A lifetime of specialist care

Royal Brompton & Harefield NHS
NHS Foundation Trust

Minutes of the Board of Directors meeting held on 1 April 2015 in the Concert Hall, Harefield Hospital, commencing at 10:30am

Present:	Sir Robert Finch, Chairman	SRF
	Mr Neil Lerner, Deputy Chairman & Non-Executive Director	NL
	Mr Robert Craig, Chief Operating Officer	RCr
	Mr Richard Paterson, Associate Chief Executive - Finance	RP
	Mr Nicholas Hunt, Director of Service Development	NH
	Ms Joy Godden, Interim Director of Nursing & Clinical Governance	JG
	Mr Richard Hunting, Non-Executive Director	RH
	Mr Andrew Vallance-Owen, Non-Executive Director	AVO
	Ms Kate Owen, Non-Executive Director	KO
	Mrs Lesley-Anne Alexander, Non-Executive Director	LAA
	Mr Richard Jones, Non-Executive Director	RJ
	Mr Philip Dodd, Non-Executive Director	PD
	Pr Kim Fox, Professor of Clinical Cardiology	KF
	Mr Richard Connett, Director of Performance & Trust Secretary	RCo
In Attendance:	Mr Anthony Lumley, Corporate Governance Manager (minutes)	AL
	Ms Gill Raikes, CE Royal Brompton & Harefield Hospitals Charity	GR
Apologies:	Pr Timothy Evans, Medical Director & Deputy Chief Executive	TE
	Mr Robert Bell, Chief Executive	BB

2015/12 <u>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING</u>

RH declared an interest as he is the chairman of the Royal Brompton and Harefield Hospitals Charity (The Charity).

2015/13 <u>MINUTES OF THE PREVIOUS MEETING HELD ON 28 JANUARY 2015</u>

The minutes were approved subject to the following amendment:

Page 2, item 2015/03, first para., first sentence: RCr said 'Director of Patient Services and Transformation' should be replaced with 'Director of Patient Experience and Transformation'. He added that Ms McGuiness's visa had been issued and it was expected that she would start in a month's time though the specific date not was not confirmed. SRF asked if she could attend Board meetings. It was agreed to encourage her to attend.

2015/14 <u>NOMINATIONS AND REMUNERATION COMMITTEE OF THE TRUST BOARD</u>

RH reported that the committee had considered a report from the Chief Executive. The committee had noted Ms Godden's experience and

recommended her appointment, on an interim basis, to the post of Director of Nursing and Clinical Governance.

Invited by the Chairman to outline her background, JG said she had over twenty years clinical nursing experience both for the Royal Brompton and Harefield NHS Foundation Trust (RB&HFT) and at other Trusts. She had also been a General Manager in the lung division for nine years.

The Board confirmed the appointment of Ms Joy Godden as the Interim Director of Nursing and Clinical Governance and as such a member of the Trust Board. On behalf of the panel KO said she was delighted to see JG's appointment. SRF welcomed her to the Board.

2015/15 CLINICAL QUALITY REPORT FOR MONTH 11: FEBRUARY 2015

Introducing the report RCo said that Monitor had written to the Trust and had confirmed the Trust's Governance Rating as Green for Q3 2014/15. He drew attention to the extract from the Q3 letter which had been reproduced in the Cover Sheet to Paper A. Monitor had noted that this was the fourth consecutive quarter in which the 62 Day Cancer target had not been met, and had gone on to state that they did not intend to take any further action at this stage, but noted the problems caused by late referrals to the Trust and their expectation that patients be treated in a timely manner once a referral is received by the Trust.

SRF asked if there had been any progress in working with other Trusts on the system for reporting delays. RCo said there were two systems for reporting: the Monitor system, which allowed for breaches to be reallocated to referring Trusts, which was unchanged in the recently published RAF for 2015/16; and the NHS England (NHSE) system which did not take breach reallocations into account. RCo also noted that Monitor assessed performance by quarter (77.78% quarter to date against a target of 85%, so target not met) whilst but NHSE looked at it monthly (85.71% for M11, so target met).

