ROYAL BROMPTON & HAREFIELD NHS TRUST

Minutes of a Meeting of the Trust Board held on 22 November 2006 in the Boardroom, Royal Brompton Hospital

Present: Lord Newton of Braintree: Chairman
Mr R Bell: Chief Executive
Mrs C Croft: Non-Executive Director
Professor T Evans: Medical Director
Mrs J Hill: Non-Executive Director
Mr M Lambert: Director of Finance and Performance
Mrs S McCarthy: Non-Executive Director
Mr P Mitchell: Director of Operations
Dr. C Shuldham: Director of Nursing and Governance

By invitation: Mrs M Cabrelli: Director of Estates and Facilities
Professor M Cowie: Director of Research and Academic Affairs
Mr R Craig: Director of Planning and Strategy
Mr N Hunt: Director of Service Development
Ms J Ocloo: Chair Royal Brompton & Harefield Patient and Public Involvement Forum
Ms J Thomas: Director of Communications
Mr T Vickers: Director of Human Resources
Ms J Walton: Director of Fundraising

In Attendance: Mr J Chapman: Head of Administration
Mrs L Davies: Head of Performance
Ms S Ohri: Deputy Director of Finance
Mrs M Patel: Project Manager Harefield Hospital Redevelopment
Mr R Sawyer: Head of Risk
Mrs E Schutte: Executive Assistant

Apologies for absence were received from Mr Charles Perrin, Deputy Chairman, and Professor Anthony Newman Taylor, Non-Executive Director.

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

REF

2006/131 MR MARK LAMBERT

The Chairman welcomed Mr Mark Lambert, Director of Finance and Performance, to the meeting. Mr Lambert had recently taken up office with the Trust.

2006/132 MINUTES OF TRUST BOARD MEETING ON 25 OCTOBER 2006

The minutes of the meeting of the Trust Board held on 25 October 2006 were confirmed.

2006/133 REPORT FROM THE CHIEF EXECUTIVE

Mr Robert Bell, Chief Executive, gave a perspective of six strategic issues the Trust was currently facing.

(i) Foundation Trust Status

The key strategic objective over the next six months was to become a NHS Foundation Trust. Being a Foundation Trust would give Royal Brompton and Harefield Hospitals capabilities it currently lacked, particularly the greater independence on strategic control.

(ii) Finance

Directional changes were appearing in NHS funding. The 2007/08 Payments by Results tariffs for NHS Trusts, which had been issued for "road testing" would be different if they become Foundation Trusts. Funding for NHS research and development was changing and even if the Trust became a specialist biomedical research centre and was allocated the funds in 2008/9 for which it had bid there was uncertainty about the future of the remaining £20 million the Trust was currently allocated. The Trust also currently received direct funding through NHS London for education and training through a top-sliced allocation from the Department of Health and there was uncertainty over the future of the allocation, which was part of the 40% of Trust income outside conventional NHS commissioning of services.

(iii) New Model NHS Contract

The Department of Health had published a draft new model contract, which all NHS Trusts would be required to adopt for consultation.

(iv) Relationships with NHS London

NHS London was undergoing a major transformation of which the reorganisation of Primary Care Trusts was a part. Major changes were now taking place in PCT commissioning and with 25% of the Trust business coming within London the Trust had to be aware of any risks that could arise. NHS London had also created the NHS Provider Agency for London which would oversee performance management across the capital and the Trust would have to engage with the new organisation. NHS London would become a more distinct organisation concerned mainly with strategy and accountability to Ministers.

(v) The Annual Health Check

The outcome of the Healthcare Commission Health Check of the Trust for 2006, reported at the previous Board meeting, suggested emerging tension over the regulatory roles with which the Trust would have to contend in the future. The Healthcare Commission would continue to review the Trust's performance as well as Monitor, if the Trust achieved Foundation Trust status.

(vi) Imperial College of Medicine

Imperial College of Medicine was likely to become the first academic medical sciences centre in the UK. The Trust, with its academic partner the National Heart and Lung Institute, was an inseparable part of the research mission of Imperial College but the dynamics of the new academic organisation were unclear and this raised strategic concerns.

Mr Bell said all the issues he had reported were interrelated. Each one would have a considerable impact on all the others. The Board noted the report.

2006/134 <u>FOUNDATION TRUST APPLICATION</u>

The Board received a report from Mr Robert Craig, Director of Planning and Strategy, on progress with the application for NHS Foundation Trust Status. The application which had the support of NHS London, had been sent to the Department of Health and a response was expected by the end of December. Thereafter if the Department approved the application the Trust would be subject to appraisal by Monitor and if that went successfully the Trust expected to become a Foundation Trust in April 2007. The election of the Board of Governors was planned to take place from late January to

March 2007. The Trust Finance Committee was overseeing procurement of a working capital facility and expected to conclude the process in December. Seminars for Trust managers were being planned and challenge sessions organised on the operation of a Foundation Trust regime in preparation for the Monitor appraisal process.

