Royal Brompton & Harefield NHS
NHS Foundation Trust

Minutes of the Board of Directors meeting held on 22nd September 2010 in the Concert Hall, Harefield Hospital, commencing at 10.30 a.m.

Present: Sir Robert Finch, Chairman
Mr R Bell, Chief Executive
Mr R Connett, Trust Secretary & Head of Performance
Mr R Craig, Chief Operating Officer
Mr N Coleman, 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 (part), Director of Nursing & Clinical Governance

By Invitation: Mr N Hunt, Director of Service Development
Ms C Johnson, Director of Human Resources
Mr P McCleery, Director of Planning & Strategy
Ms S Ohri, Deputy Director of Finance
Mr D Shrimpton, Private Patients Managing Director
Ms J Thomas, Director of Communications
Ms J Walton, Director of Fundraising

In Attendance: Mrs R Paton (minutes)

Apologies: None

2010/70 MINUTES OF THE PREVIOUS MEETING HELD ON 20TH JULY 2010
The minutes were approved by the Board.

2010/71 MATTERS ARISING FROM THE PREVIOUS MINUTES
Professor Sir Anthony Newman Taylor, Non-Executive Director, referred to page 4, Governance & Quality Summary Q 4 2009-10: and asked if there was an update on the Trust having received an alert from Dr Foster with regards to mortality following percutaneous coronary intervention. Professor Tim Evans, Medical Director, confirmed he had drafted a response to Dr Foster which addressed the points raised concerning the primary angioplasty service. Mr B Bell, Chief Executive, confirmed he had this week received a reply from Dr Foster saying they were glad the Trust was paying closer attention to this matter. The correspondence relating to this Dr Foster alert will be brought to the next meeting of the Risk & Safety Committee of the Board.

2010/72 REPORT FROM THE CHIEF EXECUTIVE
Mr R Bell, Chief Executive, gave an update on the national review on paediatric configuration (led by Sir Ian Kennedy). Following a visit in June by a group as part of an examination of how centres adhered to national standards, the Trust had now received confirmation that it had passed the criteria. Mr Bell said that networks and relations with other centres for paediatrics were arranged on a

clinician-to-clinician basis and not on a hospital-to-hospital basis. The data would be reviewed by the reconfiguration panel and the reconfiguration options would be looked at between October and February.

Mrs J Hill, Non-Executive Directed referred to relationship development and asked would it help strategically to look at partnership working with other organisations and to develop governance principles around that. Professor Evans confirmed that this area was already being looked at and that clinical integration models are being investigated by Professor Kim Fox, Professor of clinical Cardiology, and Mr M Amrani, Consultant Cardiac Surgeon. Dr L Haxby and Dr J Mitchell, Lead Clinicians in Clinical Risk for Royal Brompton and Harefield respectively, were also looking at the governance implications. Reporting figures are also being assessed and Mr P McCleery, Director of Planning & Strategy, was coordinating work in progress. A paper will be prepared for presentation to the Management Committee

2010/73 PATIENT SAFETY & OPERATIONAL PERFORMANCE REPORT FOR MONTHS 4&5: AUGUST 2010

Mr M Lambert, Director of Finance & Performance, introduced the report and highlighted the following items:

Serious Untoward Incidents (SUIs): there had been two SUIs reported, one clinical incident in August relating to a patient with TB where the positive laboratory result had not been communicated fully and unfortunately the patient was admitted with complications and died in AICU in August.

There was also a grade 2 Information Governance SUI in July which had been reported to NHS London. A full investigation was underway on the loss of a book which contained information on bronchoscopy procedures. NHS Kensington & Chelsea had requested a full root cause analysis by 1st October 2010. Mr R Craig, Chief Operating Officer, reported that the bronchoscopy book was no longer required and it had not actually been necessary to maintain it as the records were kept in another way. The book has never been found.

Ionising Radiation (Medical Exposure) Regulations 2000 (IRMER): there had been one IRMER reported in August when a patient referred for cardiac MRI scan underwent a nuclear medicine scan instead. Therefore the radiation dose incurred was unnecessary.

