ROYAL BROMPTON & HAREFIELD NHS TRUST

Minutes of a meeting of the Trust Board held on 24 September 2008 in the Board Room, Royal Brompton Hospital

Present:	Lord Newton of Braintree, Chairman Mr R Bell, Chief Executive Mr N Coleman, Non-Executive Director Mrs C Croft, Non-Executive Director Prof T Evans, Medical Director Mr M Lambert, Director of Finance & Performance Prof Sir A Newman-Taylor, Non-Executive Director 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 Ms J Thomas, Director of Communications
In Attendance:	Ms E Mainoo, Executive Assistant Mrs E Schutte, Executive Assistant Mrs R Paton (minutes)
Apologies:	Mr R Craig, Acting Director of Operations Mrs J Hill, Non-Executive Director Mr R Hunting, Non-Executive Director

The Chairman welcomed everyone to the meeting which followed the Annual General Meeting. He congratulated Professor Sir Anthony Newman-Taylor on his appointment as Deputy Principal of Imperial College Faculty of Medicine.

2008/85 MINUTES OF THE MEETING HELD ON 23 JULY 2008

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

2008/86 REPORT FROM THE CHIEF EXECUTIVE

Mr Robert Bell, Chief Executive, affirmed that he had already spoken on many items in the Annual General Meeting held immediately before this Trust Board. However, he wished to highlight the fact that the Trust had now created an integrated strategy for research and clinical work under the leadership of Prof Timothy Evans, Medical Director. In this regard, he has asked Professor Evans to assume leadership for Research & Development at the Trust in addition to his duties as Medical Director and Deputy Chief Executive. Professor Evans thanked the Chief Executive for his confidence in this initiative and explained he would work together with a support team which included managerial input. Professor Evans hoped to bring to the October Board meeting a complete research strategy for the organisation, identifying the structures and processes being planned, together with specifics and deliverables (this strategy would be submitted to the Management Committee first).

Lord Newton, Chairman, referred to the future of the Biomedical Research Centres and it was confirmed that work needed to be undertaken on the application by Autumn 2010.

2008/87 FOUNDATION TRUST APPLICATION

Mr Mark Lambert, Director of Finance & Performance, reported that the decision taken at the previous Trust Board to reactivate our application for FT status had been forwarded to Monitor by way of a letter from the Chairman. Monitor had acknowledged receipt of this letter and informed the Trust that a three-month assessment of the application would commence on 1st February 2009. A potential authorisation date could be May 2009 which would afford the Trust adequate time to finalise a robust plan. He confirmed that work is already underway on the financial model and tenders have been invited from professional advisers to help challenge the plans to be submitted to Monitor.

Mr Bell emphasised the fact that the Trust is facing the prospect of losing £28M of R&D funding over a transitional period with no clarity of how this might be fully replaced, other than BRU grants and related funds, i.e. a 15% challenge to the top-line of the Trust's finances. He reminded the Board that Monitor had outlined six concerns following their previous assessment, five of which were about this issue. The time lapse since the last assessment had given the Trust an opportunity to think about its financial situation and in the last four fiscal years its top-line revenue had grown by 36%, i.e. 9% a year. If adjustment is made for the loss to date of approximately £17M in R&D funding over this period then the Trust has grown at the rate of 46% compound. Mr Bell felt that the primary emphasis was no longer on providing Monitor with evidence for replacement of the £28M with other R&D income and that the Trust was shifting the focus and taking the stance of not replacing this amount with R&D funding. He stressed that the Trust needs to maintain its rate of clinical growth and ensure costs do not outrun income.

Mr Lambert reminded the Board of the negative impact on activity in early 2007/08 caused by problems with one theatre and one catheter laboratory being out of action. He continued that compared with then, the Trust was now running with two more catheter laboratories at Royal Brompton, one more theatre at Harefield Hospital and a new theatre will soon be coming on-line at Royal Brompton which will increase capacity.

Prof Evans reported that Level 2 Critical Care facilities at Royal Brompton were to be reorganised which would deliver significant economies of scale and expansion was planned for ICU and Recovery at Harefield. Mr Andrew Howlett, General Manager Heart Division & Critical Care HH, is currently assessing opportunities for any further capacity at Harefield. The Chairman stressed the need for the Trust to clarify to Monitor that it is investing to enhance its capacity.

Mr Nick Hunt, Director of Service Development, added that the PCT negotiating group had recently agreed in principle to paying for "virtual" outpatient activity through tele-consultation and, in the Sleep and Ventilation service through using smart card diagnostic systems. Thus patients could be released from follow-up attendance in person, creating additional capacity without revenue loss.

