with the revised NHS Foundation Trust Constitution which included all of the necessary changes to ensure compliance with the Health and Social Care Act 2012. Final approval of the revised Foundation Trust Constitution, by the members of the Foundation Trust, took place on 22nd July 2013 at the Members’ Annual Meeting.

**Nomination & Remuneration Committee of the Trust Board**

The Nominations and Remuneration Committee of the Trust Board (composed of Non-Executive Directors) met on 26th March 2014, under the Chairmanship of Mr Richard Hunting. In discharging its responsibilities to oversee the remuneration of the executive directors, the Nomination & Remuneration Committee of the Trust Board has taken into account information from appraisals carried out in relation to the performance of the executive directors. This process has included feedback from 360 degree appraisals.

There have been no changes to the appointments of executive directors during 2013/14.

## 4.5 Remuneration Report

The policy on the pay of senior managers during 2013/14 was that there would be no general uplifts of salaries in terms of cost of living payments. Comparison with salaries paid to directors of comparable health care organisations was used to facilitate decision making regarding remuneration to be paid for 2014/15. The remuneration of executive directors for 2013/14 is set out in Note 36 to the Accounts.

Each of the senior managers undergoes appraisal by the Chief Executive. The Chief Executive is in turn appraised by the Chairman. The Chief Executive undertakes an objective setting exercise with each senior manager and performance against these objectives is kept under review by the Chief Executive. The system used was developed by the Trust HR Director and has been tailored to the requirements of the organisation.

The Chairman is appraised by the Senior Independent Director, currently Dr Andrew Vallance- Owen.

The Nominations & Remuneration Committee of the Trust Board has been advised in the past by the Hay Group in respect of benchmarking rates of pay for senior managers across London. The Hay Group are not connected to anyone at the Trust in any respect, and do not provide any other services to the organisation.

The contracts of senior managers are normally awarded on the basis of a substantive contract.

The following Table shows the date of appointment of directors, together with the type of contract issued and the unexpired term of appointment where applicable:

| Name | Role | Date Appointed | Contract / Unexpired Period at 31st March 2014 |
|---|---|---|---|
| **Sir Robert Finch** | Chairman | 1 Jan 09<br>Renewed 26 Feb 13 | 9 months |
| **Robert J Bell** | Chief Executive | 28 Mar 05 | Substantive contract no end date specified |
| **Mrs Jennifer Hill** | Senior Independent Director | 1 Dec 05<br>Renewed 1 Dec 12 | Left 30th September 2013 |
| **Mr Neil Lerner** | Non-Executive Director | 1 Feb 10<br>Renewed 1 Feb 13 | 22 months |
| **Mrs Lesley-Anne Alexander** | Non-Executive Director | 26 Feb 13 | 23 months |
| **Prof Kim Fox** | Non-Executive Director | 1 June 13 | 27 months |
| **Mr Richard Hunting** | Non-Executive Director | 1 Jan 07 | 9 months |
| **Richard Jones** | Non-Executive Director | 25 Feb13 | 35 months |
| **Ms Kate Owen** | Non-Executive Director | 6 Oct 10 | 27 months |
| **Dr Andrew Vallance-Owen** | Non-Executive Director | 26 Feb 13 | 23 months |
| **Timothy Evans** | Medical Director & Deputy Chief Executive | 1 Apr 06 | Substantive contract no end date specified |
| **Richard Paterson** | Associate Chief Executive - Finance | 26 Oct 11 | 15 months |
| **Robert Craig** | Chief Operating Officer | 22 Oct 08 | Substantive contract no end date specified |
| **Caroline Shuldham** | Director of Nursing & Governance | 1 Apr 94 | Substantive contract no end date specified |

The standard notice period for a senior manager is 3 months. No termination payments have been made during the reporting period and none are planned during 2014/15. Details of the salary and pension entitlements of directors are set out in note 36 of the Accounts, Annex 1 of this document.

........................... **Robert J Bell** **27th May 2014**
**Chief Executive**
On behalf of the Board of Directors

## 4.6 Membership Report

New members of the Trust are assigned to a constituency and geographical catchment in line with the criteria for membership set out in the constitution. There are three constituencies: patient, public and staff. The patient constituency has a sub category for carers. As the Trust is a national provider of specialist cardiac and respiratory services, the geographical catchments span the whole of the United Kingdom (UK). They consist of: North West London, Bedfordshire & Hertfordshire, South of England and UK (patient members) or Rest of England & Wales (public members). The eligibility requirements for the membership constituencies are as follows:

*Patients' Constituency* – an individual who has attended the Trust's hospitals, in the last three years immediately preceding the date of an application to become a member, as either a patient or as the carer of a patient and who has reached a minimum age of 16 years.

*Public constituency* – an individual must reside in one of the four geographical constituencies and have reached the minimum age of 16 years.

*Staff constituency* – the trust has employed an `opt out' system for staff membership. Staff who are eligible are those who are employed by the Trust under a contract which has no fixed term, or has a fixed term of at least 12 months or has been continuously employed by the Trust under a contract of employment for at least 12 months. Individuals who exercise functions for the Trust but do not hold a contract of employment e.g. those employed by a university or who hold an honorary contact, a contractor or those employed by contractors may also become members of the staff Constituency. Volunteers to the Trust do not qualify for membership under the Staff Constituency but are invited to become public members.

Members of staff who are eligible to be members are informed about the Trust's status as a Foundation Trust and membership at monthly induction sessions for new staff. Members of the staff constituency may opt out of staff membership by notifying the Membership Manger. When members of staff leave the Trust they are invited to become public members.

### Membership Strategy and Engagement

The Membership Steering Committee was established in June 2011. It is currently chaired by a patient governor and includes representation from both public and staff governors. Its remit includes development and implementation of the membership and communication strategy that details the Trust's plan for recruitment, engagement and communication with members. The Committee reports to the Council of Governors. The Membership Strategy for 2013-2015 has been formulated by the Membership Steering Committee and was presented to the Council of Governors for approval on the 20th May 2013.

