

## ROYAL BROMPTON & HAREFIELD NHS TRUST

### Minutes of a Meeting of the Trust Board held on 28 March 2007 in the Concert Hall, Harefield Hospital

- Present: Lord Newton of Braintree: Chairman  
Mr C Perrin: Deputy Chairman  
Mr R Bell: Chief Executive  
Professor A Newman Taylor: Non-Executive Director  
Mrs C Croft: Non-Executive Director  
Mrs J Hill: Non-Executive Director  
Mr R Hunting: Non-Executive Director  
Mr M Lambert: Director of Finance & Performance  
Mr P Mitchell: Director of Operations  
Dr C Shuldham: Director of Nursing & Governance
- By Invitation: Ms M Cabrelli: Director of Estates & Facilities  
Professor M Cowie: Director of Research & Academic Affairs  
Mr R Craig: Director of Planning & Strategy  
Mr N Hunt: Director of Service Development  
Ms J Thomas: Director of Communications  
Mr T Vickers: Director of Human Resources  
Ms J Walton: Director of Fundraising
- In Attendance: Mrs L Davies: Head of Performance  
Mr R Sawyer: Head of Risk  
Mrs E Schutte: Executive Assistant  
Mrs R Patton: PA to Director of Planning & Strategy

Apologies for absence were received from Professor Timothy Evans, Medical Director, and Ms J Ocloo, Chair Royal Brompton & Harefield Patient and Public Involvement Forum.

The Chairman welcomed members of the Trust staff and members of the public to the meeting.

REF

- 2007/33 MINUTES OF THE TRUST BOARD MEETING ON 28 FEBRUARY 2007  
Correction to 2007/31: Comments from Members of the Public, para. 2, page 12. Mr Don Chapman, a member of the League of Friends, felt the report of his comments made at the last meeting was misleading in that it was not the League of Friends who were unaware of the inauguration of the Scanner, but the Harefield village. Therefore the Chairman instructed the minute should read "Mr D Chapman, a member of the League of Friends, stated there had been a lack of awareness in the village".
- 2007/34 MATTERS ARISING  
There were no matters arising.
- 2007/35 REPORT FROM THE CHIEF EXECUTIVE  
Mr Robert Bell, Chief Executive reported on the Healthcare Commission

Paediatric Improvement Review. Following further validation on the original assessments, the Trust has been rated "excellent", a rating achieved by only four per cent of trusts in the country and by just two others in London. Congratulations had been received from the Chief Executive of NHS London and Mr Bell extended his congratulations to Trust staff on this achievement.

Mr Bell continued that the Trust has been notified by NHS London's Provider Agency of its draft 'risk ratings' for 2007/8. The Trust has been given a financial rating of 3 because of our liquidity status (i.e. with no working capital facility). "Quality and Safety" are rated amber because: 1) we have been selected by the Healthcare Commission for an audit of our complaints process, and 2) in response to the Annual Health Check declarations, we have given a qualified response on how we comply with the clause on decontamination (see minute 2007/42 below). The Chairman felt the latter situation had been imposed upon us by the expected new European regulations.

With reference to "Services provided", we are rated amber in the risk ratings because we can only demonstrate that all SLAs for next year should be 69% agreed to date. The SHA is aware of this situation. A letter from the Chief Executive will go today to PCT Chief Executives with SLAs outstanding, reminding them of the need for their response. Mr Nick Hunt, Director of Service Development, confirmed that the 69% level was much better than that at the same time last year and he is confident of a good outcome. He said that the situation has improved since the submission to NHS London, and we are dealing now with 40 PCTs and he expects to secure a level of 80% very shortly. It was noted that KPMG (undertaking due diligence work) is not worried about the situation. Mrs Jenny Hill, Non-Executive Director, asked what figure was outstanding, which was confirmed as £30-40 million.

Finally, the Chief Executive reported that, with regard to the contract for transplant services, the Trust is still in discussion with NSCAG who wish to reduce our contract by £5m per annum phased in over 3 years. The Trust is challenging this and taking the negotiation through the mediation process, which is expected to take place by the end of March.

