Minutes of the Board of Directors meeting held on 1st June 2010
In the Boardroom, Royal Brompton Hospital commencing at 2.00 p.m.

Present: Sir Robert Finch (Chairman)
Mr R Bell, Chief Executive
Mr R Connett, Trust Secretary and Head of Performance
Mr R Craig, Chief Operating Officer
Mr N Coleman, Non-Executive Director
Mrs C Croft, Non-Executive Director
Professor T Evans, Medical Director
Mrs J Hill, Non-Executive Director
Mr R Hunting, Non-Executive Director
Mr M Lambert, Director of Finance & Performance
Mr N Lerner, Non-Executive Director
Professor Sir Anthony Newman Taylor, Non-Executive Director
Dr C Shuldham, Director of Nursing & Governance

By Invitation: Ms J Axon, Director of Capital Projects & Development
Mr N Hunt, Director of Service Development
Ms C Johnson, Director of Human Resources
Ms J Thomas, Director of Communications

Apologies: None

In attendance: Mrs R Paton (minutes)

The Chairman welcomed everyone to the meeting and, in particular, Mr Richard Connett, who was attending for the first time in the capacity of Trust Secretary and Head of Performance.

2010/45 MINUTES OF THE PREVIOUS MEETING HELD ON 28 APRIL 2010

Professor Sir Anthony Newman-Taylor, Non-Executive Director, wished to amend the minutes as follows:
Page 2, 1st paragraph, line 23, to read "……with the gene therapy research programme."
Page 2, paragraph 4, line 6, to read "……..service – HH, RBH and ICT."

With these two amendments, the minutes were approved by the Board.

2010/46 REPORT FROM THE CHIEF EXECUTIVE

Mr R Bell, Chief Executive, reported that on 18 May 2010 the Trust had been approached by Anne Rainsberry, Chief Executive – NHS North West London, on an exercise that the NW London sector wished to undertake; the programme entitled 'North West London – Creating a Strategy' would assess a new structure for the reconfiguration of services in North West London. To support this initiative, a total of £4M for the sector was to be provided and the Trust was requested to consider providing the sum of £159k towards this. Any significant issues foreseen by the Trust with this proposal were to be submitted by 21st May 2010. Mr Bell indicated that he had responded to Anne Rainsberry by informing her that the Trust potentially had concerns about such a significant level of expenditure on management consultancy and that he wished to take advice on this matter from the Trust Board.

The Chairman said he could not see the benefit of a new review given the political climate; he had supported therefore the Chief Executive's view that the Trust should not make this payment. The Board discussed the matter and supported the decision.

2010/47 STATEMENT OF INTENT: PARTNERSHIP WITH IMPERIAL COLLEGE (IC) & IMPERIAL COLLEGE HOSPITALS NHS TRUST (ICHT)

Mr R Bell introduced the paper which had been prepared by Mr P McCleery, Director of Planning & Strategy. The Chairman reported that, together with the Chief Executive and Medical Director, he had attended meetings with Sir Keith O'Nions - Acting Rector at Imperial College (IC), and Professor Steve Smith and Claire Perry, respectively Chief Executive and Managing Director of Imperial College Healthcare NHS Trust (ICHT). Discussions had centred on the advancement of our relationship with IC and how to build upon the existing good working relationship between the two Trusts. Following the meetings, a Statement of Intent (SOI) was produced to which Imperial had made very little amendment, other than to exclude those Trust who were not Tertiary; in practical terms this would exclude Chelsea and Westminster NHS Foundation Trust.

Mr Bell said that input from the consultants was critical in this initiative in order to achieve successful areas of cooperation between the two Trusts and IC. The issue was to define areas for cooperation, such as a new clinical service around vascular capabilities together with IC. Mr Bell said this Trust was a substantive provider of clinical and academic strength to IC and there had clearly been a change of outlook from the leadership of ICHT. Mr Bell confirmed that ICHT would take the same statement to their Board soon.

The Board then discussed the SOI. Mrs J Hill, Non-Executive Director, said she supported the SOI but felt that it needed to be strengthened with the addition of a bullet point to emphasise the organisational independence of partners in terms of finance and governance. Professor Sir A Newman-Taylor said he understood Mrs Hill's concern but felt there was no need to promote the "independence" because by inference it is in there already. The Chairman confirmed suitable words would be crafted.

Mr Bell said this SOI is to be the precursor to further dependent agreements which will address matters in more detail. The SOI sets out the governing principles that will be the preamble to such agreements.

