Minutes of the Trust Board held on 23 September 2009
In the Boardroom, Royal Brompton Hospital

Present: Sir Robert Finch (Chairman)
Mr R Bell, Chief Executive
Mr R Craig, Director of Operations
Mrs C Croft, Non-Executive Director
Mr N Coleman, Non-Executive Director
Professor Tim Evans, Medical Director
Mrs J Hill, Non-Executive Director
Mr R Hunting, Non-Executive Director
Mr M Lambert, Director of Finance & Performance
Dr C Shuldham, Director of Nursing, Governance & Informatics

By Invitation: Mr R Connett, Head of Performance
Mrs L Davies, Head of Modernisation
Mr N Hunt, Director of Service Development
Ms C Johnson, Director of Human Resources
Mr D Shrimpton, Private Patients Managing Director
Mr D Stark, General Counsel &Trust Secretary
Ms J Thomas, Director of Communications
Ms J Walton, Director of Fundraising

Apologies: Professor Sir Anthony Newman Taylor, Non-Executive Director

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

The Chairman welcomed everyone to the meeting, including a group of SpRs in management training

2009/193 MINUTES OF THE PREVIOUS MEETING HELD ON 29 JULY 2009
The Board approved the minutes.

2009/194 MATTERS ARISING FROM THE MINUTES
Mr Nick Coleman, Non-Executive Director, referred to page 2, paragraph 3: re the timing of an in-depth review of the FSP. Mr Coleman had understood that this would be undertaken at the 6-month point. Mr Robert Craig, Director of Operations, recalled that the Chairman had suggested that this be undertaken in December as minuted, but Mr Coleman now felt this might be too late to initiate any necessary corrective action. Mr Craig said that it would be possible to bring such a review forwards, but that the FSP team were already reviewing progress in detail. He suggested that if the monthly progress reports suggested that an in-depth review was warranted before December, he would report accordingly.

2009/195 REPORT FROM THE CHIEF EXECUTIVE
Mr Bob Bell, Chief Executive, wished to update the Board on several external developments.

- The NHS London review of cardiac and vascular services in the capital had commenced. Two senior medical staff from this Trust were part of the panels: Mr Daryl Shore and Professor Kim Fox. The review chairman had indicated that the role of speciality hospitals would be a focus.
- The national review of paediatric cardiac surgery, one of three current reviews on paediatrics, was also under way. A date for a meeting with the

Trust had been arranged but since postponed.

- A NW London Collaborative Sector Review was being undertaken by NW London PCTs to look at models of how NW London was coping with reconfiguration.
- GOSH had requested a meeting as a follow-up to the Board-to-Board meeting in July. GOSH had also invited representatives of Guy's & St Thomas's to look at a possible configuration between the three centres. The document prepared with GOSH was shared with Guy's & St Thomas's for their assessment.

The Chairman then reported on the NW London Healthcare Innovation and Education Cluster (HIEC) application, which was being coordinated by Chelsea & Westminster Hospital NHS FT. The initial registration application had been successful and the final application was due by 30th October. The recent Steering Group meeting attended by the Chairman and Chief Executive had been preliminary in nature and had looked at various care pathway issues. Little progress had been made in relation to the corporate structure or governance arrangements. The Chairman had written to Lord Tugendhat expressing the view that unless a sensible structure was formulated then the initiative was likely to fail. He had confirmed to Lord Tugendhat and Sir Christopher Edwards that the Trust wished to continue to be involved but was concerned at the lack of substantive progress. Mr Craig was member of the HIEC working group and confirmed the work being done to show how a HIEC might work and deliver improvements, e.g. models for cancer and heart failure services had been developed and thought had been given to future appropriate education. The working group recognised that the matters of structure and governance were for the Steering Group to agree.

