A lifetime of specialist care

Royal Brompton & Harefield NHS
NHS Foundation Trust

Royal Brompton & Harefield NHS Foundation Trust

Annual Report and Accounts 2014/15

A lifetime of specialist care

Royal Brompton & Harefield NHS
NHS Foundation Trust

Royal Brompton & Harefield NHS Foundation Trust

Annual Report and Accounts 2014/15

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

Royal Brompton & Harefield NHS Foundation Trust

Annual Report 2014-15

CONTENTS

1. Chief Executive's Introduction

The following pages constitute the Annual Report of Royal Brompton & Harefield NHS Foundation Trust for its fifth full year as a Foundation Trust, for the period 1 April 2014 to 31 March 2015. 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 2014-15*" as updated by Monitor in December 2014.

In the following pages, readers will find:

- A Strategic Report which sets out the operational performance of the Trust and its achievements during 2014/15.
- 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 2014/15 the Trust commenced participation in the Sign up to Safety programme and produced a new Safety Improvement Plan which will be used to inform the setting of the Quality Priorities for 2015/16.

The most important challenge facing the organisation remains how to redevelop our hospitals over the medium to long term. The Trust remains committed to redeveloping premises at their current locations rather than to move to a new site and is engaging with a number of potential partner organisations which have proposed approaches at both of the main locations.

The national review of congenital cardiac services (for both adults and children) has continued its work during 2014/15 and service standards are expected to be published over the summer of 2015. The service standards are expected to form the basis for a service specification against which services will be commissioned in the future. The Trust is confident of meeting the requirements as provision of a 'joined up' service for both children and adults is one of the strengths of our service model.

A new area of major challenge during this year has been financial performance against the backdrop of the changes to tariff made by NHS England and Monitor. The Trust provides highly specialised services that are not adequately recompensed through existing tariff arrangements alone. In previous years, financial balance has been achieved through a combination of income from both non-NHS sources and top up funding (Project Diamond) received from the Department of Health / NHS England in recognition of case complexity. Although substantial top up funding for 2014/15 has eventually been agreed by NHS England, the Trust nonetheless recorded an annual deficit for the first time since becoming a foundation trust, as explained on page 13 of this report. It is anticipated that 2015/16 will be an even more challenging year from a financial perspective in part due to the announced withdrawal of top up funding for case complexity. The proposed introduction of new tariff arrangements for 2016/17 may provide some relief in recognising the complexity of the caseload undertaken by this and other specialist Trusts: however, the severe financial pressures expected to affect the national health service over the short- to medium-term will result in further pressures on the Trust's finances.

The Trust is committed to the provision of high quality services for patients of all ages. Future plans and strategy revolve around the development of the Trust's infrastructure in order to ensure that our patients are cared for in an environment that is aligned with the expectations for healthcare in the 21st century.

.....

Robert J Bell
Chief Executive

26th May 2015

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
Sydney Street, London, SW3 6NP T: 0207 349 7713 W: www.rbht.nhs.uk

2. Strategic Report

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 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 Operational Plan for 2015/16 which has been submitted to Monitor. This document is also available through the Monitor web site.

Our 2014/19 Strategic Plan highlighted the Trust's ambitions to develop both the quality and capacity of its facilities in order to provide improved patient care. A key element was the proposal to redevelop Royal Brompton Hospital financed by the sale of certain Trust-owned properties with the benefit of planning permissions to enhance their values. This ambition has, at least into the medium-term, been thwarted by a combination of planning and 'political' factors.

However, the Strategic Plan also noted that the Trust was planning to invest in its Harefield Hospital facilities to provide new and improved capacity on that site (thereby accommodating a reconfiguration of services between our sites); to update/replace antiquated Trust-wide IT systems; and to establish additional private patient facilities in leased off-site premises.

The projected financial outcome for 2015/16, in particular as a result of the withdrawal of Project Diamond top up funding, means that the Trust's ability to finance its capital programme will be significantly reduced. It has been possible to defer some items of capital expenditure and to cancel others, but much of the investment is committed. The completion of the planned programme is anyway essential to maintain the Trust's pre-eminent status as a nationally and internationally recognised specialist provider of cardiac and respiratory services.

Accordingly, the Trust has been seeking an additional £10m of funding in 2015/16 to enable the capital programme to proceed as planned. This funding has yet to be secured but discussions are in progress with the Independent Trust Financing Facility.

❖ 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 85%) of the NHS services provided by the Trust are commissioned by NHS England. The bulk of the remainder is commissioned by Clinical Commissioning Groups (CCGs) which cover the whole population of England. The services commissioned by NHS England, and those commissioned by CCGs, are commissioner requested services covered by the Trust's NHS Provider Licence issued by Monitor.

Private Patients Unit

Royal Brompton & Harefield NHS Foundation Trust continues to build upon its world-class private patient business at both Royal Brompton and Harefield hospitals, under the brand name 'Royal Brompton and Harefield Specialist Care' (RB&HH).

The business has seen significant growth driven by business development and marketing initiatives targeted at the UK self-pay and Middle East markets, as well as strengthening existing relations with health insurers and overseas referrers. The increasing demand for complex specialist care and the very latest techniques in complex heart and lung surgery is evidenced by the fact that private patient income for the Trust exceeded £37m in 2014/15.

The Trust is due to open an outpatient and diagnostic facility at Wimpole Street in early 2016 offering private outpatient appointments in the prestigious Harley Street vicinity, as well as state of the art imaging and scanning services.

New Facilities

The year 2014/15 marked the end of an 18 month refurbishment of the private patient facilities at Royal Brompton Hospital, placing safety and patient experience at the forefront of its design. The refurbishment of the Sir Reginald Wilson ward, our 28-bed dedicated private wing –combined with a new private patients' reception - has provided patients with modern facilities and first-class accommodation.

New Services

Harefield Hospital, meanwhile, has launched a number of new services to better accommodate patient needs and raise the standard of its services in line with Royal Brompton. This included the launch of a new heart risk screening clinic, offering a range of tests and scans designed to detect the early signs of heart disease, a rapid access and diagnostic clinic, offering same day or next day appointments and the extension of opening hours to evenings and weekends.

Overseas Collaboration

2014/15 heralds a new era of overseas collaboration for the Trust, as patient referral streams continue to grow from the Middle East market, and new business is gradually increasing from emerging markets such as China.

Our staff and consultants attended a number of health conferences throughout the Middle East to showcase some of our most pioneering treatments and procedures. We work closely with government departments, hospitals and other medical organisations across the Gulf region to promote clinical excellence and exchange clinical knowledge. In addition, the private patients' team took their first trip to China in November to sign agreements with local healthcare organisations in order to facilitate improved patient pathways and clinical outcomes.

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 2014/15, research income to the Trust (£11.0m) continued to rise in line with 2012-2015 Research Strategy objectives to grow the business. Over 5400 patients participated in our research endeavours; 3149 patients were recruited to over 175 ethically approved research studies and a further 2227 patients consented to the retention of their tissue in the Trust's ethically approved Biobanks.

Other highlights include:

- More than £3m of NIHR funding for two national multicentre - clinical trials investigating novel treatments for atrial fibrillation and lung cancer surgery.
- 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 370 research publications from Trust consultants

Our research activities are underpinned by Trust-wide research management and governance processes. In 2014, the Trust was inspected successfully for its compliance with the Clinical Trials regulations by the MHRA with no critical findings. The Trust is also one of the best performing nationally in respect of national benchmarks for the timeline set-up and delivery of research studies.

2.2 A Fair Balanced and Understandable (FBU) Review of the Trust's Business

Trust Operational Performance from 1st April 2014 to 31st March 2015

During the course of 2014/15 the Trust exceeded its plans across many categories of activity, particularly on cardiac surgery and thoracic surgery at Royal Brompton hospital and respiratory medicine at Harefield hospital.

The Trust over-performed against its income plans for NHS services by £12m and private patient services by £1.1m. In doing so the Trust achieved an EBITDA (earnings before interest, tax, depreciation and amortisation) of £21.0m (5.8%) compared to a planned £20.2m (5.8%). This performance was helped by the recognition of £13.1m of Project Diamond top up income (2013/14 - £9.7m).

Further details of operational performance at divisional level (at which Project Diamond income is not reflected) are given below.

Operational and Financial Performance by Division

Royal Brompton Heart Division (including Children's services)
The Royal Brompton Heart Division generated total income of £135.1m and a contribution of £22.2m in 2014/15, £3.9m behind plan. This is an increase in overall income from 2013/14, when the division generated £125.9m, but a fall in the level of contribution, which was £23.1m in 2013/14.

NHS income was behind plan by £0.7m, but total income increased to £113.9m from £106.7m in 2013/14. Adult cardiac surgery generated income of £12.1m compared to £9.4m in 2013/14, £2.8m ahead of plan. The over performance was due to an increase in activity volumes of >200 spells, an increase in the complexity of procedures and in the number of inter-hospital transfers and emergency spells. The Trust started the development of its first hybrid theatre in December 2014 (due for completion in November 2015) but, despite the associated capacity constraints, maintained activity levels throughout quarter 4.

Adult cardiology income was behind plan in 2014/15 by £0.8m (albeit largely in line with 2013/14). There was more emergency activity than planned, which was offset by less non-interventional day case and elective activity. Additional 'out-of-hours' work continued to be undertaken throughout the year in order to keep up with increasing demand.

Children's services performance was behind plan by £1.3m and 438 spells in 2014/15 across cardiology, respiratory and congenital heart surgery. Significant progress has been made in the recruitment of permanent paediatric nurses; the vacancy factor improved from 22% to 12% for ward nursing staff across the children's wards during the year (although this vacancy factor remains higher than in other areas of the Trust).

Also in paediatrics, the nationally commissioned service for primary ciliary dyskinesia (PCD) is now fully commissioned for both the diagnosis and management 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 into other areas in 2015/16.

The extra corporeal membrane oxygenation (ECMO) service once again significantly exceeded plan for 2014/15 (48%), with patient retrievals from Scotland and Northern Ireland in addition to the Trust's designated zone.

Private patient income was behind plan in 2014/15 by £0.4m (2.1%), although the plan included expected revenues from additional capacity which will not now be operational until 2016. This shortfall was partially offset by other activity increases, particularly in adult cardiology, with a more complex case mix and higher levels of implantable devices than anticipated.