Mr N Lerner, Non-Executive Director, emphasised that the document might form the basis of subsequent public announcements. Referring to the paragraph under the second set of bullet points, he felt the use of the word "understood" to be strange and recommended the words "understood to be" should be removed.

In the fourth paragraph, line 6, removing the word "unnecessary" was agreed.

The Chief Executive and Chairman said words such as the following could be put in the preamble: "an independent, self-governing, public benefit corporation".

Mr R Hunting, Non-Executive Director, referred to the first bullet point in the SOI and asked why the NHLI was not mentioned. Mr Bell confirmed that the NHLI was part of Imperial College and not part of RB&HFT. Professor T Evans, Medical Director, said it was right that NHLI was not specifically mentioned.

Mr Hunting referred to the fourth paragraph and recommended the various acronyms needed clarification. Mr Bell felt the relationship between IC and ICHT might not be clear. Agreed to check the acronyms.

Professor Evans commented that Claire Perry had made the point that it is understood that RB&HFT will remain independent.

.Professor Evans felt this was a very welcome statement of intent and would open the door to fruitful collaboration. This would build upon the already successful BRU collaborations and could encompass development of joint clinical services and research programmes in such areas as acute aortic dissection and treatment of chronic aortic conditions.

At this juncture, the Chairman reported that he and the Chief Executive had met with Dr Mary Archer, Chairman of Cambridge University Hospitals NHS FT (CUHFT), to discuss future plans for transplantation. CUHFT had been invited by the Chairman to make a decision on where they stood on the future of transplantation by the end of the year.

Professor Evans said collaboration on the future provision of transplant services would be a real opportunity for the Trust to become part of a group which would be a world player.

Mr R Hunting asked why Chelsea & Westminster Hospital had been excluded and the Chairman confirmed this was essentially because the C&W were a secondary, not a tertiary, centre.

The Chairman confirmed he would take up the points raised by Mrs Hill and Mr Lerner, together with the point about acronyms, in order to amend the SOI. Press statements would then be prepared by the Director of Communications.
The Chairman, Chief Executive and Claire Perry would have a private briefing with the Royal Marsden Hospital to keep them appraised of this development. Mr Bell reported that the Marsden Executive had also visited Cambridge and he felt that our Trust was starting a direction of travel which others seemed to be following.

The Board agreed the Chief Executive should sign the SOI once it had been amended as recommended.

The Chief Executive confirmed this SOI had been agreed by the other partner involved last week.

2010/48 <u>PATIENT SAFETY & OPERATIONAL REPORT FOR MONTH 1 APRIL 2010</u>

Mr M Lambert, Director of Finance & Performance, introduced the report for Month 1 and highlighted the following items:
Serious Untoward Incidents (SUIs): there had been one SUI reported in April relating to the unexpected death of a respiratory patient due to an adverse reaction to a drug to which the patient had a known sensitivity. Further investigation into this incident is under way to establish the root cause.

HCAIs: During April there were no cases of MRSA bacteraemia, no cases of C.difficile, GRE or VRE. The MRSA swab rate was 1 to 1.04.

Surgical Site Infection Surveillance Service (SSISS): the final Trust position for March is 6.93% against a national average of 4.5%. This rate will need to be monitored carefully.

Cancelled Operations: YTD position is 0.57% against elective admissions against the CQC target of 0.80%. The Director of Operations and his team were congratulated on this achievement.

All cancer and 18-week targets were met.

Spell Activity: more spells were undertaken than in April last year.

PCT Targets: Complaints. Response times are now up to 70.1% and more work is required.

The Chairman referred to an item in the national press today: Andrew Lansley, Secretary of State for Health, and the Prime Minister had said they wanted hospital trusts to be completely transparent in the publication of their safety records. Mr Bell confirmed that this Trust already made performance information available on its website. This data is produced on a monthly basis currently, but weekly reporting may now be called for and this would be possible. Professor Newman Taylor thought that MRSA levels might be requested for each ward on a weekly basis. Professor Evans confirmed that for each wound infection the relevant clinician is already notified, so the weekly reporting expectation would not be a problem for the Trust. Mr Coleman recommended the Trust advertise its results more prominently on its website.

2010/49 FINANCIAL PERFORMANCE REPORT FOR MONTH 1 APRIL 2010

Mr Lambert introduced the report which gave the YTD financial position for 2010/11 as at 30th April 2010 and reported a deficit of £2,181k. Mr Lambert emphasised that both he and the Director of Operations were taking this situation very seriously. Mr Lambert continued that last year the Trust had made a surplus but this was after receiving £11.7m in Project Diamond funding. This year no information had been received on Project Diamond funding, therefore none had been accrued into the accounts, resulting in £1m less income each month. Mr Lambert said the situation had not been helped by the Bank Holidays around Easter-time and that compared with March there had been a 20% decrease in available days. More activity spells had been delivered in April 2010 than in April 2009 but the cost base had risen considerably.