The Trust is mindful of the new duties to ensure a representative membership, in both patient and public constituencies, which are enshrined in the Health and Social Care Act 2012. These came into effect on 1st April 2013. The Membership Manager, in conjunction with the Membership Steering Committee, has been trialling a number of methods to recruit members with a view to ensuring that the membership is representative of the communities served by the Trust. The database, hosted by Membership Engagement Services, has functionality which allows comparisons to be made between the general population and the membership.

*Engaging Members*

The Trust held its fourth Annual Members' Meeting on 22nd July 2013 and approximately 100 members attended. The next meeting will be held on the 21st July 2014 and once again all members will be invited. The Trust has engaged its members in a number of ways during 2013-2014. A series of member's events had been planned for 2013-2014 these included a tour of the cardiac catheter laboratories at Harefield Hospital and a talk on cardiomyopathy at the Royal Brompton Hospital. These events have proved very popular with our members with over 20 members attending each event. A further four events are planned for 2014 Members have also been invited to a number of patient open days organised by clinical teams and our research departments. Others have been engaged via volunteering, participating in national and local patient surveys and voting for governors in elections and putting themselves forward as governor. Members were consulted on the plans for the rebuild and consolidation of the services for the Royal Brompton Hospital and invited to attend a public exhibition.

**Analysis of Membership at 31 March 2014: Membership Size and Movements**

| **Public** | | | **2012-2013** | **2013-2014** |
|---|---|---|---|---|
| | At year start (April 1) | +ve | 1,694 | 1,724 |
| | New members | +ve | 48 | 623 |
| | Members leaving | +ve | 18 | 56 |
| | At year end (31 March) | | **1,724** | **2,291** |
| **Staff** | At year start (April 1) | +ve | 3,226 | 3,352 |
| | New members | +ve | 205 | 424 |
| | Members leaving | +ve | 50 | 343 |
| | At year end (31 March) | | **3,381** | **3,433** |
| **Patient** | At year start (April 1) | +ve | 4,548 | 4,667 |
| | New members | +ve | 198 | 148 |
| | Members leaving | +ve | 79 | 198 |
| | At year end (31 March) | | **4,667** | **4,617** |
| | **TOTAL** | | **9,772** | **10,341** |

**<u>In Year Movements</u>**

| | **Members Leaving** | **Members joining** | **Net** |
|---|---|---|---|
| **Public** | 56 | 623 | 567 |
| **Patient** | 198 | 148 | - 50 |
| **Staff** | 343 | 424 | 71 |
| **Total** | | | **588** |

*Growing the Membership*

The membership profile of the Trust is different compared to most other trusts because as a specialist trust there is no `local community.' Instead our community is our patients. As we are unable to focus on a local community defined by geography, our main strategy for recruitment of new members is to seek to recruit our current patients before they are discharged. We also encourage our patient members to recruit public members such as family members and friends. Work to recruit current in-patients and day-case patients is mainly undertaken by hospital volunteers and the membership manager. There are several methods that have been used, and are in the progress of development, to increase the number of members and gain a representative membership. These are: use of hospital volunteers to recruit new members on wards, patient governors recruit members from their patient focus group meetings, mail-outs to ex-members of staff to encourage them to become public members, articles placed in local newspapers, charity newsletters and hospital newsletters about the advantages of becoming members to the Trust. Membership stands at have been used in the main hospital reception areas and out-patients and social media, for example Twitter, has been used to publicize the benefits of membership.

*Ensuring a Representative Membership*

In March 2014 The Trust employed Membership Engagement Services (MES) to undertake a recruitment drive for new public members. The membership profile was analysed and groups which were under represented were identified. It was decided to concentrate on the constituency of the South of England and members of the public aged between 17 and 39 who belonged to ethnic minority groups. MES sent their campaign teams to locations such as Libraries, Leisure Centres, Shopping Centres. The Membership manager accompanied MES with the recruitment at Lambeth College where students studying health and social care, child care and science were approached. This recruitment was very successful and over 500 members were recruited. Below is a table that shows the membership before and after the Recruitment drive.

| Public constituency South of England | Base Population For the Trust Area | Before Recruitment Drive | After Recruitment Drive |
|---|---|---|---|
| Age (years): | | | |
| 0-16 | 2,068,163 | 0 | 32 |
| 17-21 | 595,686 | 5 | 226 |
| 22+ | 7,381,875 | 673 | 859 |
| Not stated | | 59 | 73 |
| | | | |
| **Ethnicity:** | | | |
| White | 8,121,746 | 622 | 760 |
| Mixed | 295,488 | 5 | 59 |
| Asian or Asian British | 708,576 | 65 | 133 |
| Black or Black British | 579,308 | 23 | 181 |
| Other | 102,103 | 3 | 25 |
| Not stated | 0 | 19 | 32 |
| | | | |
| **ONS/Monitor Classifications:** | | | |
| AB | 887,687 | 227 | 339 |
| C1 | 1,004,955 | 217 | 355 |
| C2 | 559,547 | 138 | 207 |
| DE | 594,533 | 150 | 283 |
| | | | |
| **Gender analysis:** | | | |
| Unspecified | 0 | 3 | 10 |
| Male | 4,934,416 | 335 | 547 |
| Female | 5,111,310 | 399 | 633 |

*Membership before MES recruitment exercise*

| | |
|---|---|
| Public Members | 1,737 |
| Staff Members | 3,433 |
| Patient Members | 4,617 |
| Total Membership | 9,787 |

*Membership after MES recruitment exercise*

| | |
|---|---|
| Public Members | 2,291 |
| Staff Members | 3,433 |
| Patient Members | 4,617 |
| Total Membership | 10,341 |

*Communication with Members*

The Trust's Human Resources Department send out a `welcome letter,' in their correspondence, to new staff. During monthly induction training for new staff, the Membership Manager, covers the role of a Foundation Trust and the `opt-out' system for staff members. For new patient and public members, a welcome letter is sent to new members.