Pay costs increased from £64.7m in 2013/14 to £70.0m in 2014/15, with an overspend of £1.8m against budget focused in three key areas: adult ward nursing spend was £0.9m overspent due to increased activity on the wards; £0.6m in adult critical care nursing, attributable to significant peaks in ECMO activity as described above and the costs of covering vacancies; and additional payments made to consultant staff to run extra lists in order to manage additional demand and waiting-time pressures (£0.3m over spent).

Divisional non-pay costs were £42.8m, an overspend of £1.4m against budget for the additional activity described above.

Harefield Heart Division

The division fell £2.4m (3.4%) below its contribution target for 2014/15, ending the year with a contribution of £16.1m (16.6%). This compares to a contribution of £16.8m (19.1%) in 2013/14.

Capacity constraints, the increasing acuity of patients treated, and a high level of temporary staff to cover vacancies amongst nursing and junior medical posts all contributed to the shortfall against plan.

Total income for the year was £96.9m (5.2% above plan), driven by high levels of NHS and private patient income, particularly in quarters 2 and 3 of the year. This is an increase in total income of £8.6m (9.7%) from 2013/14.

Inpatient and day-case spell volumes were 115 (1.6%) behind plan for the year at 7,080. However, this still represents an increase of approx. 400 (6.0%) spells from 2013/14.

NHS cardiac surgery activity was 56 (4.4%) spells below the plan set for the year, leading to an unfavourable financial position of £0.7m (5.6%) against an income target of £13.4m. These figures include 125 cardiac surgery spells delivered in the private sector to ensure waiting list targets were met and to counter on-site capacity constraints – albeit at additional cost. Total cardiac surgery spells of 1,226 are an increase of 88 (7.7%) spells compared to 2013/14.

NHS cardiology activity ended the year 70 spells (1.2%) behind plan; however this represents an increase of circa 300 (5.5%) spells from 2013/14. Despite the shortfall against plan, due to a favourable case-mix cardiology met its income target of £18.3m. The high level of activity was achieved despite reduced capacity from November 2014 – March 2015 for catheter laboratory replacement. Extended days have been worked in the remaining labs in order to minimise the impact on activity.

25 heart and 49 lung transplants were undertaken in 2014/15 and 47 Ventricular Assist Device (VAD) implants, compared with 26 heart, 62 lung transplants and 29 VAD implants in

2013/14. This represents a 3.4% year-on-year increase in total Transplants performed and a 62.0% increase in VAD implants.

Private patient income ended the year £0.8m (18.4%) ahead of plan. This strong position was driven by an over-performance of 19 (12.6%) cardiac surgery spells during the year. Total private patient income at £5.1m has increased by £0.2m (4.3%) from 2013/14 levels.

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 under £1.5m (5.7%) was driven by the high volume of additional occupied bed-days, high levels of supernumerary staff due to new starters at times during the year (particularly on ITU), and an increasing acuity of patients requiring intensive, one-to-one nursing, particularly on the Transplant unit. Additional junior medical costs were largely due to the cost of covering vacancies within the surgical rota.

The division also experienced high non-pay costs through the year, as a direct consequence of the complex and highly-dependent patients treated.

Lung Division (both sites)

The Lung Division has had another strong year, driving through increased activity reflected in income growth, with numerous service developments implemented to drive efficiencies and growth in the department. These combined to meet the contribution target in year; this however has been achieved at a worse margin than planned due to higher pay and non-pay costs than 2013/14 and plan.

The division generated total income of £81.9m in 2014/15 up 7.5% on 2013/14 (£76.2m), spending £56.4m (2013/14, £49.8m); resulting in a contribution of £25.5m. Of total income, NHS services accounted for £76.1m (an increase of 7% on 2013/14), and private practice £5.6m (2013/14, £4.7m).

Spell volumes in respiratory medicine at Royal Brompton were 639 (6%) below target in the year, although they exceeded 2013/14 activity levels by 5%. Service developments, which started later than planned in the year, are now on track and due to make an impact in 2015/16. Thoracic surgery on the Brompton site performed strongly, growing by 2% during the year and exceeding activity and income targets by 3% and 4% respectively. The Cystic Fibrosis service continues to grow, with activity and income both running ahead of target in the year.

Respiratory activity on the Harefield site continues to grow ahead of plan, with activity ahead of plan by 237 spells (8%). Income outstripped the target set by £1.1m (51%) and grew by 24% on 2013/14 activity levels. This is driven by the continued expansion of assisted ventilation services and day case procedures. Harefield's day-case ward has been open for just under 3 years, with 2013/14 representing the first fully operational financial year.

Capacity constraints on the Harefield site and a vacancy in the Consultant establishment (now filled) resulted in thoracic surgical inpatient spells being below both the 2014/5 target by 146 (11%), and 2013/14 levels by 5%.

Income from private practice across the Division was £0.6m higher than plan in the year and 18% higher than 2013/14. This is due in part to accommodation for respiratory medicine patients on the Brompton site moving to the newly-refurbished private ward in February 2014.

Trust Financial Performance for 2014/15

The Trust has reported a retained deficit of £3.3m (2013/14 – surplus of £4.5m) after a dividend of £6.7m (2013/14 - £6.4m) payable on Public Dividend Capital. This reflected year on year income growth from patient care activities, including private patient activities, of more than 9%, together with the related costs of service.

The Trust recognised £13.1m of Project Diamond income (2013/14 - £9.7m) in the period under review. All of this income is receivable from or via 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. We have been advised by NHS England that all Project Diamond funding will cease with effect from April 2015.

Following a property valuation undertaken by a firm of independent valuers, the accounts reflect a net revaluation deficit of £0.6m (2013/14 – surplus of £4.1m) in relation to the Trust's investment properties and a surplus of £1.3m (2013/14 - £1.8m) in relation to its operational properties. In accordance with relevant accounting standards, the first is reflected in the result for the year and the second in the revaluation reserve. The statement of comprehensive income also reflects an impairment charge to operating expenses of £3.5m (2013/14 - £2.9m) against capitalised consultancy costs for the proposed redevelopment of Royal Brompton Hospital.

In summary, although EBITDA was ahead of Plan by £0.8m, the property-related charges of £4.1m together with a shortfall of £3.0m in charitable donations (resulting from delays to the Trust's capital programme) contributed to an overall deficit of £3.3m against a planned surplus of £2.6m.

The Trust invested £27.6m (2013/14 – £21.2m) in fixed assets during the year under review of which £2.8m (2013/14 - £0.8m) was funded by donations from the Trust's linked Charity.

During the year the Trust's cash position was put under prolonged pressure as a result of delayed payments by NHS commissioners, particularly NHS England and certain CCGs. As a result, the Trust was obliged in March 2015 to draw down its £10m revolving credit facility in order to maintain payments to suppliers at an appropriate level. Moreover, there continue to be substantial payment delays by certain private patient debtors. As a result of these factors and the increased level of capital expenditure (the last in line with plan), the balance of cash and cash equivalents at 31 March 2015 fell to a net overdrawn position of £0.5m from a £14.5m positive balance at 31 March 2014. Since 31 March the Trust has managed to agree and collect most of the substantial amounts due from NHS commissioners as a result of which it is once more in a reasonable cash position.

In April 2014 the Trust secured a £30m loan facility from the Independent Trust Financing Facility ('ITFF'). These funds are being drawn down over three years and will then be repayable over the following 12 years. They are being used to support the Trust's capital expenditure programme prior to commencing construction of the redeveloped Royal Brompton Hospital. At 31 March 2015 £10m had been drawn down against this facility. Discussions are currently underway with ITFF to agree a further facility of £20m, to be drawn down at £10m a year over the next two years, to enable the Trust to complete the principal aspects of its capital expenditure programme over this and next year in light of the decision by NHS England to withdraw Project Diamond funding from April 2015.

The Trust has also agreed a £10m borrowing facility from a private sector banking institution to enable it to fit out a proposed private patient diagnostic and outpatient facility in Wimpole Street. This will be drawn down within the next 12 months in line with the associated capital expenditure payment profile after which it will be repayable over the following five years.

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. 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.

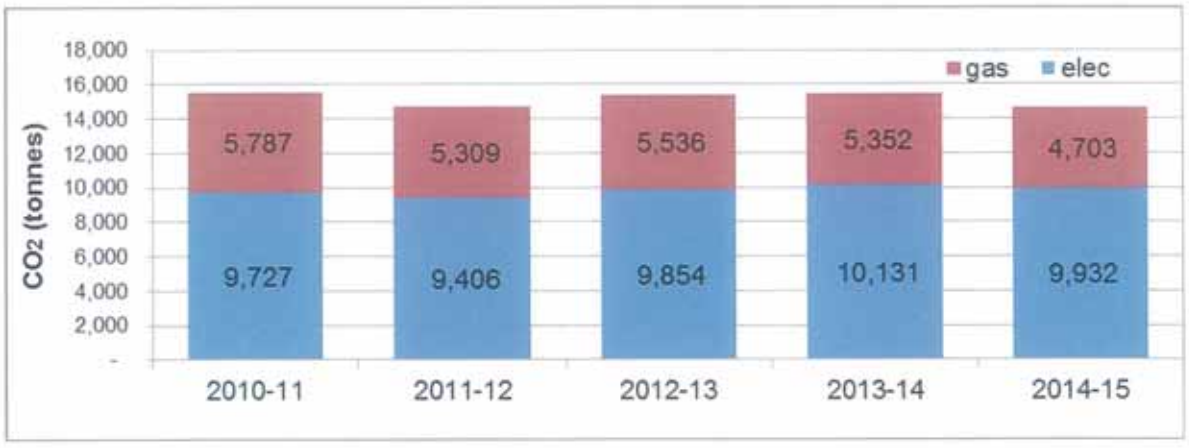
The Trust has now established a Carbon Management Group chaired by the Head of Estates & Facilities, to work with departments throughout the Trust in order to implement the plan. Membership of the group includes representation from Estates, Nursing, Transport, I & T, Human Resources and Trade Unions and it meets quarterly. A project register has been created and this is updated regularly to show where savings can be achieved and the progress made. There are currently 58 projects identified although it should be noted that most savings can only be achieved through capital investment with a payback period of several years. We have, however, just applied for an interest-free Salix Energy Efficiency Loan of £67k for some schemes with a payback period of one year.

