Minutes of a Meeting of the Trust Board held on 22 October 2008 in the Concert Hall, Harefield Hospital

Present:	Lord Newton of Braintree, Chairman Mr R Bell, Chief Executive Prof Sir A Newman Taylor, Non-Executive Director Mr R Hunting, Non-Executive Director Mrs J Hill, Non-Executive Director Mrs C Croft, Non-Executive Director Mr N Coleman, Non-Executive Director Mr R Craig, Director of Operations Mr M Lambert, Director of Finance & Performance Dr C Shuldham, Director of Nursing, Governance & Informatics
By Invitation:	Ms M Cabrelli, Director of Estates & Facilities Mr N Hunt, Director of Service Development Ms C Johnson, Director of Human Resources Mr D Shrimpton, Private Patients Managing Director Ms J Thomas, Director of Communications Mr R Connett, Head of Performance Mrs L Davies, Head of Modernisation
In Attendance:	Mrs R Paton (minutes) Ms E Mainoo, Executive Assistant Mrs E Schutte, Executive Assistant
Apologies:	Prof T Evans, Medical Director

The Chairman welcomed everyone to the meeting which followed the repeat Annual General Meeting.

2008/95 MINUTES OF THE MEETING HELD ON 24 SEPTEMBER 2008

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

2008/96 REPORT FROM THE CHIEF EXECUTIVE

Mr Robert Bell, Chief Executive, wished to confirm the appointment of Mr Robert Craig as Director of Operations. There had been 19 applicants for the post, three having been short-listed. The Chairman congratulated Mr Craig on his appointment and welcomed him to the Board. He thanked Mr Richard Hunting, Non-Executive Director, for chairing the Trust selection panel.

Mr Bell reported that the DoH had announced the process for the designation of Academic Health Science Centres (AHSCs) under the chairmanship of Sir Alan Langlands. Official applications are requested from Trusts or partnerships of Trusts by January 2009 with short-listings to take place in February. Part of the background to AHSCs is that Lord Darzi was concerned institutions would self-designate and therefore an administrative process had now been introduced. Last October Imperial College NHS Trust had designated itself as an AHSC. This Trust now needs to decide its thinking on this process and Mr Bell hoped the Trust would become involved. A review had been sought of Sir Malcolm Green on strategic issues in our collaboration with Imperial College (IC) and he felt the Trust was seeking to establish a different alliance from that which had existed to date. The Chief Executive had written to the CEO of Imperial College and the Principal of the University, Prof Stephen Smith, requesting their views and confirming the Trust is keen to collaborate with IC – a reply was awaited.

There are no laid down criteria but the Trust will need an academic partner, particularly a university, and preferably Imperial College.

Lord Newton, Chairman, referred to Mr Bell's letter to Prof Stephen Smith, and said the intention was for the Chairman to write to the Rector of Imperial College, Sir Roy Anderson. At the time we had been approached by University College London we had concluded that our future would rest in partnership with Imperial College.

Prof Sir Anthony Newman Taylor, Non-Executive Director, confirmed that from the perspective of both the Trust and IC, both parties agreed a strong relationship should be developed. Some progress towards this had been achieved through the creation of BRUs and the designation of an AHSC would need to be based on partnership with a university. He continued that, from the perspective of the University, Sir Roy Anderson, Rector of IC, visualised the importance of a strong relationship between trusts along the Fulham Road and that IC would be assessing how to achieve this. He felt, therefore, the Trust might expect a favourable response to our Chief Executive's letter.

Mr Nick Coleman, Non-Executive Director, felt our strategic intent was to focus on excellence in heart and lung medicine and had ruled out any merger with another hospital. He felt a mutually beneficial reinforcement of our relationship with IC was a good thing and it was important to apply to become an AHSC.

Mr Bell explained that Imperial College NHS Trust was a merged trust between St Mary's and Hammersmith and is now in partnership with Imperial College. We need to be clear what our intent is and would need some undertaking from the university as to what their purpose will be. There was also a question of whether designated centres will have a special tariff. Mr Bell recommended our involvement be accelerated and the Chairman confirmed the Board was fully supportive of the intended direction of travel that is implicit in what Mr Bell had outlined.