The Trust maintains contact with its members through a newsletter that is sent out twice a year. Members are sent this in the post/email and it is also available through accessing the trust website. A function of the MES database allows the newsletter to be distributed to members 'households' rather than individuals living at the same address. This has reduced the number of newsletters sent by 1,000 making the process more cost effective. Members events are advertised on the Trusts internet and intranet as well as in the members newsletters.

**Contact details for people who wish to become members, or members who would like to communicate with governors and the Membership Manager:**

There is a generic email address available for members to communicate with governors: governors@rbht.nhs.uk and for members to contact the Membership Manager: members@rbht.nhs.uk

## 5. Staff Involvement and Staff Survey

***Introduction***

The 2013 Staff Survey was conducted in the months of October and November and the results were published by the Care Quality Commission at the end of February 2014.

The Trust recognises that staff engagement and motivation is key to productivity and job satisfaction. For this reason there are several methods in place to enhance communication, opportunities for information sharing and for rewarding staff, established across both hospital sites.

The Trust has again scored extremely highly in overall staff engagement, in fact showing the top score in the country across all acute specialist Trusts at 4.06 out of 5.

***Staff Involvement***

The Trust's Chief Executive holds regular Staff Forums. These are valued opportunities, not just to update staff on recent news and developments from a strategic perspective, but also to take questions and comments from staff. Questions can be submitted beforehand if staff would like to remain anonymous, or will be taken directly at the meeting. The contents of the forums are published on the intranet to inform those who were unable to attend.

The Trust also has a staff magazine, 'intouch', which is complemented by the monthly 'What's New?' news bulletin, both of which are distributed throughout the Trust. The 'Trust News' and 'Trust Matters' pages on the intranet are also available to all staff.

The Chief Operating Officer holds regular Operational Leader Forums to which line managers are invited. Both operational and financial performance reports are presented at these meetings which provide an opportunity for staff to be involved in performance matters and for changes to the regulatory framework such as the advent of Monitor's Risk Assessment Framework, and changes to the Care Quality Commissions' inspection regime to be communicated and their significance explained. Strategic matters that have been discussed by the Trust Board and the Management Committee are also shared with staff representatives at these meetings.

The Trust has continued the popular Staff Recognition Scheme which takes nominations for individuals or teams from their colleagues and customers who feel they have made an outstanding contribution to for example, their team, service improvement, or delivering efficiencies. A ceremony is held twice a year where stories are shared, awards are given and successes are celebrated. The results are published for everyone in the Trust to see and these often inspire others.

In the past three years a new appraisal process has been implemented where employees understand behavioural expectations and are assessed against the Core Behaviours and Trust Values which both have the principles of fairness and respect embedded within them.

New Staff Well-being and Stress policies have been put in place and the Trust runs Schwartz Rounds which are open and confidential multidisciplinary forums where caregivers discuss challenging social and emotional issues that arise when caring for patients. Their aim is to help reduce staff stress while supporting them to provide compassionate care.

A new Induction programme for Consultants has been implemented to ensure that senior clinical leaders are fully integrated into the Trust and are supported by senior management.

### *Initiatives recently implemented*

An initiative entitled 'Working Together Better for Patients' continues to run across the Trust. Our score for bullying and harrassment is now in line with the national average, and we will continue to run this iniative and hopefully drive this figure down further still.

With regard to appraisal completion rate, this continues to improve, rising from 65% in 2012's survey to 79% in 2013. The HR teams are continuing to work with departments who show particularly low completion levels, with all departments now showing around 75% completion.

Other programmes such as Stress and conflict handling, team building, and mediation have been run regularly, tailored for each departmental or individual need. We are also currently making a concerted effort with staff and managers to improve Appraisal completion rates and Health and Safety training figures still further, and will be considering running Health and Safety courses on with a 12 month refresh period. The staff forums, Champions awards, Communications programmes and other employee focussed initiatives will also continue, and we anticipate these will contribute to achieving further high scores for employee engagement and motivation.

### *Summary of performance - NHS staff survey*

The Trust participates in the annual NHS Staff Survey and the results from the 2013 survey are summarised below.

***Response Rate:***

At the time of sampling, 3067 staff were eligible to receive the survey. Questionnaires were sent to a random sample of 826 staff. Inclusion criteria mean that staff sent questionnaires were employed directly by the trust (i.e. staff working for external contractors were excluded). Bank staff were excluded unless they were also employed directly elsewhere in the trust.

322 staff at the Trust took part in this survey. This is a response rate of 39% which has fallen slightly from the 2012 survey, which may be due to an unforeseen clash with another internal survey, which will be coordinated in future so as to avoid this conflict.

| | 2012 (Acute Trusts) | | 2013 (Acute Trusts) | | Trust Improvement/ Deterioration |
|---|---|---|---|---|---|
| | Trust | National Average | Trust | National Average | |
| Response Rate | 43% | 50% | 39% | 50% | -4% |

***Areas of improvement from the prior year and deterioration:***

The Trust has shown a significant improvement in the percentage of staff appraised in the last 12 months, having risen to 79% from 65% in 2012's survey.

The Trust has also improved in scores for staff motivation at work and staff recommendation as a place to work or receive treatment. The Trust in fact shows the top scores in the country amongst acute specialist trusts in both of these areas.

The Trust also scores very favourably in the percentage of staff suffering work related stress and the work pressure felt by staff, in that a very low percentage of staff report feeling stressed due to their work.

The percentage of staff having received equality and diversity training the last 12 months is one of the Trust's lower scores due to the implementation of an e-learning module that staff are only required to complete once. Going forwards this will be run on a yearly refresh basis to improve results.