Mrs Christina Croft, Non-Executive Director, expressed her concern that if an organisation is run too hard, one small error can lead to a domino effect of further

problems. Prof Evans agreed that issues of patient safety can happen when a service is running to capacity but the Trust had employed 28 new consultants over the last two years and this has obviously led to an expansion in capacity and activity.

Mr Bell confirmed that at certain times of the year the critical care areas had been running very full but that we would need to be running at 80-90% utilisation rate as that is what would be expected of the best specialist hospitals in the market place. Mr Bell said that Monitor may feel we have more capacity and this issue needs to be addressed in preparation for the assessment. Mr Lambert confirmed that next year the Trust will lose £12M in R&D funding and plans need to be developed to moderate against this.

In response to a query from Mr Nick Coleman, Non-Executive Director, if there had been any evidence from the patient safety data that suggested our pace of activity had led to a reduction in patient safety. Dr Caroline Shuldham confirmed there had been no evidence. There had been one SUI in the year which had been investigated and assessed by the Audit and Risk Committee and there was some evidence the incident had been influenced by the situation of the plant due to it undergoing development at the time. Dr Shuldham added that staff are working at a fast pace and although there had been a recent decrease in sickness absence rates generally, Ms Carol Johnson, HR Director, said there is evidence of rates being high in some critical areas such as nursing. Prof Evans said he was pleased to see no clinical markers of note but thought it worth assessing the number of cancelled operations.

Cllr J Mills, Royal Borough of Kensington & Chelsea, (from the audience) raised the issue of stream-lining the service on the basis of flat-lining on the R&D income, asking what future R&D funding would be ring-fenced. The Chairman replied that the NHS is challenging trusts to present evidence of results of their utilisation of NHS R&D funding. Mr Bell confirmed the NIHR would fund the Trust's BRUs for cardiac and respiratory projects, this funding being very much ring-fenced and having to be reported on. An exercise had been undertaken last year with the company McKinsey to examine the Trust's financial structural issues; this identified that only about £8-9M could be ring-fenced from the £28M as going directly to research, the balance having gone into the Trust infrastructure (some of which is used for research). Mr Bell said our forward approach would be extremely modest in stating what we could guarantee for R&D income. We must not speculate on anything else that might be expected as income. We are a clinical trust that does very good research on a translational basis but what drives us is our clinical activity. Our trading over the last four years had been growing steadily and building critical mass which was expected to continue. Mr D Potter, Re-Beat Club, said he was encouraged by the revised programme and the robust financial state of the Trust which was to be applauded.

2008/88 <u>HAREFIELD UPDATE</u>

Mr Mark Lambert, Director of Finance & Performance, reported that the Trust had now submitted the Harefield Hospital SOC to NHS London. Responsibility for capital investment now comes under the remit of Paul Baumann, Finance Director for NHS London. In response to our document, 48 detailed questions had been returned to us. Mr Lambert, together with Mr Robert Craig and Ms Maria Cabrelli had compiled responses to these questions which had been returned within the set

timetable. The next meeting of the NHS London Capital Investment Committee is due in November and realistically we should not expect an outcome until December. Mr Bell felt some of the questions were incongruous and stressed the importance of reminding NHS London that in October 2005 the SHA and NHS Estates had issued a report to this Trust saying the facilities at Harefield were long past sell-by-date, not fit for purpose and had to be re-provided.

2008/89 FINANCIAL PERFORMANCE REPORT FOR MONTH 5: AUGUST 2008

Mr Mark Lambert, Director of Finance & Performance, explained that because there had been no Trust Board in August, the report would also refer to month 4. In month 4 and 5 together the Trust had achieved an additional surplus of £1M, giving a cumulative position at the end of August of £1.856M surplus against a target of £1.2M, thus a favourable variance of £652K. Activity is approximately 9% ahead of target and 14% ahead of this time last year.

Mr Lambert reported that the NHS Provider Agency had reported back to the Trust outlining our Qu1 monitoring: the Trust had been rated 3 for financial risk, green for governance matters (which is positive), green for services provided and amber for quality and service (due to one 18 week wait issue).

Mr Bell confirmed that only 6 trusts out of approximately 70 in London are not on monthly monitoring and felt this would be administratively challenging for NHS London.

Cllr. Mills remarked on how important these performance indicators were to the public and felt the monthly monitoring issue should be taken seriously. The Chairman agreed and explained that the item causing the Trust difficulty was that of the 18-week wait issue when many referrals received by the Trust were already out of time.

