ROYAL BROMPTON & HAREFIELD NHS TRUST

Minutes of a Meeting of the Trust Board held on 23 May 2007 in the Boardroom, Royal Brompton Hospital

Present:	Lord Newton of Braintree, Chairman Prof A Newman-Taylor, Non-Executive Director Mrs C Croft, Non-Executive Director Mrs J Hill, Non-Executive Director Mr Richard Hunting, Non-Executive Director Mr R Bell, Chief Executive Prof. T Evans, Medical Director Mr M Lambert, Director of Finance & Performance Mr P Mitchell, Director of Operations Dr C Shuldham, Director of Nursing & Governance
By Invitation:	Prof M Cowie, Director of Research & Academic Affairs Mr R Craig, Director of Planning & Strategy Mr N Hunt, Director of Service Development Ms J Thomas, Director of Communications Mr T Vickers, Director of Human Resources Ms J Walton, Director of Fundraising Ms J Ocloo, Chair: RB&H Patient & Public Involvement Forum
In Attendance:	Mrs L Davies, Head of Performance Mrs E Schutte, Executive Assistant Mrs R Paton, P.A. to Director of Planning & Strategy
Apologies:	Mr C Perrin, Deputy Chairman

The Chairman welcomed members of the Board, the public, Heart of Harefield and a group of Specialist Registrars.

2007/63 MINUTES OF THE PREVIOUS MEETING HELD ON 25 APRIL 2007

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

2007/64 REPORT FROM THE CHIEF EXECUTIVE

Mr Robert Bell, Chief Executive, reported on two items:

- A letter had been received from Mrs Ruth Carnall, Chief Executive, NHS London, thanking the Trust for the contribution it had made to the financial performance across London during 2006/07. On behalf of the Board, the Chairman extended thanks to directors, clinical and support staff and all who had contributed to such a strong financial result for the year.
- Developments since the approach received from University College London Hospitals (UCLH) NHS Foundation Trust to participate in a joint venture to build a major cardiothoracic centre on land already available to them. A small group of senior staff had held an informal meeting with UCLH on May 4th, when ideas and proposals were further explored. The UCLH vision is to create a dominant heart and lung unit in Europe. The Chief Executive reported he would be taking a methodical approach to evaluating these proposals in line with this Trust's aspirations. Prof. Tim Evans, Medical Director, had been very encouraged by the meeting and felt the aspirations ran parallel to those of the NHLI to become a centre of excellence on the European scene. The Chief Executive had also held further meetings with Imperial College, who are engaged in developing an

Academic Health Science Centre with the proposed merger of Hammersmith and St Mary's Hospitals.

2007/65 FUTURE OF HAREFIELD HOSPITAL & SERVICES

Mr Patrick Mitchell, Director of Operations, reported the following

- The agreement with the 'chamber' of General Surgeons to provide 24-hour cover for Harefield for non-cardiothoracic support is now in operation and working well.
- The Medical Care Unit (MCU) had now moved into the temporary ward and staff are delighted with the accommodation.
- Remedial works have commenced on the main building (to include resolution of asbestos and electrical issues, and the upgrading of bathrooms, etc). It is expected that works will be completed by the end of March 2008.

2007/66 FOUNDATION TRUST (FT) APPLICATION

Mr Robert Craig, Director of Planning & Strategy, spoke to his report which summarised recent developments in the Trust's FT application. Monitor had chosen not to consider the Trust's application at its meeting on 26th April, believing there was insufficient information on which to base an authorisation decision. Monitor's assessment team continued to work with the Trust on its application. The principal focus of the meetings remained the funding streams for R&D and their implications for the Trust. At a meeting held on 22nd May, attention had focused on the Trust's initial proposals for a contingency and mitigation plan to offset any shortfall in funding.

Mr Craig also reported that expressions of interest had been invited from several consulting firms to help develop these plans. Responses were due by 25th May, and a firm should be selected in early June.