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 2014/15 are currently projected to be 14,635 tCO_2. This represents a 5% fall on the previous year, largely owing to a sharp fall in gas use in a mild winter.

For comparison purposes reports from previous years were 15,514 tCO_2 in 2010/11; 14,715 tCO_2 in 2011/12; 15,390 tCO_2 in 2012/13; and 15,483 in 2013-14. These are illustrated in the chart below:



Please note that the figures for prior years have been restated during 2014/15 due to a change to metering arrangements.

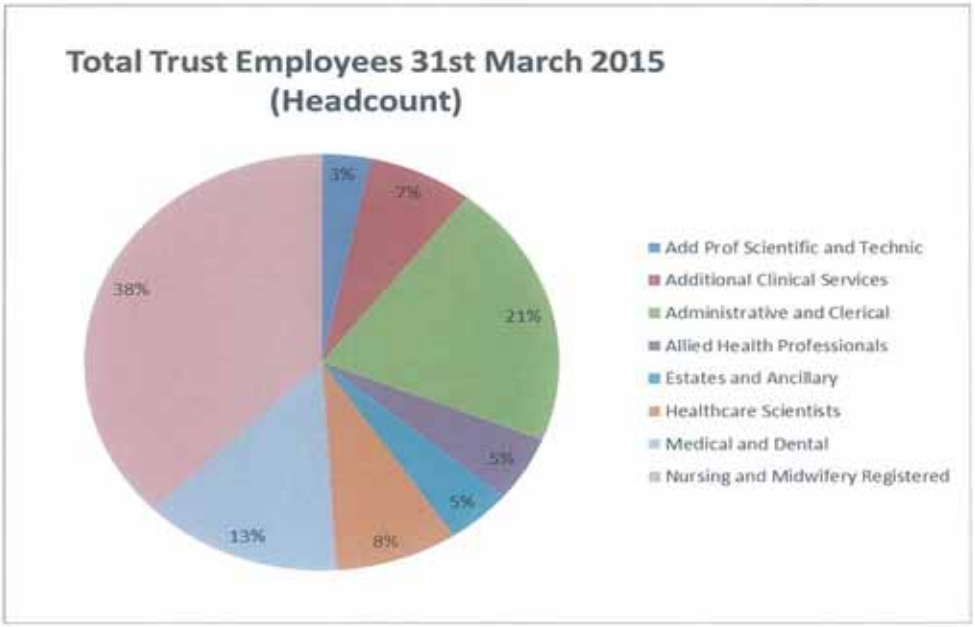
It is anticipated that the total cost of emissions in 2014/15 will be in the region of £235k. This is a sharp rise owing to the cost per tonne of CO_2 rising from £12 to around £16 (depending on when allowances are paid for). The charge is levied by the government. The rate is set by the Department of Energy and Climate Change (DECC) and the amount collected goes into central government funds. After the rise to £16 it will continue to be reassessed each year in line with the Retail Price Index.

2.6 The Trust's Employees

As at 31st March 2015, the Electronic Staff Record showed that the Trust employed 3, 442 people, expressed as head count.

Of these 1,291 were registered as nurses and a further 463 were doctors. There were 175 allied health professionals and 244 people employed to provide additional clinical services (mostly health care assistants). Healthcare scientists and scientific and professional staff numbered 288 and 115 respectively. There were 155 estates and ancillary staff. The administrative and clerical staff numbered 711; this group includes ward clerks, medical secretaries, clinic receptionists as well as corporate teams such as Finance, Human Resources and Information Technology and 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 female and male members of staff in each of the specified groups:

	Female	Male
Directors (Trust Board)	3	12
Senior Managers (grade 8c or above)	58	40
All employees	2446	996

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 September 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 Human Resources.

The policy is linked to the core behaviours expected of employees. These have been promoted during 2014/15 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** **26th May 2015**

Chief Executive

On behalf of the Board of Directors

3. Directors' Report

3.1 Regulatory Ratings Report

Table of Analysis

	Annual Plan 2014/15	Q1 2014/15	Q2 2014/15	Q3 2014/15	Q4 2014/15
Under the Risk Assessment Framework					
Continuity of Service Rating	3	4	4	3	4
Governance Rating	Green	Green	Green	Green	To be confirmed by Monitor

	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	Green

The following table shows performance against Monitor's Governance Indicators throughout 2014/15:

Monitor: Governance Indicators 2014/15									
Indicator	Threshold	Q1		Q2		Q3		Q4	
C Diff	Monitor de minimis = 12	1	Met	0	Met	0	Met	0	Met
Cancer – 31 day subsequent treatment	94%	96.1%	Met	100%	Met	100%	Met	94.2%	Met
Cancer – 62-day wait for cancer first treatment	85%	83.3%	Not Met	71.4%	Not Met	78%	Not Met	77.8%	Not Met
18 weeks RTT Admitted	90%	91.1%	Met	92.8%	Met	92.6%	Met	92.0%	Met
18 weeks RTT Non-Admitted	95%	97.9%	Met	97.9%	Met	97.6%	Met	96.7%	Met
18 weeks RTT Incomplete Pathway	92%	94.4%	Met	95.9%	Met	96.0%	Met	94.1%	Met
Cancer – 31 day 1st treatment	96%	100%	Met	98.9%	Met	100%	Met	100%	Met
Cancer – 14 day Urgent GP Referral	93% Not assessed if 5 cases or fewer in a quarter	100%	Met	100%	Met	<5	Met	100%	Met

All of the indicators have been met apart from the 62 day cancer waiting time target.

During 2014/15 the Trust worked on the action plan which followed from the clinical review, commissioned by the Trust's Medical Director, of the Lung Cancer Service at Harefield Hospital. The root cause of the breach of the target remains late referrals received from other trusts. In many cases patients are referred to the Trust after day 62 has already passed.

During 2015/16, the Trust will continue to work with referring centres in order to seek earlier referral and will also work with NHS England and Monitor to ensure that a system wide approach is taken.

3.2 Board of Directors

Board of Directors

The Board of Directors brings a wide range of experience to the Trust and during 2014/15 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 2014/15 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
Mr Andrew Valance-Owen (Senior Independent Director from 2nd April 2014)	Associate Chief Executive – Finance; Richard Paterson
Richard Hunting	Chief Operating Officer; Robert Craig
Philip Dodd	Director of Nursing & Clinical Governance; Dr Caroline Shuldham (February 2015)
Kate Owen	Interim Director of Nursing & Clinical Governance; Joy Godden (9 March 2015)
Richard Jones	Director of Service Development; Nick Hunt
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 — **26th May 2015**

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 2014/15, 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 2014/15 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 contracts with TIAA Ltd to provide counter-fraud services. TIAA Ltd is an accredited counter-fraud specialist. 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 the Annual Remuneration Report, section 4.6.3 of this document.

Accounting Policies for Pensions and Retirement Benefits

Accounting policies for pensions and retirement benefits are set out in note 8 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 11 of the Accounts.

Staff Consultations

During 2014/15 there were organisational change proposals for the IT Department and the Cardiac Catheterisation Laboratories at Harefield Hospital.

Public Consultations

Details of consultations with stakeholder groups engaging with the Trust around selection of quality priorities for 2015/16 are given in the Quality Report.

Ill-health Retirements

Details of ill-health retirements during the period are disclosed in note 7.3 of the Accounts.

Other Operating Revenues

Details of Other Operating Revenues are disclosed in note 4 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.

Value of Fixed Assets
As noted in the Strategic Report, the Trust's land and buildings were revalued as at 31st March 2015 by independent valuers.

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

Events since 31 March 2015
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 23 to the Accounts.

Related Party Transactions
The Trust shares a number of transactions with Imperial College including joint appointments of consultants / professors and joint research programmes.

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.

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 Trust's internal auditor.

During 2014/15 the Trust undertook a further self-assessment against the Quality Governance Framework which was reviewed by the Audit Committee on 28th April 2015. The score for the Trust was 0.5. Monitor mandates a score of less than 4, in order for an organisation to be deemed to have reached the standard Monitor requires for the issue of an NHS Provider Licence. The Trust has therefore achieved a good score against the Quality Governance Framework. The score of 0.5 is due to one amber / green area in connection with Processes and Structure. This area has been audited by the Trust's internal auditors and recommendations have been made. Implementation of these recommendations during 2015/16 will ensure full compliance. It should be noted that nine other areas were deemed green (zero score).

It should be noted that there are no material inconsistencies between this self-assessment against the Quality Governance Framework, the Trust's Annual Governance Statement included in this Annual Report, and the annual and quarterly statements required by the Risk Assessment Framework, the Corporate Governance Statement, the Quality Report 2014/15 and reviews carried out by the Care Quality Commission.

Compliance with the NHS Foundation Trust Code of Governance

Royal Brompton & Harefield NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code which was reissued during 2014.

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

[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';

An externally facilitated evaluation of the Trust Board was undertaken in 2012. Monitor guidance on the subject of governance reviews, published on 20th May 2014, stated that Trusts need to consider whether an external governance review should be undertaken before May 2017 (i.e. within 3 years of the guidance being issued).

During 2014/15, the Trust conducted a self-assessment against Monitor's Quality Governance Framework. This was presented to the Audit Committee on 28th April 2015. This self-assessment also provided assurance to underpin the Corporate Governance Statement, and the associated Monitor certification process.

Further information on Performance Evaluation of the Board of Directors can be found in section 4.5 of this report.

Occupational Health Service

The occupational health service is an in house service provided by a team of three occupational health nurse advisors and two administrators. A five day per week service is provided at both Harefield and the Royal Brompton Hospital sites. We also provide occupational health services to the staff working onsite who are employed by ISS Facilities Health Care.

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.

Staff members are referred to Occupational Health either in line with the Trust Sickness Absence Management policy or when managers are concerned regarding staff members' health and wellbeing/ fitness to be at work. We also provide new entrant health screening, workplace immunisations and management of needle stick/ splash incidences.

The Occupational Health Department is applying for accreditation for Safe Effective Quality Occupational Health Services (SEQOHS). We anticipate an onsite inspection in July 2015.

We have agreed to participate in research by the Workforce Foundation which is looking at the impact of line management behaviour and style on sickness absence and staff health and wellbeing in the NHS.