Healthcare Acquired Infections (HCAI): there had been no cases of MRSA bacteraemia in August (the last 2 cases being recorded in November 2008). There had been one case of C.difficile in August. YTD trajectory is 10 which means the indicator has been achieved.

Surgical Site infection Surveillance Service (SSISS): the final position for July was 1.25% against a national average of 4.3%.

Cancelled Operations: there had been 20 cancelled operations in August, 5 at RB and 15 at HH. The YTD position is 0.81% against elective admissions.

Complaints: YTD performance is 80%. This means the target is not met but represented a significant improvement on previous results. Dr C Shuldham and her team were congratulated on this improvement.

Median Waits: The Trust is slightly above the median waiting time. The Trust will continue to monitor this and will supply requested comment to commissioners.

Activity Spells: for August 2677 spells – higher than usual during the holiday season.

Mr N Coleman, Non-Executive Director, commented on the very satisfying continuing downward trend in staff sickness rates. Ms C Johnson, Director of Human Resources, confirmed that the area was one of high priority for the HR team and work continued in close liaison with staff managers and senior nurses on this.

2010/74 FINANCIAL PERFORMANCE REPORT FOR MONTHS 4 & 5: AUGUST 2010

Mr Lambert, Director of Finance & Performance, reminded the Board that at the end of Month 3 the Trust finance position had been £0.5m adverse to plan at £3.7m deficit resulting in a financial risk rating of 2 with Monitor. Cumulative losses had exceeded £3m and Monitor had placed the Trust on monthly monitoring.

Month 4 had shown a deficit of £400k against a planned surplus of £800k resulting in a £1.2m adverse movement at M4. M5 was better having a planned deficit of £1.6m and an actual deficit of £300k making for a favourable in month movement of £1.3m against plan. The net effect of M4 and M5 was a favourable £100k improvement to plan, but this still meant a £700k loss was made in these 2 months. The YTD position at M5 shows an actual loss of £4.5m against a planned loss of £4.1m.

In relation to the FSP £3.2m had been delivered against a plan of £4.7m, a shortfall of £1.5m. Strong activity had been delivered during August despite the holiday period. Private Patients had performed extremely strongly with a positive variance of £1m.

Pay budgets were £1.163m overspent at Month 05, a £421k adverse movement from the previous month and largely due to bank and agency expenditure in nursing.

Monitor has an early warning indicator relating to the cash position which has a minimum requirement for 10 days expenditure. The Trust position in June was 9.3 days, July 9.7 days and Aug 10.6 days.

The current rate of capital spend is more than 125% of profile due to BRU capital items falling into the beginning of 2010/11. Monitor has asked for capital expenditure to be re profiled as a result of this.

Mr Lambert then turned to the subject of Project Diamond funding. He had attended a meeting of the Project Diamond Finance Directors and confirmed that the Trust was the only London trust not accruing for Project Diamond. Other trusts have accrued monies in the expectation of the delivery of Project Diamond funding although there is no evidence that this will be forthcoming.

Financial Stability Plan (FSP): a new Financial Stability Sub Committee (FSSC) of the Board had been established (and had held its first meeting) to monitor the Trust's financial performance, and the FSP in greater detail. Mr Craig confirmed the FSP section of the Board report now contained greater detail as a result of the shortfall against plan. Mr Craig felt there were three key areas of risk:

1. against planned levels of income recovery - the Trust had set a deliberately ambitious target for additional NHS and PP income. At M5, performance is £800k below plan, and the current forecast for the year-end may be a £1m deficit (a medium-to-optimistic scenario, as discussed at the FSSC). The number of completed spells and bed days are 2 – 3% ahead of plan, but these are not translating into increased income due to tariff caps, 'lighter' case-mix and higher costs than budgeted.
2. against pay reductions and higher than planned unit costs, which need to come down (current FY forecast £0.6m below plan).

3. against procurement targets – set at £4m for the year. The procurement team is still working hard but assess that about £0.4m of the target is at risk.

