

ROYAL BROMPTON & HAREFIELD NHS TRUST

**Minutes of a Meeting of the Trust Board
Held on 19 June 2008 in the Boardroom, Royal Brompton Hospital**

Present: Lord Newton of Braintree, Chairman
Mr R Bell, Chief Executive
Mr N Coleman, Non-Executive Director
Mrs C Croft, Non-Executive Director
Prof T Evans, Medical Director
Mr R Hunting, Non-Executive Director
Mr M Lambert, Director of Finance & Performance
Prof A Newman-Taylor, Non-Executive Director
Dr C Shuldham, Director of Nursing & Governance

By Invitation: Ms M Cabrelli, Director of Estates & Facilities
Mr R Connett, Head of Performance (Acting)
Mr R Craig, Director of Planning & Strategy
Mr N Hunt, Director of Service Development
Ms C Johnson, Prospective Director of Human Resources
Mr D Shrimpton, Private Patients Managing Director
Ms J Thomas, Director of Communications
Ms J Walton, Director of Fundraising

Apologies: Mrs J Hill, Non-Executive Director
Mr P Mitchell, Director of Operations

In attendance: Ms E Mainoo, Executive Assistant
Mrs R Paton (minutes)

The Chairman welcomed members of the Board, the public, and Ms Carol Johnson, the Trust's prospective Director of Human Resources.

2008/59 MINUTES OF THE MEETING HELD ON 23 APRIL 2008

The minutes of this meeting had previously been circulated with pages missing, and their approval had consequently been deferred to allow a full copy of the minutes to be circulated to the Board. The minutes were now agreed as a correct record.

2008/60 MINUTES OF THE PREVIOUS MEETING HELD ON 28 MAY 2008

The minutes of the May meeting were agreed as a correct record.

2008/61 REPORT FROM THE CHIEF EXECUTIVE

Mr Robert Bell, Chief Executive, reported that two letters had been received from the Associate Director of Acute Commissioning at Kensington & Chelsea PCT (our host commissioners). The letters related to the work of the Collaborative Commissioning Group of North West London (NWL) PCTs: Review of Specialised Neonatal and Paediatric Surgery and Associated Critical Care Services Project. The letter dated 10.6.08 notified the Trust that NWL PCTs were preparing to re-commission specialised neonatal and paediatric surgery and associated critical care. The second letter (dated 23.5.08) gave formal notification that all 8 NWL PCTs would expect to decommission paediatric cardiac surgery at the Trust from April 2009. The letter also set out the criteria of the case for change. Mr Nick Hunt, Director of Service Development, said that the notice period given for decommissioning appeared not to be in line with the contract we had agreed with Kensington & Chelsea PCT, and that there would also be a requirement for public consultation which was not referred to in

either letter. The Chief Executive continued that a service specification was being prepared and the Trust would receive a tender document to which it would respond. The Board discussed the possible reasons for the proposal – that the PCTs may have come to this decision because there was currently a fragmentation of services.

The Chief Executive confirmed that out of an overall annual turnover of £230m, paediatric services accounted for approximately £20m (approx 8.5%). Mr Mark Lambert, Director of Finance & Performance, confirmed that the Trust received just under £3m from the NW London PCTs in respect of all paediatric inpatient care (i.e. including respiratory services). A high-level analysis of profitability on inpatient paediatrics was a surplus of the order of £200k. Likely losses on out-patient paediatrics cancelled this out, making the net result approximately break-even.

Professor Tim Evans, Medical Director, said that there were relatively few places where this service could be undertaken. He saw no reason why the Trust should not re-bid as its facilities more than met the required standards, reminding the Board of the Healthcare Commission's "excellent" rating. The only other likely provider was Great Ormond Street Hospital.

Discussion continued on the content of the letters and whether they constituted appropriate formal notification that paediatric cardiac surgical services were to be decommissioned. The letters were clearly a reflection of the PCTs' intent and all other trusts involved would receive the same notification. It was also felt that the objective was to consolidate all paediatric specialist services on one site. Mr Bell said there were strategic issues involved here: PCTs could choose not to commission a service for their population, but they were not in a position to decide unilaterally who would provide a service, particularly specialist services serving many PCTs. The Trust would determine whether it could deliver a service or not, or could do so with the collaboration of others. The Chief Executive assured the Board that the issue would be closely monitored.