2007/36

#### FUTURE OF HAREFIELD HOSPITAL AND SERVICES

Mr Patrick Mitchell, Director of Operations and Chairman of the Oversight Board, reminded the Board that this project had emerged post-Paddington and the SHA review of surgical service outcomes, addressing non-cardiothoracic support, clinical leadership, and buildings. He reported progress as follows:

- Clinical Leadership: Professor Gilles Dreyfus is now clinical director of both Transplantation and Surgery. There had been improvements in operational performance, with a full order book.
- Non-Cardiothoracic Support: an audit has been taken of other specialists requested to attend the hospital. There are on-going service issues but we now have the services of a local psychiatrist on a 6-month temporary contract prior to a permanent contract being put in place.
- Buildings: the stand-alone ward is expected to be completed on 6th

April to allow decanting of wards for upgrading. There have been only a few weeks' slippage in the process so far. 10th April will see the commencement of a 60-week scheme of work on the main building to be completed by February 2008. It was confirmed there had been no overrun on cost.

Surgeons are to meet on 2<sup>nd</sup> April to discuss changes of service for Harefield Hospital and this would lead to contract negotiations.

A team from Papworth Hospital is to visit Harefield soon to share experiences and collaborate on joint work highlighting the benefits and risks of single-specialty status. The Trust is also working with the Advisory Board to elicit information from north America on "single-specialty" hospitals and non-cardiothoracic support.

2007/37

#### RESEARCH & DEVELOPMENT UPDATE

Professor Martin Cowie, Director of Research & Academic Affairs, introduced a draft Research Strategic Plan. The Trust has a long reputation of producing internationally recognised cardiac and respiratory research, also in conjunction with the NHLI division of Imperial College. The report highlighted the need for change brought about by external and internal drivers and the aspiration to Foundation Trust status. The Chief Executive confirmed that research is an important element of Trust work, complementing and supplementing our core clinical activity.

Up until now the NHS R&D Directorate has provided the bulk of our funding for research (some £28.6 million in 2006-7) but this is about to change, reducing over the next few years, and forecast to disappear entirely by 2010. Funding will need to be secured from different sources. The Trust was unsuccessful in its efforts to achieve Specialist Biomedical Research Centre (sBRC) status in conjunction with NHLI but, in hindsight, the resulting loss of access to funding allied to this status has not been as damaging as expected.

The draft strategic plan sets out a model of how to maximise funding opportunities:

- Resubmission of a new bid for sBRC status.
- Accessing other sources of NHS funding, particularly designed to support those without sBRC status.
- Developing income from exploitation of intellectual property. The Trust is already in partnership with NHS Innovations London.
- Partnership with commercial organisations and external companies. Oxford Management Consulting Ltd had been commissioned to assess this income potential.
- Potential support from charitable funds.

Mr Mark Lambert, Director of Finance & Performance, confirmed that we are identifying potential future funding streams and he understands that we can re-apply for sBRC later this calendar year.

The Chairman asked how realistic was the expectation that funding from intellectual property could rise from nil to £2.25 million. The Director of

Finance & Performance said that the Trust had hitherto not capitalised on intellectual property. Mr Charles Perrin, Deputy Chairman, felt the Oxford Management Consultancy plans had cost and priority implications and that sensitivities would need to be worked out in respect of all the different potential additional sources of income, some of which he regarded as optimistic.

However, so far as Charitable funding was concerned, the CT had already signified its willingness in principle to consider the specific request as soon as they are submitted by the NHS Trust.

Board discussion centred on the need for a balanced business plan, Trust infrastructure, process redesign to effect savings, clinical care pathways and the possibility of accepting a degree of cross-funding within the Trust. The Board discussed whether the skills to reach these challenging targets existed and whether we should subsidise our own research. The Chief Executive asked if we are prepared to subsidise research, being mindful that patient care has to be funded first.

Mrs Jenny Hill, Non-Executive Director, asked who owned intellectual property - the employer or the individual, and stressed the need to ensure intellectual property was in the control of the Trust and not a third party. The Chief Executive confirmed that intellectual property rights are already written into contracts at the outset of a project, and that we are part of NHS Innovations London, which was created to commercialise and generate funds from intellectual property.

Mrs Christina Croft, Non-Executive Director, felt this was a completely different approach to research than in the past, needing a different infrastructure and the right support for the research department. The Chairman summarised that it seems that we have the professional skills necessary but that, in order to deliver the proposed strategy, other disciplines would be necessary including marketing. Attention would be needed to demands on people's time.

