Royal Brompton & Harefield NHS
NHS Foundation Trust

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Annual Report and Accounts 2012/13

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

Royal Brompton & Harefield NHS Foundation Trust

Annual Report 2012-13

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1. Chief Executive Introduction

The following pages constitute the Annual Report of the Royal Brompton & Harefield NHS Foundation Trust for its third full year as a Foundation Trust, for the period 1 April 2012 to 31 March 2013. 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 2012-13*" published by Monitor on 5th March 2013.

In the following pages, readers will find:

- A report by the Directors of the Trust on the business of the Trust during the period of report, and of the position of the business as at 31 March 2013, alongside commentary on the risks, uncertainties and other factors which are likely to affect the development, performance or position of the Trust in the future
- A more detailed Operational and Financial Review of the main business areas of the Trust during the reporting period
- An outline of the Governance arrangements in place in the Trust
- A set of "Disclosures in the Public Interest", indicating where information on these is to be found within the Report.

During 2012/13 the Trust has continued to develop the process for production of the Quality Report and has taken steps to ensure that stakeholders have been involved in the choice of priority areas for 2013/14.

One of the continuing major challenges that faced the Trust during 2012/13 was the threat to our Children's Services posed by the review of children's congenital heart services undertaken at the request of Sir Bruce Keogh, NHS medical director. Following the decision made in 2012 to decommission children's heart surgery, the matter was referred, by the Secretary of State for Health, to the Independent Reconfiguration Panel (IRP) for review. Concurrently Save our Surgery Ltd, which supports parents using the Leeds centre (also scheduled for closure), won a judicial review action taken against the JCPCT. NHS England, as the successor body to the JCPCT, is currently seeking leave to appeal the decision made at first instance. The outcomes of both the Leeds legal action and the IRP process are currently awaited. The Trust will review its options based on the final outcome of these deliberations, but continues to believe in, and strive for, a London-wide single network solution which involves all three London centres.

Another on-going major challenge facing the organisation relates to property issues and the question of how to redevelop our hospitals over the medium to long term. A major step forwards has been taken during 2012/13 with the decision made by the Trust Board, and supported by the Council of Governors, to redevelop premises at their current locations rather than to move to a new site. Full consideration has been given to the site move option and it has now been excluded on the grounds that it is unaffordable, and that is has not been possible to gain any certainty around proposals explored.

A further area of focus this year has been the need to achieve a balanced budget against the background of significant structural change within the national health system. The Trust has been working closely with its commissioners at both local and national level. Excellent links have been built up with Clinical Commissioning Group (CCG) representatives, and the Clinical Quality Group (chaired by a CCG member) is in place and working well. For 2013/14 around 85% of our income will be deemed specialist and will be sourced via NHS England. The Trust looks forward to working with commissioning colleagues as these new arrangements, and relationships, develop and mature during 2013/14.

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

..... **Robert J Bell** **28th May 2013**
Chief Executive

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2. Directors' Report / Operating and Financial Review

Introduction

This report represents a performance review for Royal Brompton & Harefield NHS Foundation Trust for the period 1 April 2012 to 31 March 2013.

It contains an overview of some highlights from our heart and lung divisions, children's services and clinical support services as well as information and summaries about our work and strategic goals. Our performance against targets is given in the Regulatory Rating Report on page 49 of this document.

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 field, and many move to our hospitals from throughout the UK, Europe and beyond, so they can develop their particular skills even further.

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

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

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

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

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

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

❖ Our strategy

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

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

Our approach:

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

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

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

❖ 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 markets for their treatment are strong 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.

❖ Principal risks and uncertainties

The top risks facing the Trust were reported to the Trust Board in March 2013 and are presented in the Annual Governance Statement contained in Annex 1 of this document.

Forward looking risks and uncertainties, along with opportunities, have been assessed as part of the Forward Plan 2013/14. The Trust is developing an action plan in response to the recommendations contained in the Francis Report and any risks associated with the actions identified will be incorporated within the risk register.

2.2 Overview of Performance from 1st April 2012 to 31st March 2013

The period from 1 April 2012 to 31 March 2013 has been the third full year in which the organisation has operated as a Foundation Trust. During the year, the Trust has achieved most of the governance targets and indicators set out in the Compliance Framework issued by Monitor except for the indicators relating to the 18 week Referral to Treatment time (admitted patients) target, and the *Clostridium difficile* objective. Both of these target failures were forecast in the Forward Plan submitted to Monitor. The Trust continues to be registered by the Care Quality Commission without conditions.

Significant events during the year have included:

- Harefield Hospital was inspected by the Care Quality Commission (CQC) on 20th June 2012. Harefield Hospital was found to be fully compliant with the standards inspected.

- Royal Brompton Hospital was inspected by the Care Quality Commission (CQC) on the 30th January 2013. The CQC found that Royal Brompton Hospital was meeting both of the standards which were inspected.

- At the end of September 2012, which was the end of the second quarter of reporting (Q2), the Monitor governance rating reduced from green to amber / green. This was due to the Trust failing to meet the *Clostridium difficile* objective of 7 which had been set by the Department of Health. It should be noted that the Trust continues to dispute this objective.

- At the end of December 2012, which was the end of the third quarter of reporting (Q3), the Monitor governance rating reduced from amber / green to amber / red. This down grade was driven by failure against the 18 week Referral to Treatment time (admitted patients) target.

- In April 2013, the Care Quality Commission published the results of the 2012 tenth adult in-patient survey. The survey was based on a sample of inpatients, who were aged 16 years or older, who used Trust services in July 2012.

  The survey showed improved results on the survey carried out in the previous year. In the 2011 survey (24/61) 39% of questions were in the `green' best performing category and in 2012 this increased to 31/58 (53% of questions). Examples of areas where are scores are in the `green' best performing category include: being offered a choice of food, having confidence and trust in doctors and patients stating that they had an overall positive experience care.

- During 2012/13 the Trust has achieved most of the Commissioning for Quality and Innovation (CQUIN) measures. The final position for 2012/13 is dependent upon agreement of quarter 4 figures with commissioners.

The Trust finished 2012/13 with a Governance Rating of amber / red, and a Financial Risk Rating of 3. A Regulatory Ratings Report of performance against the Compliance Framework targets and indicators is given on page 49 of this document.

Further details of performance are provided in later sections of this report, and in the Accounts and the Quality Report appended at Annex 1 and Annex 2.

2.3 Our Services - Review of Operational Activity

Directors' Operational Overview

During 2012/13, the Trust has continued with its operational strategy of delivering the tertiary / quaternary services of a specialist hospital focusing on heart and lung disease. Services are provided for both adults and for children in line with the principle of the continuum of care which the Trust believes to be the hallmark of high quality integrated services.

2012/13 marked the third year of the Trust Quality and Safety Improvement Plan which sets down the commitment of the Trust to providing the highest quality of care for all its patients and to ensuring that evidenced based care is provided at the right time, in the right way by the right people.

Further investment in clinical capacity to meet growing demand has been made and significant investments have been made in various parts of the Trust estate in order to improve the quality and safety of the operational environment. Further details of operational initiatives at Divisional / Directorate and departmental level are given below.

Royal Brompton Hospital Heart Division

Acute cardiology admissions

Late in 2012/13 there was a significant change in admissions policy for adult Cardiology services at Royal Brompton Hospital, which involved acute admissions being made directly to Royal Brompton Hospital (RBH) under two programmes:

- The London Ambulance Service (LAS) is bringing patients with identified heart rhythm problems directly to an Arrhythmia Centre, rather than to an Accident & Emergency department. RBH is one of 4 accredited arrhythmia receiving centres for this service in North London during the initial, 6-month pilot phase.
- RBH is also one of four centres participating in the Non ST-elevated acute coronary syndrome (NSTEACS) 6-month pilot in which LAS is bringing patients directly to designated centres rather than via Accident & Emergency Departments.

These pilots will be reviewed in autumn 2013. Other service developments for 2012/13 have included:

Cardiomyopathy

The cardiomyopathy service at Royal Brompton Hospital has been restructured to provide expanded capacity and to deliver a day-case model (imaging & consultation) to all new patients. The adult day-case clinics and the entire paediatric cardiomyopathy service were relocated and an additional consulting room has been built to ensure there is the capacity to support the reconfigured service. Further benefits following the restructure, include the ability to use the clinical genetics service to analyse family histories and family trees.

Syncope

The syncope service has completed its first year of operation. Two syncope specialist nurses were appointed and a new syncope and autonomic testing unit with tilt table was established on Paul Wood Ward in April 2012. This service has drawn in new referrals and repatriated diagnostic testing to Royal Brompton Hospital. As well as rapid assessment, diagnostics and management of patients with unexplained, transient loss of consciousness, the service offers direct access for patients and referrers to nurse specialists. The service also extends to paediatric patients and works cross-site to bring together the shared high quality standards of Royal Brompton and Harefield. The service is led by a consultant cardiologist and electro-physiologist. To date, the autonomic testing service has seen over 350 new patients.

Critical Care - Adult ECMO Service

Now one of five nationally-designated centres, the adult ECMO (Extra-Corporeal Membrane Oxygenation) service at Royal Brompton Hospital has cared for increasing numbers of patients with severe but potentially reversible respiratory failure. The service is primarily responsible for patients in South and South-West England, although in practice referrals are made from throughout the United Kingdom, including Northern Ireland. The Trust has led the development of quality indicators for all five national centres. The established patient follow-up service is demonstrating good quality of life in patients following discharge.