2008/62 FOUNDATION TRUST APPLICATION

Mr Robert Craig, Director of Planning & Strategy and Acting Director of R&D, introduced his paper, explaining that its main focus was the formal requirement on the Trust to respond to Monitor's deferral letter of June 2007. Since the last Board meeting there had been some informal contact with Monitor; their Executive Chairman had now proposed a month's extension to the previously stipulated deadline for our decision of 30th June 2008. There is now further time for the Board to consider this decision, which should be submitted to Monitor before 30th July 2008. This extra time will allow the Trust to undertake further work and analysis.

Mr Craig said the Trust should formally reply to Monitor's letter and confirm the proposed extension – a draft letter to that end had been included in the paper. The Board endorsed the contents of this letter, subject to minor adjustments proposed by the Chairman.

2008/63 HAREFIELD UPDATE

In the absence of Mr Patrick Mitchell (as Chair of the Harefield Redevelopment Oversight Board), Mr Craig reminded members that the Oversight Board had been monitoring developments over the last two years. The company *Care Consulting* continued to work with the Trust and were now finalising the draft of the Strategic Outline Case (SOC) which would come to the Trust Board in July for approval and, all being well, onward submission to NHS London. A further meeting of the Oversight Board was scheduled for early July when the SOC would be considered in more detail and necessary changes made.

In relation to remedial works at Harefield, Ms Maria Cabrelli, Director of Estates & Facilities, confirmed that major electrical works were continuing to timescale and within budget, and that work on the thoracic theatre project was also progressing in line with plan.

2008/64

FINANCIAL PERFORMANCE REPORT FOR MONTH 2: MAY 2008

Mr Lambert informed the Board that the month 2 report was slightly shorter due to work being undertaken in parallel to finalise the annual financial statements for 2007/08. He reported that for Month 2 (May 2008) the Trust had made a surplus of £184k, a year-to-date surplus of approximately £300k. Mr Lambert said this was a good result bearing in mind the Trust is now receiving just over £1m per month less in DH R&D funding. He reported that the plant was running very 'hot' and that high levels of activity were being delivered at 9% above the previous year.

Mr Lambert referred to the risk-rating metrics table in the finance report where several items were showing 'red': Return on Assets, I&E Surplus Margin and Liquidity Ratio. He wished to reassure the Board that the budget for the year was slightly back ended and that meeting budget would result in all metrics being 3, the minimum required by Monitor.

Mr Nick Coleman, Non-Executive Director, commented on the Financial Stability Plan (FSP) and stressed that if the Trust were to reactivate its FT application, central to our argument to Monitor would be that we could deliver necessary savings; he also stressed the need for the adequate and timely delivery of the plan itself. Mr Lambert confirmed that a total FSP target of £11.6m was necessary to achieve the budget, and he was confident there were a number of income areas which would support this such as paediatric valves and cystic fibrosis home care.

Mr Coleman then referred back to the final accounts for 2007/08 when the Trust had spent £19m of a planned £23m capital budget, and asked how confident the Trust was in spending the full capital budget this year. Mr Lambert reminded the Board that in 2007/08 the £23m budget had included a contingency sum of £4m which had not been required – minute 2008/54 refers – and the Trust had, in fact, spent to its plan. The budget for 2008/09 was £24.8m (with a much smaller contingency of £0.5m). Mr Lambert and Ms Cabrelli confirmed their confidence in delivering the schemes, not least because some were a continuation of projects began in 2007/08 in which no "lead-times" were involved. All parties agreed that phasing delivery of capital schemes more evenly across the year was desirable, and discussions were in hand to address the causes.

Mr Lambert referred to the BRU projects funded by NIHR and the Corporate Trustee; both projects would take at least one year to deliver and would be overseen by respective project boards. Other projects such as the NW London decontamination initiative had appropriate ring-fenced capital. Mr Lambert referred to the Flagship Projects and reported that work at Sydney Street was on-going, the Harefield Hospital health and safety and thoracic theatres project continued from last year and the PACS/RIS replacement continued this year.