The Board noted the report.

2006/135 REDEVELOPMENT OF HAREFIELD HOSPITAL AND SERVICES

Mr Patrick Mitchell, Director of Operations, presented a progress report on four matters. As a result of the delay in the appointment of a Consultant Psychiatrist the Trust had asked North West London Mental Health Trust to appoint a locum psychiatrist with sessions at Harefield Hospital as soon as possible. A search consultancy had been engaged to attract suitable candidates for the appointments of Director of Critical Care and Director of Surgery. London Borough of Hillingdon gave planning consent on 21 November for two years to provide a temporary ward at Harefield Hospital. The Trust would now proceed to tender for the main building works for the inpatient and thoracic theatre facilities. The groundwork for the temporary ward would commence immediately and the temporary building was expected to be installed early in January 2007.

2006/136 APPRAISAL OF OPTIONS FOR THE FUTURE OF HAREFIELD HOSPITAL AND SERVICES

Mr Patrick Mitchell gave a presentation on progress with the appraisal of options for the future of Harefield Hospital and services. Mr Mitchell reminded the Board that the option appraisal was a condition imposed by North West London Strategic Health Authority when it allocated £2.3 million for urgent remedial works on the Harefield Hospital estate and condition of the buildings and imposed a timescale of six months to complete the appraisal. Matrix Research and Consultancy was commissioned for the appraisal and was reviewing eight options; do nothing, do minimum (the £2.3 million scheme), modular rebuild of Harefield Hospital on the current site, new build on the current site, Harefield Hospital at Hillingdon Hospital, Harefield Hospital at Mount Vernon Hospital, Harefield Hospital at Watford Hospital and Harefield Hospital at The Hammersmith Hospital.

Mr Mitchell explained the non-financial criteria against which the options would be appraised. They were access for patients and staff in the context also of being the right place for the markets Harefield

Hospital was serving, support for the Hospital clinical infrastructure, appropriateness for recruitment and retention of staff, patient and public support and partnership value in terms of the Hospital's and the Trust's reputation, achievement of the Trust's research and development aims, and the development potential of the sites for provision of the Hospital's services in the future.

Mr Mitchell also drew attention to "switching points", issues that could profoundly influence the outcome of the appraisal of one option or more and thus render them unviable. He referred in particular to the time to gain access to the development site, the suitability of a site for possible expansion of Harefield Hospital in the future, land values in relation to affordability and the change of approach in the NHS to single-specialty hospitals. The Board's views were sought on these issues before the consultancy proceeds to completing the option appraisal.

Mr Bell referred to the interdependence of Royal Brompton and Harefield Hospitals providing services as one organisation on two sites with the consequence that if the viability of one site was changed through relocation the viability of the other would be seriously threatened. The Trust's mission was being fulfilled by the interdependence of the two hospital sites. The Trust was formed through a merger in 1998, it had spent eight years making it work and it was inappropriate to fragment it.

Mr Bell also said the option appraisal should address the issue of clinical separation of specialist services from major acute hospital services. Various opinions were expressed about the alleged disadvantages from isolation of specialist hospital services but there was no evidence that the specialist services provided in the Trust resulted in adverse outcomes or that any significant higher clinical risk to patients occurred. Mrs Jennifer Hill, Non-Executive Director, said the option appraisal should provide a reputation index of key performance indicators showing how they would be affected if the Trust was broken up by a merger of Harefield Hospital with another Trust.

Professor Martin Cowie, Director of Research and Development, said every option should be tested for the interaction of clinical services with research and development and specifically the impact on the interdependence of the Heart Science Centre with Harefield Hospital. The Heart Science Centre had so far expressed no views on the matter but Mr Bell indicated that if the premise is that the Trust is

indivisible and that severing the interdependence of Royal Brompton Hospital with the NHLI would damage both organisations the same must apply to the interdependence between Harefield Hospital and the Heart Science Centre. Professor Cowie also said that science was expanding and the appraisal should test options for their ability to provide increased research and development space in the future.

Dr. Caroline Shuldham, Director of Nursing and Governance, suggested the appraisal should review the options in relation to achieving the Trust's education and training objectives. Mr Mitchell said the outcome would probably differ in only one option.

Following discussion Mr Mitchell said the Oversight Board would consider the comments and bring them to the attention of Matrix Research and Consultancy. The outcome of the option appraisal would be presented to the next Board meeting.