Staff experiencing discrimination at work is also above the average for acute specialist Trusts, although still at a very low percentage.

| **Key findings** | **Change since 2012** | **2013 survey result** | **National Average 2013** |
|---|---|---|---|
| Percentage of staff appraised in last 12 months | +14% | 79% | 83% |
| Staff Motivation | +0.13 | 4.03 | 3.82 |
| Staff recommendation of the trust as a place to work or receive treatment | +0.61 | 4.33 | 3.72 |
| Percentage of staff suffering work related stress in last 12 months | +2% | 30% | 37% |
| Work pressure felt by staff | +0.55 | 3.28 | 2.97 |
| Percentage of staff having equality and diversity training in last 12 months | +3% | 49% | 57% |
| Percentage of staff working extra hours | -1% | 77% | 68% |
| Percentage of staff experiencing discrimination at work in last 12 months | 0% | 15% | 10% |

***Top 5 Ranking Scores:***

| | **2012 (Acute Specialist Trusts)** | | **2013 (Acute Specialist Trusts)** | | **Trust Improvement/ Deterioration** |
|---|---|---|---|---|---|
| **Top 5 Ranking Scores** | **Trust** | **National Average** | **Trust** | **National Average** | |
| KF25. Staff motivation at work | 3.89 | 3.88 | 4.04 | 3.91 | +0.15 |
| KF11. Percentage of staff suffering work-related stress in last 12 months | 28% | 32% | 26% | 34% | -2% |
| KF24. Staff recommendation of the trust as a place to work or receive treatment | 4.16 | 4.06 | 4.33 | 4.08 | +0.17 |
| KF3. Work pressure felt by staff | 2.74 | 2.88 | 2.66 | 2.85 | -0.08 |
| KF1. Percentage of staff feeling satisfied with the quality of work and patient care they are able to deliver | 89% | 82% | 89% | 82% | 0% |

***Bottom 5 Ranking Scores:***

| | **2012 (Acute Specialist Trusts)** | | **2013 (Acute Specialist Trusts)** | | **Trust Improvement/ Deterioration** |
|---|---|---|---|---|---|
| **Bottom 5 Ranking Scores** | **Trust** | **National Average** | **Trust** | **National Average** | |
| KF5. Percentage of staff working extra hours | 76% | 72% | 77% | 71% | +1% |
| KF26. Percentage of staff having equality and diversity training in last 12 months | 44% | 61% | 50% | 66% | +6% |
| KF19. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months | 23% | 23% | 25% | 22% | +2% |
| KF7. Percentage of staff appraised in last 12 months | 65% | 83% | 79% | 86% | +14% |
| KF28. Percentage of staff experiencing discrimination at work in last 12 months | 14% | 8% | 14% | 9% | 0% |

***Recommendations for addressing areas requiring improvement***

1. The response rate was 38% which was slightly lower than the previous year, which is disappointing, but may be due to an overlap with an internal survey, which has now been acknowledged and will be avoided in future.

2. Continue with the implementation of the 'Improving Working Relationships' initiative to address Bullying and Harassment across the Trust, with the aim of improving outcomes for next year. Working with staff in this way will provide support and thereby reduce instances where staff may feel that they are being discriminated against, by providing opportunities to discuss their worries with trained ambassadors.

3. Appraisal rates have risen significantly from 2012 to 2013. The HR teams and Learning and Development worked closely with managers and departments throughout the Trust to make sure staff have their appraisals and that managers were correctly inputing results into the appraisal tracking system in a timely manner to ensure that data evidencing the appriasal was captured. During 2014/15, the possibility of interfacing the appriasal software and the Electronic Staff Record will be explored in order to reduce time spent on administration and improve data quality.

4. Equality and Diversity training will be moved to annual refresh in the training schedule for staff in order to incraese the focus on this important area

5. HR divisional Leads will establish small focus groups from their departments to address different areas of feedback and discuss ways in which these can be improved in the future.

The results of the 2013 staff survey are very encouraging on the whole. They show that much good work has been done and results achieved. Nevertheless, more remains to be done and the above recommendations set out ideas to take matters forwards during 2014.

**Annex 1**

# FINANCIAL STATEMENTS OF ROYAL BROMPTON & HAREFIELD NHS FOUNDATION TRUST FOR THE YEAR 1st APRIL 2013 TO 31st MARCH 2014

## Accounts for the year 1st April 2013 to 31st March 2014

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**Accounts of Royal Brompton & Harefield NHS Foundation Trust**
**for the Year ended 31 March 2014**

## STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF ROYAL BROMPTON & HAREFIELD NHS FOUNDATION TRUST

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by Monitor.

Under the NHS Act 2006, Monitor has directed Royal Brompton & Harefield NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Royal Brompton & Harefield NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *NHS Foundation Trust Annual Reporting Manual 2013-14* and in particular to:

• Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

• Make judgements and estimates on a reasonable basis;

• State whether applicable accounting standards as set out in the *NHS Foundation Trust Financial Reporting Manual 2013/14* have been followed, and disclose and explain any material departures in the financial statements;

• ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and

• Prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's *NHS Foundation Trust Accounting Officer Memorandum*.

............................ **Robert J Bell**
**Chief Executive and Accounting Officer** **27th May 2014**

## Accounts of Royal Brompton & Harefield NHS Foundation Trust for the year ended 31 March 2014

### Annual Governance Statement 2013-14

### 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's polices, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve polices, aims, objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control, is based on an ongoing process designed to identify and prioritise the risk to the achievement of the policies, aims and objectives of Royal Brompton & Harefield NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Royal Brompton & Harefield NHS Foundation Trust for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts.