Paediatric Services

Despite the uncertainty of the national "Safe & Sustainable" review of heart surgery for children, the Trust continued to invest in its children's services:

Paediatric Sleep Centre

Space for paediatric services in Sydney Wing is at a premium. An extension to Sydney Wing, providing more space on floors 2-5, has been constructed. This has previously provided space for a new recovery facility, adjacent to the operating theatres, on level 3; and in July 2012 a new 4-bed sleep and ventilation unit for children was opened on level 4, linking the Paediatric Intensive Care Unit (PICU) and Rose Ward and providing state-of-the-art evaluation and care for children with sleep, and sleep-related, disorders.

Reassurance is important to children. There is a bed in the child's room for parents and the quiet, reassuring environment means that children can sleep peacefully. As a consequence, sleep study results are far more accurate: breathing patterns change with different stages of sleep and breathing problems are often worse in REM sleep (dream sleep). Previously, if the children were being disturbed by noises around them, they might not go into dream sleep and their breathing problems may not have been observable during the sleep study.

The provision of the 4 additional Sleep and Ventilation Unit beds has also reduced the pressure on beds in Rose Ward, where the sleep studies were formerly conducted.

Finally, the Unit provides the Trust with the facilities to enable a new programme of paediatric sleep medicine research. World leading centres are currently found in Chicago, Brisbane and Toronto and clinical teams will build on existing links with these centres to develop collaborative programmes of research which will keep the Trust at the forefront of international research activity.

Harefield Hospital Heart Division

There has been significant investment in new capacity at Harefield Hospital during 2012/13. Developments have included:

Acorn Ward – this has increased ward-bed capacity by 18 beds. The development involved a capital investment of £2m, which was agreed in May 2011, and delivered in time to start welcoming patients by April 2012.

Cherry Tree Day-Case Unit – this has created a dedicated facility comprising 16 day-case beds.

The combined effect of these 2 projects has been to increase elective inpatient and day-case activity by 15%.

Fourth Cardiac Catheter Laboratory – Following on from the success of opening a new cardiac catheter laboratory equipped for electrophysiology in 2011, a state of the art, replacement cardiac catheter laboratory was opened in June 2012. This new equipment has reduced exposure to X-ray radiation and has increased the overall capacity at Harefield to undertake cardiac catheterisation procedures.

Transplant Services – During 2012/13, the number of heart transplants undertaken more than doubled compared to the two previous years (to >20 transplants), and clinical outcomes of the heart transplantation programme also improved. These successes have been partly facilitated by the introduction of a new organ care system for transporting hearts. The system pumps blood around the heart outside the body, and it remains beating during transport. This means that organs can be collected from a wider geographical area and arrive in better condition than when a non-beating heart is transported on ice.

These successes are of vital importance when seen against the backdrop of the national review of heart and lung transplantation. This review has recommended the closure of one transplant centres in England by 2015. With the best long-term survival rates, the largest survivor population, a robust surgical workforce, a leading position in the adoption of innovative technologies and high rates of lung transplant and VAD activity, we are confident of continuing to provide a highly valued service into the future.

The transplant service has also participated in a number of clinical trials, including one involving a new, smaller mechanical heart assist device; and another which is investigating extension of the organ care retrieval system to transport lungs for transplant. A third trial has been investigating how the quality of lungs available for transplant can be improved by pumping a nutrient solution through them to optimise their condition prior to transplant.

Lung Division - at both Royal Brompton and Harefield Hospitals

Centre for Sleep
The adult centre for sleep project was completed at the end of March 2013. This additional capacity, which has been created in new premises in South Parade, will support growth in both NHS and private practice sleep services. It will also relieve pressure on existing facilities, such as Lind Ward and the Out-patient Department.

Asthma Services
A new consultant, specialising in asthma services, has been appointed within the Division to support the growing workload of the team, as well as develop new services such as the Cough Service and Continuous Laryngoscopy during Exercise (CLE) test. This new development is the start of a plan to develop a more specialist Lung Physiology service over the next 18 months.

Lung Failure/Assisted Ventilation
A new Higher Education Funding Council (HFCE)-funded Consultant post commenced at Harefield this year, supporting the development of the Non-Invasive Ventilation service on that site. This post complements the rest of the Harefield Respiratory team, and takes forwards the strategic development of Respiratory services at Harefield Hospital.

Peer Review – Cystic Fibrosis
The Adult Cystic Fibrosis service underwent an extensive Peer Review in March 2013. Initial feedback indicates that the clinical excellence of the service was recognised during the review process. Capacity restraints were also identified during the peer review process, and plans for managing these are being developed.

Laboratory Medicine

Microbiology Service:
In March 2012, the Trust's Microbiology service was centralised at the Royal Brompton Hospital site. This has resulted in many improvements to the service including the introduction of an extended working day and improved on-site cover at week-ends. The department has also undergone two notable capital projects this year: Improved security measures have been installed as part of robust counter-terrorism requirements set out by the Home Office; and the Containment Level 3 (CL3) laboratory was completely refurbished.

Histopathology:
The Histopathology service was reconfigured to centralise the workforce at Royal Brompton Hospital, with a reduced service maintained on the Harefield site for urgent processing of samples. These changes come into full effect from April 2013.

Collaboration with Royal Marsden Hospital (RMH):
The Trust has worked with colleagues at RMH to consider a joint Blood Sciences (Haematology, Biochemistry and Blood Transfusion) service, under which services would be delivered to both Trusts' Chelsea sites from RBH. The business case for this development is due for review in Quarter 1 of 2013/4.

Estates & Facilities

Further considerable investment has been made in reducing high and significant risk backlog maintenance issues. The total cost of eradicating these risks was estimated at £15m over three years: 2012/3 was the second of the three-year programme to address the problem. £4.7m was made available and allocated to numerous schemes, while continuing to allow both hospitals to function and to provide routine, day-to-day management and maintenance of the Trust's estate. Among the works carried out has been an extensive programme of fire safety improvements within the Fulham Road building. The Trust has developed a programme of work to eliminate, or reduce as much as is reasonably practicable, the significant fire risks identified by the fire risk assessment. The

Trust has not been subject to any enforcement action by the Fire & Rescue Authority and achieves compliance with the Department of Health Fire Safety Policy contained within HTM 05-01. This has included changes to the fire compartmentation structures in both clinical and non clinical areas, improvements to the fire alarm system and installing evacuation lifts within existing lift shafts. Work in Chelsea Wing has involved replacing windows and improvements to the emergency generators.

A new "Soft Facilities Management" (soft FM) contract commenced in April 2012 delivering cleaning, linen, laundry and pest control services Trust wide and the catering service to Harefield. The contract was awarded to ISS Facility Services in collaboration with Chelsea & Westminster, Royal Marsden and the Institute of Cancer Research.

The annual PEAT (Patient Environment Action Team) assessment is to be replaced with a new "PLACE" assessment – Patient Led Assessment of the Care Environment. The Trust took part in a pilot exercise for the new scheme during 2012 and will be carrying out the first of the new assessments during April, May and June 2013.

Business Continuity

During 2012/13 the Trust faced a number of challenges to its ability to provide services. These included the on-going threat of a terrorist incident and pandemic flu, but also the Diamond Jubilee, and the Olympic and Paralympic Games.

Planning for the Olympic and Paralympic Games took place in the light of a co-ordinated campaign across the capital designed to mitigate the impact on services and enable the games to take place successfully. During the games period, the Trust implemented a system to consolidate and receive overnight deliveries and some items were stockpiled in advance of the games period. Home-working opportunities were identified for some staff groups, with flexible and 'condensed' hours agreed locally with managers. The Patient Transport Department implemented a telephone support helpline for patients and relatives and patient pickups and drop offs were rationalised to avoid congestion. Patient telephone consultations, rather than face-to-face consultations, were implemented for respiratory patients who would be most affected by travel congestion. Equipment and consumables were also despatched in advance of the opening of the Olympic Park.

Lessons have been learned from the changes that were introduced successfully during the games period. Understanding of 'critical' supplies has been improved, the Patient Transport Department has maintained the arrangements first used during the games period and feedback from patients is of fewer delays. The template designed for telephone consultations is now tried and tested and available for future use.

In the final analysis, there was no adverse impact from the games period on either activity or income. This was due in large part to good planning, which mitigated the risks to the health service, while at the same time supporting the successful delivery of the games.

2.4 Our Operational Performance

The operational performance of the Trust is overseen by the Chief Operating Officer and is reviewed at every meeting of the Trust Board. A variety of Key Performance Indicators (KPIs) are used including those set out in the Compliance Framework published by Monitor, and those used to measure activity. A full review of performance against the Compliance Framework indicators is included in the Quality Report at Annex 2 of this document. The Quality Report also provides more information about the Quality Governance arrangements at the Trust

The KPIs reviewed by the Trust Board include:

Patient admissions
A total of 31,988 patients were admitted to the Trust between 1st April 2012 and 31st March 2013. Of these, 25,642 were elective (planned) admissions and 6,346 were emergency admissions. This compares to 30, 646 admissions during 2011/12, of which 24, 496 were elective admissions and 6,150 were emergency admissions.

Outpatient clinics
The number of patients seen in outpatient clinics was 144,569. Of this 15,057 had new appointments and 129,512 had follow-up appointments. This compares to 143,808 out- patient attendances during 2011/12, of which 13.322 were new appointments and 130,486 were follow up appointments.

Cancelled operations
The percentage of cancelled operations was 1.3 per cent, against a target of 2 per cent. There were no breaches of the 28 day readmission standard. The percentage of cancelled operations during 2012/13 was also 1.3%.

Mixed Sex Accommodation
The 'Everyone Counts: Planning for Patients 2013/14' guidance states "All providers of NHS funded care are expected to eliminate mixed-sex accommodation except where it is in the overall best interest of the patient". A total of 50 breaches of this standard occurred between 1st April 2012 and 31st March 2013. All of these breaches happened in the high dependency area at Harefield Hospital. Patients in this area are not deemed to breach the standard while receiving high dependency care, but are deemed to be in breach of the standard if they remain in the high dependency unit (which is mixed sex) for more than 6 hours after becoming well enough to be transferred to a single sex ward area. The breaches were associated with particularly high levels of activity at Harefield Hospital over the second half of the year. During 2011/12 there were 32 breaches of this standard.