The Seasonal flu campaign for 2014/15

The seasonal flu vaccination campaign for staff members commenced on both sites in the week beginning 6th October 2014. We were congratulated by Public Health NHS England in January 2015 for our achievements in our Frontline Health care Workers flu vaccination programme. In December 2014 the Trust's flu vaccination uptake amongst frontline health care workers placed us 9th of 37 London Trusts, at 52.6% of staff in comparison to 49.6% at the same point of the campaign in the preceding year.

The final flu vaccination uptake was 53.5%. We noted a reduced uptake of flu vaccination following negative press regarding the effectiveness of this season's programme, and staff who had had the vaccination contacted occupational health questioning the reason for having had the vaccination.

There is concern that this negative press may impact on the vaccination uptake for the 2015/16 flu season: additional tactics will be considered to encourage frontline health care workers to participate in the next flu vaccination programme. Flu champions, earlier promotion and education are among the strategies being considered.

During the flu campaign workplace vaccination clinics were established in various departments. Walk in clinics were offered in the Occupational Health Departments of both the Royal Brompton and Harefield Hospital from October 2014 to January 2015. If staff could not attend the walk in clinics, individual appointments were offered. A screen saver was used to encourage flu vaccination uptake and to advertise the flu campaign.

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 when they join the organisation and 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 safety concerns 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 that they, 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

The following data has been supplied from the Trust Electronic Staff Record system:

Average FTE 2014	FTE-Days Lost to Sickness Absence	Average Sick Days per FTE
2,992	28,877	9.7

Policies in relation to disabled employees and equal opportunities

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

The Trust is committed to delivering 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 age, disability, gender, racial group, religion or belief and sexual orientation, in line with current legislation.

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.

Since 2011/12 the Trust has met its obligations, under the public sector equality duty, to publish annual equality information in the form required by the regulations.

4. Trust Governance

4.1 Introduction

The Trust was authorised as a foundation trust on 1st June 2009. A 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 Trust's 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. During 2014/15 there was one further minor amendment to the Constitution, to increase the maximum number of Non-Executive Director posts from 7 to 8. This change was ratified by the members at the Annual Members' Meeting held on 21st July 2014.

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 is devolved to the Board of Directors. In turn, the Board has established three Board Committees to facilitate its direction and monitoring role: the Audit Committee, Risk & Safety Committee and Nominations & Remuneration Committee. 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 senior managers' pay and conditions.

The Board Committees' memberships exclusively comprise 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 but one of the Non-Executive Directors are considered to be independent. Kim Fox is considered to be a non-independent Non-Executive director by virtue of his previous employment with the Trust. .

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 and the Finance 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 Council of Governors also approves any purchase or sale of Trust property assets.

The Governor's Council met four times during 2014/15. Details of attendance, including that of Board members, are given in the table on pages 29 and 30 of this report.

Nominations & Remuneration Committee of the Council of Governors

One new Non-Executive Director, Mr Philip Dodd, was appointed by this Committee during 2014/15.

The Chairman, Sir Robert Finch, was re-appointed by the Committee. This followed rigorous review. His appointment is subject to annual reappointment as required by the NHS Foundation Trust Code of Governance. This was confirmed by the Governors at their meeting on 24th February 2015.

The appointment of Richard Hunting, Non-Executive Director, was extended until 30th April 2015.

The remuneration of the Chairman and the NEDs, which had remained unchanged since 2009, was increased by 5% during 2014/15, this being consistent with the pay uplifts received by NHS staff over this 5 year period.

Members of the Committee during 2014/15 have included:

- Mr Ray Puddifoot
- Mr Philip Dodd (stepped down July 2014)
- Dr Adrian Lepper
- Dr Andrew Morley-Smith
- Mr John McCafferty (stepped down July 2014)

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.

The Council of Governors

Name	Date of Appointment/ Election	Term of Appointment	Constituency	Attendance Record Council of Governors
Governors				
Mr Philip Dodd (Resigned 21.07.14)	1.6.12	3 years (2nd term)	public	1/2
Mr George Doughty	1.9.14	3 years	public	2/2
Mr Kenneth Appel	1.6.12	3 years (2nd term)	public	3/4
Mr John McCafferty (Resigned 22.07.14)	3.10.12	3 years	public	2/2
Mr Anthony Connerty	01.09.14	3 years	public	2/2
Mr Brian Waylett	3.10.12	3 years	public	0/4
Mrs Chhaya Rajpal	1.6.13	3 years	patient	4/4
Mr Guthrie McKie	1.1.13	3 years	patient	3/4
Mrs Brenda Davies	1.12.13	3 years	patient	3/4
Mr Peter Kircher	1.12.13	3 years (2nd term)	patient	3/4
Mr Edward Waite	1.7.12	3 years	patient	4/4
Mr Stuart Baldock	14.3.14	3 years	patient	3/4
Dr Ejikeme Uzoalor	1.12.13	3 years	patient	4/4
Dr Adrian Lepper	1.6.12	3 years (2nd term)	patient -carer	3/4
Dr Ian Balfour-Lynn	1.6.12	3 years (2nd term)	staff	3/4
Dr Andrew Morley-Smith	1.2.12	3 years	staff	4/4
Dr Claire Hogg	26.2.14	3 years	staff	2/4
Mrs Anne McDermott	1.6.12	3 years	staff	3/4
Dr Alistair Lindsay	1.12.13	3 years	staff	4/4
Councillor Lady Victoria Borwick	1.6.12	3 years (2nd term)	L.B. Kensington & Chelsea	1/4
Mr Ray Puddifoot MBE	1.6.12	3 years (2nd term)	L.B. of Hillingdon	4/4
Professor Mary Morrell	1.1.14	3 years	Imperial College, London	3/4

Other Attendees including **Board Members:**				
Chairman				4/4
Chief Executive				4/4
Medical Director				2/4
Associate Chief Executive - Finance				3/4
Chief Operating Officer				4/4
Director of Nursing & Governance				2/4
Director of Performance & Trust Secretary				4/4
Director of Service Development				2/2
NED N Lerner (Deputy Chairman)				2/4
NED: R Hunting				4/4
NED: P Dodd (Appointed 21.07.14)				2/2
NED K Owen				3/4
NED: A Vallance-Owen				4/4
NED: Lesley – Anne Alexander				3/4
NED: R Jones				4/4
Non Independent NED: Prof K Fox				0/4

Governors' Interests

PUBLIC CONSTITUENCY 1: North West London	
DODD, Philip Joseph	See pages Directors' Interests pages 36 and 37
DOUGHTY, George	None.
PUBLIC CONSTITUENCY 2: Bedfordshire & Hertfordshire	
APPEL, Kenneth	Member: Harefield Hospital Rebeat Club Co-coordinator for the supply of non NHS funded Requirements Harefield Hospital Sometime assistant at Harefield Hospital Pavilion NICE, Assessor Advisory Committee of Clinical Excellence Awards Member: East of England Steering Committee for Abdominal Aortic Aneurysm/Vascular Surgery Rapid Response Service Development Member: NW London Cardiac network Member: Hertfordshire Health watch Member: Watford and Three Rivers Locality Patient Group Board Chair of Committee to Monitor the Prevention/Treatment of Specific Medical Conditions

PUBLIC CONSTITUENCY 3: South of England	
McCAFFERTY, John	Member: Harefield Transplant Club
CONNERTY, Anthony	None
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. Member of the Labour Party 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 Associate Member of the Conservative Medical Society
UZOALOR, Ejikeme	None
PATIENT CONSTITUENCY: Carers	
LEPPER, Adrian Murray	Member: Hertfordshire Healthwatch (voluntary) Company Secretary and Director: Chilterns Woodland Project Ltd (voluntary)

STAFF CONSTITUENCY	
BALFOUR-LYNN, Ian	Member RCPCH Council (Representative of Sub-specialists) Member Cystic Fibrosis Clinical Reference Group Chair Cystic Fibrosis group, European Respiratory Society
HOGG, Claire	Director, S. Padley Ltd Trustee of the Brompton Fountain Charity
LINDSAY, Alistair	Director, Regent's Park Heart Clinics
MORLEY-SMITH, Andrew	Employee (Fixed-term contract), Chelsea and Westminster Hospital NHS Foundation Trust Clinical Research Fellow, Imperial College London
McDERMOTT, Anne	None

APPOINTED:	
BORWICK, Victoria (Royal Borough of Kensington & Chelsea)	Elected Member of Parliament for Kensington (Conservative Party) 7th May 2015 Councillor: Royal Borough of Kensington & Chelsea Assembly Member, Greater London Authority (Deputy Mayor.) Founder and Trustee: Edwin Borwick Charitable Trust Director: Poore Ltd, Second Poore Ltd Member: The Conservative Party, The Conservative Councillors Association Husband is a Trustee of the Royal Brompton and Harefield Charity
PUDDIFOOT, Ray MBE (London Borough of Hillingdon)	Leader: London Borough of Hillingdon Chairman: Health and Wellbeing Board London Borough of Hillingdon Member, the Conservative Party, The Conservative Councillors Association Member: Leaders Committee London Councils Member: London Congress Hon. Member: Harefield Transplant Club Member: London Councils Executive, Lead on Adult Social Care Member: London Health Board
MORRELL, Professor Mary (Imperial College London)	Trustee and executive board member of the British Sleep Society Trustee and executive board member of the Physiological Society Chair of Porter Progress UK (Charity)

Governors' Expenses

Mrs Brenda Davis	£240.59
Mr John McCafferty	£145.56
Mrs Chhaya Rajpal	£80.01
Dr Ejikeme Uzoalor	£101.46
Mr Edward Waite	£236.62
Mr Peter Kircher	£164.34
Mr George Doughty	£18.00
Mr Stuart Baldock	£331.05

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 7 independent Non-Executive Directors, 1 non-independent Non-Executive Director, 6 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 2014 and 31 March 2015, 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	8/8			1/1
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			
Nicholas Hunt	Director of Service Development	5/8			
Joy Godden	Interim Director of Nursing & Clinical Governance	0/0			

Non-Executive Directors					
Lesley-Anne Alexander	Nomination and Remuneration Risk & Safety Committee	7/8		4/4	1/1
Prof Kim Fox		6/8			
Philip Dodd	Risk & Safety Committee	4/4		1/2	
Richard Hunting	Chairman Nomination and Remuneration Committee; Audit Committee	7/8	5/5		1/1
Neil Lerner	Chair of Audit Committee, Risk & Safety Committee	8/8	5/5	4/4	
Kate Owen	Nomination and Remuneration Committee, Audit Committee	6/8	5/5		1/1
Dr Andrew Vallance - Owen	Chair Risk & Safety Committee Audit Committee	7/8	5/5	4/4	
Other Attendees					
Richard Connett	Director of Performance & Trust Secretary	8/8	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 table in the Governors section 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 certain Governors are also regularly present at meetings of the Trust Board.