### 3. Capacity to handle risk

To ensure that the Board is able to provide the appropriate levels of assurance on effective internal control to the Trust's patients, its Council of Governors and stakeholders, a committee of the Board, the Risk and Safety Committee, has been established. This committee, with membership of the Trust's Non-Executive Directors and attended by the Executive Directors, is accountable for seeking assurance that systems, processes and outcomes contribute to the Trust's aims and values and objectives relating to patient safety and quality, a safe and clean hospital environment and staff satisfaction and to ensure that there is evidence of robust governance and assurance processes in these areas. The Governance & Quality Committee reports into the Risk & Safety Committee.

The Governance and Quality Committee, chaired by the Medical Director & Responsible Officer, provides management scrutiny of the Trust's risk management issues against an integrated governance and patient safety agenda. It receives reports on clinical and non-clinical issues from each of the clinical divisions, to ensure that it has the opportunity to identify examples of both good and poor practice so as to ensure that these areas are operating to the highest clinical and quality standards. With representation from each of the clinical and non clinical divisions present the Trust is able to share best practice and respond to identified weaknesses.

All Directors across all areas of the Trusts take responsibility for risk identification, management and mitigation within their areas of work and practice. The Divisions are responsible for their own areas, and this is supported by 6-monthly Divisional Quality & Safety reports which contain a wide-range of information including risks, incidents, complaints, clinical outcomes, clinical audits, compliance with best practice.

Training is available for all staff both an induction, and throughout their careers with regard to risk management. In addition, there are detailed guidance and support resources available through the intranet and a team of staff trained in risk management to provide additional support to staff across the organisation.

To ensure that the Trust undertakes its activities within a safe environment, the Trust has appointed an external specialist contractor to monitor compliance with its health and safety obligations. Additionally this contractor provides specialist advice and training in fire, health, safety and manual handling issues.

## 4. The risk and control framework

As the Trust provides specialist, innovative, tertiary cardiorespiratory services there are risks to patients and the organisation inherent in the healthcare delivery, clinical innovation and research undertaken. The Trust recognises that not all risk can be eliminated or avoided but specific risks can be effectively mitigated and managed. The level of risk deemed acceptable / tolerable is kept under review by the Trust Board.

The Trust is committed to doing everything possible to reduce risk (avoidable harm and death) to patients and to deliver high quality, safe and cost-effective care. Our aim is to develop the characteristics of a high reliability organisation, consistently delivering high quality evidence–based care whilst recognising that for many patients there are risks associated with treatment which cannot be eliminated, but can be controlled. The Trust commits to working with patients and their families to ensure that they understand fully the options for treatment including the potential risks, intended benefits, alternatives and effects of no treatment and are assisted in balancing the risks to come to a decision to give fully informed consent for treatment and/or research.

Governance structures have been established to ensure that a detailed assessment of all identified risks (clinical, research, operational, financial and infrastructure) is performed and managed through the risk register where responsibility for mitigation or management of each risk is identified.

Serious risks are identified as a significant risk to the fulfillment of the organisation's strategic objectives; or may present as a risk to compliance with the requirements of the NHS Provider Licence granted by Monitor. Therefore serious risks are included on the Risk Register and are summarised as the Trust's top risks subject to review by the Risk and Safety Committee of the Trust Board in order to assess mitigating actions, the adequacy of resources directed towards managing the risk and the level of assurance that the controls are effective. Lower scoring risks are managed within the division /department where they originate and held on the risk register.

The aim is not to remove all risk but to identify, assess and manage factors internal and external to the Trust which can threaten achievement of our objectives. Risk taking then occurs in an appropriate, balanced and sustainable way across the full breadth of the Trust's portfolio. The Trust recognises that controlled risk taking within defined parameters (policies, procedures, objectives, risk assessment, review and management and control processes) and agreed by the Trust Board encourages creativity, optimises financial rewards and improves performance, thereby benefiting the patients in our care.'

The Top Trust Risks are kept under regular review by the Trust Board. For 2013/14 the Top Risks and their mitigating actions have included:

| Top Risks | Mitigation |
|---|---|
| **Service Excellence:**<br>• Failure to achieve expected standards of clinical care | • Clear lines of accountability; Medical director appointed as Responsible Officer, Divisional Directors/Care Groups Chairs responsible for clinical services<br>• Clinical structure based around care groups which focus on disease pathway and needs of patients, rather than professions of staff<br>• Service Level Agreements in place with other trusts to provide specialist input for patients with clinical needs which fall outside the heart and lung specialty areas.<br>• Robust annual appraisal and revalidation process for medical staff in place<br>• Lead clinicians for Clinical Risk appointed on each site<br>• Clear reporting from regular Governance & Quality Committee, attended by Divisional Directors (clinical) and Executive Directors to discuss clinical issues affecting trust; underpinned by the divisional Quality & Safety meetings, as well as groups with a more specialised focus such as the Quality & Productivity Groups, Clinical Practice Committee, Clinical Standards and Service Specification Group, Medicines Management Board, Tissue Governance Oversight Board, Research Committee<br>• Regular governance updates / training supplied through the Monthly Governance Day, where non-essential clinical activity is suspended to allow governance activities to occur. Includes peer review of all patients who die in hospital<br>• Participation in all relevant national clinical audits and registries<br>• Routine review, implementation and audit of practice against (inter)national guidelines and standards e.g. NICE, SCTS, BTS<br>• Programme of internal audits performed by KPMG, to review our governance arrangements across all aspects of care<br>• Proactive engagement with all external stakeholders and monitoring organisations such as CQC and Monitor, commissioners, professional societies, Royal Colleges, Dr Foster etc.<br>• Proactive approach to tackling any areas where expected standards are not being achieved, from local reviews to involvement of external/national agencies e.g. review of Lung Cancer Service |