Cancer patients
The waiting time target for patients referred by their GP with a suspicion of cancer is 14 days (two weeks). There were no breaches of this standard. There were no breaches of this standard during 2011/12.

The waiting time target for patients who have been diagnosed with cancer is 31 days (one month) between the decision to treat and the start of their first treatment. There were five breaches of this standard out of 348 patients treated. During 2011/12 there were 8 breaches of this standard.

The waiting time target for patients who have been diagnosed with cancer, where the treatment is subsequent to an earlier treatment for cancer, is also 31 days (one month) from the decision to treat to the start of the subsequent treatment. There was one breach of this standard out of 313 patients treated. During 2011/12 there were no breaches of this standard.

The waiting time target for patients urgently referred by their GP for suspected cancer is 62 days (two months) from referral to treatment. This includes time spent waiting or having diagnostic tests at other hospitals before being referred to the Trust. During the period 1 April 2012 – 31 March 2013, there were twenty five breaches of the 62 day GP referral to treatment target. This resulted in a performance metric of 87.07% for this national priority indicator which is within the tolerance for achievement of this indicator. During 2012/13 there were twenty-eight breaches of this standard resulting in performance against this metric of 83%.

The 18 week wait

The 18 week wait is the definitive target against which NHS waiting times are measured. With this target there is a maximum time of 18 weeks from the point of initial referral up to the start of any treatment necessary. Tolerances have been set to allow for patient choice, patients not attending appointments and clinical complexity.

The operational standards of delivery for the NHS are:

- 90 per cent of pathways where patients are admitted for hospital treatment should be completed within 18 weeks
- 95 per cent of pathways that do not end in an admission should be completed within 18 weeks.
- 92 per cent of patients on an incomplete pathway should be waiting no more than 18 weeks

The 18 week standard for admitted patients was met for all months except 4 between April 2012 and March 2013. A waiting list initiative, to increase delivery of adult cardiac surgery was undertaken between November 2012 and March 2013. The aim of this initiative was to ensure that the Trust returned to compliance from 1st April 2013. Early indications are that this target will be met at aggregate level for M1 2013/14.

The 18 week standard for non-admitted patients was met for all months between April 2012 and March 2013.

The 18 week standard for incomplete pathway patients was met for all months between April 2012 and March 2013.

All of the 18 week targets were fully met during 2011/12.

Control of pay costs - Mutually Agreed Resignation Scheme (MARS)

During the last quarter of 2012/13 the Trust once again ran a MARS scheme in order to achieve a reduction in pay expenditure.

MARS is a voluntary resignation scheme under which an individual employee, in agreement with the Trust, chooses to leave employment in return for a severance payment. The scheme was designed by the NHS to help organisations respond to periods of change or service re-design.

As a Foundation Trust we were able to run a local MARS initiative using similar terms and conditions to an earlier national scheme. Each application was considered by a panel, taking account of the financial and operational interests of the organisation.

Settlement payments were generally based on half a month's salary for each full year of reckonable NHS service up to a maximum of 12 months' salary, with a minimum payment of 3 months' salary.

The Trust received 41 applications for the scheme of which 26 were accepted. The termination dates were mutually agreed between those 26 employees and the Trust and ranged between March and September 2013. The employees each signed a compromise agreement which set out the terms under which the employment would end.

During 2011/12, 41 applications were received and 22 were accepted.

Property Update

During the year the Trust explored the possibilities of redeveloping its Chelsea campus or relocating Royal Brompton Hospital to another site. In March 2013 the Trust Board agreed a recommendation from the Property Committee that redevelopment of both Royal Brompton and Harefield Hospitals should proceed in situ, subject to appropriate planning approvals and affordability considerations. This Board agreement was endorsed by the Council of Governors on 20th May 2013.

2.5 Our Financial Performance

Director of Finance Commentary on the Accounts for 2012/13

The Trust reports on its third full year of activities following its authorisation as a Foundation Trust on 1 June 2009. The Trust has reported a retained surplus of £4.1m (2011/12 - £1.8m) after a dividend of £6.2m (2011/12 - £6.4m) payable on Public Dividend Capital.

Following a revaluation exercise on the Trust's investment properties that yielded a revaluation surplus of £1.33m in 2011/12, the Trust has chosen not to revalue its properties this year on the footing that there has been no significant change to last year's valuation. The Trust will reconsider the position in 2013/14.

The accounts also reflect restructuring costs of £0.5m (2011/12 - £0.4m) in relation to a Mutually Agreed Resignation Scheme ('MARS') launched in February 2013 as a result of which some 26 (2011/12 – 22) employees have left or are leaving the Trust.

International Financial Reporting Standards (IFRS)

The accounts have been prepared in accordance with the *NHS Foundation Trust Annual Reporting Manual 2012/13* issued by Monitor, the independent regulator of NHS Foundation Trusts. The accounting policies in the Manual follow IFRS to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board.

Going Concern

The financial performance and position of the Trust, together with the factors likely to affect its future development and the principal risks and uncertainties it faces, are described the Directors Report and Operating and Financial Review.

After making enquiries, the directors have a reasonable expectation that the NHS foundation trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Comprehensive Income

The Trust reports a comprehensive income surplus of £1.0m for the year (2011/12 - £1.6m), the retained surplus of £4.1m being reduced by fixed asset impairments of (£3.1m).

Financial Position and Liquidity

Fixed assets reduced over the year by £2.3m. Depreciation charged was £16.8m. Fixed asset additions totalled £17.5m, £4.8m of which was funded by grants received.

Net current assets increased over the year by £4.8m.

The Trust has made no drawing against its working capital facility during the year.

Review of Tax Arrangements for Public Sector Employees
This information is required by HM Treasury to be included in Trust Annual Accounts. The information is not, however, subject to audit.

For off-payroll engagements > £58,200 per annum in place on 31st January 2012:

	Number
In Place 31st January 2012	2
Onto Payroll with effect from 1 April 2013	(1)
Assurance received	1
Total	2

The Trust has no new engagements > £220 per day and for more than 6 months since 23rd August 2012 to report

Income from sources other than for 'Provision of NHS Services in England'

The Health and Social Care Act 2012 obliges NHS Foundation Trusts to generate more than 50% of income from its 'principal purpose' namely the provision of goods and services for the purposes of the NHS.

Set out below is the calculation of total applicable income (excluding donations) and the split between 'principal purpose' and 'non-principal purpose':

	Year to 31 March 2013 £000	Year to 31 March 2012 £000
Total Income as per Accounts	**316,858**	301,957
Exclude Donations	**(8,088)**	(4,692)
Total Applicable Income	**308,770**	297,265
Principal Purpose Income	**270,009**	257,291
Non-Principal Purpose Income	**38,761**	39,974
	308,770	297,265
% Non-Principal Purpose Income	**12.6%**	13.4%

The above table shows that during 2012/13, 87.4% of income was generated from principal purpose activities. This greatly exceeds the required 50%. The non-principal purpose income, which derives mainly from services to private patients, is reinvested in the provision of health services. This has a beneficial impact on the principal purpose of the Trust, namely the provision of goods and services for the purposes of the health service in England.

Board of Directors
The Board of Directors brings a wide range of experience to the Trust and during 2012/13 has continued to ensure effective governance of the organisation.

During 2012/13 the Executive Directors comprised:
Chief Executive, Robert J Bell; Medical Director & Deputy Chief Executive, Professor Timothy Evans; Associate Chief Executive – Finance, Richard Paterson; Chief Operating Officer, Robert Craig and Director of Nursing & Clinical Governance, Dr Caroline Shuldham.

During 2012/13 the Non-Executive Directors have comprised:
Chairman, Sir Robert Finch, and Non-Executive Directors: Jenny Hill (Senior Independent Director), Neil Lerner, Nicholas Coleman, Richard Hunting, Professor Sir Anthony Newman-Taylor, Kate Owen, Mr Andrew Vallance- Owen, Lesley-Anne Alexander.

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** **28th May 2013**
Chief Executive
On behalf of the Board of Directors

3. Trust Governance

3.1 Introduction

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

The powers of the Trust are set out in the National Health Service Act 2006 as amended by the Health and Social Care Act 2012. The Trust governance arrangements are enshrined in the Royal Brompton & Harefield NHS Foundation Trust Constitution. This makes provision for the Trust to be supported by a membership drawn from 3 constituencies, a public constituency, a staff constituency and a patient constituency. The Constitution also makes provision for a Council of Governors comprising both elected and appointed parties. The elected parties are drawn from the membership and the appointed parties represent key stakeholders with whom the Trust is engaged. The Constitution was updated in October 2012 in order to take account of the provisions of the Health and Social care Act 2012 commenced at this time. The amendments to the Constitution were approved by Monitor.

The governance structures of the Trust comprise:

The Council of Governors, with one committee, the "Nominations & Remuneration Committee of the Council of Governors" which conducts the selection of the Chairman and Non Executive Directors.

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

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

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

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 Property Committee, the Finance Committee, the Governance and Quality Committee and the Equality and Diversity Steering Committee. However, these committees are not formal committees of the Trust Board.

3.2 Committee Disclosures

Council of Governors

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

The Governor's Council met four times during 2012/13. Details of attendance, including that of Board members, are given in the table on page 26.

Nomination & Remuneration Committee of the Council of Governors

Two new independent Non-Executive Directors (Mr Andrew Vallance-Owen and Ms Lesley-Anne Alexander) were appointed during 2012/13.

