ROYAL BROMPTON & HAREFIELD NHS TRUST

Minutes of a Meeting of the Trust Board
held on 25 April 2007 in the Concert Hall, Harefield Hospital

Present:	Lord Newton of Braintree, Chairman Mr C Perrin, Deputy Chairman Mr R Bell, Chief Executive Prof. T Evans, Medical Director Prof. A Newman-Taylor, Non-Executive Director Mrs C Croft, Non-Executive Director Mrs J Hill, Non-Executive Director Mr M Lambert, Director of Finance & Performance Mr P Mitchell, Director of Operations Dr C Shuldham, Director of Nursing & Governance
By Invitation:	Ms M Cabrelli, Director of Estates & Facilities 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 Royal Brompton & Harefield Patient & Public Involvement Forum
In Attendance:	Mrs L Davies, Head of Performance Mr R Sawyer, Head of Risk Mrs E Schutte, Executive Assistant Mrs R Paton, PA to Director of Planning & Strategy
Apologies:	Mr R Hunting, Non-Executive Director

The Chairman welcomed members of the Board, Trust staff and members of the public to the meeting.

2007/53	<u>MINUTES OF THE TRUST BOARD MEETING ON 28 MARCH 2007</u> The minutes were agreed as a correct record of the meeting.
2007/54	<u>MINUTES OF THE TRUST BOARD MEETING on 11 APRIL 2007</u> The meeting was an extraordinary meeting convened to receive and endorse the Board Memorandum and independent accountants' report on the Trust's proposed working capital and financial reporting procedures (both key submissions as part of a Foundation Trust application). Lord Newton, the Chairman, noted that although the meeting had been a public one, no members of the public had attended. Mr Charles Perrin, Deputy Chairman, commented on item 2007/51: Page 1, point 4, and queried the accuracy of the wording "could not be approved". Members who had attended the meeting discussed the point and came to the conclusion that the wording should read "would not be approved". With this amendment, the minutes were approved as a correct record.
2007/55	<u>REPORT FROM THE CHIEF EXECUTIVE</u> Mr Robert Bell, Chief Executive, reported that the Trust had been approached by University College London Hospitals (UCLH) to embark on an endeavour to develop

	jointly a new cardiothoracic centre in central London on adequate land already owned or leased by UCLH at Tottenham Court Road. Initial discussions with UCLH had revealed they wished to combine RBH services with their own Heart Hospital, and had agreed that Harefield Hospital should remain where it is. Under the proposal, clinical work and research would be affiliated to University College. A written proposal with putative architectural plans had been received. The Chief Executive further reported that this would not be a PFI venture; that UCLH is already a Foundation Trust, would use its own capital and expect capital support from this Trust raised through our asset base; and that the project could develop over five years. Such a move could be as part of a 'federated hospital system' without the need for Trust mergers. The Chairman felt the proposal was of great interest. Prof Tim Evans, Medical Director, felt clinicians would be very interested and receptive to the idea, and Mr Mark Lambert, Director of Finance & Performance, confirmed that UCLH had done a significant amount of work on the proposal already and were very keen for this Trust to be in partnership with them. The Chief Executive further reported that he had informed Imperial College (IC) of the proposal and their response was one of concern. IC themselves have moved to establish an Academic Health Sciences Centre (AHSC) – and prospective foundation trust – with St Mary's and Hammersmith Hospitals, owned and operated by IC under a model unlike anything currently in existence. The Chief Executive had shared this information with the SHA, who had advised the Trust to engage in discussions but make no commitments at this stage. The Chief Executive reported that he would meet again with Prof Smith (Principal, IC Medical Faculty and prospective Chief Executive of the AHSC) to discuss options. Prof Smith has agreed that the AHSC merger should be completed before any further discussions were held about future partnership with them. The Board noted the Chief Executive's report, and looked forward to further discussions as options developed.
2007/56	<u>FUTURE OF HAREFIELD HOSPITAL AND SERVICES</u> Mr Patrick Mitchell, Director of Operations, reported that: • Building works were on time with any 'snagging' problems in the temporary ward unit being satisfactorily addressed. Builders were now working in the Medical Care Unit (MCU) for an expected 10 weeks. • All agreements for non-cardiothoracic support had now been concluded: o A locum psychiatrist appointment had been made, commencing at the end of May; and o An agreement had been signed with a 'chamber' of General Surgeons to provide 24-hour cover for Harefield for non-cardiothoracic support from the beginning of April. Mr Kenneth Appel, member of the PPI Forum, reported he had visited the new MCU facility and found the facilities to be excellent.
2007/57	<u>FOUNDATION TRUST APPLICATION</u> Mr Robert Craig, Director of Planning & Strategy, presented a progress report which summarised developments with the Trust's application since the last full meeting of the Board on 28th March. The Board-to-Board meeting with Monitor on 2nd April had focused almost exclusively on the future of income and expenditure relating to R&D. The documents approved by the Board on 11th April had been submitted to Monitor two days later. Further information on the future of income and expenditure relating to research and development had been requested by Monitor (a summary of which was included in