The Chief Executive said that in past we have attracted researcher clinicians who themselves attracted research funding - we now need a research plan to be directed by the Trust. In the past, respiratory medicine had been more successful at attracting research funding in this regard, while cardiac had been more pioneering; there was a need for stability and redirection at Harefield and a framework at Royal Brompton.

Mrs Hill said there was a need for the clear definition of priorities and order of strategies – firstly the service strategy, followed by the research strategy.

The Chairman recommended the Board be engaged in further discussions in the future. Clinical and research strategies cannot be planned in isolation of each other.

In relation to the tables in Fig.1, the Chairman suggested, for clarification, that the word 'targets' should be used rather than 'forecast'.

The Board agreed it supported embarking on the strategy.

2007/38 FOUNDATION TRUST APPLICATION

The Board received a report in three parts from Mr Robert Craig, Director of Planning & Strategy. The first part was a report on progress with the application and Monitor's assessment, which highlighted two issues: firstly, the "due diligence" review being undertaken by KPMG remained on schedule for completion by 30<sup>th</sup> March; secondly, the results of the elections to the Governors' Council had been released to the Trust on 23<sup>rd</sup> March. The Board noted that all 17 elected positions had been successfully filled.

The second part was the draft "Board of Directors' Composition and Succession Policy", which was presented for review and approval. The document had been developed and reviewed by the FT Steering Group over a period of weeks and, with one minor amendment to clarify terms of office, was approved.

The third part was a review of the Board Statements, which are required self-certification governance submissions to Monitor as part of the application and assessment process. The statements had been reviewed at previous meetings of the FT Steering Group and Board seminars, and Mr Craig's report provided a reminder of the evidence the Board had previously requested and/or reviewed in support of the statements. After final review of the eleven statements, the Board approved them for the Chairman's signature and submission to Monitor.

2007/39 WORKING CAPITAL FACILITY

Mr Mark Lambert, Director of Finance & Performance, introduced a paper which summarised the progress of negotiations regarding the working capital facility in support of our FT application and had appended a draft of the facility agreement.

Mrs Christina Croft, Non-Executive Director, drew attention to 12.1 (u) page 20: the Trust has contracts in place with PCTs accounting for 75% of annual revenue. Mr Lambert agreed to speak to the Royal Bank of Canada on this matter as it should refer to contracts being in place for 75% of PCT revenue. Mrs Croft also raised a query on item 13.14, page 23: Insurance. Mr Lambert confirmed that insurance arrangements will be carried forward to FT status.

The Board endorsed the draft agreement subject to the above exception being addressed.

2007/40 RECOMMENDATIONS OF ADVISORY APPOINTMENT COMMITTEES

The Board received the recommendations and approved the appointments of:

Dr Meredith Allen as Consultant in Paediatric Intensive Care  
Dr Paras Dalal as Consultant in Radiology

2007/41 PERFORMANCE REPORT FOR MONTH 11: FEBRUARY 2007

Mr Mark Lambert, Director of Finance & Performance, presented the report

for month 11 ending 28<sup>th</sup> February 2007. The Trust had reported an accumulated surplus of income over expenditure of £3,697K against a planned surplus of £3,742k. The month's position shows the Trust made a surplus of £774k. Working capital is £7.2m. Mr Lambert reported that the SHA no longer required cash funds this year-end and the Trust had used the resulting £5m on pre-payment of PAYE and pension contributions. With regards to the performance report, he confirmed that the Trust has achieved four clear months without a breach of 62-day cancer waits, but cancelled operations are still underachieving especially at Harefield. Mr Patrick Mitchell, Director of Operations, said that as a result of an increased workload, inevitably the cancellation rate would rise, but felt this should not affect the overall Annual Healthcheck result.

2007/42

#### ANNUAL HEALTHCHECK DECLARATION

##### Review of Core and Developmental Standards

The draft Declaration of Compliance was introduced by Dr Caroline Shuldham, Director of Nursing & Governance. She informed the Board that the result of the recent Healthcare Commission audit of complaints was still awaited. In relation to the complaints process, Mrs Pauline Crawley, Chair of Harefield Tenants and Residents Association, raised the issue of how long the seven requests for Independent Review had been current, and informed the Board that she had heard that changes in the Healthcare Commission process were imminent.