One independent Non-Executive Director (Mr Neil Lerner) was re-appointed for a second term of 3 years, and the Chairman Sir Robert Finch was re-appointed for a period of 2 years. The appointment of Mrs Jenny Hill as NED and SID was extended until 30th June 2013.

The remuneration of the Chairman and the NEDs remained unchanged during 2012/13.

Members of the Committee include:

- Mr Ray Puddifoot
- Mr Philip Dodd
- Dr Adrian Lepper
- Dr Andrew Morley-Smith
- Mr Peter Rust

Mr Puddifoot, Mr Dodd and Dr Lepper have served on this committee since its inception.
Dr Andrew Morley-Smith and Peter Rust joined the committee during 2012/13.

Sadly, Peter Rust passed away in April 2013. Peter had been a patient governor since the Foundation Trust was formed. He took a particular interest in the work of the estates team, and the way in which he worked with hospital staff was a model for how this should be done.

The Council of Governors

Name	Date of Appointment/ Election	Term of Appointment	Constituency	Attendance Record Council of Governors
Governors				
Mr Philip Dodd	1.6.12	3 years (2nd term)	public	4/4
Mr Kenneth Appel	1.6.12	3 years (2nd term)	public	4/4
Mrs Caroline Greenhalgh (Resigned 14.7.12)	1.12.10	3 years	public	0/1
Mr John McCafferty	3.10.12	3 years	Public	2/2
Mr Brian Waylett (Resigned 14.8.12)	1.12.10	3 years	patient	1/2
Mr Brian Waylett	3.10.12	3 years	public	1/2
Mr Peter Rust	1.7.12	3 years (2nd term)	patient	4/4
Mr Anthony Connerty (Term ended 31.5.12)	1.6.09	3 years	patient	0/1
Mr Richard Baker (Term ended 31.5.12)	1.7.09	3 years	patient	1/1
Mrs Mary-Anne Parsons (Term ended 31.5.12)	1.6.09	3 years	patient	0/1
Mr Guthrie McKie	1.1.13	3 years	patient	1/1
Mr Peter Kircher	1.12.10	3 years	patient	4/4
Mr Edward Waite	1.7.12	3 years	patient	2/3
Mr John McIntosh	1.7.12	3 years	patient	0/3
Dr Adrian Lepper	1.6.12	3 years (2nd term)	patient -carer	4/4
Mrs Sheila Cook	1.12.10	3 years	patient	1/4
Dr Ian Balfour-Lynn	1.6.12	3 years (2nd term)	staff	2/4
Professor Margaret Hodson (Term ended 31.5.12)	1.6.09	3 years	staff	1/1
Ms Sue Callaghan (Term ended 31.5.12)	1.6.09	3 years	staff	1/1
Dr Olga Jones (Maternity leave 19.1.12 – 31.3.13)	1.12.10	3 years	staff	4/4
Councillor Mrs Victoria Borwick	1.6.09	3 years	L.B. Kensington & Chelsea	0/4
Mr Ray Puddifoot	1.6.09	3 years	L.B. of Hillingdon	4/4
Mrs Allison Seidlar	1.11.09	3 years	NHS Hillingdon/NHS NW London	2/4
Professor Michael Schneider	1.6.09	3 years	Imperial College, London	3/4
Professor Peter Rigby	1.6.09	3 years	University of London	3/4

Other Attendees including **Board Members:**				
Chairman				3/4
Chief Executive				4/4

Medical Director				0/4
Associate Chief Executive - Finance				4/4
Chief Operating Officer				4/4
Director of Nursing & Governance				3/4
Director of Performance & Trust Secretary				4/4
NED: R Hunting				3/4
NED: J Hill				3/4
NED K Owen				2/4
NED: N Coleman (Resigned 13.2/13)				1/3
NED N Lerner				0/4
NED: A Newman Taylor (Until 13 July 2012)				1/1

Governors' Interests

PUBLIC CONSTITUENCY 1: North West London	
DODD, Philip Joseph	Member, Harefield Hospital ReBeat Club Company Director: Gloucester Healthcare Partnership Ltd Wastewater Management Holdings Ltd Ayr Environmental Services Ltd Agecroft Properties (No.2) Ltd Albion Healthcare (Doncaster) Holdings Ltd Albion Healthcare (Doncaster) Ltd API Holdco Ltd Healthcare Providers (Gloucester) Ltd Mercia Healthcare (Holdings) Ltd North Wiltshire Schools Ltd Town Hospitals (Southern General) Holdings Ltd Town Hospitals (Southern General) Ltd White Horse Education Partnership Ltd Alternate Director: The Newcastle Estate Partnership Ltd Newcastle Estate Partnership Holdings Ltd Road Management Services (Darrington) Holdings Ltd Road Management Services (Darrington) Ltd Road Management Services (Finance) plc Wastewater Management Holdings Ltd
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 LINK Board (Health Watch) Member: Hertfordshire LINK Board (Health Watch) West Hertfordshire Hospital Board 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 Hospital Rebeat Club Member: Harefield Transplant Club
PUBLIC CONSTITUENCY 4: Rest of England & Wales	
WAYLETT, Brian Peter	None

PATIENT CONSTITUENCY: North West London	
RUST, Peter John	Member, Harefield Hospital ReBeat Club
McKIE, Guthrie	Director, 26 Sutherland Place Management Limited
PATIENT CONSTITUENCY: Beds & Herts	
CONNERTY, Anthony	Member, Harefield Hospital ReBeat Club
KIRCHER, Peter	Member, Harefield Hospital ReBeat Club Member, Collaboration for Leadership and Applied Research and Care, North West London
PATIENT CONSTITUENCY: South of England	
BAKER, Richard	None
WAITE, Edward	None.
PATIENT CONSTITUENCY: Elsewhere	
COOK, Sheila	Member, The Conservative Party
PARSONS, Mary-Anne	None
McKINTOSH, John	Director, Specialised Engineering Projects Ltd and Mcintosh Associates Ltd Ownership/Shareholder in Specialised Engineering Projects Ltd and Mcintosh Associates Ltd
PATIENT CONSTITUENCY: Carers	
LEPPER, Adrian Murray	Company Secretary and Director: Chiltern Society (voluntary) Member: Hertfordshire LINK (voluntary) Company Secretary and Director: Chilterns Woodland Project Ltd (voluntary)

STAFF CONSTITUENCY	
BALFOUR-LYNN, Ian	President: Paediatric & Child Health Section Royal Society Medicine Member: BTS Specialist Advisory Group on Home Oxygen Member: CF Trust Medical Advisory Committee Executive Committee Member: British Paediatric Respiratory Society Co-chair: Respiratory Group for London Paediatric Tertiary Review Member RCPCH Council (Representative of Sub-specialists)
HODSON, Margaret Ellen	None
CALLAGHAN, Sue	Member RCN (Royal College of Nursing) Respiratory Advisory Group Member British Thoracic Society (BTS) Nursing Member
JONES, Olga	None
MORLEY-SMITH, Andrew	None
SANO, Jennifer	None
McDERMOTT, Anne	None

APPOINTED:	
BORWICK, Victoria (Royal Borough of Kensington & Chelsea)	Councillor: Royal Borough of Kensington & Chelsea Assembly Member, Greater London Authority 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
(NHS Kensington & Chelsea)	**VACANT**
PUDDIFOOT, Ray (London Borough of Hillingdon)	Leader: London Borough of Hillingdon Chief Executive: Magdi Yacoub Institute (health research charity) 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
SEIDLAR, Allison NHS Hillingdon/(NHS NW London	None
Professor Michael D Schneider Imperial College London	Head of Cardiothoracic Science, Imperial College London Member: MRC Council Research Director: Cardiovascular and Renal Clinical Practice Group (CPG4), Imperial College Healthcare NHS Trust Founder and Scientific Board Member: Kardia Therapeutics Consultant: Cardio3 Biosciences
Prof Peter Rigby University of London	Deputy Chairman: The Wellcome Trust Member of Council: Marie Curie Cancer Care Chairman: Scientific Advisory Board of Oxford Gene Technology

Governors' Expenses

Mr Kenneth Appel	£32.04
Mr John McCafferty	£44.00
Mr Richard Baker	£15.50
Mr Peter Kircher	£82.34
Dr Olga Jones	£58.60

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 composed of 6 independent Non-Executive Directors, 5 Executive Directors and a Chairman who is Non-Executive. The arrangements for appointment and removal of Non-Executive Directors are set out in the Royal Brompton & Harefield NHS Foundation Trust Constitution, Non-Executive Directors are appointed for a period of 3 years.

Details of Operation

Between 1 April 2012 and 31 March 2013, the Trust Board convened on 8 occasions.

Composition and Committee Duties

Name	**Roles**	**Attendance Record**			
		Trust Board	**Audit Committee**	**Risk & Safety Committee**	**Nominations & Remuneration Committee of the Trust Board***
Sir Robert Finch	Chairman	7/8			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	8/8			
Richard Paterson	Assoc Chief Executive – Finance	8/8			

Non-Executive Directors					
Jenny Hill	Nomination and Remuneration Committee Risk & Safety Committee	8/8		4/4	1/1
Prof Sir A Newman Taylor	Risk & Safety Committee	1/2		1/1	
Nicholas Coleman	Audit Committee Chair of Risk & Safety Committee	6/7	4/5	3/4	
Richard Hunting	Chairman Nomination and Remuneration Committee; Audit Committee	7/8	5/5		1/1
Neil Lerner	Chair of Audit Committee, Risk & Safety Committee	5/8	5/5	4/4	
Kate Owen	Nomination and Remuneration Committee, Audit Committee	7/8	3/5		1/1
Mr Andrew Vallance-Owen	Risk & Safety Committee Audit Committee	1/1			
Lesley-Anne Alexander		1/1			
Other Attendees					
Richard Connett	Director of Performance & Trust Secretary	7/8	5/5	4/4	

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

**The meeting of the Nomination and Remuneration Committee of the Trust Board was originally scheduled for 27th March 2013, but had to be postponed until 24th April 2013 to ensure full representation*

The table on page 27 demonstrates that Executive and Non-Executive members shown above have also been in attendance at meetings of the Council of Governors in order to understand the views of governors. Non-Executive Directors also attended the Annual Members' Meeting at which the views of members were expressed. It should also be noted that some of the Governors are frequently present at meetings of the Trust Board.