Directors' Interests

The Trust has an obligation under the terms of its Constitution as a Foundation Trust, 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 its annual report 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
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

Dr Andrew Vallance-Owen MBE
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

Mrs 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 – 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)

Mr Philip Dodd
Director, Wastewater Management Holdings Limited
Director, Ayr Environmental Services Limited
Director, API Holdco Limited
Director, Agecroft Properties (No.2) Limited
Director, Semperian Holdco Limited
Director, Semperian Borrowerco Limited
Director, Marlborough Facilities Limited
Director, Abergavenny Facilities Limited
Health & Safety Director, Abergavenny Facilities Limited
Director, Monmouth Facilities Limited
Health & Safety Director, Monmouth Facilities Limited
Director, The Hospital Company (Dartford) Holdings Limited
Director, The Hospital Company (Dartford) Group Limited
Director, The Hospital Company (Dartford) Limited
Director, The Hospital Company (Dartford) Issuer PLC
Director, The Hospital Company (Dartford) Holdings 2005 Limited
Chairman and Director, The Hospital Company (Dartford) 2005 Limited
Alternate Director, Road Management Services (Darrington) Holdings Limited
Alternate Director, Road Management Services (Darrington) Limited
Alternate Director, Road Management Services (Finance) plc
Alternate Director, Celtic Roads Group (Dundalk) limited
Director, North Wilshire Schools Limited
Alternate Director, Albion Healthcare (Oxford) Holdings Limited
Alternate Director, Albion Healthcare (Oxford) Limited
Director, White Horse Education Partnership Limited
Director, Mercia Healthcare (Holdings) Limited
Director, Healthcare Providers (Gloucester) Limited
Director, Gloucester Healthcare Partnership Limited
Director, G4S IP 2 Limited
Director, Semperian Leicester BSF Limited
Director, Semperian Leicester PSP Limited
Director, Bexley PPP Health Services Limited
Health & Safety Director, Bexley PPP Health Services Limited
Director, Black Country PPP Health Services Limited
Health & Safety Director, Black Country PPP Health Services Limited
Director, Redbridge PPP Health Services Limited
Director, Hertford PPP Health Services Limited
Director, Liskeard PPP Health Services Limited
Director, West Mendip PPP Health Services Limited
Director, South Essex PPP Health Services Limited
Director, Herts & Essex PPP Health Services Limited
Director, First Priorities PPP Health Services Limited
Health & Safety Director, First Priorities PPP Health Services Limited

Director, Epping PPP Maintenance (Health) Services Limited
Health & Safety Director, Epping Maintenance (Health) Services Ltd
Director, New Forest PPP Health Services Limited
Director, Grosvenor PPP Holdings Limited
Director, GH North Northampton Holdings Limited
Director, GH Rotherham Limited
Health & Safety Director, GH Rotherham Limited
Director, GH North Northampton Limited
Alternate Director, The Newcastle Estate partnership Limited
Alternate Director, Newcastle Estate Partnership Holdings Limited
Director, Albion Healthcare (Doncaster) Holdings Limited
Director, Albion Healthcare (Doncaster) Limited

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
Trustee, Magdi Yacoub Institute
Adviser, Servier Pharmaceuticals Ltd
Adviser, European Society of Cardiology (Past President)
Executive Committee Member, for Astra-Zenca
Data and Safety Monitoring Board Member, TauRx Pharmaceuticals.

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 (to 30 September 2014)
Fellow, Windsor Leadership Trust (Charity)

Executive Directors

Mr Robert J .Bell
Visiting Professor, Imperial College
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
Board member, Nuffield Trust
Chair, National Cardiac Benchmarking Collaborative

Mr Richard Paterson
KPMG - Provision of ad hoc Consultancy Services

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

Dr Caroline Shuldham OBE (until 27th February 2015)
Visiting Professor, Buckinghamshire New University
Trustee, Foundation of Nursing Studies (FoNS)
Nurse Fellow , European Society of Cardiology

Ms Joy Godden
Nothing to declare

Mr Nicholas Hunt
Chair, Governing Body of Manor Farm Community Junior School

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. 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 Royal Brompton & Harefield NHS Foundation Trust, he is Director and Chairman of GHP Russia Real Estate Development Co. Ltd.

Non-Executive Directors
Mrs 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.

Mr Philip Dodd was formally appointed to the Trust Board on 21 July 2014. He has previously been a member of the Council of Governors where he has represented North West London since the very beginning of the Trust's application to become a foundation trust. While in the role of governor, he was an active fundraiser as well as serving on the Nominations and Remuneration Committee of the Council of Governors. His involvement with Royal Brompton & Harefield NHS Foundation Trust started at Harefield Hospital in 1993 when his son, at eight weeks old, had the first of two successful operations.

Mr Dodd has broad experience in management having held directorships in over 25 companies. He is currently investment director at Semperian PPP Investment Partners.

Mr Richard Hunting 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.

Mr Andrew Vallance-Owen FRCSEd 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 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. In 2014 he was appointed a visiting Professor of Global Health Innovations by Imperial College.

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 DSc.FRCP.FRCA.FMedSci.
Timothy Evans qualified in 1979 at the University of Manchester, and underwent post registration medical training at the London postgraduate hospitals, and at the University of Sheffield where he completed a PhD. He undertook post doctoral research as an MRC travelling fellow at the University of California San Francisco, returning to London in 1985 and receiving further training in pulmonary and critical care medicine. Since 1987 he has been Consultant in Intensive Care & Thoracic Medicine, Royal Brompton Hospital, London; and from 1996 Professor of Intensive Care Medicine, Imperial College London. He is a Fellow of the Academy of Medical Sciences. He has been honorary Consultant in Intensive Care Medicine to the Army since 1997. He is Medical Director (from 2006) and Deputy Chief Executive (from 2008) of the Royal Brompton & Harefield Hospitals NHS Foundation Trust. He was Lead Fellow for the Future Hospital Commission of the Royal College of Physicians (2012-2013) and is Editor in Chief, Future Hospital Journal (2013-). He is Trustee of the Nuffield Trust (2014-) and Board member and Trustee of the Faculty of Pharmaceutical Medicine. He is Chair of the National Cardiac Benchmarking Collaborative (2014-). He has been Academic Vice President of the Royal College of Physicians (2009-12), a Clinical Senior Investigator of the National Institute of Health Research (2010-2013) and Vice Dean of the Faculty of Intensive Care Medicine (2010-13).

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. Dr Shuldham left the Trust on 27th February 2015.

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.

Ms Joy Godden, interim director of nursing and clinical governance, joined the Trust in 1996 and was general manager of the lung division between 2004 and 2015, with a broad portfolio that has included a number of corporate projects.

The Nomination Committee recommended that Ms Godden be appointed as Interim Director of Nursing and Clinical Governance at its meeting on 4th March 2015. The appointment was ratified by the Trust Board on 1st April 2015.

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 in section 4.2 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 other senior members of the finance team.

Dr Vallance-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 2013/14 Annual Report and Accounts the Committee has met on five occasions. These sessions considered the following subjects:

- July 2014
    - reports from internal audit and counter-fraud services
    - the appointment of external auditors to the Trust
    - Internal Audit Charter
    - Annual Plan Benchmarking

- October 2014
    - Reports from internal audit and counter-fraud services
    - Health sector developments
    - External audit plan for 2014/15

- February 2015
    - Reports from internal audit and counter-fraud services
    - Health sector developments
    - Review of Trust whistleblowing policy
    - Consideration of cybercrime and implications for the Trust
    - Renewal for 12 months of internal audit and counter-fraud services

- April 2015
    - Progress reports from internal audit and counter-fraud services
    - 2014/15 annual reports from internal audit and counter-fraud services
    - Draft 2015/16 work plans for internal audit and counter-fraud services
    - External audit status report
    - Draft 2014/15 Report and Accounts

- May 2015
    - Final draft of 2014/15 Report and Accounts
    - External audit reports on financial and quality accounts

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.

In addition to these regularly scheduled meetings, the Committee in May 2014 invited, on behalf of the Council of Governors, written proposals from firms wishing to apply for the role of external auditor to the Trust. Two firms were subsequently interviewed by a panel which included Trust Non-Executive and Executive Directors and a Governor. The panel unanimously recommended via the Trust Board to the Council of Governors that Deloitte LLP, Chartered Accountants and Statutory Auditor, be reappointed as auditor to the Trust, albeit with a different partner leading the account as the previous incumbent had fulfilled this role for six years. On 21 July the Council of Governors duly made this appointment at a formal meeting of that body.

D. Significant issues relating to the Annual Report and Accounts

The principal issues addressed included:

- The adequacy of provisions; for example in relation to stock and debtor balances, and contractual disputes. 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 2015 which built on the corresponding exercise one year earlier.

- In light of continuing pressures on NHS revenues, the Trust's ability to continue in operation as a going concern. The Committee considered cash flow projections for both 2015/16 and 2016/17 in both base case and sensitised versions, following which it recommended that the Trust Board make the statement on page 15 of this Annual Report.

- The capitalisation of fixed assets including IT hardware and software, the inception of depreciation on additions and, where appropriate, the timing and extent of impairment charges. In particular the Committee considered the Trust's decision to impair all consultancy costs associated its proposed redevelopment of Royal Brompton Hospital given the continuing uncertainties surrounding this project.

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, Project Diamond funding for 2014/15 has been confirmed in excess of the amount budgeted although this source of income has ceased since 31 March 2015: as a result the Trust's liquidity is adequate.