Mr Lambert continued his review of the results and pointed out that the performance reports for NHS Clinical Income and PP Income were now demonstrating this information by both site and directorate.

Mr Lambert continued that the Trust is on target to deliver £8.5M on the financial stability plan in 2008/09 which is under budget. He stated that we are so busy delivering activity that is making it difficult to deliver some of the financial stability plan.

Mr Coleman felt Monitor would still ask what were the risks to the income stream and the cost programme. Mr Lambert said that if we did not deliver this year, it could be delivered next year. Mr Bell said the Trust is in a 'Catch 22' position here in that Monitor will be expecting us to produce more activity at a lower cost. We are still producing a surplus which could exceed the Control Total surplus imposed by the SHA. The Board has to recognise the business issue here. We have not had to deliver a CIP programme that is in line with their standard target because we have a higher surplus than we are allowed. Consequently, the more CIPs we apply, the higher our breach of the surplus target would occur. Mr Coleman then asked what the Trust plans to do about this financial stability plan. Mr Lambert said this had been discussed at the Management Committee – the Trust had many positive indicators but this one had been disappointing and will continue to be assessed.

Mr Lambert said the report included a list of PCTs with outstanding debt; out of a total of £1,383K debt still awaiting agreement, only £36K due from NCG is actually being disputed.

Referring to capital, Mr Lambert said the Board had been worried about the rate of capital spend. In June the capital spend was under £1M but now is over £2.5M and it is encouraging that the Trust is back on track for achieving the capital programme for the year.

Mr Lambert reported that for the Trust flagship projects, outstanding orders valuing £2.4M have additionally been placed with suppliers.

The Trust had submitted its revised Capital Plan to NHS London in September. Their response said a resource limit would be applied - they would also apply a control total to donated capital that we could spend. The Trust queried this and has now received confirmation from NHS London that they had issued the wrong message and would not now be limiting the capital we can spend from charitable sources.

In response to a query from Mr Coleman on the utilisation of BRU funding – 'is it that we have to use it or lose it?', Mr Lambert explained that we were still awaiting final guidance from NHS London and the Department of Health on this issue.

Mr Coleman noted the text was very detailed and asked if there was anything else here to worry about. Mr Lambert explained that the current budget was £17.671M which was a reduction of £7M on that previously reported and that this is due to the recognition that only £1M will be spent on BRU projects in this financial year.

2008/90 <u>OPERATIONAL PERFORMANCE REPORT FOR M: 5</u>

Mr Mark Lambert commented on any items of exception:

- Cancelled Operations; the M5 cumulative cancellation rate is 1.42% - this is an improvement on past months. Cancellations are higher at HH which is a demonstration of how busy the organisation is – the Director of Operations is aware of this.

- Patients Sharing Accommodation with the Opposite Sex remains an area for concern.

- Sickness Absence: an internal target of 3% has been set. The sickness absence figures have decreased this month to 3.38% on a rolling 12-month basis, which is a considerable drop from the month before. Ms Carol Johnson, HR Director, is very aware of this situation and reported that a report has now been compiled on everyone on long-term sickness. She said this was quite a long list and needed attention.

- 18 Week Wait: The Department of Health has introduced a breach-sharing mechanism which allocates 50% of the breach to each of the Trusts involved and this enabled a positive adjustment to our figures. Mrs Lucy Davies, Head of Modernisation, confirmed that this mechanism has been relatively kind to us as it includes all breaches where the clock started in another trust irrespective

of when the patient was referred. However, the mechanism does not relieve us of breaches where patients are referred after 18 weeks. Mrs Davies continued that our performance on 18weeks was improving but needed to do so at a faster rate. . Positive meetings have been held with the DoH and Trust surgeons; however cardiac surgery has a challenging performance gap of 15 - 20% to be made up, by December and everyone involved is working hard to achieve this.

- Diagnostic waits 6 weeks. This has been subsumed into the 18-week target.

- Clinical Quality: There have been no cases of MRSA bacteraemia since October 2007.
  C difficile rates confirm the underlying trend is coming down.