Directors' Interests

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

Chairman

Sir Robert Finch
Director & Chairman, F F & P Russia Ltd (and associated companies)
Director & Chairman, Aviva Mall Fund
Governor, Legal Education Foundation
Trustee, LSO Endowment Trust
Trustee, Chichester Harbour Trust
Alderman, Ward of Coleman Street City of London and as such;
Member, various City of London Corporation Committees including in particular:
(i) Member Property Investment Committee
(ii) Member Hospitality Working Party
(iii) Member Resource Allocations Sub Committee City of London
(iv) President, Coleman Street Ward Club
Hon Colonel, Inns of Court City and Essex Yeomanry
Vice President, King Edward's School, Witley
Governor, Christ's Hospital
DL, City of London
Magistrate, City of London Bench (non-active)
Trustee, NHLI Foundation
Trustee, Royal Brompton & Harefield Hospitals Charity

Senior Independent Director

Mrs Jennifer Hill
Consulting Director, Echelon Ltd
Non Executive Director, Mintec Ltd (Mintec is the principal independent source of global information for commodities and raw materials)
Member, Modernising Nursing Careers Steering Group, NHS London
Director, CPS Ltd (Executive mentoring and coaching)

Non-Executive Directors

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

Mr Nicholas Coleman
Consultant, Risk Reputation Consultants Ltd
Trustee of the Friends of Richmond Park (Charity)

Mr Richard Hunting
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 Neil Lerner
Vice President; Royal National Lifeboat Institution (RNLI) and member of RNLI Finance & Investment Committee
Governor, School of Oriental & African Studies
Board Member, LMS Capital Plc

Professor Sir Anthony Newman Taylor
Principal, Faculty of Medicine, Imperial College
Director CORDA, preventing heart disease & stroke
Chairman, Colt Foundation
Member, Medical Honours Committee
Trustee, Rayne Foundation
Member, Bevan Commission
Member, Independent Scrutiny Group, Armed Forces Compensation Scheme (AFCS) Review , MOD
Chairman, BOHRF Research Committee
Chairman Independent Medical Expert Group of the Armed Forces Compensation Scheme (AFCS), MOD.

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

Mr Andrew Vallance-Owen
Chair, South West Peninsular, Academic Health Science Network
Chair, UK Trade and Investment Healthcare Business Group
Chair, Private Healthcare Information Network
Chair, Dr Foster Ethics Committee
Chair, Royal Medical Foundation of Epsom College
Chair, Dept of Health Patient Reported Outcomes Stakeholder Group
Chair, Independent Healthcare Advisory Service Cosmetic Surgery Working Group
Governor, Queenswood School
Trustee, Barrett's Oesophagus Campaign
Trustee, Neuro-disability Research Trust, Royal Hospital for Neuro-disability
Member, Advisory Board, Thai Children's Trust

Executive Directors

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

Professor Timothy Evans
Vice Dean, Faculty of Intensive Care Medicine
Board Member, Faculty of Pharmaceutical Medicine
Advisor, Grant Reviewer and Advisory Board Member for multiple organisations
Honorary Civilian Consultant in Intensive Care Medicine, Army
Lead Fellow, Future Hospital Commission, Royal College of Physicians

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

Mr Robert Craig
Trustee, QAL Advanced Cardiovascular Network
(UK Charity)

Dr Caroline Shuldham OBE
Tour Leader, Master Travel Ltd
Trustee of the Foundation of Nursing Studies

Directors' Resumes

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

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

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

Mr Nicholas Coleman is an experienced business executive with a background in sub-surface numerical simulation and analysis, business administration and corporate governance. He has worked in the international oil, gas and petrochemicals arenas, mainly with BP and most recently as a Vice President in their finance and control and corporate social responsibility areas. He left BP in 2007 and is now engaged in various not-for-profit organisations. He has a BSc in Physics with Geophysics from Imperial College London. Mr Coleman left the Trust Board in February 2013 having given valuable service to the Trust, firstly as Chairman of the Audit Committee at the time when the Trust was first authorised as Foundation Trust, and later as the Chair of the Risk and Safety Committee.

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

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 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.

Professor Sir Anthony Newman Taylor CBE, FRCP, FFOM, FMed Sci is Principal of the Faculty of Medicine, Imperial College, having been Head of Imperial College's National Heart and Lung Institute between 2006 and 2009. He is also head of the Department of Occupational and Environmental Medicine at Imperial College. He was appointed consultant physician at Brompton Hospital in 1977 and became medical director of Royal Brompton Hospital when it became a Trust in 1994. When Royal Brompton merged with Harefield Hospital in 1998, he was appointed medical director of the new organisation and Deputy Chief Executive. Professor Newman Taylor was, until January 2008, chairman of an expert scientific advisory committee to the government (the Industrial Injuries Council). He is currently chairman of the Colt Foundation charity, and of the Independent Medical Expert Group of the Armed Forces Compensation Scheme, MOD.

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 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.

Executive Directors

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

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

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

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. Dr Shuldham is an honorary clinical senior lecturer at the National Heart and Lung Institute of Imperial College London and a nurse fellow of the European Society of Cardiology. Dr Shuldham was recognised with an OBE on the Queen's Birthday Honours List in June 2009.

Mr Richard Paterson joined the Trust as interim director of finance in January 2011 for a six-month term. He subsequently rejoined 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.

Audit Committee

The Audit Committee (composed of Non-Executive Directors) met on 5 occasions during 2012/13, each time under the Chairmanship of Mr Neil Lerner. The Audit Committee has discharged its responsibilities to 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. The Audit Committee has been supported in its work by internal auditors from KPMG and counter fraud specialists from Parkhill Counterfraud and Security Division and also by the external auditors, Deloitte LLP. The minutes of the Audit Committee have been submitted to the Trust Board and the Chairman of the Audit Committee has reported the business of the Audit Committee to the Trust Board after each meeting of the Audit Committee.

Risk & Safety Committee

The Risk & Safety Committee (composed of Non-Executive Directors) met on 4 occasions during 2012/13. Mr Nicholas Coleman was Chairman of this committee until February 2013. 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 Chairman of the meeting held in February 2013 was Mr Neil Lerner and Mr Lerner supplied the required report to the Trust Board at its meeting in March 2013. The Risk and safety Committee agendas have included in depth reviews of serious incidents, the Trust response to the Francis Report, review of the relationship between the Risk and Safety Committee and the Governance and Quality Committee and annual review of performance against the Quality Governance Framework, supported by quarterly updates reporting any in year change.

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

An external evaluation of the Trust Board was commenced during the latter part of 2011/12 and concluded during the early part of 2012/13.

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 and will be implemented as appropriate.

Since this date, work has focused on the changes brought forwards through commencement of the provisions contained within the Health and Social Care Act 2012. Additional work has been undertaken to clarify the 'Matters Reserved to the Board' and the 'Scheme of Delegation' which sets out the authority of the Chief Executive. These documents were presented to the Trust Board in April 2013 and the Council of Governors in May 2013 along with the revised NHS Foundation Trust Constitution.

Nomination & Remuneration Committee of the Trust Board

The Nominations and Remuneration Committee of the Trust Board (composed of Non-Executive Directors) met on 24th April 2013, under the Chairmanship of Mr Richard Hunting. In discharging its responsibilities to oversee the remuneration of the executive directors, the Nomination & Remuneration Committee of the Trust Board has taken into account information from appraisals carried out in relation to the performance of the executive directors. This process has included feedback from 360 degree appraisals.

There have been no changes to the appointments of executive directors during 2012/13.

3.3 Remuneration Report

The policy on the pay of senior managers during 2012/13 was that there would be no general uplifts of salaries in terms of cost of living payments.

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 (during 2010) 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, although it should be noted that the contract for Richard Paterson is for a period ending 30th June 2014 at his request.

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 2013
Sir Robert Finch	Chairman	01 Jan 09 Renewed 26 Feb 13	21 months
Robert J Bell	Chief Executive	28 Mar 05	Substantive contract no end date specified
Mrs Jennifer Hill	Senior Independent Director	01 Dec 05 Renewed 01 Dec 12	6 months
Mr Neil Lerner	Non-Executive Director	01 Feb 10 Renewed 26 Feb 13	34 months
Ms Lesley-Anne Alexander	Non-Executive Director	26 Feb 13	35 months
Mr Nicholas Coleman	Non-Executive Director	01 Jan 08	Left Feb 13
Mr Richard Hunting	Non-Executive Director	01 Jan 07	9 months
Prof Sir Anthony Newman-Taylor	Non-Executive Director	01 Apr 06	Left Jun 12
Ms Kate Owen	Non-Executive Director	06 Oct 10	18 months
Dr Andrew Vallance-Owen	Non-Executive Director	26 Feb 13	35 months
Timothy Evans	Medical Director & Deputy Chief Executive	1 Apr 06	Substantive contract no end date specified
Richard Paterson	Associate Chief Executive - Finance	26 Oct 11	15 months
Robert Craig	Chief Operating Officer	22 Oct 08	Substantive contract no end date specified
Caroline Shuldham	Director of Nursing & Governance	1 Apr 94	Substantive contract no end date specified

The standard notice period for a senior manager is 3 months. No termination payments have been made during the reporting period and none are planned during 2013/14. Details of the salary and pension entitlements of directors are set out in note 36 of the Accounts, Annex 1 of this document.