Four amber/red (categorised as 'partial assurance with improvements required') internal audit reports were issued by KPMG LLP during the year under review. These included four 'red rated' recommendations for improvement:

- To improve the capture of cancelled operations data
- To improve the validation of cancelled operations data
- To establish a detailed action plan to demonstrate compliance with information governance toolkit requirements
- To formalise the clinical audit policy

All of these recommendations have been accepted by management and the necessary actions have been agreed and are underway. At management's request KPMG will undertake follow up reviews in 2015 to confirm that the Trust's responses have been satisfactory.

There were a number of other less significant 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 all auditor recommendations.

The Trust's counter-fraud service did not identify any matters of significant financial concern during the year under review either emerging from its own work programme or from reports by members of staff or the public.

F. External audit

The Committee engages regularly with the external auditor over the course of the financial year. 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. There are also regular private sessions held with the external auditor at which executive management is not present.

During the course of the year Deloitte LLP undertook some non-audit work in connection with grant assurance. The cost of this work was £5k.

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.

As noted at page 44, a formal tender process was undertaken during the year under review as a result of which Deloitte LLP was reappointed as external auditor 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 completed its initial three year appointment as internal auditor to the Trust and the Audit Committee recommended a 12 month extension to cover the 2014/15 financial year. A further 12 month extension has been agreed by the Committee subject to the internal audit service for years commencing 1 April 2016 being put out to tender in 2015.

4.4 Risk & Safety Committee Report

The Risk & Safety Committee (composed of Non-Executive Directors) is chaired by Dr Andrew Vallance–Owen, who also sits on the Audit Committee. It met on 4 occasions during 2014/15. 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:

- A regular focus on quality improvement which has enabled the committee to review the work of the Trust in areas where it is striving for excellence.
- Regular review of the Top Trust Risks
- In depth reviews of serious incidents and never events (see below)
- Progress updates in respect of the Lung Cancer Action Plan
- Updates on the Intelligent Monitoring Reports published by the Care Quality Commission
- Review of the Clinical Audit Annual Report 2013/14
- Controlled Drugs reports from the Director of Pharmacy
- Review of the Quality Indicator Assurance Framework
- Matrons' Reports
- Mortality Reviews
- The Complaints Annual Report 2013/14
- Health and Safety Annual Report 2013/14
- Review of Radiation Incidents
- Safeguarding Adults Annual Report 2013/14
- National Staff Survey
- National Inpatient Survey
- Safety Culture Survey

During 2014/15, there were three never events. These all related to retained foreign objects post procedure. Two never events involved retention of swabs following cardiac surgery and one involved a guide wire that was left in situ following insertion of a peritoneal catheter. The reports following these incidents were reviewed by the Risk and Safety Committee and the Risk and Safety Committee will continue to review progress with the associated action plans.

The Risk and Safety Committee has also overseen production of the Quality Report for 2014/15 and has reviewed progress against the Quality Priorities for 2014/15 and approved the selection of Quality Priorities for 2015/16. The full Quality Report for 2014/15 can be found at Annex 2 of this document.

4.5 Performance Evaluation of the Board of Directors

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 is due before 2017. The Chairman has indicated that it should be scheduled for the summer of 2016. Monitor guidance on the subject of governance reviews, published on 20th May 2014, will be taken into account when commissioning future board evaluation work.

During 2014/15, a Board self-appraisal questionnaire was distributed. Analysis of the responses has shown satisfaction with support and infrastructure, albeit with a requirement for continuing focus on ensuring that Board papers are despatched with more than the 3 clear days minimum notice. With regards to Leadership, the responses were universally positive, an improvement in the time spent on informal / confidential discussions was noted, although it was felt this could be improved still further and that strategic matters could be brought to the full Board for a general discussion at an earlier stage. There was unanimity of opinion that the Board was effective.

A self-assessment against the Quality Governance Framework was reviewed by the Audit Committee on 28th April 2015. This concluded that the Trust met the Monitor requirement, the self-assessment score totalling 0.5, against a Monitor threshold of less than 4. This self-assessment will be refreshed for the year 2015/16 in order to inform the externally facilitated evaluation of the Board scheduled for the summer of 2016.

4.6 Remuneration Report 2014/15

4.6.1 Annual Statement of Remuneration

The Chief Executive has confirmed, in line with the Foundation Trust Annual Reporting Manual 2014/15 (s7.53), that the definition of senior managers to be used covers the chairman, and the executive and non-executive members of the Trust Board.

The Nominations and Remuneration Committee of the Trust Board met on 26th March 2014 in order to decide the remuneration of the Chief Executive and the other executive directors for the 2014/15 financial year.

There were no changes to the remuneration of the Chief Executive, or the executive directors during the year, apart from the pay of the Chief Operating Officer which increased as shown in the table on page 52 of this report. Two new executive directors were appointed part way through the year. Ms Joy Godden was appointed as Interim Director of Nursing and Governance. This appointment was recommended at the meeting of the Nominations and Remuneration Committee of the Trust Board held on 4th March 2015 and ratified by the Trust Board on 1st April 2015. Ms Godden replaced Dr Caroline Shuldham who had previously held the position of Director of Nursing and Clinical Governance and who left the Trust on 27th February 2015. Mr Nicholas Hunt was also appointed to a new executive director post, as ratified by the Trust Board on 23rd July 2014.

R.H. Hunting

.....

Date 26th May 2015

Richard Hunting CBE;
Chairman of the Nominations and Remuneration Committee of the Trust Board

The Nominations and Remuneration Committee of the Council of Governors met on 23rd April 2014 in order to decide the remuneration of the Chairman and the non-executive directors for the 2014/15 financial year. It was noted that the pay of the Chairman and the Non-Executive Directors had not changed for a period of 5 years. The changes to rates of pay for healthcare staff over this 5 year period were reviewed and a 5% increase to the stipend and allowances for the Non-Executive Directors was agreed being in line with the pay awards to healthcare staff over this 5 year period.

During 2014/15, one additional non-executive director, Mr Philip Dodd, was appointed. This followed an amendment to the FT Constitution which was agreed by the FT Members at the Members Annual Meeting held on 21st July 2014. The appointment of Richard Hunting was extended until 30th April 2015.

Ray Puddifoot

.....

Date 26th May 2015

Raymond Puddifoot MBE;
Chairman of the Nominations and Remuneration Committee of the Council of Governors

4.6.2 Senior Managers' Remuneration Policy

The Trust policy is for all Executive Directors to be on permanent Trust contracts with six months' notice. Salaries are awarded on an individual basis, taking into account the skills and experience of the post holder, and comparable salaries for similar posts elsewhere. Benchmarking salary data are taken from other NHS organisations and other public sector bodies where appropriate. Pay is also compared with that of other staff on nationally agreed Agenda for Change Terms and Conditions, and Medical and Dental Terms and Conditions. Remuneration consists mainly of salaries (which are subject to satisfactory performance) and pension benefits in the form of contributions to the NHS Pension Fund.

The policy for Non-Executive Directors is to appoint on fixed term contracts of 3 years. Non-Executive Directors are not generally members of the Pension Scheme, and receive their emoluments based on benchmarking data for similar posts elsewhere in the NHS.

Future Policy Table

Item	Salary / Fees	Taxable Benefits	Annual Performance related Bonus	Long Term Related Bonus	Pension Related Benefits
Support for the short and long-term strategic objectives of the Foundation Trust	Ensure the recruitment / retention of directors of sufficient calibre to deliver the Trust's objectives	None disclosed	Ensures recruitment / retention of a high calibre Medical Director	None Paid	Ensure the recruitment / retention of directors of sufficient calibre to deliver the Trust's objectives
How the component Operates	Paid in even twelfths	None disclosed	Clinical Excellence Award; only available to medical staff	None Paid	Contributions paid by both employee and employer
Maximum payment	As set out in note 36 of the Accounts	None disclosed	As set out in note 36 of the Accounts	None Paid	Lifetime allowance for taxation purposes; £1m from April 2016
Framework used to assess performance	Trust appraisal system	None disclosed	Clinical Excellence Awards	None Paid	N/A
Performance Measures	Tailored to the post concerned	None disclosed	Tailored to the post concerned	None Paid	N/A
Performance period	Concurrent with the financial year	None disclosed	Concurrent with the financial year	None Paid	N/A
Amount paid for minimum level of performance and any further levels of performance*	Salaries / Fees are agreed on appointment and set down in the contract of employment	None disclosed	There are a number of different levels of clinical excellence awards and the amount awarded depends upon an external assessment of the individual undertaken by their peers.	None Paid	N/A
Explanation of whether there are any provisions for recovery of sums paid to directors, or provisions for withholding payments	Any overpayments may be recovered	None disclosed	Any overpayments may be recovered	None Paid	N/A

*In the case of the Medical Director, the Clinical Excellence Award is based upon his standing within the specialty of Intensive Care Medicine. This is assessed by his peers, not by the Trust, although the payment is made by the Trust.

4.6.3 Annual Report on Remuneration

Nominations & Remuneration Committee of the Trust Board

The Nominations and Remuneration Committee of the Trust Board (composed of Non-Executive Directors) met on 4th March 2015, 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 concerning the performance of the executive directors supplied by the Chief Executive.

The policy on the pay of executive directors during 2014/15 was that there would be no general uplift 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 2015/16.

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 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.

Nominations & Remuneration Committee of the Council of Governors

The Nominations and Remuneration Committee of the Council of Governors (composed of Governors) met on 23rd April 2014 and on 20th October 2014, under the Chairmanship of Mr Raymond Puddifoot.

In discharging its responsibilities to oversee the remuneration of the Chairman and the non-executive directors, the Nomination & Remuneration Committee of the Council of Governors has taken into account information concerning the performance of the Chairman and the non-executive directors. The Chairman has been appraised by the Senior Independent Director, Dr Andrew Vallance- Owen, and the Chairman has undertaken appraisals of the non-executive directors.

When determining remuneration for 2014/15 the Nominations and Remuneration Committee of the Council of Governors has been advised by the Director of Human Resources. When preparing this advice, the Director of Human benchmarked remuneration against that paid by similar organisations across the London area.