Substitute schemes are being developed to address shortfalls which cannot be recovered.

Mrs C Croft, Non-Executive Director, asked about the analysis of the FSP provided by Division. Mr Craig confirmed that this analysis did not include any additional targets or schemes, but instead showed the profile of the FSP as it affected each part of the Trust. Mr N Lerner, Non-Executive Director, reported from the FSSC meeting that the forecast figures did not represent a detailed full-year projection, which was being prepared for future review.

Mrs J Hill asked what proportion of the efficiencies sought related to "Fulham Road" collaborations. Mr Craig said that only a small amount in the current year related to work we are doing with our neighbouring Foundation Trusts (Chelsea & Westminster and Royal Marsden), but there was scope for more (e.g. from shared procurement and linking services) in future years. Mr Bell confirmed that the Trust also belonged to an NHS London initiative known as the London Procurement Project (LPP), but the nature of the Trust's business and LPP's priorities meant that we had a very poor return (if any) on the investment.

Project Diamond (PD): Mr R Hunting, Non-Executive Director, referred to the Trust's decision not to accrue any PD income. He asked if there was a danger that, if all other hospitals in the PD group were accruing income (and thereby potentially applying pressure on NHS London and others), would the Trust miss out if funds were forthcoming? Mr Bell agreed that it was a political issue, but that if the outcome was as Mr Hunting described, the Trust would have the opportunity to challenge its outcome – judicially if necessary – as a member of the PD group. Mr Bell felt the Trust should be driven more by what was best accounting practice and, while there were many discussions, there was no evidence of an income-stream for 2010/11. Mr Hunting went on to note that the Trust was under regulatory pressure from Monitor and had been placed on a risk rating of 2, partly as a result of this issue. Mr Bell intimated that Monitor was only interested on how we chose to govern and account for our Trust, not in relation to others.

Mr Lerner agreed that there was greater risk in accruing PD money in that it might reduce the leverage to take necessary FSP actions. He believed that Monitor would be aware of who is and who is not accruing PD income. Mr Craig wanted to assure the Board that the FSP remained the primary goal, PD monies or not.

Mr Bell reminded the Board that the Trust's annual plan was to be risk-rated 2 at this stage, i.e. incurring a deficit but with plans to rectify this. He did not believe the Trust should pursue actions of this nature in order to affect the rating.

The Chairman reported that he had discussed PD with Monitor, who were surprised that we were not accruing PD income. At an SHA event he had attended, the Chairman had asked questions about the prospects of PD monies and they had confirmed they were working hard in order to secure PD monies but could make no promises.

2010/75 <u>TRUST PERFORMANCE Q1 20010/11</u>

<u>Q1 Monitor Feedback Letter</u>

Mr Bell introduced Monitor's response to the Trust's Q1 declarations in respect

of financial performance and governance; he also distributed the Q1 10/11 reporting executive summary. Monitor had allocated a financial performance risk rating of 2 and a governance rating of amber/green, this being largely due to an outstanding item with the CQC pertaining to our adequacy in fire safety precautions. Mr Bell said the financial risk rating of 2 was serious (the Trust being only one of six in the country on this rating). Monitor publishes quarterly results and if this trend continues the Trust will technically be in breach of its authorisation. In this circumstance Monitor has the right to intervene, although there has been no indication of this happening so far. The Trust had a financial risk rating (FRR) of 4 when first authorised and now intends to improve the FRR during Q3 and Q4.

The Chairman reported he had attended a helpful meeting with David Bennett (Chief Executive – Monitor) together with Stephen Hay (Chief Operating Officer – Monitor) and Jason Dorsett who had been part of our FT assessment team. The Chairman had been asked to explain the background to our risk rating of 2 and had relayed issues with regard to Project Diamond, losses in cardiac surgery and the 30% tariff for emergency work.

The Chairman had also reported that a decision had been taken to form a Financial Stability Sub Committee (FSSC) of the Board and the Terms of Reference were now before the Board for approval. The FSSC would undertake rigorous examination of financial performance, the FSP and the causes of underperformance. Monitor had welcomed the formation of this committee.