2009/196 <u>FINANCIAL PERFORMANCE REPORT FOR MONTH 5: AUGUST 2009</u>

Mr Mark Lambert, Director of Finance & Performance, introduced the report for August and said that as the Board had not met in August he would also include information for Month 4: July. At the end of Month 3 I&E surplus was £2.2M against a budget of £1.0M. The months of July and August together had delivered a surplus of £1.4M. This strong total performance hid a variance between the months: July delivered a surplus of £1.45M, and August delivered a loss of £33K. Two main items had affected performance in August:

- PP had generated £1.5M, £0.5M below the phased target of £2M.
- There had also been an issue with high bed-occupancy in HH intensive care, primarily with transplant and VAD patients, which had restricted some activity.

The Financial Stability Plan (FSP) was showing strong performance and against a planned outturn of £15.1M, a revised forecast outturn of £14.3M was being reported. Mr Craig, Director of Operations, reported that a review had been undertaken over the summer with Divisions/Directorates to assess progress against targets. Adjustment at the end of Month 4 showed slight improvement against what was reported in the first quarter of the year. Performance at YTD was over 90% of the plan and for the whole year was projected at 95%. Mr Craig had reasonable confidence that the original £15.1M target would be achieved. He pointed out that the review had commenced in July based on Month 3 figures, so there was still time for things to change. One of the focuses of the review was to determine what the exact material risks were, which had been reported to the Audit & Risk Committee.

Mrs Christina Croft, Non-Executive Director, referred to the underperformance in cardiac surgery at HH and asked if it was due to the blockage in ITU or the mix of cases. Mr Lambert confirmed that cardiac surgery at HH was below forecast for the full year. The actual underperformance at HH had worsened by £0.5M in months 4/5. Mr Craig continued that the situation at both hospitals was slightly different. As far as RBH was concerned there was more pressure on some of the referral sources, particularly Hampshire and the South West, where there was now additional local capacity (e.g. Southampton). Our working assumption was that this was likely to continue and the original plan for the year would not be achieved. The situation at HH was more likely to recover as referral relationships were more geographically coherent.

Mr Lambert continued that the actual growth in income was 6-7%. Working capital had improved due to receipt of the Project Diamond funding and the cash position was over £10M at the end of August.

Capital expenditure stood at £3.8M (and Mr Lambert pointed out that, as an FT, we have no time limits on when we spend capital). Mr Coleman commented that it was difficult at this point to see if this figure was reasonable or not but it was essential to get the capital invested. Mr Lambert agreed to provide a reforecast for the next Board meeting of what would be spent by the end of the year, together with any 'slippage'.

Mr Richard Hunting, Non-Executive Director, asked about the background to the fall-off in coronary artery surgery. Mr Craig explained that, in essence, our forecasts were predicated on more complex surgery remaining. What was reducing was the amount of 'routine' coronary artery surgery (and this is the same for all across London) now being covered by interventional cardiology and capacity elsewhere. For example, the London Chest Hospital was experiencing decline following the Basildon Centre's opening. Professor Evans agreed and thought that valve replacement might be affected next. There would be a knock-on effect – e.g. we would do more percutaneous cases and a hybrid (cardiology/surgery) theatre might be required. He thought there would always be a place for coronary revascularisation in the Trust, that there would be a fall-off, but it would be less steep.

Mrs Jenny Hill, Non-Executive Director, asked how well was the Trust marketing its services to commissioners and others? Professor Evans confirmed that Mr Hunt, his colleagues and clinicians were in regular contact with commissioners, and reported that the new clinical strategy was being implemented. This should lead to a 're-launch' of the strategy, possibly in the New Year, and he was liaising with the Director of Communications accordingly.

Mr Nick Hunt, Director of Service Development, reported that elective referrals for cardiac surgery at Harefield Hospital had been steady for the last two years and that it was more a question of maintaining such throughput. The value of cardiac surgery cases was such that very small movements in numbers meant large movements in terms of income. He added that the principal pressure from commissioners at the moment was to redistribute district general hospital work into the community. There was also some pressure as the market forces factor (MFF) cost to PCTs was higher at London Trusts.