	the papers): it demonstrated more prudent income assumptions than before, leading to a more challenging cost-reduction target. There was one error in Figure 1: the numbers described as cumulative savings should in fact be savings per annum. Mr Craig also confirmed that the draft constitution submitted to Monitor in February had been reported as acceptable to them. The Chief Executive reported that the Trust had been closely following 'due process' with Monitor in the application for FT status, submitting all the procedural requirements for a full application, e.g. the Board Memorandum, KPMG's review, and confirmation of a working capital facility. Subsequent to the Board-to-Board meeting, Monitor had requested additional data to inform R&D income projections following the proposed withdrawal of Dept of Health 'block-grant' funding, and on the role of the Corporate Trustee and the Charity: these had been provided. The issue facing the Trust was the decline of R&D infrastructure funding from the 2006/7 level of £28.6M over the next three years or, in a worst-case scenario, no R&D income at all. In view of this downside scenario put forward by Monitor, the Chief Executive had decided he had no option but to prepare an approach to independent advisors to work with the Trust management team to develop an action plan to realise cost-reductions of up to £20M to mitigate these risks. A draft letter to potential advisors was tabled for Board members' review, and their input welcomed to inform the proposed work – comments should be passed to the Director of Finance & Performance. Monitor was due to consider the Trust's application at its meeting the following day (26th April). The Chairman said the threat to R&D funding would have to be addressed in any case, irrespective of any impact it would have on the FT application. Mr Perrin supported the action, but asked if the suggested target of £20M by 2012 was the right one, and whether it would undermine the research purpose of the Trust. The Chief Executive replied that in a worst-case scenario a total of £28.6M of funding was at stake. As a contingency plan, he planned to engage advisors to target 10% of the Trust's operating base across the board, not just in the research area. This would require a radical transformation of the Trust, well beyond process re-engineering – it would impact on all aspects of the Trust's operations, and help would be required to develop an action plan for the Board's consideration. The Director of Finance & Performance, Mr Mark Lambert, referred to the revised Research & Development financial plan, being Figure 1 in the FT Application Progress Report. He explained that the plan had been formulated to allow the continuation of both R&D expenditure at the Trust together with recharges from Imperial College (NHLI) for honorary contracts. Mr Lambert then went on to discuss in detail the assumptions that had been made regarding the availability of future income streams including NIHR Infrastructure funding, the possibility of re-bidding for sBRC status, the availability of new Government R&D grants, commercial trial income, RB&H Charitable Trust funds and grants generated by staff which currently flow through NHLI. Mr Lambert then outlined the impact of these assumptions on the overall cost base of the Trust. The prudent assumptions made regarding income will, if proved correct, require a reduction in expenditure equal to approximately 10% of the Trust's cost base over the next four to five years. It was believed that the first 5% of this reduction could be accomplished relatively easily but that the final 5% would be painful and would undoubtedly involve headcount.