| **Organisational Excellence:** | |
|---|---|
| • Estates – out of date areas unsuitable for patients / staff | • Planned, preventative maintenance (PPM) programme focused on high-risk areas and issues.<br>• Increased investment in Estates requirements overseen by Capital Working Group.<br>• Long-term redevelopment plans for both sites overseen by the Redevelopment Advisory Steering Group, with professional advisors in place |
| • Estates – general maintenance backlog | • A 3 year programme of works (including costs) has been developed to reduce the maintenance backlog and has been presented to the Trust Board.<br>• Progress against this plan is being monitored by the Chief Operating Officer through the Capital Working Group and the Head of Estates and Facilities has reported progress to the Trust Risk and Safety Committee<br>• All maintenance risks are individually listed on the Risk Register |
| **Reputation & Relationships:** | |
| • Weakened congenital heart disease services - The Trust's services for patients with congenital heart disease (CHD) could be weakened as a result of a NHS England review which will set national standards and a new service specification during 2014, due to inform commissioning arrangements from 2015. | • High quality of current CHD services for children and adults<br>• Influence in national Clinical Reference Group (CRG) for congenital heart services - Director of Children's Services is a member<br>• Outcome of Safe & Sustainable Review - overturned in courts; severely criticised by Independent Reconfiguration Panel (IRP); halted by Secretary of State as "un-implementable" - makes any proposal to decommission NHS services highly unlikely<br>• Engagement in New CHD Review - Chief Operating Officer, Care Group Chair for ACHD and Director of Children's Services (as above)<br>• Trust Oversight Committee, including 3 Exec Directors, 4 other Directors and relevant Clinical Leads, meets monthly to monitor developments and agree actions |
| • Failure to maintain effective influence with | • Some of the Trust's care groups and teams (e.g. adult and paediatric Cystic fibrosis teams) have for several years engaged |

| key external stakeholders | effectively with commissioners, medical charities and fellow clinicians from other peer centres in activities such as defining standards of care and planning of pathways.<br>• This level of on-going engagement is not however replicated consistently across all care groups within the Trust.<br>• A small internal project team is interviewing all care group chairs and senior clinicians - doctors, nurses, allied health professionals and technicians - in order to compile an inventory of all the external stakeholders / bodies with whom 1 or more of our clinicians a) have influence or membership, b) do NOT have influence or membership. The team will then identify common gaps, as well as identify key stakeholders at a Trust-wide level, prioritise gaps to be filled / areas where influence needs to be built, then revert to the care-group leads to agree the actions / campaign required. |
|---|---|
| • Failure to comply with external regulations | • All key targets monitored and reported to Trust Board, either routinely or by exception through the Clinical Quality Report.<br>• Monitor was informed of 2 potential targets at risk during 2013/14; 62 day cancer target / *Clostridium difficile*.<br>• Robust bottom-up process of internal review of quality and patient issues through G&Q Committee to Risk & Safety Committee to Trust Board<br>• Lead assigned for each CQC Essential Standard.<br>• Intelligent monitoring updates reported to Governance and Quality Committee when published / updated by CQC<br>• Annual Review of 4 CQC 'essential standards' undertaken by Internal Audit and overseen by the Audit Committee<br>• Clinical Quality Report presented to Trust Board every meeting to ensure regular tracking of performance - includes untoward incidents<br>• Quarterly Trust Board declarations made against the standards set out in the Risk Assessment Framework published by Monitor<br>• Regular meetings of the CQC Registration Leads Steering Group<br>• Monthly review of key performance indicators by commissioners through the Clinical Quality Group.<br>• Review by internal audit of compliance with the requirements of the NHS Provider Licence issued by Monitor found adequate assurance overall, this being the highest level of assurance within the KPMG rating system. |
| **Financial Risks**:<br>• Planned Project | <br>• The amount budgeted is less than expected, so a contingency |

| | |
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| Diamond (PD) money is not received in full<br><br>• Failure to maintain adequate liquidity, ensuring availability of cash | factor is inbuilt<br>• PD money has been received for the last 5 years, yet has never been confirmed in advance<br>• The PD Trusts work collectively to secure this funding each year at all levels.<br>• There is an agreed distribution of the amounts between PD trusts which is reflected in the plans<br>• The Department of Health and NHS England are aware of the serious impact of non-payment on several high profile Trusts<br>• The Trust has in place a short term borrowing facility which would be used to bridge any shortfall or delay in receipt of PD monies<br><br>• Trust has processes in place to monitor and forecast liquidity levels<br>• Trust has well defined process for planning and managing capital spend in line with available internal and external funding<br>• Trust is actively looking at ways to reduce the level of stock: bulk purchases need to be agreed by Finance<br>• A long-term loan facility has been secured to support the Trust's future capital expenditure programme<br>• Suitable internal monitoring processes are in place for accurate reporting to the Trust Board and its Committees to determine timely remedial action. |
| **Productivity & Investment:**<br>• Information technology not meeting clinical needs<br><br>• Failure to execute | • Clinical Lead for IT appointed<br>• New Chief Information Officer appointed January 2013<br>• New interim operational heads appointed to implement improved internal processes.<br>• Mission statement developed<br>• I&T Committee established June 2013 to oversee development of projects & prioritise IT resources and funding.<br><br>• Restructure of IT underway including:<br>- Project management office (PMO) being established to provide governance and control for projects and system changes.<br>- New organisational structure being designed including Business Relationship Managers and a PMO.<br>- IT Strategy and 'Roadmap' have been developed and presented to both the Trust Board and the Council of Governors during 2013/14.<br><br>1. Redevelopment Advisory Steering Group established and meets regularly to review progress |

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| property re-development effectively and within budget | 2. Continuous involvement of Chief Executive, Director of Capital Projects & Development and Associate Chief Executive - Finance<br>3. Appointment of leading property, financial, tax and legal advisers to the project team<br>4. Application of and compliance with the Trust's Standing Financial Instructions to major capital projects<br>5. Application of and compliance with Monitor's requirements for major capital projects<br>6. Establishment and maintenance of a detailed project model which includes milestones, cash flows and sensitivities<br>7. Production of five year forward plan for capital programme facilitates integration and funding requirements<br>8.Phasing of redevelopment such that capital expenditure wherever possible is funded from earlier disposals |

The risks detailed within the risk register are aligned to the Trust's Objectives through the Forward Planning process. The risk register is designed to reflect risks from all aspects of the organisation and provide details of the controls in place to mitigate the risks and identify where assurance can be located. The risk register provides assurance, through ongoing review, to the Board that these risks are being adequately controlled and informs the collation of the Annual Governance Statement.