NL asked if this improvement represented the outcome of some of the initiatives or was it a random month. RCo said it was too early to say, but in M11 there had not been any late referrals from the three Trusts who so far had been the main source of these. PD asked if the agreement reached between the Trust and Milton Keynes Hospital NHS Foundation Trust (MKFT) in February 2015 applied only to future referrals. RCo said that it applied to this calendar year, but that for the case in January MKFT had said that the breach should be shared as the patient had required complex care.

NL asked if the distinction in NHSE and Monitor's approach was becoming academic because so many Trusts were declining to accept reallocations. RCo said that was correct. RCo highlighted the trajectory in the report showing the actions needed for compliance by March 2016 and noted that this was mainly contingent upon Trusts making referrals at an earlier point

in the patients' pathway. NHSE's response to the proposed trajectory had been that they would like to see 85% achieved by the end of Q2 2015/16 rather than at the end of 15/16.

RJ asked if the Trust received a referral after day 31 was he confident that treatment could be provided within the remaining days. RCo replied that this was usually the case, although some referrals were complex and could have a long pathway at RB&HFT. RJ said he was encouraged to read Monitor's comments in their letter. It was agreed that an update on the Trust's action plan would be reviewed at the next meeting of the Risk and Safety Committee.

RJ asked if Theatre 3 was running effectively. RCr answered that it was, but he emphasised that it was not the case that a whole new theatre had been created and its importance for new capacity should not be over stated. The Trust had planned to commission additional level 1 capacity at Harefield, but this was subject to approval of the capital programme. RCr said NHSE's statement that the Trust should achieve compliance with Cancer pathway targets by the end of the summer of 2015 was unilateral, arbitrary and not evidence based. The Trust should not be stating that it could comply by the end of Q2. RCo confirmed that the request from NHS England had been made by Jo Champness, and that he expected this to be followed up through the Clinical Quality Review Group.

Completing his summary RCo said that for *Clostridium difficile* fourteen further cases were reviewed by NHSE on 16 March 2015 and none of these were found to have involved a lapse in care. NHS England had identified one lapse in care so far this year. The target was therefore met for Q4.

RJ said he was encouraged to see in Monitor's letter reference to the underlying issue of late referrals and asked if NHSE accepted that as well. RCo said that was the case.

The Board noted the report.

2015/16 <u>FINANCIAL PERFORMANCE REPORT FOR MONTH 11: FEBRUARY 2015</u>

RP reported the following performance in M11:

- I&E account: performance was disappointing. There was a monthly structural shortfall of £700k against Project Diamond monies. The deficit for M11 was £1.4m, of which £700k related to the Project Diamond shortfall and £700k to other factors. The underlying performance had been on plan for the first eight months of the year, but behind plan for the most recent three months.
- Critical Care had been an important factor and there had been high levels of ECMO at Royal Brompton Hospital (RBH) and of transplant at Harefield Hospital. Year to date (YTD), the plan had been a surplus of £1.2m but the cumulative deficit for the first eleven months was approximately £7m. The plan to M11 had been for a £1m surplus, so the Trust was now £8m behind plan. The shortfall comprised: £3.6m Project

Diamond; £2.4m shortfall of donations from the Charity; and £2m underlying performance deficit. RH asked why capital donations were included in the I&E account? RP said that until two years ago they were shown on the balance sheet but then the accounting rules were changed to report on this basis. AVO asked if the capital donations issue was a phasing issue. RP said it was essentially a timing difference. In response to a question from LAA he confirmed that the Charity did still hold these funds. RP concurred and said they had committed to funding those projects.

- Balance Sheet: RP reported pressures on cash principally due to monies owed by NHSE which had not paid the Project Diamond monies (£4.3m) nor £8m of over-performance income dating back to M05. Private patient debtor collections were still a problem although the capital programme was behind plan which helped our cash position by £10m. RP reported that since 1 March 2015 the Trust had drawn down the whole of its Working Capital Facility (£10m), had received the Project Diamond tranche of £4.3m and was today expecting to receive £6.4m from NHSE for over-performance. NH had issued a warning of escalation and RP had written to Paul Baumann (PB), Chief Financial Officer of NHSE, asking the commissioner to 'play fair'. The Trust, although not required to report it, was showing a Monitor Continuity of Service Risk Rating (CoSRR) at M11 of 3 and would expect to be able to report at the end of 2014/15 that it anticipates achieving a rating of 3 for the year as a whole.