The Chief Executive reported that he had held a discussion earlier in the day with Monitor's Assessment Director, who confirmed that it was their intention to maintain ongoing information exchange with the Trust, and achieve an appropriate assessment of the application which would probably be put back to Monitor's Board meeting on June 28th. The Trust management team had been preparing for a probing investigation by Monitor and continued to expect to be challenged on R&D income. The Chairman felt confident that the projections over five years should prove to be reasonable, but the Chief Executive was not confident Monitor would accept this. He believed Monitor had discounted the Trust's projections, for example affirming that only £4.75m of R&D income to be 'admissible' for 2008/9. The Trust was now focused on the contingency plan for expenditure reductions as this was within management's control. A staged approach was proposed, growing in intensity, to address potential shortfalls in income. The Chief Executive proposed that the contingency plan document should be subject to review by the Finance Committee and submitted to the next meeting of the Trust Board, being scrutinised by Monitor concurrently. Mr Mark Lambert, Director of Finance & Performance, wished to reinforce the Chief Executive's views and confirmed there would be a 3-stage plan to present to the Trust Board in short order.

The Chairman reaffirmed the Trust's aspiration to become a Foundation Trust. He recognised that Monitor expected the Trust to demonstrate how it would address potential shortfalls in the wake of a new policy direction on R&D funding, but also that Monitor and the Trust could not agree on the likely losses

in R & D income. Nonetheless, the Trust would show that it could tackle the problem even if losses were on a larger-than-expected scale. He agreed that a meeting of the Finance Committee should be held to examine the details of the plan.

Mrs Jenny Hill, Non-Executive Director, urged the Board to ensure a coherent framework for this exercise, and to ensure that it helped to strengthen the Trust. In response, the Chief Executive set out the principles that were guiding the current work as it progressed:

- avoid cuts in patient care services
- focus reductions on administrative and support services
- mitigants must be feasible and capable of implementation in short order
- mitigants should not require public consultation or other external approval
- capital gains (not already in train) must not be used as mitigants for revenue losses.

The Chief Executive continued that the external consulting firm currently being engaged would provide further insights and ideas in addition to the contingency plan formulated by Management.

Mrs Hill suggested that efficiency savings might be delivered by better integration of services currently split between the two sites. Mrs Christina Croft, Non-Executive Director, expressed surprise that the scope for large savings was based mainly on administrative and support service areas. The Chief Executive replied that savings should start with administrative services in order to protect patient care, and that efficiency improvements were already being undertaken on an ongoing basis. Prof Evans assured the Board that clinical areas are constantly looking at efficiency, via central job-planning and productivity exercises. Mr Richard Hunting, Non-Executive Director, felt it was propitious to undertake a long-term plan in case reductions in income do occur. The Chief Executive reinforced his view that he did not accept such a pessimistic income scenario, but was certain the Trust needed to demonstrate an ability to withstand it.

If required, some savings could be realised by permanently deferring equipment and other asset leasing plans, and there would need to be some cuts in R&D spending. The Chief Executive confirmed that every angle would be assessed in order to identify savings at all levels – as well as further opportunities to increase income.

The Board felt it important that staff be made aware that this was a plan to present to Monitor to prove that the Trust could withstand a downside scenario, not that it was expected to happen. Mrs Hill cautioned the Board on the risks inherent in personnel cuts which might lead to a counter-productive lowering of staff morale standards and competence.

At this juncture, Professor Martin Cowie, Director of R&D, agreed that in addition to identifying areas for cost cutting, including research activity, it was important to tackle the income side of the equation. There were clear plans to diversify the funding streams for research. An external report confirmed the growth potential of commercial income from research. Crucial to aggressive growth in income for research for the Trust was the appointment of a business development officer for R&D, with experience in both the private and public

sector. The job description had been agreed, and a head-hunter would be engaged to ensure a good field of candidates, with the hopes of the post being taken up by the autumn of 2007.

R&D was working closely with NHS Innovations London on intellectual property and technology transfer, with several projects being taken forward currently.