Mr Bell thought that the whole field of cardiac surgery would be in a state of change in the next 12 months. There were some concerns about the staff mix

at Harefield and that there were moves to recruit new people to the programme there. In this situation he said that we should remain committed to our core mission of providing the best possible service to patients.

Mr Coleman asked if we were still on track to have service line reporting in place by the end of the year. Mr Lambert confirmed that work was well in hand and it would be able to show where services are, or are not, profitable and these would be mapped on to the clinical Care Groups and Divisions going forward.

2009/197 OPERATIONAL PERFORMANCE REPORT FOR MONTH 5: AUGUST 2009

Mr Lambert introduced the report and highlighted the following:

- The Trust's HSMR ratio was showing a 3-year average of 61.3 (National Index = 100)
- Incidents: there had been no outbreaks of infection, 1 Safety SUI in August (involving a cath lab procedure – giving a YTD of 3), no 'never' events, and 2 IRMERs reported.
- Health Care Acquired Infections (HCAI): there had been no cases of MRSA bacteraemia at month 5, and 3 cases of C.difficile for July and August.
- Surgical Site Infection Surveillance (SSISS): for RB 7.55% and for HH 4.48% against a national target of 4.5%.
- Cancelled Operations: YTD 0.79% against a target of 0.8%.
- Cancer targets are all met.
- 18 weeks: 96.9% achieved for admitted patients, and 99.1% for non-admitted patients.
- PCT Vital Signs: Complaints. For Qu1 there were 11 complaints, of which only 55% were replied to within 25 days. An internal working group was looking at this result.

Professor Evans referred to the SSI rates with an overall figure at RB of over 7%. There had been a small drop in June and July but he still thought this was unsatisfactory, even although the deep/organ/space SSI rate was very low. A list of interventions was being worked through, one of which was assessing the differences in techniques for vein harvesting. Dr Shuldham confirmed the figures for August were worse than July. In relation particularly to RB, almost every element of pre-, intra- and post-operative care (including within the theatres) was being assessed. She said it was very difficult to identify one single cause.

Mr Lambert then introduced a report on breaches of single sex accommodation standards. He said that due to the nature of our infrastructure it was impossible to attain 100% compliance. The actual level of breaches had become very small, but the only perfect solution was to rebuild the building.

Mrs Hill referred to the Workforce item and expressed the view that it was important that the Trust had a sound Succession Planning and Talent Management system. Mrs Carol Johnson, HR Director, explained that a new Appraisal system was currently being piloted in two departments and that she would report back on progress at the next Board meeting. Mrs Johnson explained that the new Appraisal system would form part of a wider succession planning and Talent Management programme that could eventually be rolled out across the Trust.

Mr Coleman reminded the Board that at the meeting in July the subject of further assurance on the effectiveness of root-cause analysis in relation to

SUIs, IRMERS and "never" events had been raised. Dr Shuldham had agreed to look into this and the issue was now referred to the next Audit and Risk Committee.

2009/198 AUDIT & RISK COMMITTEE (ARC) STRUCTURE

The Chairman reminded the Board that at the time of FT authorisation Monitor had recommended we consider appointing a further NED with accountancy experience. The Governors' Council had now approved this recommendation and a steering group set up to take this forward. Board Members on the steering group are Sir Robert Finch, Mrs Jenny Hill and Mr Richard Hunting and there will be several Governors' invited also. There are three strong candidates for the post and the appointee may well Chair an Audit Committee focussing on financial issues if the ARC in its current form is split.

Monitor believed the ARC should be split and the Trust Auditor agrees. Both committees should be sub-committees of the Board. It is proposed to split the ARC into an Audit Committee and a Risk Committee.