PD noted that trade creditors were higher than previously. RP said prior to the Trust drawing down the WCF trade, creditors had taken the strain. However, being mindful of its responsibilities and following the drawdown, the Trust had brought trade creditor payments up to date.

The Board noted the report.

2015/17 RESEARCH UPDATE

RCo, introducing the report on behalf of TE, said the paper was for information. He highlighted the inclusion of research news stories, the award or 1 new grant and 11 new contracts and that the Trust was ahead of target for recruitment to NIHR portfolio studies.

RCo said that the main item of note within the report was the RB&HFT Biomedical Research Units (BRU) Review and drew the attention of the Board to the proposed formation of a Translational Research Advisory Group in advance of the next round of bids for research monies. He noted that a preliminary bid would be due in January 2016 prior to a final bid in March 2016. At this stage it was not clear what the Trust will be invited to bid for. This Advisory Group approach had been used successfully by others to lend weight and credibility to their bids in previous rounds, although their work would not be formally part of the review process.

NL commented that Annex 2, which set out the details of the grants and contracts awarded, could be omitted from future reports to the Board in the interests of reducing the size of reports as had been requested.

KF described the background to the 2016 funding bid. He said the importance to the Trust of the funding could not be over emphasised. The specific form a bid should take (for example to support two BRUs or one Biomedical Research Centre [BRC]) was not yet known and this was in the hands of Dame Sally Davies (SD), Chief Medical Officer for the DH. KF said that TE been working hard to ensure that the Trust is well prepared for the next round.

AVO congratulated the Trust for recruiting Trust patients into NIHR portfolio studies approximately 28% ahead of the target.

In relation to the BRUs RJ asked a series of questions:

- How much funding did the Trust currently receive.
- How big was the overall funding allocation that Trust could bid into (along with all other eligible Trusts)
- Would the Trust bid for the same amount. (NL also asked whether this bid was in competition with other Trusts for a fixed amount of resource).
- Had the proposed members for the panel for the review body been checked for any conflicts of interest

KF responded as follows to each question in turn:

- Current funding is around £9m per BRU. (RCr clarified this was £18m over 5 years). This provided the research infrastructure necessary to support applications to win further funding and it would be hard to carry out research within the Trust without it. It was noted that Biomedical Research Centres received £110m over a period of 5 years.
- This was not known as yet. However, in the recent university reference assessment the allocation was reduced by 5% which meant it was likely the allocations for BRUs would be smaller than last time.
- The Trust would bid for research funding covering both heart and lung disciplines. KF added that he did not think SD had decided on the process yet but no other Trust would be submitting applications for both heart and lung. KF said he expected that the NIHR would in sequence: assess the Trust's bid, decide what needed supporting, make decisions, and then allocate resources.
- KF said the Trust had been careful to ensure there were no conflicts of interest

RJ said he noted the fantastic news that there had been a new grant award and new contracts in Q3 2014/15. He asked if this was new incremental money and how it compared with other quarters. KF said that a new award

each month was expected and this was therefore not particularly noteworthy.

RJ added his commendation to that of AVO for exceeding the recruitment target. He asked if the target was externally set. KF replied that the target was built up from the individual recruitment targets for the studies the Trust was engaged in.

The report was noted.

2015/18 DRAFT BUDGET PLAN (I & E AND CAPEX) 2015/16

RP said the position continued to be fluid and there had been developments over the last few days since the Board papers had been issued. The first part of the report was the draft narrative for the Operational Plan 2015/16. This would be submitted to Monitor by 7 April 2015. The report set out the changed expectation for the Trust's 2015/16 results from those envisaged by the 2014-19 Strategic Plan. A deficit of £11.5m was now projected when the original Strategic Plan had a projected surplus of £0.1m.