Comments from Members of the Public

Mrs Jean Brett, Chair of Heart of Harefield, congratulated Mr Mitchell on the clarity of his excellent presentation. Heart of Harefield totally supported the identity and integrity of the Royal Brompton and Harefield Hospitals as one Trust, which had synergy between bed and bench on both sites. The beneficial results of patient treatment and research being close together had recently been illustrated by an article in "The Times". This centred upon the successful outcome of a research study at Harefield which despite involving extreme case heart patients had a 75% success rate. This had been achieved by implanting a left ventricular assist device (LVAD) combined with drug treatment. The research study was to be repeated in America where alarm had earlier been expressed at the one time possibility of Harefield Hospital and the Heart Science Centre not remaining on the same site. However keeping the two in proximity for the benefit of all had been one of Heart of Harefield's main reasons for being against the Paddington Project. It was vital that they remained together and moved forward together. Similarly Heart of Harefield recognised the interdependence of the Royal Brompton Hospital and its neighbour the National Heart and Lung Institute. Maintaining this situation for both Harefield and the Brompton made the Trust an unbeatable combination. Mrs Brett also noted that while heart care and research attracted most publicity the vital work and research into cystic fibrosis at the Brompton deserved a much higher press profile.

The Chairman thanked Mrs Brett for her very supportive comments.

Mr John Ross, an Executive Member of Heart of Harefield, referred to the role of Imperial College in the provision of education and training services and asked if there had been any contact with Brunel University, which was located in Hillingdon. The Chairman said the Board would take note.

2006/137 DRAFT DISABILITY AND EQUALITY SCHEME

Mr Patrick Mitchell gave an oral report on the development of a disability and equality scheme for the Trust which legislation required to be in place by 4 December 2006. The Trust had published a draft scheme for consultation, including consultation with disability forums in the London Borough of Hillingdon and the Royal Borough of Kensington and Chelsea. Consultation would also take place with the Patient and Public Involvement Forum. Following consultation the Management Committee would approve the Scheme which would then be reported to the Board for ratification at the next meeting.

2006/138 PERFORMANCE REPORT FOR OCTOBER 2006

Mr Mark Lambert, Director of Finance and Performance, presented the report for the seven months that ended on 31 October 2006. The Trust had reported an accumulated surplus of income over expenditure of £4.4 million against the planned surplus of £4.5 million with an adverse variance of just over £50,000 occurring. This again represented a minor favourable movement from the position reported to the Board at the previous meeting. NHS activity was 2.2% above the 2005/6 outturn. Private patient activity had fallen especially in adult and paediatric cardiology and was currently 6.3% below the target outturn for 2006/7. Cash was in line with plan but debtors remained a priority area to be pursued.

Mr Lambert drew attention to indicative performance against the key financial matrix for Foundation Trusts. The Trust was performing well against the risk ratings for underlying performance, achievement of plan and financial efficiency and if it were assured that it would be given a suitable working capital facility it would receive the highest rating. The indicators suggested that the Trust would be a low risk Foundation Trust.

There had however been an adverse variance in the financial stability plan target with the shortfall on 31 October being £1.1 million. Mr Mitchell said that he had reviewed the plan with general managers and indicated that new plans must be found and delivered if current plans do not deliver the required savings. Mr Bell said that while there was confidence the Trust would achieve the financial plan for

2006/7 and meet the targets set by the SHA and NHS London there was concern that the surplus had not increased over the past three months indicating that costs were rising in line with activity. This had to be scrutinised and corrected.

Mrs Hill expressed concern over the reported slow expenditure rate on the capital programme and asked what the risks were if the Trust reported an underspend at the end of the year. Mr Mitchell said the Trust was confident it would fulfil capital expenditure commitments for 2006/7. There was a time delay between commitments and expenditure but there was no indication of slippages in the programme.

Mr Lambert drew the Board's attention to key performance indicators for 2006/7 and asked the Board to note the indicators for private patient activity and waiting times for cancer treatments which had not been met and those of cancellations of operations and follow-up outpatient attendances which was either under-achieved or were cause for concern. The Board was then given an account of action that was being taken.

Ms Josephine Ocloo, Chair of Royal Brompton and Harefield Patient and Public Involvement Forum, referred to the section of the report on diversity of patients and staff and asked what progress had been made to increase representation of black and minority ethnic (BME) staff in Board and senior management positions as she had first raised the issue two years ago and was uncertain that any progress had been made. Mr Mitchell said one of the objectives of the Diversity and Equality Steering Group was to examine staff diversity information and where there is under-representation of any group to ensure action is taken to remedy it.

Ms Ocloo commented that the Board and senior management could not debate the issue if they were unaware of the data and specific issues involved if they were not regularly included in Board reports. Mr Bell said the Trust recognised what Ms Ocloo was saying but it had a duty to appoint the best candidates for senior positions and could not take a person's ethnic status into account above all other criteria. Mrs Hill, Non-Executive Director and Lead for Diversity, commented that the Trust should monitor ethnic status of all staff in leadership positions rather than Board Members and senior managers. This would give a clearer picture of BME staff at senior level throughout the organisation. It was agreed that Mr Mitchell

would look into the matter raised by Ms Ocloo and report back to the Board.