	This revised schedule had been discussed with Monitor, who had supported the direction of travel, but recommended external validation. Mrs Jenny Hill, Non-Executive Director, felt it would be best to engage stakeholders from the outset if we intended to secure external help and the Chief Executive agreed with this suggestion if the plan was to be implemented. Mrs Hill also stressed that terms of reference to consultants should ensure that the Trust's position was strengthened for the future. The Chief Executive agreed the Trust had challenges but felt it was already a viable and successful operation. The problem was perceived by others, and a response was required. The Deputy Chairman urged that communication of the situation was paramount to prevent misconceptions. The Chief Executive confirmed that he had already met clinicians and support staff and they were willing to go through the process. Prof Evans believed that the £20M plan should be seen as a contingency plan with real intent, with the flexibility to be implemented over several years as required. The Chief Executive reminded the Board that this situation had been brought about by a change in government policy, and that other Trusts would be similarly affected. NHS London felt our plan of intent was extreme, acknowledging that the Trust had demonstrated year-on-year efficiency. It was concerned about the consequent impact this situation would have on teaching and research hospitals across London. It planned to review the impact of the changes on the Capital; however, the review would not be complete in time to be of assistance with the decision on the Trust's FT application. The Chief Executive confirmed that he had set aside a £0.25M reserve to finance an independent exercise, and the Board would be approached if this amount needed to be exceeded. He believed the Trust had sufficient management expertise to undertake the work itself, but that external validation was being recommended. The Chairman sensed support for external assistance. Prof Newman-Taylor, Non-Executive Director, stressed that Imperial College and NHLI should be involved in the process from the outset and the Chief Executive agreed, proposing that a steering committee be formed to this end. In relation to the application itself, the Chairman felt that the Trust had been seriously challenged and had tried to address the substantive challenge. The Chief Executive felt that the application should remain with Monitor and await their decision. He confirmed that the Chief Executive of NHS London agreed with this position and was concerned at the implications for other applicants – she was seeking to determine what was happening through her own channels. Mr Bell also reminded the Board that both the NHS London and the Department of Health supported the application. The Deputy Chairman supported the Chief Executive's recommendation and also reminded the Board that KPMG's independent report supported the financial overview. The Chairman observed that their opinion focused on the first few years, whereas Monitor was concerned about later years. Mrs Hill felt that Monitor would focus on the R&D funding issue and asked about the implications if the application was turned down. The Chief Executive confirmed that Monitor could defer the application if they believe remedies were possible within 12 months. If FT status were not granted, he would want to receive the grounds for rejection in writing. Mr Perrin recommended that Monitor should not be afforded the opportunity to avoid a decision on the application because of its withdrawal. Mrs Christina Croft, Non-Executive Director, did not think there were grounds for withdrawal; the changing R&D environment was not new. Dr Caroline Shuldham, Director of Nursing & Governance, said Monitor had challenged research but there would always be issues to address; she felt strongly that it would not be good tactically to withdraw. Mr Lambert said that steps had been taken to address the R&D funding issue and that the application should proceed. Mr Mitchell also felt the application should continue – he said the rest of the business plan was firm; there was a

	large, engaged membership; and the revised R&D strategy was good. Prof Newman-Taylor agreed that the application should stand and that any rejection would need to be explained. Prof Evans confirmed his conviction that the application should stand. The Chairman noted the Board's unanimity that the application should stand and that any deferral or rejection by Monitor should be put in writing. He reminded the Board that Monitor was doing its job by highlighting the problem, and the judgment to be made was whether the Trust could address problems if they occurred.
2007/58	<u>PERFORMANCE REPORT FOR MONTH 12: MARCH 2007</u> The Director of Finance & Performance presented the report for month 12, and also the full year ending 31 March 2007. He stated that this was the first time that a full year report had been brought to an April Board meeting and thanked his team for enabling this to happen. The Trust reported an accumulated surplus of income over expenditure of £3,340K for the year against a planned surplus of £2,102K, a favourable variance of £1,238K. The position for the month of March 2007 shows the Trust made a deficit of £357K against a planned deficit of £1,640K, a favourable variance of £1,284k. During the year the Trust had reforecast its full year outturn position at £3,084k and the actual surplus also exceeded this by £256k. Mr Lambert also reported that the Trust had met all of its NHS duties including the Capital Cost Absorption Rate (the payment of the PDC dividend), the Capital Resource Limit (the quantum of capital expenditure) and the External Financing Limit (the year-end cash position). Mr Lambert explained that a fuller explanation of the 2006/07 result would be provided to the Board during the approval process for the statutory accounts. Mr Lambert then highlighted items from the Operational Performance report. MRSA numbers are only 4 cases for the twelve months ended 2006/07 (against the government de minimis level of 12), and for C.diff. in the over-65s 11 cases equating to 0.2% per 1000 bed days (the London SHA target is less than 4 cases per 1000 bed days). The last breach for a 62-day cancer waiting time was in Sep 2006. The Chairman thanked the Director of Finance & Performance, the Head of Performance and their teams for this encouraging report. Mrs J Hill raised a query about the level of pay expenditure in the month of March. Mr Lambert stated that a significant part was due to nursing levels in intensive care and the Director of Operations agreed to investigate the matter further.
2007/59	<u>ANNUAL HEALTH CHECK DECLARATION</u> The Trust Board on 28th March had reviewed the draft declaration and Mrs Lucy Davies, Head of Performance, now presented further evidence on four outstanding standards to assist the Board in its decisions on compliance. The standards were as follows: • **C4c: Decontamination of reusable medical devices** It was noted that all Trusts in the North West London Decontamination Project intended declaring compliance. Internal Audit found reasonable assurance of compliance during their second review. Action has been taken to mitigate risks identified, detailed in the evidence presented. The Board agreed to declare compliance. • **C7e: Challenge discrimination, promote equality, and respect human rights.** A second review by Internal Audit has indicated 'reasonable assurance'. An in-year lapse was declared in 2005/06, since which time a considerable amount of progress