RP said that over and above the 2015/16 shortfall there was an £8m shortfall in 2014/15. The final cash shortfall was £20m in total. The simplest way to address this would be to reign back on capital expenditure. Under RCr's stewardship the 2015/16 capex plan had been reduced from £49m to £35m. However, this still left a £10m funding gap for the current year. This could be addressed by cutting the capital programme by a further £10m, but this would see essential investments such as the redevelopment of HH halted. The other option was to find alternative funding. To this end the Trust had approached the Charity in January 2015 and iterative communications and presentations had followed. Letters had been exchanged with Michiel Lap, Chairman of the Charity's Property & Investments Committee and these had been shared with the Board. The final offer had been that the Charity would be willing to buy a Trust property as a means of generating cash. It would not donate because that could not be reconciled with the Charity's strategic aims. RP said this left a question hanging - what were the Charity's aims if they are not to support the Trust? NL said the object clause was to support services to NHS patients. RP said selling a property, namely Chelsea Farmers Market or 151 King's St, would not realise a good price at this time.

RP said he had therefore approached the ITFF two weeks ago (which had already provided a £30m facility for the Trust to support HH and I&T investment) and had, informally, asked for a further loan. The ITFF had given the go-ahead for a loan application to be submitted and its Loans Committee was considering the Trust's bid today (1 April 2015). RP said he was guardedly optimistic that the ITFF would be able to help. The draft submission had been reviewed by the Finance Committee last week.

RP said that on 31 March 2015 the Trust had received a letter from Paul Baumann (NHSE) who had been working with Sir Robert Naylor (RN), Chief

Executive of UCLH on funding for 2015/16. This letter stated that subject to the RB&HFT agreeing a specialised commissioning budget with NHSE for 2015/16 it would be eligible for the further £6.6m of Project Diamond funding for 2014/15 which would cover most of the Trust's I&E deficit. The letter also stated that it would provide (on 1 April 2015) a revised best and final offer for specialised commissioning for 2015/16 and confirmed that HRG4+ (the new tariff code designed to address case complexity) would be introduced from 1 April 2016. RP said that the Trust was preparing and submitting data for a meeting between Simon Stevens (CEO of NHSE), RN and other Shelford Group CEOs at the end of this week. He thought that the final offer would be better than the DTR option and he was guardedly optimistic this would happen.

This would mean a re-write of the numbers and the narrative for the final Operational Plan to be submitted by 14 May 2015. NHSE wanted resolution and agreement by mid-April 2015 and in all likelihood, there would be a block contract for specialised commissioning. The Trust would then seek to manage its business to accommodate that for 2015/16. NL asked if the Trust's lead commissioner (NHSE) was effectively buying out the Trust's over-performance. RP said that was correct. The lesson was that it was right for the Trust to stick with the Shelford/Project Diamond Group. They only comprised 30 all NHS Provider Trusts but they represented 60% of all NHS specialised commissioning income.

SRF asked if there was any further news on the tariff deflator that appeared to penalise the Trust for being a cardiac centre. RP said he had sight of the offer: a base of the last six months multiplied by two which meant it did not include the deflator. RJ said this was encouraging especially if (subsequently) CQUIN amounts were confirmed. In response to a query from RJ on when the Trust expected to hear about this and what were the next steps, RP said it would be the autumn of 2015 before more would be known on HRG4+. In the meantime the Trust would await NHSE's best and final offer for specialised commissioning for 2015/16. Once received, it would be reviewed but the Trust would (with other Shelford/PD Trusts) have the option of going to the Courts if it appeared that it would still be worse off than it had been at the start of negotiations.

RCr said the FSP remained a work in progress and aimed to deliver somewhere between £13-14m of savings in 2015/16. He noted that an FSP total of £11m for 2015/16 had been included in the submission to Monitor last year as the second year of the five year plan. He noted one or two risks and benefits were not yet in the numbers and that further improvements could be included in time for submission of the Final Operating Plan (FOP). He thought that significant benefits might become evident as work progressed during 2015/16 and 2016/17. NL asked about the breakdown of the £13m figure. RCr replied that £9.4m related to cost reduction. NL asked how this compared with previous years. RCr said that for each of the last two years two thirds of the FSP had been income gain and one third cost reduction. RCr said in 2014/15 £5m was the cost reduction target and the

Trust had achieved just under £4m at M11 from pay and non-pay savings. NL said this was helpful and gave the board an idea of the level of challenge ahead.

RCr referred Board members to the figures as set out in the 2 Year Capital Investment Plan (Appendix B of the report). The paper was designed to give a sense of what the Trust had tried to do to bring the capital plan down to manageable limits (as set out in the 'Approved/Committed' half of the column headed '15/16 Status'). The final column described what had been deferred in order to produce the revised budget.