There was a discussion which noted Monitor's future interest in tariff development and their professionalism in handling current Trust performance which Mr Bell characterised as displaying a degree of sternness.

Mr Lerner reported that the FSSC had met and had reviewed performance (in particular progress of implementation of the FSP), the cash position and the additional actions that needed to be taken to address the shortfalls. In October the FSSC would reconvene to review performance and to examine a finance re-projection to year end which would enable a range of outcomes to be modelled.

It was noted that the FSP was back-loaded to Q3 and Q4.
Mr Lerner emphasised that achievement of the FSP was challenging. The FSSC would report once a month.

Proposed Terms of Reference – Financial Stability Sub-Committee (FSSC)
This had been discussed under the previous item and the Board approved the Terms of Reference.

2010/76 IMPROVING PATIENT'S EXPERIENCE IN THE TRUST: SEEING THE PERSON IN THE PATIENT

Dr C Shuldham, Director of Nursing & Clinical Governance, introduced the paper and explained that the Chief Executive had asked her to identify and lead a programme on what the Trust might do to improve the overall patient experience. Dr Shuldham emphasised the need for sensitivity to what it is like being a patient in the Trust. There are already a lot of relevant national programmes, e.g. The King's Fund Point of Care programme and the Health Experiences Research unit in Oxford together with Health Talk on Line. Other Trusts are currently also addressing this initiative. This Trust already does many things well but patient surveys and individual complaints have highlighted what does not work so well.

The aim is to try to improve things from the patient's point of view. As a public service we owe best possible care to patients. Techniques can be developed to deliver improvements, based on the observation of care, co-design work done with patients and relatives, patient surveys, and walk-throughs amongst others.

Work had already been done 18 months ago by Ms J Thomas, Director of Communications, on a consultation basis with staff to identify values in the Trust. Senior staff should model this. Ms Thomas has continued to work on how to make the defined values real and is liaising with Imperial on this. Two things are already underway in this initiative: the production of patient leaflet information and a DVD. A range of activities is planned to incorporate the values and sensitivities to patients as part of the way we work. A commitment to improve the quality of patients' experiences should be undertaken by all staff and should be modelled and led by senior leadership of the trust. The first stage will be to establish a Trust perspective and for senior staff to commit to this.

Mrs Hill confirmed the Board firmly agreed with these values and asked how the Board might assure itself that these values were intrinsic and supported. Dr Shuldham explained that the Trust would acquire feedback from patient surveys, via the website and comment cards, and from information from complaints. As a priority the effort should be in doing some of the techniques and then measuring the outcomes afterwards. Dr Shuldham emphasised that patient outcomes would increasingly be measured in the NHS.

The Board approved the initiative

2010/77 Q1 SERVICE LINE REPORTING

Mr Lambert introduced the paper which provided a set of Service Line Reports for Q1 and included Income & Expenditure for both sites and a profit analysis of the top 50 HRGs by site. The main loss-making HRGs are predominantly in Surgery.

Mr Lerner asked if any work had been undertaken on the differences between HH and RB sites. Mr Craig said that in relative terms there had not, but there were productivity programmes on both sites and the theatres programme was looking at productivity initiatives on the HH site. There was an issue of relative volumes – why thoracic surgery is so much worse than cardiac surgery. Mr Lerner referred to respiratory medicine and noted that HH is more successful although RB undertakes more activity. Mr Craig explained the operation at HH was much smaller which meant significantly less cost for infrastructure than at RB. Mr Lambert confirmed it was the intention to produce this data on a monthly basis.

There was a lengthy and detailed discussion of the detail of the SLR report. This covered the profitability of different HRGs at the Trust and also comparison of Trust profitability with other cardiac centres based upon reference cost information. It was agreed that the output of the work previously undertaken by McKinsey would be shared with Mr Lerner.