Finally, another funding opportunity from the Department of Health's National Institute for Health Research had been announced, with nine senior investigators from the Trust registering their intent to submit an outline application for consideration by 11 June 2007. The final results of this round of bids (of up to maximum of £2m over 5 years) would not be known until early 2008.

2007/67 RECOMMENDATION OF ADVISORY APPOINTMENTS COMMITTEE

The Board received the recommendations and approved the appointments of:

Mr Simon Jordan as Consultant in Thoracic Surgery
Dr Sabine Ernst as Consultant in Cardiology with special interest in Cardiac Electrophysiology
Dr Wajid Hussain as consultant in Cardiology with special interest in Cardiac Electrophysiology

2007/68 PERFORMANCE REPORT FOR MONTH 1: APRIL 2007

Mr Lambert, Director of Finance & Performance, presented the Month 1 report, the first of the new financial year. He reported that the Trust had approximately broken even. The full-year target is a surplus of approximately £6m, equating to £0.5m per month. The cost improvement plan for the year was not in place in April and therefore one could expect a break-even position for the month. The Trust experienced cost and pay pressures in the back half of the year. April was disappointing in terms of PP activity, specifically in the areas of Cardiology and Paediatric Cardiology although this was offset by cost and pay pressures that will not take effect until the second half of the year. Funding for 18-week wait activity was not included in this report but was being held in Reserves until proposals are put forward profiling the delivery of this additional activity. There is a need for the Trust to put through an additional 2.5 thousand extra spells in respect of this activity.

The cash position was £6m and as a result the Trust pre-paid some expenses in March. Capital expenditure was low in April as the programme was being finalised by the capital working group.

Patrick Mitchell said the UK private cardiac market had suffered as a result of improved waiting times in NHS facilities. The development of other local cath labs e.g. at Basingstoke and Wexham Park had also had a marked effect on referrals to the Trust. Private clinics in Harley Street were also struggling because of this change. However the Trust was not being complacent and was investigating other options to replace lost work. £6.4m of new income and cost savings had been identified as part of the financial stability plan. An additional £2m was being sought to mitigate against high risk areas not being achieved.

The Chairman noted the rapid change in the pattern of private cardiological referrals which had been reported to Monitor.

An external consultancy company from the US had been asked to look at the productivity and processes in cath labs and Theatres at Royal Brompton site.

The Chief Executive said he was not happy with the April results and felt this would become an issue with Monitor and could lead to further delays in the FT application. He said the Trust needed to increase activity rates. Prof Evans echoed this sentiment, saying that the organisation needed to be extremely responsive to such changes. Prof Evans said though the Trust had a large, skilled electrophysiology team, the market had moved quickly and the team had to be responsive to the change.

Mrs J Hill, Non-Executive Director, asked if the Trust was able to market its services abroad to capture international work. The Chief Executive confirmed that some of this work was already in progress, but that 'marketing' was a sensitive issue. He reminded the Board that, paradoxically, NHS Trusts are allowed unrestricted growth in PP work, but that FTs must comply with a PP earnings 'cap'. Mr P Mitchell, Director of Operations, informed the Board that the current cap was high enough to allow further growth based on current workload. He confirmed that the Trust was already looking at new markets, e.g. the emerging eastern European countries, and is liaising with other private hospitals in London in this regard.

Mr Lambert referred to the operational report for month 1.
In the key performance indicators for the month, the non-green traffic lights indicated a 'not met' result for cancer waits, an 'underachieved' in Theatres for reportable cancellations not exceeding 0.8% of elective admissions, 'underachieved' in data completeness for ethnic group of patients, and an 'area for concern' in the Outpatient: new to follow up ratio.

Cancellations
All the marked underperformance in the month of May 2006 at RBH was due to a power cut and emergency generator failure. Relating to this, a Mitigating Circumstances claim is to be submitted. In response to a query from the Chairman about last year's underachievement impacting on the Annual Healthcheck, the Head of Performance confirmed the results fitted into the 'underachieved' section, but had not reached the 'failed' result, and therefore was not a serious problem.