RP confirmed that, as the Trust would be submitting the Draft Operational Plan before the 7 April (and in advance of the final Plan submission in mid-May); the Board would consider approval of the final Plan at its meeting on 29 April 2015.

RCr said that HH developments budget was now £7.1m of which £3m was deferred. As things stand the items deferred included Level 1 beds at HH. This situation was due to a combination of factors, not least that tenders had come back 100% higher than the pre tender estimate. He therefore saw this as a risk to what could be delivered in 2015/16 and that a further £10m of capital funding would be needed to deliver the deferred items. RP said that the Trust had applied to the ITFF for a further £20m to be drawn down over two years.

NL commented that there would therefore be difficult conversations to be had with NHS England. RP said that if the Trust received the remaining Project Diamond funding originally budgeted for in 2014/15 (£6.6m) then the Level 1 beds would be covered. RCr said that he still felt it was prudent for the Board to note his caveat – because as of 1 April 2015 the Trust did not have planning approval for the Level 1 bed development and therefore, there remained a risk to delivering the additional Level 1 capacity in time to meet commissioner targets. The Board acknowledged this comment.

The Board noted the report.

2015/19 AUDIT COMMITTEE (AC)

(i) REPORT FROM MEETING HELD ON 16 FEBRUARY 2015

NL said that although this was a verbal update on the most recent meeting of the AC, as previously agreed, draft minutes should have been circulated before this Board meeting. It was agreed that RCo would follow this up to ensure this happened in future (and likewise for Risk and Safety Committee draft minutes). NL said the committee had considered the outstanding recommendations (from KPMG the Trust's internal auditors) from the past. The committee had noted the satisfactory comments on core financial and health and safety systems which was gratifying. On data quality KPMG had made some important recommendations. The AC had also received a presentation by the Counter Fraud expert. NL concluded his summary saying that comments made by Deloitte's (the Trust's external auditor) on

what they had seen in relation to CQC inspections of other Trusts had been noted.

Action: Circulate draft minutes of Audit Committee and Risk & Safety Committee with Board papers before Board meetings (RCo)

(ii) MINUTES FROM THE MEETING HELD ON 14 OCTOBER 2014
The minutes were noted.

2015/20 RISK & SAFETY COMMITTEE (RSC)

(i) REPORT FROM MEETING HELD 16 FEBRUARY 2015
AVO gave an oral update. The committee had: received the report from TE on the cancer services review; looked at the Intelligent Monitoring … ?? (RCo noting); at HH considered (in some detail and in an attempt to work it through) whether the Dr Foster data was had been coding correctly; and finally had reviewed red rated SIs.

NL said that in one SI another swab in a patient had been lost and then recovered. That incident has not yet come to the RSC but the committee would be examining this very carefully. He noted that this appeared to be an alarming reoccurrence. AVO said all incidents were carefully looked though he felt this one was about different timings and not a reflection of a trend. He acknowledged that it was still worth a look at.

(i) MINUTES FROM THE MEETING HELD ON 14 OCTOBER 2014
The minutes were noted.

2015/21 REGISTER OF DIRECTORS' INTERESTS
RCo thanked Board members for their updates. The Register would be presented in the draft Annual Report to be considered by the Audit Committee on 28 April 2015.. SRF said that his interest in the Mall Fund had gone. Subject to this amendment, the Board confirmed the accuracy of the Register.

2015/22 APPROVAL OF BAD DEBT WRITE-OFF
RP said, in accordance with the Trust SFIs (Standing Financial Instructions) the two proposed write-offs over £50K had been recommended by the Finance Committee for approval by the Board. The Committee had also in-year decided to write off three cases between £15k and £50K each: likewise in accordance with the SFIs, these were now being duly reported to the Board for information.

The Board approved the write-offs of the two debts over £50k as set out in the report.

2015/23 AOB
RCo said that the Trust Secretary is required to report periodically to the Board on the use of the Seal. There had been no use of the Seal during 2014/15.

2015/24 QUESTIONS FROM MEMBERS OF THE PUBLIC

None

NEXT MEETING Wednesday 29 April 2015 at 10am in the Board Room, Royal Brompton Hospital