2008/97 FOUNDATION TRUST APPLICATION UPDATE

Mr Robert Craig, Director of Operations, confirmed that Monitor would commence its reassessment of the Trust's application in February 2009. Mr Craig confirmed that the companies Care Consulting and KPMG had been engaged to provide third-party support and representatives of these two companies were in the audience today. Preparation is currently underway for the updating and redrafting of the IBP. The activity model had been re-built which had provided the key assumptions driving the production of the long-term financial model (LTFM). The LTFM included income projections, expenditure assumptions, likely Income & Expenditure and the financial stability plan required to sustain the Trust's viability over the next few years.

Monitor requires two formal reviews by independent agencies as part of the due diligence exercise on the Trust's historical performance and the proposed working capital arrangements and financial reporting procedures. With reference to governance arrangements, the initial proposals had already been broadly accepted by Monitor.

The Chairman felt the graphs showed a pleasing trend in increased clinical activity in that replacement was being found for the disappearing research funding. There seemed now to be a step change between 2008/09 and 2009/10 and a different trajectory was emerging. The Chairman reminded the Board that Monitor had previously accused the Trust of over-optimism and cautioned there needed to be proof the funding can be replaced.

Mr Nick Coleman suspected that, in the light of a possible economic recession, the Trust might face a difficult argument with Monitor. He felt the PCTs needed to strongly

confirm their support in writing. Mr Craig reported that the 2008/09 figures had been agreed by PCTs for this financial year. Mr Nick Hunt, Director of Service Development, added that activity projections for the IBP would be shared with commissioners asking for their, hopefully supportive, views on them. He cautioned that commissioners would not necessarily sign up fully to longer-term projections and that the impending recession might influence views on future patterns of expenditure.

Mrs Jenny Hill, Non-Executive Director, said that experience of past recessions, had shown that services had to increase because people became more ill. The Chairman thought it possible that PP income would be the most likely casualty of a recession. Mr Craig said there would be downside cases to apply to this model and that the Trust would be working with key commissioners to seek their views on the projections outlined.

2008/98 HAREFIELD SOC UPDATE

The Chairman introduced the item by reminding the meeting that the future of HH was one of Monitor's concerns relating to our application to become a Foundation Trust. Mr Robert Craig, Director of Operations, explained that NHS London had recently changed its arrangements for reviewing Trust proposals for capital investment. Until August 2008 proposals had been considered by the Provider Agency which had originally commissioned the SOC in November 2007. Responsibility now lies with the SHA's Capital Management Group under their Director of Finance & Performance. On 9 September 2008 the Trust was asked to respond to 48 questions raised by the SHA and did so within deadline. The SHA had written again to the Trust on 9th October to inform that the SHA's Capital Management Group had not felt able to recommend the SOC to the Capital Investment Committee but had referred it on to the SHA's Executive Management Team. Mr Craig said that part of the frustration for everyone is the way the process the SHA is using has changed in that the agency which had commissioned the proposal was not the agency that had recently assessed it. Mr Craig had spoken to the Strategic Investment Adviser (author of the 9 October letter) and been assured the situation would be assessed by the NHS Management Team as soon as possible, probably before the end of October. Mr Craig felt that this is extremely disappointing and frustrating. The letter had voiced concerns that there were not sufficient clear commissioning intentions for the proposed model. Mr Hunt confirmed that letters were going out to key commissioners informing them of the current state-of-play with the SOC and asking them for some definitive statements of support for the re-development scheme. The Board noted the situation had been continuing for years and felt the outlook did not look very encouraging. Mrs Jenny Hill, Non-Executive Director, recommended that all concerned should be reminded of exactly how many years the situation had been continuing. The Chief Executive felt the situation was unacceptable; the SHA had said in-patient facilities at HH were not fit for purpose and needed to be re-provided either at HH or at another site, and we had been unable to proceed on this. There had been constant uncertainty in the SHA's responses.