..... **Robert J Bell** **28th May 2013**
Chief Executive
On behalf of the Board of Directors

3.4 Membership

New members of the Trust are assigned to a constituency and geographical catchment in line with the criteria for membership set out in the constitution. There are three constituencies: patient, public and

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

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

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

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

Members of staff who are eligible to be members are informed about the Trust's status as a Foundation Trust and membership at monthly new staff inductions. Members of the staff constituency may opt out of staff membership by notifying the Membership Manger.

In 2012-2013 membership data for patient and public constituencies was transferred from the Capita database to the Membership Engagement Services (MES) database. Data for staff membership was also uploaded to MES from the Trust Electronic Staff Record system. During migration, the quality of the data was reviewed and corrections to the data were made where duplicate entries were identified. The table below reflects the cleansed data which is now used to manage the Foundation Trust membership.

Analysis of Membership – Differences following migration of data to the Membership Engagement Services Database

	Capita Database 31st March 2012	**MES Database 1st April 2013**	**Difference**	**Explanation**
Public	1,739	1,694	-45	Duplicate entries removed and deceased members removed.
Staff	3,815	3,226	-589	Duplicate entries removed for staff members on the database as bank staff and permanent staff.
Patients	4,687	4,548	-139	Duplicate entries removed and deceased members removed.
Total			-773	

Analysis of Membership at 31 March 2013: Membership Size and Movements

Public			**2011-2012**	**2012-2013**
	At year start (April 1)	+ve	1,775	1,694
	New members	+ve	63	48
	Members leaving	+ve	99	18
	At year end (31 March)		**1,739***	**1,724**

Staff	At year start (April 1)	+ve	3,840	3,226
	New members	+ve	880	205
	Members leaving	+ve	905	50
	At year end (31 March)		**3,815***	**3,381**
Patient	At year start (April 1)	+ve	4,615	4,548
	New members	+ve	329	198
	Members leaving	+ve	257	79
	At year end (31 March)		**4,687***	**4,667**
	TOTAL		**10,241***	**9,772**

*Please note that due to the removal of duplicate data entries, there were changes to the membership data between 2011/12 and 2012/13. See previous page for further details.

In Year Movements

	Members Leaving	Members joining	Net
Public	18	48	30
Patient	79	198	119
Staff	50	205	155
Total			**304**

Overall, the number of members increased by 304 during 2012/13.

Membership Strategy and Engagement

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

The Trust's plan has been to increase its membership from the current base to 12,000. The target of 12,000 was set by the Membership Steering Committee.

The Trust is mindful of the new duties to ensure a representative membership, in both patient and public constituencies, which are enshrined in the Health and Social Care Act 2012. These came into effect on 1st April 2013. The Membership Manager, in conjunction with the Membership Steering Committee, has been trialling a number of methods to recruit members with a view to ensuring that the membership is representative of the communities served by the Trust. The new database, hosted by Membership Engagement Services, has functionality which allows comparisons to be made between the general population and the membership. The availability of this functionality is one of the advantages of the new software. Throughout 2013/14 further work will be undertaken to analyse and understand the variations in membership.

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 relatives. Work to recruit current in-patients and day case patients is mainly undertaken by hospital volunteers and the membership manager. There are a several methods that have been used, and are in the progress of development, to increase the number of members and gain a representative membership. These are: mail-outs to specific under-represented groups, use of hospital volunteers to recruit new members on wards, patient governors recruit members from their patient focus group meetings. Mail-outs to ex-members of staff to encourage them to become public members, Membership stands at main hospital reception areas and out- patients and social media, for example Twitter. At a recent Royal Brompton and Harefield Hospitals Charity Event membership forms were given to attendees and recruitment drives will be held at patient awareness events and Charity events held by the Trust.

The Trust is planning a phased approach to the growth in membership numbers. Please see the table below.

Date	**Trajectory for Growth No. of Members**
31st March 2014	10,000
31st March 2015	10,500
31st March 2016	11,000
31st March 2017	11,500
31st March 2018	12,000

Engaging Members

The Trust held its third Annual Members' Meeting on 10th October 2012 and approximately 80 members attended. The next meeting will be held on the 22nd July 2013 and once again all members will be invited. The Trust has engaged its members in a number of ways during 2012-2013. These have included engagement in the development of the Quality Account where members were able to vote on priorities for 2012-13. They 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. A series of events for engagement with members for 2013-14 is planned

Communication with Members

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

The Trust maintains contact with its members through a newsletter that is sent out twice a year. Members are sent this in the post/email and it is also available through accessing the trust website. Plans for 2013-2014 are to include an e-newsletter to be sent regularly to members with Trust news.

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

There is a generic email address available for members to communicate with governors: governors@rbht.nhs.uk

and for members to contact the Membership Manager: members@rbht.nhs.uk

4. 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 2012/13, 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 20012/13 and there was no detrimental impact on these services as a result of the other income received during this period.

Countering Fraud and Corruption
During 2012/13 the Trust engaged Parkhill, 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 note 36 of the Accounts, Annex 1 of this document.

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

Interest Paid under the Late Payment of Commercial Debts (Interest) Act 1998
Information regarding these is disclosed in note 10 of the Accounts.

Staff Consultations
During 2012/13 there were organisational change proposals for Nuclear Medicine, and Histopathology. There were no large scale redundancies.

Public Consultations
Details of consultations with stakeholder groups engaging with the Trust are given in the Quality Report.

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

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

Data Loss/Confidentiality Breach
There were no serious incidents involving data loss in the period.

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

Value of Fixed Assets
The Trust's Land and Buildings were last valued by the Director of Capital Projects and Development at 31 March 2012. In the opinion of the directors, there is no material difference between the reported holding value and fair value of those assets at the balance sheet date.

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

Events since 31 March 2013
There have been no disclosable post balance sheet events.

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

Occupational Health

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

The Occupational Health Department will be taking part in two National occupational clinical audits during the summer of 2013. One of the audits will evaluate clinical performance against guidance from the National Institute for Health and Clinical Excellence (NICE) on management of long term sickness absence. The focus will be on co- morbid depression, work barriers and enablers and the use of psychological and physical therapies. The second audit aims to measure and improve compliance with the regulatory body requirements for clinical record keeping. It will include benchmarking against national Occupational Health Standards. These audits will enable the Trust to make progress against its objective to gain accreditation for Safe Effective Quality Occupational Health Services (SEQOSH).

A seasonal flu vaccination campaign was run during the autumn / winter of 2012/13. Flu vaccination uptake by health care workers within the Trust compares favourably with the data recorded in London and indeed with the overall rate for England, which is higher than that for London.

Flu vaccination uptake 2012/2013:

England 44%
London 37.8%
Royal Brompton and Harefield Foundation Trust 53.1%*

*Note: The figures recorded do not take into account vaccinations which have been given to health care workers by their General Practitioner, so the actual uptake of vaccination is likely to be higher than has been recorded by the Occupational Health Service.

Health and Safety

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

Staff Sickness

In common with all other NHS Trusts, the Trust provides quarterly data on sickness absence to the Cabinet Office.

Staff Sickness	% of staff sickness	Internal target: 3% or below	Apr 12 - Mar 13	2.59 %	Achieved

Policies in relation to disabled employees and equal opportunities

The Trust has a Diversity Policy which was updated and ratified in June 2010 in order to take into account the requirements of the Equality Act 2010, which became law in October 2010.

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

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

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

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

5. Staff Survey

Introduction

The 2012/13 Staff Survey was conducted in the months of October and November and the results were published by the Care Quality Commission in February 2013. The Trust recognises that staff engagement and motivation is key to productivity and job satisfaction. For this reason there are several methods in place to enhance communication, opportunities for information sharing and for rewarding staff, established across both hospital sites.

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

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

New Staff Well-being and Stress 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 while supporting them to provide compassionate care.

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

Initiatives recently implemented

An initiative entitled 'Working Together Better for Patients' is now in place across the Trust, with 61 ambassadors already trained. The Trust score for bullying and harrassment is now in line with the national average, and the Trust will continue to run this iniative and hopefully drive this figure down further still.

With regard to appraisal completion rate, this continues to improve, rising from 65% at the time of the survey, to 72% currently. The learning and development department are continuing to work with departments who show particularly low completion levels, for example the Estates department's percentage has risen from 21% to 60% in recent months.

Other programmes such as Stress and conflict handling, team building, and mediation have been run regularly, tailored for each departmental or individual need. We are also currently making a concerted effort with staff and managers to improve Appraisal completion rates and Health and Safety training attendance, and will be considering running Health and Safety courses on a 12 month rotation. 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 2012 survey are summarised below.

Response Rate:

At the time of sampling, 3050 staff were eligible to receive the survey. Questionnaires were sent to a random sample of 837 staff. This includes only staff employed directly by the trust (i.e. excluding staff working for external contractors). It excludes bank staff unless they are also employed directly elsewhere in the trust.

357 staff at the Trust took part in this survey. This is a response rate of 43% which has increased very slightly from the 2011 survey, however is still below average for acute specialist trusts in England.

	2011/12 (Acute Trusts)		2012/13 (Acute Trusts)		Trust Improvement/ Deterioration
	Trust	National Average	Trust	National Average	
Response Rate	42%	54%	43%	50%	+1%

Areas of improvement from the prior year and deterioration:

The Trust has shown a significant improvement this year in 'effective team working'. Learning & Development has delivered a variety of interventions geared towards improving team cohesion and performance. In the past year L&D have delivered 15 teambuilding days, some of which were designed to make good teams better and some of which were designed to improve teams with problems, and all of which achieved their objectives. There have been 10 stress and conflict handling sessions under the Working Together Better for Patients initiative (covering approximately 250 people) as well as 9 Ambassador Training sessions. Also offered by L&D is 1:1 Leadership Coaching from our 2 qualified coaches and individual or departmental mediation to address problems within teams. All of the above will continue to be offered going forward as well as new qualifications in Coaching and Mentoring (from Summer/Autumn 2013).