2008/65

OPERATIONAL PERFORMANCE REPORT FOR MONTH 2: MAY 2008

Mr Lambert introduced the operational report for Month 2, and highlighted the following items:

- The cumulative reportable cancellations position for May was 1.52% and although this was an improvement on last month, it still equated to a failure of the target. Mr Lambert said this result was a reflection of how busy the hospital was; the Director of Operations was monitoring the situation and expansion of the plant and opening of the new recovery area in July should alleviate this position.

- Patients sharing accommodation with the opposite sex was still a source of concern in critical care areas, for which new facilities was the only definitive solution.
- Infection control: the target for the year for *C difficile* is 33 cases; 6 cases had been reported for the year to date and if this trajectory continued we might just exceed the target (NB this is a low level of cases relative to other Trusts). There had been one outbreak of Vancomycin Resistant Enterococcus (VRE) in the Adult Intensive Care Unit at RBH in February, which was only being reported now due to the time required to isolate and identify the organism concerned. Mrs Christina Croft, Non-Executive Director, requested more details and Professor Evans confirmed that VRE was a serious infection, but that the Infection Control team had been involved very early and the outbreak had been dealt with within two weeks. Dr Caroline Shuldham, Director of Nursing & Governance, reported that there had been 3 cases of VRE infection for the entire Trust for the whole year which were all related to this outbreak. She expected VRE infection to be reported nationally in the future but, as yet, no external target had been set. MRSA: the Trust had been clear of MRSA since October 2007. With reference to *C difficile*, Mr Coleman commented on the fact that the Trust had the best infection rates in the country and asked what measures were being taken to continue to improve on this yet further. Professor Evans confirmed the Trust reported 2-4 cases of infection per month, and felt that with a patient population that included e.g. cystic fibrosis, long-stay intensive care, and the requirement for strong and prolonged antibiotic medication, infection could not be eradicated. However, he agreed that it was vital never to be complacent, and that the Trust always aimed for improvement: the Trust had signed up to the Government's *Saving Lives* and *Winning Ways* initiatives, implemented an aggressive policy of isolation in the case of infection, and had an active policy on antibiotic use. He further informed the Board that *C difficile* is carried by 40% of children and 4-5% of adults in the general population. He felt that the Trust was doing well in infection control in this area, especially as activity had increased by 9%, and that the full-year target of 33 cases would be achievable.
- Workforce – Sickness Absence. This rate continued to rise, the main reasons given being: cold & flu, vomiting & diarrhoea, Noro virus, stress & anxiety. The Chairman remarked on the fact that 368 working days had been lost due to stress & anxiety in the 12-month reporting period. Mr Lambert thought the higher figures might be due to better reporting. From the floor, Ms Carol Johnson, prospective Director of Human Resources, confirmed she would look into this and felt the total should be looked at in conjunction with staff surveys.
- Convenience and Choice: showing “underachieved” but is still subject to ratification.
- Diagnostic waiting time: Reporting “underachieved” as there were 4 breaches in the previous 12 months.

2008/66

AUDIT AND RISK COMMITTEE

(i) Minutes of Meeting held on 25 March 2008

Mr Coleman, Chair of the Audit & Risk Committee (ARC), reported that at the meeting on 12 June 2008, the minutes of the previous meeting had been agreed as a correct record.

(ii) Report from Audit & Risk Committee meeting held on 12 June 2008

Mr Coleman reported that the Committee had received the following items:

- The Annual Report from the Internal Auditors (IA) which had provided reasonable assurance that the Trust had a generally sound system of internal control, excluding continuing problems with over-payments (however, these are fully provided for).

- The External Auditors' (EA) opinion on the draft Trust Annual Accounts, which was that these were essentially correct, except for uncorrected mis-statements (exceptional depreciation items). The ARC agreed with this opinion except for one issue – confirmation of agreement on the treatment of fixed assets (now resolved). The draft accounts for the Trust were recalculated, accepted by the external auditors without qualification and were now recommended to the Trust Board for approval. The ARC also looked at the Summary Accounts, the revised Finance Director's Report and the Statement of Internal Control and, after due scrutiny, agreed that all these documents could now be recommended to the Trust Board.
- The draft Annual Report: the ARC was happy to support the draft, subject to a few minor amendments and the addition of a few small items omitted from the end of the report.