Dr Shuldham had attended the Hillingdon Oversight & Scrutiny Committee and they had given their draft commentary. The PPI Forum had requested and had been given information and the Trust is awaiting their commentary. Commentaries from Kensington & Chelsea Overview and Scrutiny Committee and the SHA are also awaited.

**Standard C21: Buildings** – substantial progress has been made during 2006/7 on advancing plans for the redevelopment of the estate particularly at Harefield and on remedying the most urgent deficiencies. The Board felt assured of compliance. The Chief Executive felt the Monitor Board at its meeting with the Trust Board on Monday, April 2, 2007, might ask about the Trust's Estates Strategy. He clarified that the strategy for the estate within the Integrated Business Plan is the Trust's estates strategy. Ms Maria Cabrelli, Director of Estates & Facilities, agreed to send a copy of the strategy to all Board members in good time for the Monitor Board-to-Board meeting.

**Standard C4c Re-usable Medical devices:** Internal Audit had given a provisional rating of "limited assurance". Dr Shuldham confirmed that we have not yet declared either compliance or non-compliance. The Chief Executive stressed that the consequence of declaring non-compliance would mean having to shut down all our surgical services. The Director of Operations confirmed the Trust is as compliant in this area as it was last year. Dr Shuldham confirmed that we are currently sterilising and decontaminating satisfactorily against current regulations and requirements and that there have been no adverse incident during the year, the issue was about compliance against certain EU regulations which come into force from 1<sup>st</sup> April. Mr Mark Lambert, Director of Finance & Performance explained

that the report to the London Provider Agency (in which a caveat on this issue had been noted) had been prospective, whereas this declaration was retrospective. The Chief Executive said we were aware of other London Trusts in the same position who intended to declare compliance. The Board were satisfied that all sterilisation of equipment is satisfactory, that all possible steps have been taken to reduce risks arising from technical limitations to compliance with the EU regulations and recommended we declare compliance.

**C5: Healthcare organisations conforming to NICE technology appraisals:** Internal Audit rated the standard as having "limited assurance". Dr Shuldham reported that further evidence was being collected and compliance is expected.

**Developmental Standards, Domain 2: Clinical and Cost Effectiveness (compliance with NICE guidance, NSFs etc.)** An initial baseline assessment suggests progress is being made and performance can be rated as "fair". The Chairman was concerned at this rating and stressed that attention be given to this area. Dr Shuldham explained that there are two sets of standards involved - core and developmental. Core standards feed the overall performance rating but for 2006/7 developmental standards do not. While much work takes place to implement national clinical guidance, documentation of this is not as strong as it might be. The issue was one of processes, not actual care for patients, work was on-going at present and Dr Shuldham assured the Chairman that the addressing of the issue was very much in focus.

**C7e Equality:** The Board found that satisfactory progress had continued to be made during 2006/7 and agreed to declare compliance. Dr Shuldham thanked the Director of Operations for the good work done on Equality and Diversity during 2006/7. She further extended thanks to all staff involved in preparing and taking part in the Healthcare Commission review of complaints on 7 March 2007. It was realised that a very high level of evidence is needed to be compliant. To date, there is no indication of the result of this audit.

**Final declaration:** Dr Shuldham reported the need for a further declaration on the hygiene code at the 25th April meeting.

The Board would revisit the standards and make its final decisions on declaration at the 25th April meeting, in time for the formal declaration to the Healthcare Commission on 1<sup>st</sup> May.

The Chairman thanked Dr Shuldham and Mrs Lucy Davies, Head of Performance, for all their work.

2007/43

#### GOVERNANCE REPORT

##### Assurance Framework (AF) 2006/07

The Board was presented with two versions of the Assurance Framework. The one for 2006/7 had been reviewed by the Board previously and Thames Audit Consortium has confirmed that this has met requirements.

Dr Caroline Shuldham, Director of Nursing & Governance, reported that the

Trust had worked with Thames Audit and after a recommended change of format to the document for AF 2007/08, it was approved.

#### Risk Management Strategy

The revised Risk Management strategy is an update to an existing strategy. The main changes are in the scoring matrix which should provide a more accurate estimation of risks and adds a clear statement of intent which can be used to highlight the strategy within the Trust. Mrs Christina Croft, Non-Executive Director, raised an issue on page 8, 1<sup>st</sup> para. about the Finance Committee reporting to the Audit and Risk Committee. The Director of Finance & Performance confirmed the Finance Committee and Investment Committee are to be one committee and that it reports directly to the Board. Mrs Croft also raised an issue with Appendix 5: Terms of Reference of the Finance Committee: she felt there should be a later version; the Director of Nursing & Governance will address this.