The percentage of staff having received equality and diversity training the last 12 months has deteriorated slightly since 2011's due to the large numbers who completed the training in 2011. The training requirements vary according to staff group and not all groups are required to complete the training every year.

Trust performance has also fallen slightly in the percentage of staff believing the Trust provides equal opportunites for career progression or promotion, although still scoring a reasoably high percentage, albeit below the national average. This change is probably due to a low turnover rate, providing less opportunity for career progression within the Trust.

Staff reporting errors and near misses has also fallen slightly and the Trust will look to promote reporting procedures further with the aim of improving performance in this area.

Key finding	Change since 2011	2012 survey result	National Average 2012
Effective team working	+0.15	3.78	3.77
Percentage of staff reporting errors, near misses or incidents in the last month	-9%	86%	92%
Percentage of staff believing the Trust provides equal opportunities for career progression or promotion	-8%	82%	88%
Percentage of staff having equality and diversity training in the last 12 months	-9%	44%	61%

Top 4 Ranking Scores:

	2011/12 (Acute Specialist Trusts)		2012/13 (Acute Specialist Trusts)		Trust Improvement/ Deterioration
Top 4 Ranking Scores	Trust	National Average	Trust	National Average	

KF1. Percentage of staff feeling satisfied with the quality of work and patient care they are able to deliver	85%	77%	89%	82%	+4% improvement
KF6. Percentage of staff receiving job-relevant training, learning or development in last 12 months	79%	77%	84%	81%	+5% improvement
KF22. Percentage of staff able to contribute towards improvements at work	72%	66%	74%	71%	+2% improvement
KF11. Percentage of staff suffering work-related stress in last 12 months	23%	27%	28%	32%	+5% deterioration

Bottom 4 Ranking Scores:

	2011/12 (Acute Specialist Trusts)		2012/13 (Acute Specialist Trusts)		Trust Improvement/ Deterioration
Bottom 4 Ranking Scores	Trust	National Average	Trust	National Average	
KF7. Percentage of staff appraised in last 12 months	65%	81%	65%	83%	0%
KF27. Percentage of staff believing the Trust provides equal opportunities for career progression or promotion	90%	92%	82%	88%	-8% deterioration
KF14. Percentage of staff reporting errors, near misses or incidents witnessed in the last month	96%	96%	86%	92%	-10% deterioration
KF10. Percentage of staff receiving health and safety training in last 12 months	68%	83%	63%	76%	-5% deterioration

Recommendations for addressing areas requiring improvement

1. Aim to improve response rate for the survey to enhance the quality of data received and consider increasing the number of people we survey. Further promote the incentive offered in 2012 (prize draw for those who complete the survey). We will also look to offer an online completion facility in 2013. We will also publish results and action plans on the intranet, via email and in staff publications.

2. Continue with the implementation of the 'Improving Working Relationships' initiative to address Bullying and Harassment across the Trust, in the hope of reducing our score further yet in next year's survey.

3. Although appraisal rates have risen dramatically over the past three years, we are still showing a lower completion rate than other acute specialist Trusts. We score very highly in the Medical Division, including junior doctors, which shows 93% as having been appraised in the last 12 months, but other areas show lower rates, in particular the Brompton Heart Division with 59%. With this in mind the Learning and Development team will be working with some of the Trusts showing the highest scores, such as Liverpool Heart and Chest NHS Foundation Trust, who show 89% of staff as having been appraised in the last 12 months in this year's survey, compared to our score of 65%. The HR teams will also continue to work closely with managers in departments showing very low percentages.

4. Health and Safety training rates are reported as below average in the staff survey. This is a reflection of the frequency with which the Trust has run the training. Up to now, this has been run on the frequency of refresh training every two to three years. The staff survey asks about training in the last 12 months, and therefore some staff whose training has been deemed to be in date by the Trust appear in the survey results to have not received any training. Nonetheless, the Trust realises that this is a very important area and steps are being taken by the Learning and Development team to review training frequency and to assist managers with identifying those staff whose training is due, so that satisfactory completion of Health and Safety training requirements can be optimised.

5. The Trust scores above average in the fairness and effectiveness of our reporting proceedures for errors and incidents, but below average for the number of staff actually using the reporting system when necessary. Promotional material to ensure all staff understand the process for reporting incidents could be increased with the use of tools such as screen savers, all users emails and also through managers raising this issue with staff in team meetings.

6. Regulatory Ratings Report

2012/13 was our third full year of operation as a Foundation Trust.

	Annual Plan 2011/12	Q1 2011/12	Q2 2011/12	Q3 2011/12	Q4 2011/12
Financial Risk Rating	3	3	3	3	3
Governance Risk Rating	Green	Green	Amber / Green	Amber / Green	Amber / Green

	Annual Plan 2012/13	Q1 2012/13	Q2 2012/13	Q3 2012/13	Q4 2012/13
Financial Risk Rating	3	3	3	3	3
Governance Risk Rating	Amber / Red	Green	Amber / Green	Amber / Red	Amber / Red

During 2012/13, the Trust delivered the financial risk ratings set out in the Annual Plan as detailed by quarter.

The Governance rating was Amber / Green in Q2 2012/13. This was due to a Monitor override of the Trust's Q2 declaration attributable to the *Clostridium difficile* target. The Trust is in dispute with the Department of Health (DH) because of the very low target set by the DH for 2011/12, and carried forwards since then.

Anticipated issues with 18 week admitted patient target in Q3 and Q4 led to the governance rating falling to Amber / Red. This had been forecast in the Forward Plan for 2012/13.

Annex 1

FINANCIAL STATEMENTS OF THE ROYAL BROMPTON & HAREFIELD NHS FOUNDATION TRUST FOR THE YEAR 1st APRIL 2012 TO 31st MARCH 2013

Accounts for the year 1st April 2012 to 31st March 2013

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Accounts of Royal Brompton & Harefield NHS Foundation Trust
for the Year ended 31 March 2013

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

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

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *NHS Foundation Trust Annual Reporting Manual 2012-13* and in particular to:

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

• Make judgements and estimates on a reasonable basis;

• State whether applicable accounting standards as set out in the *NHS Foundation Trust Financial Reporting Manual 2012/13* have been followed, and disclose and explain any material departures in the financial statements; and

• Prepare the financial statements on a going concern basis.

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

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

..... **Robert J Bell**
Chief Executive and Accounting Officer **28th May 2013**

Accounts of Royal Brompton & Harefield NHS Foundation Trust for the year ended 31 March 2013

Annual Governance Statement 2012-13

1. Scope of responsibility

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

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve polices, aims, objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control, is based on an ongoing process designed to identify and prioritise the risk to the achievement of the policies, aims and objectives of the Royal Brompton & Harefield NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Royal Brompton & Harefield NHS Foundation Trust for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

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

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

All Directors across all areas of the Trusts take responsibility for risk identification, management and mitigation within their areas of work and practice. The Divisions are responsible for their own areas, and this is supported by 6-monthly Divisional Quality &

Safety reports which contain a wide-range of information including risks, incidents, complaints, clinical outcomes, clinical audits, compliance with best practice.

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

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

4. The risk and control framework

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

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

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

Serious risk is identified as a significant risk to the fulfillment of the organisation's strategic objectives or represents a 'significant lapse' in compliance with the Foundation Trust Authorisation, and these criteria and the risks that meet them require regular Board review.

Therefore serious risks are included on the Risk Register and are summarised as the Trust's top risks subject to review by the Risk and Safety Committee of the Trust Board in order to assess mitigating actions, the adequacy of resources directed towards managing the risk and the level of assurance that the controls are effective. Lower scoring risks are managed within the division /department where they originate and held on the risk register.

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

The Top Trust Risks are kept under regular review by the Trust Board. For 2012/13 the Top Risks and their mitigating actions have included:

Top Risks	Mitigation
Reputation & Relationships:	
• The Trust may be decommissioned from being a provider of paediatric cardiac surgery following the decision by the Joint Committee of PCTs not to include the Royal Brompton within any of the set of reconfiguration options offered up for public consultation. The matter has been referred, by the Secretary of State for Health, to the Independent Reconfiguration Panel (IRP) for review. The IRP report has been delivered to the Secretary of State whose decision is pending'	• Continue to engage with parties within and outside the NHS (commissioners; charities; department of health officials; local councillors; members of Parliament) in order to communicate key messages (i.e.) the flaws in the case for change, b) the damage to our other services, c) our readiness to create a tertiary network solution for London & SE England) • Ensure the Trust participates from the outset in all clinical working groups relating to the review of any service that we provide
• There is a broad set of external parties whose opinions, policies and activities can affect whether or not the Trust continues to be commissioned to provide particular clinical services, is commissioned to provide new services, and/or receives funding for research & educational activities. Failure to manage these stakeholders effectively could result in the loss of services, thereby affecting the Trust's ability to achieve a financial surplus.	• Some of the Trust's care groups and teams (e.g. adult and paediatric Cystic fibrosis teams) have for several years engaged effectively with commissioners, medical charities and fellow clinicians from other peer centres in activities such as defining standards of care and planning of pathways. • Work is underway to now apply this consistently across all care groups within the Trust.
• Failure to comply with external regulations	• Close monitoring of Care Quality Commission registration requirements and Monitor Compliance Framework metrics, including quarterly self-assessment against the Quality Governance Framework