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 2015
Sir Robert Finch	Chairman	1 Jan 09 Renewed 24 Feb 15	21 months
Mr Robert J Bell	Chief Executive	28 Mar 05	Substantive contract no end date specified
Mr Neil Lerner	Non-Executive Director and Deputy Chairman	1 Feb 10 Renewed 1 Feb 13	10 months
Prof Timothy Evans	Medical Director and Deputy Chief Executive	1 Apr 06	Substantive contract no end date specified
Dr Andrew Vallance-Owen	Senior Independent Director	26 Feb 13	11 months
Mrs Lesley-Anne Alexander	Non-Executive Director	26 Feb 13	11 months
Prof Kim Fox	Non-Executive Director	1 Jun 13	14 months
Mr Richard Hunting	Non-Executive Director	1 Jan 07 Renewed 1 Jan 15	1 month
Mr Richard Jones	Non-Executive Director	25 Feb 14	23 months
Ms Kate Owen	Non-Executive Director	6 Oct 10 Renewed 16 Oct 13	18 months
Mr Philip Dodd	Non-Executive Director	21 Jul 14	28 months
Mr Robert Craig	Chief Operating Officer	22 Oct 08	Substantive contract no end date specified
Ms Joy Godden	Interim Director of Nursing and Clinical Governance	1 Apr 15	6 months
Mr Nicholas Hunt	Director of Service Development	23 Jul 14	Substantive contract no end date specified
Mr Richard Paterson	Associate Chief Executive - Finance	26 Oct 11	16 months
Dr Caroline Shuldham	Director of Nursing and Clinical Governance	1 Apr 94	Left; 27th Feb 2015

The standard notice period for an executive director is 3 months. No termination payments have been made during the reporting period and none are planned during 2015/16.

Salary and Pension Entitlements of Directors (Audited Information)

£000 unless otherwise stated	1 April 2014-31 March 2015								1 April 2013-31 March 2014							
	Salary	Other Remuneration	Taxable Benefits	Annual Performance Related Bonuses	Long-Term Performance Related Bonuses	Pension Related Benefits	TOTAL	Expenses	Salary	Other Remuneration	Taxable Benefits	Annual Performance Related Bonuses	Long-Term Performance Related Bonuses	Pension Related Benefits	TOTAL	Expenses
	(bands of £5000)	(bands of £5000)	rounded to the nearest £100	(bands of £5000)	(bands of £5000)	(bands of £2500)	(bands of £5000)	rounded to the nearest £100	(bands of £5000)	(bands of £5000)	rounded to the nearest £100	(bands of £5000)	(bands of £5000)	(bands of £2500)	(bands of £5000)	rounded to the nearest £100
Sir Robert Finch Chairman	60 - 65						60 - 65	100	60 - 65						60 - 65	
Robert J. Bell Chief Executive	245 - 250	10 - 15				nil	260 - 265	7600	245 - 250	15 -20				nil	265 - 270	11000
Prof. T Evans Medical Director	50 - 55	135 - 140		40 -45			230- 235	100	50 - 55	135 - 140		75 - 80			260 - 265	
Robert Craig Chief Operating Officer	150 - 155					nil	150 - 155		140 - 145					nil	140 - 145	
C. Shuldham Director of Nursing & Governance (to 27/02/15)	85 - 90					nil	85 - 90	100	105 - 110					nil	105 - 110	
Richard Paterson Associate Chief Executive - Finance	170 - 175	10 - 15					185 - 190		170 - 175	10-15					185 - 190	
Nick Hunt Director of Service Development (from 23/07/15)	85 - 90					nil	85 - 90									

£000 unless otherwise stated	1 April 2014-31 March 2015								1 April 2013-31 March 2014							
	Salary	Other Remuneration	Taxable Benefits	Annual Performance Related Bonuses	Long-Term Performance Related Bonuses	Pension Related Benefits	TOTAL	Expenses	Salary	Other Remuneration	Taxable Benefits	Annual Performance Related Bonuses	Long-Term Performance Related Bonuses	Pension Related Benefits	TOTAL	Expenses
	(bands of £5000)	(bands of £5000)	rounded to the nearest £100	(bands of £5000)	(bands of £5000)	(bands of £2500)	(bands of £5000)	rounded to the nearest £100	(bands of £5000)	(bands of £5000)	rounded to the nearest £100	(bands of £5000)	(bands of £5000)	(bands of £2500)	(bands of £5000)	rounded to the nearest £100
Richard Hunting Non-Executive Director	15 - 20						15 - 20		10 - 15						10 - 15	
Kate Owen Non-Executive Director	15 - 20						15 - 20		10 - 15						10 - 15	
Neil Lerner Non-Executive Director	25 - 30						25 - 30	800	25 - 30						25 - 30	300
Dr Andrew Vallance-Owen Non-Executive Director	20 - 25						20 - 25		15 - 20						15 - 20	
Lesley-Anne Alexander Non-Executive Director	15 - 20						15 - 20		10 - 15						10 - 15	
Kim Fox Non-Executive Director	0 - 5	30 - 35					30 - 35		0 - 5	25 - 30					25 - 30	
Richard Jones Non-Executive Director	15 - 20						15 - 20	800	0 - 5						0 - 5	
Philip Dodd Non-Executive Director (from 21/07/14)	10 - 15						10 - 15									
J Hill Non-Executive Director (resigned 30/09/13)									10 - 15						10 - 15	

Fair Pay Multiple Requirements (Audited Information)

	2014/15	2013/14
Pay of Median Trust Officer	36,068	35,710

The highest paid officer of the Trust (total remuneration £260k-£265k, 2013/14 £265k-£270k) represented a multiple of 7.3 times that of the median employee (2013/14: 7.4).

Pension Entitlements of Directors (Audited Information)

The reported figure for pension benefits is calculated under the HMRC method for valuing pension benefits, and reflects the real increase in value of the individual's pension entitlement in the year, less employee contributions

The format of remuneration disclosures was revised in 2013/14 to provide additional disclosure of the overall value of directors remuneration. For NHS employees, a key component of this is their pension entitlement. The value of the benefit accruing each year is required to be calculated using the 'HMRC method' and data from NHS Pensions Agency and taking into account the effect of inflation and value of employee contributions. Due to the nature of a 'final salary' scheme, where a director's salary increases (particularly where promoted to the Board) this will be reflected in a larger movement in the overall value of their pension entitlement – similarly, where the rules of the scheme mean that there is a limited increase in the value of the pension payable relative to inflation and the employee's contributions, then the calculation can show a 'negative' pension figure for the year, which is then shown as a 'nil' figure in the table. These factors mean that year on year there can be significant volatility in the level of pension remuneration for an individual.

Pension Entitlements of Directors
(Audited Information)

Name and title	Real increase/ (decrease) in pension at retirement age at 31 March 2015 (bands of £2,500) £000	Real increase/ (decrease) in lump sum at retirement age at 31 March 2015 (bands of £2,500) £000	Total accrued pension at retirement age at 31 March 2015 (bands of £5,000) £000	Lump sum at retirement age to accrued pension at 31 March 2015 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2015 £000	Real increase/ (decrease) in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2014 £000	Employer's contribution to stakeholder pension £000
Robert J. Bell Chief Executive	2.5 - 5.0	0 - 2.5	35.0 - 40.0	25.0 - 30.0	736	77	641	35
Prof. T Evans Medical Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Robert Craig Chief Operating Officer	2.5 - 5.0	10.0 - 12.5	45.0 - 50.0	145.0 - 150.0	847	60	767	21
Nick Hunt Director of Service Development	n/a	n/a	55.0 - 60.0	165.0 - 170.0	n/a	n/a	n/a	12

Pension calculations are provided by NHS Pensions Agency (NHSPA).

Professor Timothy Evans has withdrawn from the NHS Pension Scheme.

Dr C Shuldham left the Trust on 27th February 2015; during 2014/15 employer contributions of £4k were made.

Nick Hunt is over normal retirement age of 60 for 1995 Section therefore a CETV is not applicable
Please note that as Nick Hunt was not a member of the Trust Board during 2013/14, no information is available for the prior year.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004/05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

There is no CETV for employees who have reached retirement age as defined by the scheme of which they are a member. Officers who were over the retirement age for 'the 1995 section', and who have now changed to 'the 2008 section' with its higher retirement age, will have acquired a CETV during the year.

Real increase (decrease) in CETV - this reflects the change in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Off Payroll Arrangements

In May 2012, HM Treasury published 'Review of the tax arrangements of public sector employees' the focus of which was the minority of individuals who are engaged to provide services within the public sector do not have PAYE and NICs deducted at source, and are therefore 'off-payroll'. The review recommended that for all new engagements and contract renewals:

- board members and/ or senior officials with significant financial responsibility should be on the organisation's payroll, unless there are exceptional circumstances, in which case the Accounting Officer should approve the arrangements, and such exceptions should exist for no longer than six months; and
- engagements of more than six months in duration, for more than a daily rate of £220 (deemed 'highly paid') , should include contractual provisions that allow the Trust to seek assurance regarding the PAYE and NICs obligations of the individual, and to terminate the contract if that assurance is not provided.

The Trust engages 'highly paid' individuals off-payroll in circumstances where the engagement is of a project and/ or specialist nature and as such does not fit the requirements of a permanent role and has put in place the contractual provisions as recommended in the review. The tables below, which follow reporting requirements as defined in the Annual Reporting Manual, disclose the position at the Trust at 31 March 2015.

For all off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months	**Number of engagements**
No. of existing engagements as of 31 March 2015	15
Of which:	
Number that have existed for less than one year at the time of reporting	2
Number that have existed for between one and two years at the time of reporting	5
Number that have existed for between two and three years at the time of reporting	3
Number that have existed for between three and four years at the time of reporting	1
Number that have existed for four or more years at the time of reporting	4

All existing off-payroll arrangements, outlined above, have at some point been subject to risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and. where necessary, that assurance has been sought.

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months	**Number of engagements**
Number of new engagements, or those that reached six months in duration between 1 April 2014 and 31 March 2015	15
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national insurance obligations	15
Number for whom assurance has been requested	15
Of which:	
Number for whom assurance has been received	12
Number for whom assurance has not been received	3
Number that have been terminated as a result of assurance not being received	0

All 3 cases where assurance has been requested and not received relate to individuals who have since left the Trust. The Trust employees 17 individuals deemed 'board members and / or senior officials with significant financial responsibility'. All of these were on-payroll between 1st April 2014 and 31st March 2015.

This Annual Report on Remuneration has been prepared with regards to the requirements of the NHS Foundation Trust Annual Reporting Manual 2014/15 as updated in March 2015.