5. Diversity, 5.1 Ethnicity. The total percentage of patients coded to a specific ethnic group for 2006/07 was 80.02%, just above the 'achieved' threshold. For April 2007 the percentage was 77.08% (just below the threshold). However, there are a further 11 months to go which should allow time to reach an acceptable level. Data shows that RBH has over 30% of patient's ethnicity codes 'not stated' whilst at Harefield only 1.2%. The Chairman felt this data might sometimes be difficult to collect. The Director of Operations said it depended on staff approach. At Harefield admissions are done centrally and staff are well trained; at RBH it was more difficult to organise as admissions are carried out in more than one area. Improvement work in this area is on-going.

7. Cancer waits. There had been no breach of the standard during March 2007, constituting six clear months altogether, the last breach being in September 2006. Patients on the 31-day pathway are within the Trust's control but the 62-day pathway measures the patient's entire journey across different organisations. Up to now the target has been inflexible with the

breach being shared by those involved, irrespective of where the delay occurred. The Board was informed that there is now a new, modified approach where referring Trusts may now take on reallocated responsibility for a delay originating with them. The Trust has been in discussion with some referring Trusts to take on responsibility for some breaches where their referrals have been late. The Head of Performance has received positive feedback on this initiative and anticipates some Trusts will take on responsibility for late referrals but this has not reached the sign-off stage yet

With reference to section 4. **Clinical quality**: The Trust rated third in the whole of London for C. Difficile infections per 1000 bed days in the over-65s. The top four hospitals were all in the acute specialist category. In response to a query from Richard Hunting, Non-Executive Director, on the reason for this, it was explained that it helped that we had no patients admitted via an A&E department. Prof Evans, Medical Director, emphasised that instances of these types of infection are to be expected in the critically ill.

With reference to Appendix C of the Finance report, Patterns of temporary Staff Expenditure, Mrs Hill asked why the expenditure for CSS services was up by some 60% in the month. Mr Lambert agreed to look into this and report back to Mrs Hill. Mr Lambert agreed that in future he would incorporate more information on trends in this section.

Mrs Croft pointed out that where succeeding Easters fall in one financial year (April and March – as they do in the current year), an effect may be seen on the financial position. The Director of Operations hoped that a shorter slow-down period planned over Christmas and New Year would help to offset this.

Mrs Croft also referred to the issue of settlement of a liability to the Trust by the Corporate Trustee. Mr Lambert explained that the Corporate Trustee would meet to discuss what assets would be sold to raise the required revenue. This is a regular quarterly action by the Trustee and would normally involve the sale of shares but not property.

2007/69 ANY OTHER BUSINESS

Prof A Newman-Taylor, Non-Executive Director, announced that Professor Peter Barnes, Honorary Consultant Physician and Professor of Respiratory Medicine, had been elected a Fellow of the Royal Society – the first respiratory physician to receive this honour in well over 100 years. On behalf of the Board, the Chairman extended warm congratulations to Professor Barnes on this rare and well-deserved achievement.

2007/70 QUESTIONS AND COMMENTS FROM MEMBERS OF THE PUBLIC

Mr Philip Dodd (prospective FT Governor) asked two questions about the Trust's Foundation Trust application.

Firstly, he sought clarification as to whether the Trust had submitted its FT application as agreed at the last meeting and whether Monitor had failed to act on it. The Chairman clarified that the Board had agreed to allow the application (already submitted) to proceed, but that Monitor judged that it had insufficient information on which to make a decision – which was clearly within their prerogative.

Secondly, in relation to the Trust's NHS R&D income projections, Mr Dodd asked whether Monitor was discounting or ignoring the figures the Trust was

putting forward. The Chief Executive replied that 'discounting' was his own term, not Monitor's. Monitor's view of the Trust's likely NHS R&D income was not a response to the Trust's projections, but rather based on Monitor's own assessment of the R & D position and available evidence. Mr Dodd stated that in his view, which he did not expect the Trust to comment on.

2007/71 Next meeting

Tuesday 19 June 2007 at 10.30 a.m. in the Concert Hall, Harefield Hospital.