#### Health & Safety (H&S) Policy

A revised H&S policy was presented. The only material change is the addition of a statement of intent which will be displayed throughout the Trust.

The Board received the report and approved all the documents.

#### 2007/44 BUDGET SETTING 2007/08

The Director of Finance & Performance, Mr Mark Lambert, set the scene by re-iterating the current surplus at Month 11 of £3.7m against a forecast of £3.1m. He also noted that £1m of this is non-recurring as it represents reimbursement of certain Paddington Project costs. The underlying recurrent forecast for 2006/07 is thus £2.1m which is the same as budgeted for 2007/08. The total budget surplus for 2007/08 is £5.7m, the increase over £2.1m being due to non-recurrent income including the re-imburement of previous year's surpluses from the SHA.

Mr Lambert reported that the Government had just announced the abolition of Resource Accounting and Budgeting (RAB) and he agreed to assess and report back any repercussions this might have for the Trust.

Mr Lambert reported that the budget was discussed in detail at both the Management Committee and Finance Committee and that subsequently a contingency reserve of £1m, being 0.5% of turnover, had been established. A reserve has also been put in place to offset risk in PP income.

After discussion the budget was approved.

#### 2007/45 CAPITAL BUDGET 2007/08

Mr Mark Lambert, Director of Finance & Performance, presented the Capital Budget 2007/08 for the Board's approval. He pointed out that three significant items were not included: Harefield Hospital modular rebuild, charitable funding of Epicentre, and any possible application for a PET/CT scanner.

After discussion the capital budget was approved.



2007/46 STANDING FINANCIAL INSTRUCTIONS

The Trust Board was asked to approve an updated version of Standing Financial Instructions (SFIs) and Mr Lambert, Director of Finance & Performance noted that further amendments will be required once the Trust becomes an FT. Changes were summarised on page 2 of the report presented.

Mrs Christina Croft, Non-Executive Director, raised an issue with 20.2, page 27. The Director of Operations confirmed that the PP Services Committee did not now exist. It was agreed to remove this reference from the SFIs.

The SFIs were approved subject to the above amendment.

2007/47 MINUTES OF AUDIT & RISK COMMITTEE MEETING 30 JANUARY 2007

The Board received the minutes. Mr Richard Hunting, Non-Executive Director, recommended that the venue for the meeting should be added to the minutes and the Director of Finance agreed to include this.

2007/48 SUMMARY REPORT OF AUDIT & RISK COMMITTEE MEETING, 15 MARCH 2007

The Board received the summary report. Professor Anthony Newman Taylor, Non-Executive Director, with reference to the Annual Healthcheck 2006/7, noted it was stated the Trust was not in compliance with C4c (decontamination of medical devices) and that under a previous agenda item we had decided we were compliant. It was suggested that the report be revised as follows: "the Trust is currently unclear of compliance".

2007/49 ANY OTHER BUSINESS

The Chairman pointed out that the next regular meeting of the Board is also ANZAC Day, and that there will be a service held at St Mary's Church, Harefield, at 3 pm.

The Director of Planning & Strategy reminded members that there would be an extraordinary meeting of the Trust Board on Wednesday April 11, 2007. The meeting had been called to review and, if appropriate, approve the Board Memorandum and associated auditor's opinion for submission to Monitor as part of the Trust's FT application.

Mr John Ross, an Executive Member of Heart of Harefield, further commented on the point previously raised by Mr Chapman, suggesting that greater use be made of the local press for publicity. He understood that there had been a press release about the inauguration of the CT scanner but it had been embargoed until the evening before the event. Ms Jo Thomas, Director of Communications, confirmed that local papers had been briefed on the CT scanner development, but were unlikely to cover any story more than once.

2007/50 NEXT MEETING

The next meetings of the Trust Board are:

- Wednesday 11<sup>th</sup> April in the Boardroom, Royal Brompton Hospital, commencing at 10:30am;

- Wednesday 25<sup>th</sup> April 2007 in the Concert Hall at Harefield Hospital commencing at 10.30 a.m.

**Lord Newton of Braintree  
Chairman**