Mr R Craig, Chief Operating Officer, confirmed that, despite this being a one-month report, the position was being taken very seriously. He confirmed there had been more NHS activity in April 2010 than in 2009, and activity was, in fact, ahead of the spells target. PP activity had been lower (albeit the target activity profile over-stated the deficit, and would be revised for future reports), so the reported income position was particularly disappointing.

Mr Craig went on to confirm the predicted £20m gap between income and expenditure and that the Financial Stability Plan (FSP) would again seek to bridge the gap, not through pay and non-pay savings alone (as indicated in the paper), but also through additional activity and income. He felt that the activity baseline against normal activity patterns did not present an insuperable challenge, and could be exceeded. He reminded Board members of the investment made (and in progress) to enhance capacity and ease bottlenecks on both sites. He confirmed that a large number of FSP schemes sought to reduce costs for this and future years. He anticipated that the Trust would still be in deficit for the first quarter of the year, but expected the situation to improve in the second half of the year.

The Chief Executive said he had not expected this kind of loss which had been compounded by the lack of the expected income stream from Project Diamond money. He was concerned that the activity mix was unbalanced and that surgery was consistently unprofitable. He agreed the cost structure had gone up but not greatly in relative terms. Mr Bell said that savings were not being harvested in M1.

Going forward, cutting cost out of the Trust would take time to show results. Constraints could be placed on discretionary spending, such as management consultancy, but this would not be sufficient to correct the position. Therefore, the Trust needs to seek to increase revenue, particularly in areas known to be profitable, such as interventional cardiology.

Mr Lambert also felt the Trust would continue to lose money but at a lesser rate and was assuming no Project Diamond money. Mr Bell said the income was between £500k and £1m off the expected total at the end of Month 1 and he felt there had not been the right mix of cardiac and respiratory business to balance this. Last year the Project Diamond money had improved the situation. He said that for the future there needed to be a focus on turning round activity in the theatres. In response to a query from Mr Lerner as to whether the problem with theatre work was universal, Mr Bell said that other Trusts were in a worse position than ourselves.

Mrs C Croft, Non-Executive Director, asked if the Trust had an understanding of a break-even number of procedures through theatre and whether that might be achievable. Mr Bell replied that managing this involved achieving a balance a balance between length of stay management, both overall and in ICU as well as theatre productivity.

Mr Craig then explained that at RB in 2009/10 200 fewer cases had been undertaken compared to 2007/08 but these had been replaced by longer and more complex procedures; there had been fewer routine cases, even though the theatre suite had been enlarged. Mr Bell said that the Trust needed to put through activity to generate income. This would mean taking through available work in the short terms and then changing the case mix long term.

Professor Evans explained that clinical quality had improved over the last 12 months, but that this had come at the cost of employing more medical staff and that this raised the fixed costs of the organisation. In time he anticipated that as the quality agenda bore fruit length of stay and costs would go down.

Mr Lambert said that the Trust, along with others, made a financial loss on coronary artery bypass graft (CABG) surgery because of the tariff price and the high cost of providing services in central London.

Mr Bell said that Monitor would expect to see robust action being taken to address the shortfall in M1. Mr Coleman and Sir Robert Finch proposed that the financial plan should be reforecast and submitted to subsequent Board meetings.

Mr Lerner asked whether there was a forum at which anomalies of the tariff could be addressed. BB and SRF said that this was anticipated to be the new role of Monitor. There was a general discussion about the elevated costs of providing healthcare in London, Project Diamond monies being a proxy for tariff uplift to counteract these, and the prospects of greater freedom to set tariff in a potential future competitive market / free market economy. SRF noted that he will be meeting the new Chair of Monitor, Steve Bundred soon and would discuss possible future developments of the tariff with him.

Mr Lambert said he was aware that some Trusts had included expected Project Diamond money within their accounts but confirmed that the Trust would not be following this course of action.

2010/50 Q3 SERVICE LINE PROGRESS REPORT

Mr Lambert introduced the paper which provided an update on the progress in achieving Service Line Reporting (SLR) within the Trust. The paper included a completed set of SLRs for the first three quarters of 2009-10. Mr Lambert referred to the M9 Service Line I&E report which confirmed that RB had made £600k and HH £2.9M.

Cardiac and thoracic surgery show as loss making areas.