The risk register recognises and is informed by the Trust's wider role and risk profile, especially as a leading centre for research and development, innovation, translational research and training and the part played by the Trust's stakeholders in its delivery of world class healthcare:

- Monitor, the Foundation Trust regulator, assesses the Trust's risk profile throughout the year and its ratings inform the risk register and Quality Governance Framework.
- Relationships with the Care Quality Commission for ongoing monitoring of compliance with registration requirements.
- Monthly monitoring meetings are held with the Trust's coordinating commissioner, NHS England to assess performance against the NHS Standard Contract – reported through the Clinical Quality Review Group (CQRG).
- The External Services Scrutiny Committee of London Borough of Hillingdon regularly reviews Trust performance.
- HealthWatch in Hillingdon and the Royal Borough of Kensington and Chelsea. The HealthWatch groups have established a management board and a number of sub-groups focusing on particular health areas. In particular, HealthWatch groups are closely involved with development of the Quality Report.
- The Care Quality Commission undertakes a range of monitoring to identify potential risk issues. The CQC has registered the Royal Brompton and Harefield NHS Foundation Trust without restriction and the Trust reviews and responds to the regular updates from CQC which are presented to the Trust via the Intelligent Monitoring reports and reports following inspection.
- Relationships with our health partners and stakeholders in relation to key objectives and future referral patterns.

- The Trust's continued relationship with the National Heart and Lung Institute of Imperial College London.

The Trust manages its risks related to data security through a number of different approaches. The Trust has a Board level Senior Information Risk Owner (SIRO). The SIRO has overseen the implementation of a wide range of measures to protect the data we hold and undertaken a full review of personal identifiable information flows to underpin the Trust's information governance assurance statements and its assessment against the information governance toolkit. The review against the information governance toolkit provides me with assurance that these aspects are being managed and that at all indicators are being met at level 2 or 3. There have not been any serious incidents involving data loss during 2013-14.

Data Quality is overseen by a dedicated team working within the Information Services department and the quality of data used to present performance information is kept under review through the Trust Quality Indicator Assurance Framework.

**NHS Provider Licence Condition 4; (FT Governance).**
Compliance with Condition FT4 of the NHS Provider Licence has been reviewed by the Trust's internal auditors. The overall report rating was that of adequate assurance, this being the highest rating that can be achieved on the scale used by KPMG. Further information on enhanced quality governance reporting is provided within section 3.4 of the Directors' Report.

**Care Quality Commission**
The foundation trust is fully compliant with the registration requirements of the Care Quality Commission. Ongoing compliance with registration requirements is managed through the Registration Leads Steering Group. There are registration leads for each of the registration requirements. The registration leads maintain a provider compliance assessment (PCA) for the essential standard for which they are responsible. The PCAs are audited by the Trust's internal auditor over a 4 year rolling cycle, 4 were audited during 2013/14. The internal audit conducted during 2013/14 found adequate assurance and this was reported to the Audit Committee in February 2014.

The CQC undertook a routine inspection of Harefield Hospital in February 2014 and reported that the Trust was meeting all of the essential standards of quality and safety that were inspected. The CQC also undertook a routine inspection of the Royal Brompton Hospital in August 2013 and again found no concerns for the standards inspected. The Trust continues to meet all of the essential standards of quality and safety as was declared at the time of initial registration in 2010.

**NHS Employer**
As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

**Environment**

The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

**Managing Public Money**

There are a number of required disclosures which have been covered elsewhere in the Annual Report 2013/14. These include:

- Governance framework, to include the Board's committee structure, attendance records and the coverage of its work; please see section 4. Governance
- Board Committee reports; please see section 4. Governance
  An account of corporate governance; please see section 4 Governance and in particular the section dealing with Compliance with the NHS Foundation Trust Code of Governance on page 23 of this Annual Report.

## 5. Review of economy, efficiency and effectiveness of the use of resources

The development and reporting of patient level costing and service level reporting continues, to ensure that the Board is aware of relative profitability and efficiency and this is now produced on a quarterly basis. Monthly finance and performance reports are provided to the Board and this information is used to identify opportunities for improving efficiency and profitability for each Division. This has been achieved through the introduction of contribution reporting at Divisional level. The Trust has exceeded its 2013/14 target for generation of net surplus.

**Annual Quality Report**

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) regulations 2010 (as amended) to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of the Annual Quality Reports which incorporate the above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*.

The Director of Nursing and Clinical Governance has led this process with the support of the Directors and other key stakeholders including Governors. The involvement of stakeholders regarding how our priorities were consulted on and decided is described in more detail in the Quality Report. Reports were regularly reviewed by stakeholders internally and externally in order to ensure that we present a balanced view and the data is accurate. Other assurance was obtained through our own assurance processes and external audit. Quality data is reported to the Board monthly, and the Governance and Quality Committee has received a quarterly update on progress against the quality priorities.

**Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the

Risk & Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The process which has been applied in maintaining and reviewing the effectiveness of the system of internal control has included the involvement of the following bodies:

The Board; the Board has exercised its role of oversight of the system of internal control through regular reports made by the Chairman of the Audit Committee to the Board. Reports have been provided to the next meeting of the Trust Board following every meeting of the Audit Committee. At its meeting on 21st May 2014, the Board concluded that an effective system of internal control had been in place during 2013/14.

The Audit Committee provides the Trust Board with an independent and objective evaluation of the establishment and maintenance of an effective system of integrated governance, risk management and financial and non-financial internal controls that support the achievement of the organisation's objectives. The conclusion of this Committee is that it has discharged its duties appropriately during 2013/14.