Financial Risks: • Maintenance of a Monitor Financial Risk Rating (FRR) of 3 • Failure to execute property redevelopment programme effectively and within budget • With the proposed move to a continuity of service regime liquidity will become a more important aspect of financial management	• Formation of Finance and Property Committees comprising executive and non-executive directors to oversee progress • Appointment of leading property, financial and legal advisers to the project team • Application of and compliance with Monitor's requirements for major capital projects • Establishment and maintenance of long-term financial models including milestones, cash flows and sensitivities • Ensure availability of funding on a timely basis
Service Excellence: • Estates – Health related issues • Failure to achieve expected standards of clinical care	• careful environmental monitoring, and management of maintenance programmes • Mitigated by ensuring care is delivered along appropriate care pathways • participation in all national clinical audit programmes • robust appraisal programme for clinical staff • strong governance arrangements in clinical divisions

Productivity & Investment:	
• Information technology not meeting clinical needs	• IT reorientation programme - carried through during 2012/13, new Chief Information Officer appointed, developed a programme of IT upgrade/improvement projects, launched new/updated systems for theatres, heart failure, congenital heart disease
• Inadequate sterile services	• Performance management of the service contract, purchased new equipment • Following a sustained and significant reduction in number of incidents reported relating to this service, the risk has been downgraded for local management from 1st April 2013
• Estates – out of date areas unsuitable for patients / staff	• Use of properly qualified specialist advisers • Close monitoring by Property Committee which includes both executive and non-executive directors of the Trust • Use of long-term financial models to determine funding requirements
• Estates – general maintenance backlog	• backlog maintenance programme completed as per schedule in 2012-13

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

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

- Monitor, the Foundation Trust regulator, assesses the Trust's risk profile throughout the year and its ratings inform the risk register and QGF.
- Relationships with the Care Quality Commission for ongoing monitoring of compliance with registration requirements.
- Monitoring meetings with the Trust's coordinating commissioner, NHS North West London to assess performance against the NHS Standard Contract.
- Monthly Clinical Quality Group meetings chaired by a General Practitioner representing the local Clinical Commissioning Groups (CCGs).
- The Health, Environmental Health and Adult Social Care Scrutiny Committee of the Royal Borough of Kensington and Chelsea; and the External Services Scrutiny Committee of London Borough of Hillingdon regularly review Trust performance.

- Local Involvement Networks (LINks) in Hillingdon and the Royal Borough of Kensington and Chelsea. The LINks have established a management board and a number of sub-groups focusing on particular health areas. The Trust, through the User Involvement Manager and staff, is working with LINks to ensure that it can support their agenda to engage users and identify potential risk issues so as to improve health and social care services in the boroughs. In particular, LINks are closely involved with development of the Quality Report, and it is expected that this will continue as the LINks move into the new HealthWatch.
- The Care Quality Commission undertakes a range of monitoring to identify potential risk issues. The CQC has registered the Royal Brompton and Harefield NHS Foundation Trust without restriction and the Trust reviews and responds to the regular updates from CQC which are presented to the Trust via the Quality and Risk Profile.
- Relationships with our health partners and stakeholders in relation to key objectives and future referral patterns.
- The Trust's continued relationship with the National Heart and Lung Institute of Imperial College London.

The Trust manages its risks related to data security through a number of different approaches. The Trust has a Board level Senior Information Risk Owner (SIRO). The SIRO has overseen the implementation of a wide range of measures to protect the data we hold and undertaken a full review of personal identifiable information flows to underpin the Trust's information governance assurance statements and its assessment against the information governance toolkit. The review against the information governance toolkit provides me with assurance that these aspects are being managed and that at all indicators are being met at level 2 or 3. There have not been any serious incidents involving data loss during 2012-13.

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

Care Quality Commission

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission.

Ongoing compliance with registration requirements is managed through the Registration Leads Steering Group. There are registration leads for each of the registration requirements. The registration leads maintain a provider compliance assessment (PCA) for the essential standard for which they are responsible. The PCAs are audited by the Trust's internal auditor over a 4 year rolling cycle, 4 were audited during 2012/13 and 4 more are included in the internal audit programme for 2013/14. The internal audit conducted during 2012/13 found adequate assurance and this was reported to the Audit Committee in February 2013.

The CQC undertook a routine inspection of Harefield Hospital in June 2012 and reported that the Trust was meeting all of the essential standards of quality and safety that were inspected. The CQC also undertook a routine inspection of the Royal Brompton Hospital in February 2013 and again found no concerns for the standards inspected. The Trust continues to meet all of the essential standards of quality and safety as was declared at the time of initial registration in 2010.

NHS Employer

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

Environment

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

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

The development and reporting of patient level costing and service level reporting continues, to ensure that the Board is aware of relative profitability and efficiency and this is now produced on a quarterly basis. Monthly finance and performance reports are provided to the Board and this information is used to identify opportunities for improving efficiency and profitability for each Division. This has been achieved through the introduction of contribution reporting at Divisional level. The Trust has exceeded its 2012/13 target for generation of net surplus.

Annual Quality Report

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

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

Review of effectiveness

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

other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Risk & Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

The Board; the Board has exercised its role of oversight of the system of internal control through regular reports made by the Chairman of the Audit Committee to the Board. Reports have been provided to the next meeting of the Trust Board following every meeting of the Audit Committee. At its meeting on 22nd May 2013, the Board concluded that an effective system of internal control had been in place during 2012/13.

The Audit Committee provides the Trust Board with an independent and objective evaluation of the establishment and maintenance of an effective system of integrated governance, risk management and financial and non-financial internal controls that support the achievement of the organisation's objectives. The conclusion of this Committee is that it has discharged its duties appropriately during 2012/13.

The Risk & Safety Committee provides the Trust Board with independent and objective evaluation of whether the systems and processes in place in the Trust to manage risks, especially patient safety risks, are complete, appropriate, and working as intended. The conclusion of this Committee is that is has discharged its duties appropriately during 2012/13.

Clinical audits are regularly conducted across all clinical services of the Trust. Details of participation in the national clinical audit programme are detailed in the Quality Report, at Appendix 1 of the Annual Report. The clinical audit team can confirm that it has fulfilled its duties throughout 2012/13.

Internal audit services are outsourced to KPMG, who have provided an objective and independent opinion to the Chief Executive, the Board and the Audit Committee on the degree to which risk management; control and governance support the achievement of the objectives of the organisation. The conclusion of internal audit is that an effective system of internal control to manage the principal risks identified by the organisation was in place for 2012/13,

There have been the following significant control issues in 2012-13:
In October 2012 the Trust was prosecuted by the Health & Safety Executive (HSE) as a result of an incident which took place in January 2011. In January 2013, the Trust was fined £12,500 and the HSE were awarded £25, 000 in costs. The incident involved the breakage of a vial containing TB bacteria. The vial was being handled in the containment laboratory. No harm resulted from this incident and no patients were involved but the subsequent investigation identified shortfalls in the Trust's safety procedures in the period prior to January 2011. Renewed focus on Health and Safety procedures has resulted from the learning associated with this case and Health and Safety procedures will be the subject of review by Internal Audit during 2014-15 in order to provide independent assurance that required standards are being met.

The major strategic risk relates to the risk to Children's Services posed by the review of children's congenital heart services undertaken on behalf of the Joint Committee of Primary Care Trusts (JCPCT). The results of the consultation were published in July 2012, and recommended a model of care for London which did not include services at the Royal Brompton Hospital. However, this decision has been reviewed the Independent Reconfiguration Panel (IRP) who visited the Trust on 24th January 2013. The IRP reported to the Secretary of State for Health towards the end of April 2013. Their findings will be shared with the Trust in due course.

6. Conclusion

No significant control issues have been identified other than the prosecution by the HSE, which has been identified in the body of the Annual Governance Statement above.

Signed: **Date: 28th May 2013**

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Chief Executive

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

We have audited the financial statements of Royal Brompton and Harefield NHS Foundation Trust for the year ended 31 March 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by Monitor – Independent Regulator of NHS Foundation Trusts.

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

Respective responsibilities of the accounting officer and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 March 2013and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting policies directed by Monitor – Independent Regulator of NHS Foundation Trusts; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Opinion on other matter prescribed by the National Health Service Act 2006
In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Audit Code for NHS Foundation Trusts requires us to report to you if, in our opinion:

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

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

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

28 May 2013

Accounts of Royal Brompton & Harefield NHS Foundation Trust
for the Year ended 31 March 2013

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2013 have been prepared by the Royal Brompton & Harefield NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

..... **Robert J Bell** **28th May 2013**
Chief Executive

Annex 2

Quality Report for the year ended 31 March 2013

Independent Assurance Report to the Council of Governors of Royal Brompton & Harefield NHS Foundation Trust on the Annual Quality Report

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

We have been engaged by the Council of Governors of Royal Brompton & Harefield NHS Foundation Trust to perform an independent assurance engagement in respect of Royal Brompton & Harefield NHS Foundation Trust's Quality Report for the year ended 31 March 2013 (the "Quality Report") and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the Council of Governors of Royal Brompton & Harefield NHS Foundation Trust as a body, to assist the Council of Governors in reporting Royal Brompton & Harefield NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2013, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Royal Brompton & Harefield NHS Foundation Trust for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Scope and subject matter
The indicators for the year ended 31 March 2013 subject to limited assurance consist of the national priority indicators as mandated by Monitor:

- Clostridium Difficile;
- Maximum 62 day waiting time from urgent GP referral to treatment for all cancers.

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

Respective responsibilities of the Directors and auditors
The Directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* issued by Monitor.

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

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

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

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

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

Assurance work performed

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

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

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

Limitations

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

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

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

Conclusion
Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2013:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual;
- the Quality Report is not consistent in all material respects with the sources specified in Monitor's 2012/13 Detailed Guidance for External Assurance on Quality Reports; and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the *NHS Foundation Trust Annual Reporting Manual.*

Deloitte LLP
Chartered Accountants
St Albans
28 May 2013