Mr Coleman introduced his paper which set out the advantages and disadvantages of splitting the ARC. He said there were three options on offer:

- Continue with the ARC as one committee, but with a new chair, to evolve as necessary
- Split the ARC into an Audit Committee covering financial and audit matters, and a Risk & Quality Committee to cover non-financial control and risk management systems
- Create an audit committee and have the Board dealing with matters of risk and quality.

Mr Coleman said that some other Trusts had dealt with the issue by essentially running the committee over a day and breaking the meetings into two. The Chairman envisaged there being two Board sub-committees, with the Chairman of each committee sitting on the other committee, to ensure consistency. He confirmed he would like Mr Coleman to continue to chair the committee dealing with Risk.

The Board discussed the issue and comments were as follows:
Mrs Hill agreed that the current committee agenda was huge and difficult to manage. She felt that having two meetings on one day was a good idea, but that the two agendas needed to be kept integrated.

Professor Evans supported splitting the ARC as shorter meetings would allow better focus; even if this meant that overall the 2 meetings were longer in total.

Dr Caroline Shuldham, Director of Nursing, Governance & Informatics, emphasised it was important to get the work done. The reason we had created a single committee in 2006 was to have an integrated approach and we should not lose sight of this. If we were to have a separate Risk Committee it should deal with all non-financial risks, clinical and non-clinical. The Chairman agreed with these sentiments and confirmed they also reflected the thoughts of the Auditor.

Mr Hunting and Mrs Croft were in favour of splitting the committee and agreed that the Risk Committee should cover all non-financial risks.

The Board agreed the ARC should be split and Mr Coleman and the Director of

Finance & Performance should now take this forward.

2009/199 REGISTER OF DIRECTORS' INTEREST

Mr David Stark, General Counsel &Trust Secretary, presented the current Register. He asked Board members to notify him of any further changes which would be amended and updated accordingly.

2009/200 MONITOR DOWNSIDE

Mr Lambert reminded the Board that in June 2009 Monitor had requested the Trust to look at potential downside scenarios up to 2012/13 taking into account expected reduction in health funding. Monitor did not publish any specific guidance, leaving the matter to each individual FT Board. The deadline for submission was 30th September 2009. The requirements had been discussed with David Hoppe, Senior Relationship Manager at Monitor, who had confirmed that this exercise was particularly aimed at FTs which had been authorised for several years rather than those newly authorised. Nevertheless the Trust would comply with Monitor's requirement. Mr Lambert reminded the Board that as part of its FT assessment process, the Trust had previously developed and agreed downside scenarios for 2009/10 and 2010/11.

Mr Lambert gave a presentation on how the downside model had been built. This included the long-term financial model as a starting point, together with known and new downside scenarios and potential mitigations. The key downside assumptions were: reduction in MFF from 28% to 25%; annual tariff inflation reducing to 0% from 2011/12 onwards; impact of the NHS London review of cardiac and vascular services; Corporation tax impact; and carbon reduction commitment. This showed that the Trust would, before mitigations, move away from surplus projections.

Mitigations were then considered: increasing the FSP to 4% from its current 2% level in later years; substitution of decommissioned activity following service reviews; and rolling current over-performance into future years. Mr Lambert concluded that if all the mitigations were delivered, the Trust would continue to maintain a surplus. The challenge would be to achieve this target, especially the FSP.

Mr Craig commented that, for the FSP, a recurrent 4% year-on-year target from 2011/12 onwards would be difficult to achieve. However, this was what was being expected of all FTs, and not completely unrealistic. He felt it would become still more challenging if the 4% target had to be wholly cash-releasing.

Mr Bell commented that these reductions were applicable to everyone in the NHS. Some Trusts were already experiencing problems, more than half of which were in London. This Trust was prepared because we had factored this into our plans submitted to Monitor when we applied for FT status. Mr Bell continued that if the NHS kept taking money out, there would be a consequence – who would do the actual clinical work and who would provide the services within target?

The Board confirmed that they were content for the model to be submitted to Monitor.