Robert J Bell
Chief Executive
On behalf of the Board of Directors

26th May 2015

4.7 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 for the patient and public constituencies span the whole of the United Kingdom (UK). They consist of: North West London, Bedfordshire & Hertfordshire, South of England and the Rest of England & Wales (public members) and for the patients' constituency 'Elsewhere' which includes both Wales and Scotland. 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 for membership 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 2015-2017 was formulated by the Membership Steering Committee then ratified by the full Council of Governors.

The Trust is mindful of its duties to ensure a representative membership, in both patient and public constituencies. These are enshrined in the Health and Social Care Act 2012. During 2014/15, the Membership Manager, in conjunction with the Membership Steering Committee, has been exploring 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 enables comparisons to be made between the general population of the UK and the membership of the Foundation Trust.

Engaging Members

The Trust held its fifth Annual Members' Meeting on 21st July 2014 and approximately 80 members attended. The Annual Members Meeting is scheduled for 22nd July 2015 and once again all members will be invited. The Trust has engaged its members in a number of ways during 2014-2015. A series of member's events were held, these included a tour of the cardiac catheter laboratories at the Royal Brompton Hospital and a talk on 'Easy ways to help Women (and Men!) to be healthy and live longer' at the Royal Brompton Hospital and a talk on diabetes and cardiovascular disease at Harefield Hospital. These events have proved very popular with our members with over 20 members attending each event. Further events are planned for later in 2015. 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.

Analysis of Membership at 31 March 2015: Membership Size and Movements

Public			**2013-2014**	**2014-2015**
	At year start (April 1)	+ve	1,724	2,291
	New members	+ve	623	623
	Members leaving	+ve	(56)	(77)
	At year end (31 March)		**2,291**	**2,837**
Staff	At year start (April 1)	+ve	3,352	3,433
	New members	+ve	424	467
	Members leaving	+ve	(343)	(225)
	At year end (31 March)		**3,433**	**3,675**
Patient	At year start (April 1)	+ve	4,667	4,617
	New members	+ve	148	161
	Members leaving	+ve	(198)	(179)
	At year end (31 March)		**4,617**	**4,599**
	TOTAL		**10,341**	**11,111**

In Year Movements

	Members Leaving	**Members joining**	**Net**
Public	77	623	546
Patient	179	161	-18
Staff	225	467	242
Total			**770**

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. Several methods of recruitment are in use. These include:

- use of hospital volunteers to recruit new patient members on wards
- patient governors recruiting members through their patient focus group meetings
- mail-outs to ex-members of staff to encourage them to become public members
- publication of articles setting out the advantages of Foundation Trust membership in local newspapers, charity newsletters and hospital newsletters
- Membership stands have been positioned in the reception areas

Ensuring a Representative Membership

In October 2014 The Trust contracted 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 North West London and members of the public aged between 21 and 39 who belonged to ethnic minority groups. MES sent their campaign teams to locations such as Libraries, Leisure Centres and Shopping Centres. 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 North West London	Base Population For the Trust Area	Before Recruitment Drive	After Recruitment Drive
Age (years):			
0-16	2,883,023	0	7
17-21	819,221	20	99
22+	10,219,878	420	873
Not stated	0	57	61
Ethnicity:			
White	10,623,682	344	627
Mixed	433,034	44	51
Asian or Asian British	1,395,544	82	149
Black or Black British	840,839	11	96
Other	222,396	9	42
Not stated	0	41	75
ONS/Monitor Classifications:			
AB	1,228,962	159	333
C1	1,376,618	149	313
C2	757,679	83	146
DE	838,345	100	227
Gender analysis:			
Unspecified	0	2	10
Male	6,860,484	216	446
Female	7,061,637	279	584

Membership before MES recruitment exercise

Public Members	2,300
Staff Members	3,444
Patient Members	4,473
Total Membership	10,217

Membership after MES recruitment exercise

Public Members	2,860
Staff Members	3,472
Patient Members	4,480
Total Membership	10,812

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 and by email to those members who have indicated a preference to receive the newsletter by email. 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 member's 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

There is also an e mail address for members who wish to contact the Membership Manager:

members@rbht.nhs.uk

5. Staff Involvement and Staff Survey

Introduction

The 2014 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 2015.

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

The Trust has again performed extremely highly on overall staff engagement, scoring well above the average for the country across all acute specialist Trusts, with a score of 4.02 out of 5.

Existing Initiatives

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 Trust has continued the popular Staff Recognition Scheme which takes nominations for individuals or teams from colleagues or 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 to help employees understand behavioural expectations and these are assessed against the Core Behaviours and Trust Values which embed principles of fairness and respect.

New Staff Well-being and Stress management policies have been put in place and the Trust has introduced 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 whilst supporting our staff 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.

The survey score for bullying and harrassment has not changed this year and continues to be 3% above the national average, which also did not change. An initiative entitled 'Working Together Better for Patients' will continue to be delivered through 2015/16 in order to maintain the drive for improvement.

Initiatives recently implemented

Programmes such as stress and conflict handling, team building, and mediation have been run regularly, and are 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 further, and will be considering running Health and Safety courses on a 12 month rotation in order to meet the expectation implicit in the survey question that training will be updated anually. 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 2014 survey are summarised below.

Response Rate:

At the time of sampling, 3248 staff were eligible to receive the survey. Questionnaires were sent to a random sample of 838 staff. This includes staff directly employed by the trust; it excludes staff working for external contractors. It also excludes bank staff unless they are employed directly elsewhere in the Trust.

250 staff at the Trust took part in this survey. This is a response rate of 30% which has fallen from the 2013 survey, which may be due to an unforeseen clash with another internal survey, which will be coordinated in future so as to avoid this outcome.

	2013 (Acute Trusts)		2014 (Acute Trusts)		Trust Improvement/ Deterioration
	Trust	National Average	Trust	National Average	
Response Rate	39%	50%	30%	42%	-9%

Areas of improvement from the prior year and deterioration:

The Trust has shown improvements on a number of different questions, including how involved staff feel by senior managers and in the decisions made about improvements to their area of work.

Staff also report an improvement in the recognition they are shown for their work and the equiment and materials they have available to do their job effectively.

The survey has also shown a decline in some areas, such as the number of staff having appraisals in the last 12 months, the number of staff having health and safety training in the last 12 months, the percentage of staff suffering work related stress and the numbers having equality and diversity training in the last 12 months. All of these are areas that the Trust is striving to improve on in the coming months.

Question	Change since 2013	2014 survey result	Acute Specialist Trusts National Average 2014
Senior Managers here try to involve staff in important decisions	+9%	46%	37%
I am able to make improvements happen in my area of work	+7%	70%	60%
Communication between senior management and staff is effective	+6%	51%	42%
I have adequate materials, supplies and equipment to do my work	+6%	75%	64%
I am satisfied with the recognition I get for good work	+7%	64%	55%
Percentage of staff suffering work related stress in last 12 months	+8%	35%	34%
Percentage of staff appraised in last 12 months	-13%	68%	86%
Percentage of staff receiving health and safety training in last 12 months	-13%	65%	78%

Top 5 Ranking Scores:

	2013 (Acute Specialist Trusts)		2014 (Acute Specialist Trusts)		Trust Improvement/ Deterioration
Top 5 Ranking Scores	**Trust**	**National Average**	**Trust**	**National Average**	
KF3. Work pressure felt by staff	2.66	2.85	2.61	2.91	-0.05
KF1. Percentage of staff feeling satisfied with the quality of work and patient care they are able to deliver	89%	82%	92%	84%	+3%
KF24. Staff recommendation of the trust as a place to work or receive treatment	4.33	4.08	4.28	4.14	-0.05
KF23. Staff job satisfaction	3.70	3.69	3.80	3.72	+0.09
KF20. Percentage of staff feeling pressure in last 3 months to attend work when feeling unwell	23%	24%	19%	23%	-4%

Bottom 5 Ranking Scores:

	2013 (Acute Specialist Trusts)		2014 (Acute Specialist Trusts)		Trust Improvement/ Deterioration
Bottom 5 Ranking Scores	**Trust**	**National Average**	**Trust**	**National Average**	
KF13. Percentage of staff reporting errors, near misses or incidents witnessed in the last month	90%	92%	80%	92%	-10%
KF7. Percentage of staff appraised in last 12 months	79%	86%	68%	84%	-11%
KF26. Percentage of staff having equality and diversity training in last 12 months	50%	66%	43%	68%	-7%
KF10. Percentage of staff receiving health and safety training in last 12 months	77%	77%	65%	78%	-12%
KF19. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	25%	22%	26%	23%	+1%

Recommendations for addressing areas requiring improvement

From the results we see a very positive picture, showing that staff are extremely engaged and motived, reporting excellent team work and communication throughout the Trust.

The areas requiring improvement will be worked on closely with the HR leads and managers.

Appraisal rates will be monitored closely with managers being given monthly reports showing which of their staff are due for appraisal.

One of the lowest appraisal completion rates was in the Estates department, with most other areas in fact scoring in line with, or close to, the national average. HR will be working with managers to develop and re-structure the appraisals to make them more relevant and user friendly for some of the band 2 and 3 postions in order to ecourage completion.

Currently, equality and diversity training is completed as an electronic module and is a 'one-off' course, resulting in the low figure for staff having completed this in the last 12 months. Likewise, health and safety is not mandatory for all staff on a yearly basis. So whilst rates for completion in the last 12 months may be lower than average, the number of staff up to date with these courses is in fact in line with the national average, with 77% of staff having valid health and safety training and 82% having valid equality and diversity training. The Trust will provide feedback to Capita on this issue to determine the basis on which the expectation of annual renewal has been set. The learning and development team will also explorethe possibility of moving to annual refersher training.

Bullying and harrassment remains an ongoing area of focus, as with many Trusts. Our percentages are close to the national average, with reported cases of bullying in the Trust remaining extremely low. Professor Derek Mowbray's report from Management Advisory Service looks at Strengthening Personal Resilience which is an important area of focus when looking at bullying and harrasment. The Learning and Development team run a variety of personal development courses such as 'Communication and Assertiveness' and 'Working Together Better for Patients', which may be restructured to include further themes in this area in order to strengthen the personal resilience of our staff.