Mr Coleman continued that the ARC had agreed actions to reinforce the Trust's Assurance Framework, had reviewed the work programme for the ARC and discussed a proposal to adjust processes used by the Trust to identify risks needing priority attention. The ARC had also reviewed the following:

- progress in closure of certain EA and IA recommendations, i.e. recommendations relating to the 18-week targets and whether a revised deadline for these should be negotiated;
- payroll processes and clearance of overpayments which are ongoing;
- Auditors' Local Evaluation/Value for Money (ALE/VFM) assessments;
- mobile computing data security and encryption of patient data on mobile devices.
- progress on IFRS implementation;
- Annual Healthcheck
- counter-fraud programme
- internal audit programme and
- how to assess risks in the future.

(iii) Audit & Risk Committee Annual Report 2007/08

Mr Coleman further reported that the ARC had looked at its own Annual Report and, following a few minor amendments, the report had been duly signed off. The report contained details of the activity undertaken by the ARC in assessing the adequacy and effectiveness of the Trust's systems of internal control, its arrangements for risk management, and control and governance processes. With reference to the self-assessment of the Audit Committee's performance, this was in the process of being considered and a further report on this would be submitted to the September Board meeting.

The Chairman confirmed that the ARC minutes, report and annual report had been duly noted by the Board.

2008/67

APPROVAL OF ANNUAL ACCOUNTS AND REPORT FOR 2007/08 AND LETTER OF REPRESENTATION

Mr Lambert reported that the Audit Committee was recommending acceptance of these accounts. The accounts were to be submitted to the DH by 23rd June, duly signed by himself, the Chief Executive and external auditors (Deloitte & Touche).

At the Audit and Risk Committee, the draft accounts showed a surplus of £2.365m. Following discussion with the auditors, the current draft showed a surplus of £3.566m, an increase of £1.2m, due to a revision of the carrying value of fixed assets. The auditors were happy to sign the annual accounts as now drafted.

A Letter of Representation was submitted to the Board for signature. Mr Lambert had

a set of final financial accounts available to inform members of the Board which included a detailed reconciliation of the changes. These accounts had already been approved by the Audit & Risk Committee.

The Board approved the accounts.

Annual Report

The draft Annual Report text 2007/08 was submitted to the Board. Ms Jo Thomas, Director of Communications, reported that financial information needed to be amalgamated with the narrative draft and the Board would receive the final draft within a few weeks. She confirmed that the report needed to be available two weeks before the Annual General Meeting in September but did not have to be submitted to the DH. The report as it stood was well ahead of schedule (because the auditors required a draft of the narrative report as part of their review). The Chairman requested any comments be submitted to the Director of Communications.

The Chairman and Chief Executive were both happy to sign the draft report.

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STATEMENT OF INTERNAL CONTROL (SIC)

The Trust is required to submit, as part of its Annual Report and Accounts, an annual statement as to the effectiveness of the Trust's internal control arrangements. Mr Coleman reported that the Audit & Risk Committee had approved the statement and the Chief Executive agreed to sign the document.

2008/69

REGISTER OF DIRECTORS' INTERESTS

Mr Coleman explained that the Register had been recently updated in order that a correct copy could be included in the Annual Report. The Board noted the Register as at 13 June 2008.

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QUESTIONS FROM MEMBERS OF THE PUBLIC

Mr David Potter (Chairman, Rebeat Club) commented on the fact that the NHS London Provider Agency had previously stated that if the Trust did not meet its 'control total' then the Trust CEO and management team would be deemed to have failed in their duties. He asked what would be their reaction to the surplus of £3.5m in the finalised accounts, and hoped this would not affect the CEO and the Finance Director. Mr Lambert reminded the Board that an earlier letter from Lord Warner had stated that if the Trust exceeded its 'control total' (a surplus of approx £2.4m), the Board would be rated 'D' (lowest) for performance, but nothing formal had been received since then. Mr Lambert continued that he had held discussions with the Finance Director of NHS London who had confirmed that Trusts who had exceeded their 'control total' because of accounting for "incomplete spells of care" would not be seen to have failed this duty. Mr Lambert had confirmation of this in writing and confirmed that of the Trust's surplus some £2.7m was due to accounting for prior period "incomplete spells of care".

Mr Dennis Gulliford (Secretary, Rebeat Club) had the impression that the DH were good at 'shifting the goalposts'.

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DATE OF NEXT MEETING

Wednesday 23 July 2008 at 10.30 a.m. in the Concert Hall, Harefield Hospital