The Board wished to record its formal disappointment, frustration and disapproval of the length of time involved in the process and debated the usefulness of requesting more detailed reasoning for the situation and whether an informal approach should be taken with Ruth Carnall. Mr Bell said he preferred to take the formal approach and said he would be meeting Malcolm Stamp, Chief Executive of the SHA Provider Agency, and would report back on the meeting to the Board.

Mr Bell said the Board needed to discuss what approach it would take in relation to Monitor's outlook on the issue.

Prof Sir Anthony Newman Taylor reiterated that the report had been commissioned by

the SHA and was based on its recommendations about concerns for patient safety. The Trust had accepted that the concerns were real but had been frustrated for a period of over three years in trying to progress this.

Mr Bell said that Monitor would be looking more towards our business case and support, and would require a strategic outline case; he was not sure they would require the Trust to have SHA approval.

2008/99 FINANCIAL PERFORMANCE REPORT FOR MONTH 6: SEPTEMBER 2008

Mr Mark Lambert, Director of Finance & Performance, reported that in Month 06 NHS activity was 9.4% ahead of profiled 2008/09 targets. The I&E position showed a surplus of £121k in Month 06, resulting in a year-to-date actual surplus of £1,977k. The annual control total is £2.4M and the SHA requires that this be adhered to.

Mr Lambert then drew attention to the following:
Financial Stability Plan performance: running slightly behind target albeit some proposals such as cutting agency nurse spending are inconsistent with the levels of activity being delivered. Mr Nick Coleman, Non-Executive Director, asked how Monitor might react to this. Mr Craig said that during the year any plan would change as activity fluctuated and expectations around cost measures should also change. In relation to Monitor, the Trust's challenge was to demonstrate competence in cost control and reduction – if we can achieve this it will demonstrate a seriousness of purpose.

The Chief Executive explained that the assessors for due diligence had a process which was binary and purely mechanistic and would state whether we had achieved our CIPs or not. Monitor's assessors will receive reports from these outside scrutineers that will guide the work they do. The key issue however is the Board-to-Board challenge.

Another related issue is that we are of course still an NHS Trust and meeting our CIP targets will cause us to breach our control total. The Trust is faced with the issue of whether we want to breach the control total this fiscal year.

Following further lengthy discussion on the above, the Chairman felt the Board would attach more importance to achieving FT status than trying to achieve every requirement of the SHA.

Mr Hunt explained that there is an established formula for activity proposals principally based on work up to Month 8 extrapolated to full year affect (i.e. 8 divided by 8 x 12) and as the Trust undertook much more activity in the second part of the year than in the first it was always likely that there would be significant over-performance. In addition, PCTs had discretion whether to buy 18 week activity up front or pay for it as it occurred and many had chosen the latter.

Mr Lambert continued:
Private Patient income: the actual number of spells being delivered is currently running at 5% behind budget, but income is slightly above budget due to price increases.

Pay Expenditure: £2.3M overspent at Month 06, in particular nursing pay, due to additional beddays at ward level and ICU. A lot is being spent on agency staff but this is set against higher income due to increased activity.

Non-pay expenditure: non pay budgets are £0.1M underspent. A half-year interim stock take carried out in August showed a net overall increase of £97k.

Depreciation: adjustments to depreciation are to be made.

Mr Lambert continued his report and referred to the Capital Programme: the capital spend in September exceeded £0.75M, i.e. slightly ahead of phased plan. The capital budget itself had decreased from August to September as a number of capital schemes had slipped into next financial year, e.g. Harefield theatres. This does not affect the amount to be spent or delivery of the capital programme.