2008/91 AUDIT AND RISK COMMITTEE

Mr Nick Coleman (Chair of the Audit & Risk Committee (ARC)) confirmed that the September and December ARC meetings are focusing on risk. Mr Coleman then reported on the four main topics of focus at the meeting held on 9 September 2008 as follows:

- Identification of the top 10 risks facing the Trust - ARC's object being to gain assurance that processes are in place to identify the priority risks and are functional. Executives are currently looking at risk identification and this list will be brought to the December Board.
- Discussion on the two highest-rated risks emerging from the risk register process which are Sprint Fidelis defibrillator lead failures, and transient or permanent neurological deficits. ARC had gained adequate assurance that processes were in place and operating properly and the risks were being effectively managed and controlled.
- Discussion on how to structure a "deep dive" review on priority risks at the December meeting, the object being to drill down into a few of the major risks in order to test risk management processes are operating as intended.
- Review of the new Governance & Quality Report: Mr Coleman thanked Dr Shuldham for the provision of this outstanding report which outlined the significant steps forward in the area of Patient Safety, and had been of great assistance to the work of the ARC. Dr C Shuldham wished to acknowledge all the work done by Ray Sawyer and Alex Weller in the compilation of this report.

Other items considered at the meeting were the efficacy of the root cause analysis process, lessons learned from the HH and RBH fire exercises and the status of the Trust's patient data security processes.

Further matters reviewed included: payroll accuracy and overpayments; the counter fraud programme; the status of the Annual HealthCheck process; the External Auditor's Annual Audit Letter to the Trust; the Auditors Local Evaluation (ALE) final report and its suggested Improvement Areas. The ARC drilled down into the underlying causes of the score of only 2 on Financial Reporting which is expected to lead to the Trust being scored 3.

Mr Coleman continued that the ARC had held its regular quarterly reviews of the following:

The status of all Internal and External Audit recommendations which confirmed that no high-level recommendations had been reported to be more than 1 month overdue. However the External Auditors reported a different set of conclusions was to be loaded to the Audit Commission database, and executives and auditors are now actioning reconciliation of the differences.

The Internal Audit programme, losses, special payments and any other material governance or policy changes not covered elsewhere.

The ARC had briefly reviewed its 18 month work programme, and signed off its annual self-assessment having met all its expectations except for one Level 3 item. Finally, Mr Coleman confirmed ARC members had completed their required annual private session with the External Auditors.

The Chief Executive acknowledged that the ARC was a massive committee to manage and Mr Coleman confirmed that membership and management of this committee was to be assessed.

In response to a question from Prof Evans, Mr Lambert confirmed that currently the Trust's external auditors are appointed by the Audit Commission, but that as an FT we would be able to appoint an auditor of our own choice.

2008/92 HEALTHCARE COMMISSION "SPOT-CHECK"

Dr Caroline Shuldham, Director of Nursing, Governance & Informatics, reported on the HcC Spot-Check visit undergone by the Trust four weeks ago. Three inspectors attended the Trust, their backgrounds being in Patient & Public Involvement, and Infection Control Nursing.

They spent a day each at RB and HH, focusing mainly on cleanliness and looking at the general décor of the premises, inspecting bathrooms and toilets, beds and mattresses. During the inspection, comments had been received to which the Trust had responded, submitting appropriate action plans together with a huge amount of additional data requested.

Initial feedback had been good; the Trust had received a list of items for attention, e.g. wash-hand basin replacement programme, ventilation ducts, cleaners' rooms in the Sydney Street building, training records. Dr Shuldham confirmed work had begun on these items and she expected there would be more contact from the HcC once they had assessed our submitted data. The final result might be expected at the end of October.

Dr Shuldham had heard from colleagues in other trusts who had received Improvement Notices that they had been the subject of a lot of communication from the team – this Trust had not received any communication from the inspectors since forwarding the requested data and the final outcome was still awaited.

Prior to the inspection, walkabouts had been organised around the hospitals – these had been very useful in gaining insight into different aspects not normally provided by the usual audits and were to be continued. Dr Shuldham wished to acknowledge the amazing amount of supportive response from Trust and ISS staff during the initiative.

On behalf of the Board, the Chairman thanked Dr Shuldham and her team for all their hard work involved in this exercise.

2008/93 QUESTIONS FROM MEMBERS OF THE PUBLIC

The Chairman noted that Cllr V Borwick (London Borough of Kensington & Chelsea) had attended the preceding AGM and wished to express his thanks for her interest in the business of the Trust. Cllr Mills (from the audience) commented that the Trust should not resist the good points of governance and should always keep the positive aspects in mind.

Mr D Potter, Re-Beat Club, wished to record his thanks and congratulations to the Board for the very informative presentations at the AGM.

2008/94 NEXT MEETING

Repeat Annual General Meeting: Wednesday 22 October 2008 at 9.30 a.m. in the Concert Hall, Harefield Hospital

Trust Board Meeting: Wednesday 22 October 2008, 10.30 a.m. in the Concert Hall, Harefield Hospital