2010/78 RECOMMENDATIONS OF ADVISORY APPOINTMENT COMMITTEE

The Board received the recommendation for the appointment of:
Dr Philip Marino as Consultant in Adult Critical Care Medicine including HDU Care and Pulmonary Hypertension.
The Board ratified the appointment.

2010/79 REGISTER OF DIRECTORS' INTERESTS

An updated Register was presented and the Board noted its accuracy

2010/80 AUDIT COMMITTEE

Minutes of Meeting of 27th April and 1st June 2010

The minutes were noted by the Board

2010/81 RISK & SAFETY COMMITTEE

Minutes of Meeting of 27th April 2010

The minutes were noted by the Board

2010/82 REVIEW OF BOARD PAPERS – QUARTER 1 / MONTH 3 REPORTS REVISTED

Mr Lambert reported that Mr N Lerner had been asked to review the Board papers because of their length and advice had been taken from Deloitte. Mr Lerner confirmed that Month 3 papers had been assessed and it had been concluded that the papers could be slimmed down significantly. Mr Lerner had some further refinements to discuss with Mr Lambert. The Chairman felt the Board was content with the recommendations and asked anyone who had any particular comments to raise these with Mr Lambert or Mr Lerner.

2010/83 INSURANCE ARRANGEMENTS

Mr Lambert introduced a paper which outlined the insurance arrangements in place for the Trust. Mr Lambert confirmed that the Trust contributed to the Clinical Negligence Scheme for Trusts (CNST) risk-pooling scheme run by the NHS Litigation Authority (NHSLA). The contribution is calculated based on the Trust's assessment against the NHSLA's Risk Management Standards. The Trust had received verbal confirmation of gaining Level 3 in the NHSLA's Risk Management Standards which would entitle the Trust to a further 10% discount in addition to a 20% discount already in place. The Board congratulated the Trust on gaining this exceptional achievement.

The Chairman asked if we were assured we had adequate insurance for our highly technical equipment. Mr Lambert confirmed we had insurance on a 'new for old' basis (up to current building standards) and that we were at the top end of cover.

The Board noted the report.

2010/84 QUESTIONS FROM MEMBERS OF THE PUBLIC

Mr Kenneth Appel wished to congratulate Dr Shuldham and her team for the work being undertaken on improving the patient's experience. He had worked at HH with PALS and had already noted many positive comments from patients. As Governor of the Foundation Trust, Mr Appel had recently attended a seminar of Governors of other FTs. At this meeting the Chairman of Monitor had spoken and implied that from now on the attitude taken by Monitor would be a very reasonable one.

Mr Appel raised the subject of bad debts in the Trust, with a sum of approximately £0.5M expected to be written off. Mr Lambert confirmed the sum was awaiting write-off from the books of the Trust; he explained the debt had been incurred many years ago in the area of self-payers where the system of deposit-taking had been inadequate – this system had now been improved. In relation to Embassy debts, this was written into the pricing; sometimes settlement is late but debts are paid ultimately.

2010/85 ANY OTHER BUSINESS

- The Chairman announced that this would be the last Board meeting Mrs Christina Croft would be attending as Non-Executive Director. On behalf of the Board he wished to acknowledge and thank her for all the work she had undertaken on behalf of the Trust, in particular for her involvement in the Charitable Fund Investment Committee. He wished her well for the future.

- The Chairman wished to cancel an event scheduled for 4th October because this had been arranged with the intention of giving time to strategic discussions and these have been well covered recently. A further strategy meeting will be arranged in 2-3 months time.

- Appointment of a Responsible Officer. This was raised by Professor Evans who has written to the Chairman on the subject. It was agreed that this letter and the overarching Department of Health report would be circulated prior to discussion at the next Board meeting.

- Note the 6th October 2010 at 10.30 a.m. there would be a Governors' Council AGM to approve the Annual Report 2009/10. Followed by Members' Annual Meeting 1.30 – 3.30. Venue for both meetings: Concert Hall, Harefield Hospital

2010/86 DATE OF NEXT MEETING

Wednesday 27th October at 2.00p.m. in the Board Room, Royal Brompton Hospital