Flagship Projects continue well: Harefield H&S work continuing. PACS/RIS replacement is experiencing some minor slippage. CareVue replacement continuing and expected to complete very soon. BRUs total budget is £8M.
Mrs Jenny Hill, Non-Executive Director, referred to the temporary staff expenditure and asked if the workforce budget might be matched to activity levels. The Chief Executive felt the number of nurses could be increased and would be best done through the Trust's own staff bank or a specialist agency. Dr Caroline Shuldham, Director of Nursing, Governance & Informatics, said this could be tracked to the activity the PCTs will buy and there is a problem with nursing staffing for Surgery. The SHA does not determine the level of staff against budget available. There are pre-determined staffing ratios in respect of ICU and paediatrics but not in other service areas. Some vacancies are maintained in order to give scope to move staff within the system. Mr Craig said it would be preferable to increase establishment to prevent relying on temporary staff but it would be a risk because the PCTs may not commit to purchase the related levels of activity. Temporary staff rates of pay had increased substantially in this financial year in order to align with European regulations.

2008/100 OPERATIONAL PERFORMANCE REPORT FOR MONTH 6: SEPTEMBER 2008

Mr Mark Lambert, Director of Finance & Performance, introduced a newly-formatted report which now included some additional statistics. He commented on the following items:

Clinical Outcomes. Mortality: – 0.91 deaths per 100 admissions, i.e. over 99% of patients being discharged.

Healthcare acquired infections. MRSA bacteraemia: at M06 the Trust had completed 11 months without any MRSA bacteraemia cases.

Spell Activity. PP activity YTD adverse variance of -4.7% - this had been offset by increased income – principally from pricing.

Cancelled Operations. The M6 cumulative cancellation rate is 1.37%. The indicator is at risk of failure and is now reaching the stage in the year when it will not be possible to achieve the indicator during 2008/09.

New clinical management arrangements would afford an opportunity to address this and the target is a 50% reduction in the total.

Staff Sickness: there had been a slight increase on last month's total to 3.40%. Notwithstanding this, the Chairman pointed out that the Trust holds the fourth best figures in the country for staff sickness levels.

Mr Richard Hunting, Non-Executive Director, referred to staff safety training and noted the figures for fire training were down. He felt attention should be paid to this in the light of three major fires in London hospitals in the previous months. Mr Lambert confirmed the Trust had undertaken two major fire exercises this year. He agreed the Trust was aware of a high risk particularly in relation to South Block at RB and confirmed this had been entered on the Trust Risk Register and that the reconfiguration of activity at higher levels of the building was being addressed.

2008/101 Q2 PROVIDER AGENCY RETURN

Mr Mark Lambert, Director of Finance & Performance, presented the quarterly report to the Board for approval and to be signed by the Chairman and Chief Executive for submission to the NHS London Provider Agency. The papers included the Monitoring Self Certification document and commentaries had been added on the 18-Week Referral to Treatment Time and on Cancelled Operations.

Mrs Christina Croft, Non-Executive Director, thought it would be useful for the Cancelled Operations item to include information about transplantation taking precedence over routine surgery at Harefield. To this end, Mr Robert Craig, Director of Operations, agreed to bring an analysis of cancellations for a quarter to the next meeting.

The return was accepted by the Board for signature by the Chairman and the Chief Executive.

2008/102 HEALTHCARE COMMISSION ANNUAL HEALTHCHECK UPDATE

Mr Mark Lambert, Director of Finance & Performance, confirmed the Trust had scored 'Excellent' for Quality of Services and retained a 'Good' rating for Use of Resources. A letter had been received from the CEO of the HcC congratulating the Trust on its performance in the HcC's Annual Healthcheck for 2007/08. The achievement of rates of 'Excellent' and 'Good' had combined to deliver an extremely satisfactory result. At this point the Board remarked on the fact that the Trust remained on monthly monitoring despite its achievements. Mr Bell noted the HcC had published a summary of how many assessments had been met in key areas and felt this confirmed the HcC recognised the Trust had achieved well in nearly all areas. However, Mr Bell felt the SHA response to the Ratings in London was defensive, focusing more on Trusts who had not reached the targets than those who had.