The Board noted the performance report.

Comments from Members of the Public

Mr Kenneth Appell, a member of the Royal Brompton and Harefield Patient and Public Involvement Forum, asked if there had been any development over the debt the Kuwaiti Embassy owed the Trust. Mr Mitchell said the debt was receiving attention; there had been no suggestion from the Embassy that the debt would not be paid.

2006/139 PERFORMANCE STRATEGY

Mr Mark Lambert presented a performance strategy and reporting framework which incorporated best practice guidance from the Department of Health and a suggested minimum data set for management reporting in anticipation of Foundation Trust status. Extensive internal review had taken place and the Board was advised that the strategy and framework should be in place when Monitor commences assessment of the Foundation Trust application. Mr Bell recommended the Board to adopt the strategy and reporting framework and advised that a more strategic framework might be required later to inform corporate governance.

The Board agreed to adopt the performance strategy and reporting framework.

2006/140 AUDIT AND RISK COMMITTEE MEETING ON 21 SEPTEMBER 2006

The Board received and noted the minutes of a meeting of the Audit and Risk Committee on 21 September 2006.

2006/141 REPORT FROM AUDIT AND RISK COMMITTEE MEETING ON 14 NOVEMBER 2006

Mrs Suzanne McCarthy, Non-Executive Director, presented a report of matters considered at the meeting of the Audit and Risk Committee on 14 November 2006. Mrs McCarthy said the Committee wished the Board to know of the Auditors' local evaluation (ALE) report. The Auditors had given the report to the Committee explaining the reasons for the Trust's score in the 2006 Health Check and what action the Trust should take to obtain a higher score in 2007. Concerns were raised on budget matters as the Trust might not reach the standard required until 2008/9 and the Committee asked the Auditors to revert to the Healthcare Commission to discuss possible flexibility in the application of the criteria. In the

circumstances Mrs McCarthy said the Committee had decided to meet again two months later in January 2007.

Ms Josephine Ocloo referred to the section in the report on incident reporting. She said she had not been able to raise the matter at the ARC meeting because she only received the papers for the meeting two days before and therefore did not attend because she has not had time to read them. A higher level of reported incidents was drawn to the Committee's attention at the 21 September meeting which was said to be the result of improved reporting rather than an increased frequency of incidents. Ms Ocloo said that while it was to the Trust's advantage that more incidents were reported it would be helpful to know why incidents occur, whether the Trust used root cause analysis and how the Trust learned from them. Dr. Caroline Shuldham said the Governance and Quality Department would take note of what Ms Ocloo had said. The Trust applies root cause analysis to adverse incidents. Ms Ocloo therefore asked to be sent some examples of RCA reports carried out by the Trust.

2006/142 REGISTER OF INTERESTS OF BOARD MEMBERS

The Board received a revised register of interests of Board Members which included a declaration from Mr Mark Lambert, Director of Finance and Performance. Mr Lambert had nothing to declare.

2006/143 RESEARCH AND DEVELOPMENT REPORT

The Board received a report from Professor Martin Cowie, Director of Research Development and Academic Affairs. Professor Cowie asked the Board to note that Professor Newman Taylor, Professor Evans and he would be interviewed by the selection panel for the National Institute for Health Related Biomedical Research Centres on 30 November 2006. The final decision on the Trust's application to become a specialist biomedical research centre was expected to be made by the Department of Health before Christmas.

2006/144 APPOINTMENT OF CONSULTANT IN PAEDIATRIC AND FOETAL CARDIOLOGY

The Board confirmed the decision of an Advisory Appointment Committee to recommend the appointment of Dr. Anna Seale as Consultant in Paediatric and Foetal Cardiology.

2006/145 MRS SUZANNE McCARTHY

The Chairman informed the Board that Mrs Suzanne McCarthy's appointment as a Non-Executive Director would end on 30 November 2006. On behalf of the Board the Chairman thanked Mrs McCarthy

for her valuable contribution over the past eight years to the success of the Trust since the merger between Royal Brompton and Harefield Hospitals in 1998 and wished her well for the future. The Chairman also said that Mr Charles Perrin had said he regretted he was unable to present at the meeting and wished the Board to know and record his personal gratitude as a Non-Executive Director to Mrs McCarthy. Mr Perrin also wished Mrs McCarthy well for the future.

2006/146 NEXT MEETING

The next meeting of the Trust Board would take place on Wednesday 20 December 2006 in the Concert Hall at Harefield Hospital commencing at 10.30am.

Lord Newton of Braintree
Chairman