	has been made. Under this item, systematic analysis of employment and service provision practices are to be monitored by Impact Assessments. Ms J Ocloo, Chair RB&H Patient & Public Involvement Forum, felt there was a conflict between the statements about Impact Assessments on page 15 of original document ('Work in Progress') and page 2 of the tabled document. She thought Impact Assessments had not taken place. Mr P Mitchell, Director of Operations, explained that there is a system in place to undertake these assessments, and in fact 50 had taken place since February. Ms Ocloo thought the Equality and Diversity Strategy Board should have been more involved in these assessments. Mr Mitchell felt there was a difference of opinion on the meaning of Impact Assessments and he explained they consist of a three-stage process; clarification would be sought at the next Equality & Diversity Strategy Board meeting. The Chairman thanked Ms Ocloo for all her work in relation to this issue over the last year. The Board agreed to declare compliance. • **C11b: Participate in mandatory training programmes.** It was confirmed that the process is in place, we have partial implementation, are following up the processes and targeting staff to comply. 65% of staff have undertaken key mandatory training (Fire, Health & Safety, Moving & Handling and Basic Life Support) during the year. We do not have complete evidence of attendance achieved – for example, there is incomplete information about the uptake of infection control training. The Board discussed the emphasis on process vs attendance in the standard and concluded there was no significant lapse. The Board agreed to declare compliance. • **C14a: Have suitable and accessible information about, and clear access to, procedures to register formal complaints and feedback on the quality of services.** Following the Healthcare Commission Audit, the Trust received a 'level 1 notification' as it does not have readily accessible information about complaints management for patients, carers and relatives with learning disabilities or with sensory impairment. The notification increases the risk that the Trust might receive an inspection against its core standards declaration. Dr C Shuldham, Director of Nursing & Governance, reported that a full response had been given together with further evidence and an action plan and these have been favourably received. Following the response the Healthcare Commission recommended making reference to the actions taken and planned in our declaration, in order to support a declaration of compliance. The Trust had been surprised and disappointed at being chosen for the audit; an incredible level of detail had been expected which had been difficult to prepare. The audit team undertook an unscheduled walk around the trust and spoke to various staff. Dr Shuldham agreed we need to address the issue of communication with those with sensory impairment, learning disabilities and in alternative languages. The Board agreed to declare compliance. • **General Statement, Hygiene Code Board Statement, Commentaries on Developmental Standards** The Board reviewed and accepted these statements and commentaries.
2007/60	<u>COMMENTS FROM MEMBERS OF THE PUBLIC</u> Mr Kenneth Appel congratulated the Board on its conduct and felt that the withdrawal of R&D funding was suspect. Mr David Potter, representing Heart of Harefield and Rebeat Club, registered his concerns over Monitor's actions, particularly in the light of encouragement by the DH and SHA for the Trust's application. He wondered if there was a hidden agenda in relation to this Trust. He supported our application. Mr Philip Dodd, a prospective FT Governor, urged caution in spending large sums on external

	advisors. Mr Lambert, Director of Finance & Performance, explained that the revised schedule was discussed with Monitor who agreed the direction of travel was correct, but would need to be externally validated. The Chief Executive continued that he felt Trust management was capable of implementing a strategy to mitigate against funding shortfalls, but that judgement by external assessors appeared to carry greater weight, particularly in Monitor's view. He felt the Trust needed to demonstrate the robustness of our plans, and although he understood Mr Dodd's reluctance to use public money in this way, felt that what the Trust was doing was, ultimately, in the public interest.
2007/61	<u>EXCLUSION OF PRESS AND MEMBERS OF THE PUBLIC</u> The Chairman informed those attending the meeting that the Board had to consider an issue relating to the terms and conditions of employment of a small group of staff under a "Part 2" agenda, and moved the exclusion of members of the press and public. This was agreed.
2007/62	<u>Next meeting</u> Wednesday 23 May 2007 at 2.00 p.m. in the Board Room, Royal Brompton Hospital.