2008/103 CLEANLINESS AND INFECTION CONTROL: REPORT BY THE MATRONS

Dr Caroline Shuldham, Director of Nursing, Governance & Informatics, reminded the Board that 17 Senior Nurse/Modern Matrons were now in place Trust-wide and that part of their remit was to report appropriately to the Board. Dr Shuldham introduced Mrs J Marsh, Senior Nurse/Modern Matron for Surgery at HH who spoke to the Matrons' Report on Cleanliness and Infection Control. Mrs Marsh confirmed that Modern Matrons were satisfied with cleaning standards across the Trust and confirmed that the contractor ISS Mediclean responded well to requests. Close work between Modern Matrons and the Estates Department had been maintained during refurbishment, upgrading and building projects across the Trust. Difficulties had been encountered because work was undertaken while the usual service was maintained. In-patient facilities are constrained to a certain extent by the current buildings but what had been achieved had received very positive feedback from patients. Staff audits had been undertaken on such items as mattresses and hand hygiene. Clinical staff are participating in the 'Saving Lives Campaign' – a tool for monitoring and prevention of hospital-associated infection. Root cause analysis (RCA) is now carried out in response to key trigger events such as MRSA and VRE bacteraemia, C. difficile, etc. Issues for attention which had evolved as a result of RCA include diabetic care and management, and tissue viability.

Mrs Marsh said that one of the key roles of the Modern Matron is maintaining interface between the Trust, its patients and the public and this was being actively undertaken with the use of feedback questionnaires and talks with patients – response to these had been positive. However, Mrs Marsh felt that requirements were out-running current resources and this needed to be addressed.

The Chairman wished to place on record the thanks of the Board to the Modern Matrons for their continual commitment and was extremely supportive of all their efforts; the Trust had a good record in infection control and obviously wished to maintain this. He confirmed the report had the support of the Board and noted the need for further resources, particularly in relation to diabetes care at Harefield Hospital and additional staff in the tissue viability field. This is a management issue which will be pursued.

2008/104 QUESTIONS FROM MEMBERS OF THE PUBLIC

Mr P Dodd, prospective FT governor, commented on the Trust's SOC application. He felt the Trust was facing a situation of 'the words not matching the figures'; with its efforts to address issues being frustrated or blocked. In relation to the SOC, the safety aspect of the hospital is very important and the Board had a responsibility for the safety of all patients, staff and public. Mr Dodd asked if the Board believed the hospital was not safe, as indicated by the authorities, how did they feel they could resolve the safety issues - would the mass resignation of the Board possibly address this? The Chairman replied there was an issue of duty here, and felt it was better to try and find a resolution to the problem rather than to walk away from it. In relation to this, the Chief Executive confirmed that any items of risk were to be constantly monitored with the involvement of the Risk Committee; issues would be continually pursued with the authorities and he was determined to continue until the situation was resolved through all means available.

Mr K Appel, ReBeat, felt the Trust was encountering a hidden agenda and that there was a wish from some quarters to close Harefield Hospital. The Chairman confirmed the aspiration of the Board was to see Harefield retained, with re-provision of in-patient facilities.

Mr J Ross, Heart of Harefield, commented on the paradox of NHS London supporting our application to be an FT but not giving support on the SOC. The Chairman felt the issue had not reached a sufficiently senior level of the SHA.

Mr D Potter, on behalf of ReBeat and Heart of Harefield, wished to record publicly their disappointment in the way the SHA was dealing with the future of Harefield. There had been two independent reviews which had recommended redevelopment of facilities at HH. Mr Potter stressed the need for the SHA to have sight of this Board's minutes at the highest level in order to recognise our recorded frustration at the delays and to help encourage a more positive attitude from them.

A representative of Community Voice wished to concur with Mr Potter's remarks, saying that their group fully supported the HH SOC and confirming their annoyance with the continuing prevarication.

2008/105 NEXT MEETING

Wednesday 26th November 2008 at 2.00 p.m. in the Board Room, Royal Brompton Hospital