EBITDA - approximately £20M, some serious losses, notably in paediatric respiratory medicine as a result of the cystic fibrosis (CF) tariff arrangements.

Mr N Hunt, Director of Service Development, and Mr Lambert will be meeting officials of the Department of Health on 6th July to discuss adjusting the CF tariff. This is a recognised national issue and banding patients by severity of disease so that more income followed those needing high cost drugs, and lengthy hospital stays, would help address this anomaly.

Mrs Hill asked how the cardiology market was growing and Mr Bell confirmed that the primary angioplasty service was being run on a very successful basis and was expected to continue to grow. Mrs Hill asked if this system could be replicated in the cardiac surgery service. Mr Bell said that the new leadership in cardiac surgery, coming from Mr Shore, would deliver productivity gains in cardiac surgery.

Mrs Hill referred to the volume of work available in London and Mr Bell agreed the Trust wanted more work but it would be important this came at the right time. Mrs Hill recommended that the Trust should develop a strategy to target markets.

The Chairman recommended the Chief Executive submit a half-yearly report to demonstrate how SLR is being used to increase competitiveness.

2010/51 APPROVAL OF 10 MONTH ACCOUNTS AND REPORT INCLUDING QUALITY ACCOUNTS 2009/10

Mr Lambert reported there is a statutory requirement that the Trust produces a Report and Accounts for the 10 month period ended 31 March 2010 and he introduced the paper which included the Annual Report 2009-10 and the Quality Report. Mr Lambert confirmed the item had been discussed in detail and approved by the Audit Committee.
The Board approved the Report and Accounts.

2010/52 LETTER OF REPRESENTATION

Mr Lambert presented the Letter of Representation to be provided to the company *Deloitte* in connection with the audit of the financial statements and consolidation schedules of the Foundation Trust for the period ended 31 March 2010.
The Board approved the Letter, which would be signed on their behalf by the Director of Finance & Performance.

2010/53 RECOMMENDATIONS OF ADVISORY APPOINTMENT COMMITTEE

The Board received the recommendation for the appointment of:

Dr Nicholas James Simmonds as Consultant in Cystic Fibrosis
(Mr Hunting noted an amendment to page 1 of the Ratification Form in that the

previous post holder was Professor Margaret Hodson (not Hudson))

Dr Anna Katja Reed as Consultant Respiratory and Transplant Physician

Mrs Hill referred to the appointment process for the Consultant Respiratory & Transplant Physician and noted there had been only one candidate for the post. The Advisory Appointments Committee had discussed the desirability of a clinical mentoring scheme in order to support new consultants in specialist areas. Professor Evans confirmed that he and Ms C Johnson, Director of Human Resources, were drafting a paper on the development of the appointments system and a mentoring programme post-appointment.

Mr Lerner noted that advertisements for the post had all been posted in UK journals and Professor Evans explained that these journals were internationally distributed, e.g. The Lancet and the British Medical Journal. Mr Bell agreed that the search for a candidate had not been undertaken globally in this case but canvassing for a suitable candidate had been undertaken previously in the right areas. Mr Bell continued that searches can be enlarged to an international search if it was thought best to do so. He confirmed that approaches are on occasions made to an individual even if they are not at that time looking for a position, but in that case an advertisement would still have to be posted. Professor Evans further pointed out that with regards to lung transplant physicians, there are very limited numbers worldwide and it is therefore extraordinarily difficult to recruit.

2010/54 RISK MANAGEMENT STRATEGY POLICY

Dr C Shuldham, Director of Nursing & Governance, introduced the Policy. She confirmed the item was un update of the Strategy and that Appendices detailed within the index could be made available if requested.
The Board formally ratified the Strategy.

2010/55 AUDIT COMMITTEE

Report from Meeting of 1st June 2010

Mr N Lerner, Chair – Audit Committee (AC), confirmed the Committee had reviewed the Annual Report and had received reports from both the Internal and External Auditors. The Audit Committee had made a number of recommendations for amendments to the Annual Report as follows:

- Include reference made to the potential impact from the change of Government
- Mr Lambert to better demonstrate how the going concern issue had been tackled and how the plan should be stress-tested. Mr Lambert would complete this in the next two days and would copy in the Audit Committee and the Auditors.

Subject to the above amendments, the Audit Committee recommended the Board approve the Report and the Board accepted the recommendation.

2010/56 QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions.

The meeting closed at 3.55 p.m.

2010/57 NEXT MEETING

Tuesday 20 July 2010 at 2.00pm in the Boardroom, Royal Brompton Hospital