The Risk & Safety Committee provides the Trust Board with independent and objective evaluation of whether the systems and processes in place in the Trust to manage risks, especially patient safety risks, are complete, appropriate, and working as intended. The conclusion of this Committee is that is has discharged its duties appropriately during 2013/14. Two never events were reviewed by the Risk and Safety Committee during 2013/14. These related to a needle retained following surgery and a patient who suffered an air embolism. Both of these never events have been reported via the Strategic Executive Information System (STEIS), reviewed by commissioners and are included in the Intelligent Monitoring reports issued by the Care Quality Commission.

Clinical audits are regularly conducted across all clinical services of the Trust. Details of participation in the national clinical audit programme are detailed in the Quality Report, at Appendix 1 of the Annual Report. The clinical audit team can confirm that it has fulfilled its duties throughout 2013/14.

Internal audit services are outsourced to KPMG, who have provided an objective and independent opinion to the Chief Executive, the Board and the Audit Committee on the degree to which risk management; control and governance support the achievement of the objectives of the organisation. The conclusion of internal audit is that an effective system of internal control to manage the principal risks identified by the organisation was in place for 2013/14,

Deloitte LLP provides the Trust with its external audit assurance and reports on annual accounts.

The Quality Governance Framework and Risk Register Assessments have to date identified no significant control issues.

## 6. Conclusion

Appropriate governance structures and internal control measures are in place. They have operated throughout 2013/14. No significant control issues have been identified.

**Signed:** **Date: 27th May 2014**

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**Robert J Bell**
**Chief Executive**

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS AND BOARD OF DIRECTORS OF ROYAL BROMPTON AND HAREFIELD HOSPITAL NHS FOUNDATION TRUST**

We have audited the financial statements of Royal Brompton & Harefield NHS Foundation Trust for the year ended 31 March 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by Monitor – Independent Regulator of NHS Foundation Trusts.

This report is made solely to the Board of Governors and Board of Directors ("the Boards") of Royal Brompton & Harefield NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the accounting officer and auditor**
As explained more fully in the Accounting Officer's Responsibilities Statement, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Audit Code for NHS Foundation Trusts and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**
In our opinion the financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 March 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting policies directed by Monitor – Independent Regulator of NHS Foundation Trusts; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS AND BOARD OF DIRECTORS OF ROYAL BROMPTON AND HAREFIELD HOSPITAL NHS FOUNDATION TRUST (CONTINUED)**

**Opinion on other matter prescribed by the National Health Service Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Audit Code for NHS Foundation Trusts requires us to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls;
- proper practices have not been observed in the compilation of the financial statements; or
- the NHS foundation trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

**Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts.

Heather Bygrave, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, United Kingdom
May 2014

**Accounts of Royal Brompton & Harefield NHS Foundation Trust for the Year ended 31 March 2014**

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2014 have been prepared by Royal Brompton & Harefield NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

**............................ Robert J Bell** **27th May 2014**
**Chief Executive**

**See separate document – Annex 1 Annual accounts 2013-14**

## Annex 2

## Quality Report for the year ended 31 March 2014

**Independent Auditor's Report to the Council of Governors of Royal Brompton & Harefield NHS Foundation Trust on the Quality Report**

We have been engaged by the council of governors of Royal Brompton & Harefield NHS Foundation Trust to perform an independent assurance engagement in respect of Royal Brompton & Harefield NHS Foundation Trust's quality report for the year ended 31 March 2014 (the "quality report") and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the council of governors of Royal Brompton & Harefield NHS Foundation Trust as a body, to assist the council of governors in reporting Royal Brompton & Harefield NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2014, to enable the council of governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Royal Brompton & Harefield NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

**Scope and subject matter**

The indicators for the year ended 31 March 2014 subject to limited assurance consist of the national priority indicators as mandated by Monitor:

- Number of Clostridium difficile infections for patients aged 2 or more; and
- Percentage of patients receiving first definitive treatment for cancer within 62 days of an urgent GP referral for suspected cancer.

We refer to these national priority indicators collectively as the "indicators".

**Respective responsibilities of the directors and auditors**

The directors are responsible for the content and the preparation of the quality report in accordance with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* issued by Monitor.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the quality report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual;*
- the quality report is not consistent in all material respects with the sources specified in the guidance; and
- the indicators in the quality report identified as having been the subject of limited assurance in the quality report are not reasonably stated in all material respects in accordance with the *NHS Foundation Trust Annual Reporting Manual* and the six dimensions of data quality set out in the *Detailed Guidance for External Assurance on Quality Reports.*

We read the quality report and consider whether it addresses the content requirements of the *NHS Foundation Trust Annual Reporting Manual,* and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with the documents specified within the detailed guidance.
We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively the "documents"). Our responsibilities do not extend to any other information.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively the "documents"). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

**Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board ("ISAE 3000"). Our limited assurance procedures included:

- Evaluating the design and implementation of the key processes and controls for managing and reporting the indicators.
- Making enquiries of management.
- Testing key management controls.
- Limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation.
- Comparing the content requirements of the *NHS Foundation Trust Annual Reporting Manual* to the categories reported in the quality report.
- Reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

**Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the *NHS Foundation Trust Annual Reporting Manual.*

The scope of our assurance work has not included governance over quality or non-mandated indicators which have been determined locally by Royal Brompton & Harefield NHS Foundation Trust.

**Conclusion**

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2014:

- the quality report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual;*
- the quality report is not consistent in all material respects with the sources specified in the guidance; and
- the indicators in the quality report subject to limited assurance have not been reasonably stated in all material respects in accordance with the *NHS Foundation Trust Annual Reporting Manual.*

Deloitte LLP
Chartered Accountants
St Albans, United Kingdom
May 2014

## Quality Report 2013/14

**See separate document – Annex 2 Quality Report 2013-14**