2009/201 APPOINTMENT OF INDEPENDENT, NON EXECUTIVE DIRECTOR

This item had already been discussed under Agenda Item 6. The Chairman,

Mrs Jenny Hill and Mr Richard Hunting would continue the process and bring proposals to the Governors' Council and, for information, the Board accordingly.

2009/202 PANDEMIC FLU PLANNING

Mr Craig presented the updated plan prepared by Joy Godden, General Manager – Lung Division, and operational lead for pandemic flu. Mr Craig was Chair of the Trust's Pandemic Steering Group, within which was a core group including Dr Anne Hall, Director of Infection Prevention & Control. He reported that the NHS was imposing a system-wide approach to the handling of a swine flu pandemic. This Trust had a different role to others in response to a pandemic in that, as a specialist cardio-respiratory centre, our main source of admissions would likely be from our tertiary patients who had developed flu which had exacerbated their underlying condition, and flu patients with severe respiratory problems who required Level 3 care.

Generally, since the first outbreaks of swine flu, there had been a steady drop-off of cases, but this was now starting to rise again. There was more evidence that a second wave was underway and that the virus was potentially more virulent. Plans were still evolving but, as yet, there was no date for delivery of the vaccine for H1N1 or any details of volumes available. Internally, plans had been made for vaccination at both sites to cover relevant groups of staff as soon as able. The key role for the control teams on both sites was set out in the document. More work was needed on how to sustain the control teams at both sites and on achieving recovery from any disruption. The Trust was involved in various testing regimes both at local and NHS London levels. Mr Craig summarised by saying he felt the Trust was reasonably well-prepared but needed to continue to be vigilant. The plans in the document had been rated amber by NHS London, and further work was being done to address potential weaknesses.

The Chairman thanked Ms Joy Godden and all the team for their work relating to this planning.

Mr Coleman raised the issue of whether the Trust might appear deficient if its flu patients had a high death rate. The Board felt this was unpredictable, but that the volume of flu patients (and, consequently, related deaths) in other hospitals was likely to be higher than in this Trust.

2009/203 AUDIT & RISK COMMITTEE

Minutes of Meeting of 2 June 2009

The minutes were noted by the Board

Report from Meeting of 15 September 2009

Mr Coleman reported that the meeting had focused mainly on risk, but had also touched on the "stub accounts" of the Trust's final two months as an NHS Trust. The ARC had looked at the Board Assurance Framework and refreshed the top 20 risks facing the Trust, two-thirds of which were clinical and three financial. Focus was moving onto whether the controls in place were managing the risk sufficiently and working as intended, and a "drill-down" into some, e.g. research risks, showed this to be so.

A "deep dive" was undertaken into certain major risks such as patient safety risks emanating from the Financial Stability Plan, neurological injury risk and the scale of paediatric activity. On all three items the ARC had gained sufficient

assurance that risks were being appropriately managed. On clinical risk issues, the ARC supported actions planned to improve compliance with the dress code.

ARC had reviewed the draft accounts for the 2-month stub period and no areas of concern were identified. Also reviewed was how well the External and Internal Auditors' recommendations were being addressed.

2009/204 QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions.

2009/205 ANY OTHER BUSINESS

The Chairman referred to the BRUs and said that the application time for further funding streams was likely to be brought forward to Autumn 2010. A working party was to be set up to assess this and would report to the Research Management Committee.

The Chairman further reported he would be meeting the Chief Executive of UCL Partners to discuss possible academic opportunities. He thought they were keen to seek involvement in our percutaneous valve service.

With regards to discussions on other aspects of clinical services, the Chairman was to meet Lord Kerr (Chairman – Imperial College). He was also to meet Ruth Carnall (Chief Executive – NHS London) and thought the focus of her comments might be on Harefield Hospital.

2009/206 DATE OF NEXT MEETING

Wednesday 28th October at 10.30 a.m. in the Concert Hall, Harefield Hospital