

ROYAL BROMPTON & HAREFIELD NHS TRUST

Minutes of a Meeting of the Trust Board held on 25th July 2007 in the Boardroom, Royal Brompton Hospital

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

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

2007/86 MINUTES OF THE PREVIOUS MEETING HELD ON 19 JUNE 2007
The minutes were agreed as a correct record of the meeting.

2007/87 REPORT FROM THE CHIEF EXECUTIVE
Mr Robert Bell, Chief Executive, reported the following to the Board:

- The decision of Monitor at its meeting on 28th June 2007 was to defer the Trust's application to become a Foundation Trust (FT) for up to 12 months. The application would be considered in more detail under agenda item 4 (2007/88). The Chief Executive said we would have to pay immediate attention to our current financial performance and this would be considered under agenda item 8 (2007/92). He confirmed the Trust was facing financial challenges including the loss of £4M of research income for this year, problems with PP income and, to a lesser extent, with NHS income. He stressed the need for concerted action to prevent the situation damaging the Trust and the future FT application.
- The Trust had applied for a number of grants to the DoH for R&D funding in line with the new system for grant allocation. To date, approximately seven applications had been put forward and confirmation of short-listing was awaited, which should be received in the first quarter of 2008. Success with the first grants would lead to a 'domino-effect' of securing further income and this would be important in relation to Monitor's position on the R&D shortfall.

- Prof Sir Ara Darzi's report "Healthcare for London: A Framework for Action" had been released on July 11th 2007. The report set out an agenda for the future of the capital's healthcare provision. The Trust would need to take stock of this report in relation to defining its future role which would mean revising its Integrated Business Plan to accommodate the proposed framework (see 2007/89).
- The report from McKinsey was expected to be concluded in the next few weeks and this would form part of an 'improvement agenda' for the Trust. The Chief Executive confirmed that the Trust's mission remained to be a centre of excellence in heart and lung medicine. He reminded the Board that NHS London had already given a clear directive that the Trust might continue with its FT application or, equally, might engage in dialogue with others to determine its strategic future. Mr Bell informed the Board that a review of the Chelsea site would be undertaken to determine options for future reconfiguration. Initial discussions had been held with Imperial College (IC), including an exchange of information on possible future models, however IC's priority remained the proposed merger between Hammersmith and St Mary's hospitals. Discussions had also been held (at their behest) with University College London Hospitals (UCLH), and the Chief Executive would like to hold a similar meeting with IC. He confirmed that future models would be brought to the Board over the coming weeks and stressed that financial solvency and operational viability needed to be maintained.

Prof Martin Cowie, Director of Research & Academic Affairs, reported that bids for R&D funding had been submitted amounting to approximately £8M, but that only a small proportion of this would fund support costs. Mr Charles Perrin, Deputy Chairman, was pleased that the timetable for grant applications was in weeks rather than months, and urged the Trust to continue with timely applications to optimise chances of success.

Prof Anthony Newman-Taylor, Non-Executive Director, said it was essential that the Trust obtain grants from the NHS, charities and commercial concerns. This would then secure additional funds to the hospital to meet support costs, which was critical to the future of the Trust being engaged in R&D. He felt there was an opportunity to collaborate with IC in securing grants and there was also much scope for formal collaboration between NHLI and Trust employees, e.g. in genetics. The Chief Executive confirmed there had historically been an almost synonymous existence between RBH and NHLI and there could be more elaborate relationships in the future. The Board discussed the fact that the Trust's historical model was now changing and wondered if a different organisation should be considered, possibly involving a different business agreement with a R&D institution.

The Trust would need to examine structural issues, e.g. whether it should continue with an R&D directorate or, for example, launch into a different joint venture with IC. Prof Newman-Taylor felt optimistic about building on current assets, particularly as the Trust's patient population was extremely pertinent to research requirements. Prof Cowie felt that the existing R&D directorate had been sound on governance issues, but he expected McKinsey's findings to highlight the challenges ahead.

Finally, Prof Cowie informed the Board that, having reflected on the demands

on his time and requirements of the role, he had decided to tender his resignation as Director of Research & Academic Affairs, but would remain in the Trust as an active clinician and academic. On behalf of the Board, the Chairman understood Prof Cowie's decision, thanked him for his work within the R&D directorate and expressed the appreciation of the Board for the contribution he had made.

2007/88 FOUNDATION TRUST APPLICATION UPDATE

Mr Robert Craig, Director of Planning & Strategy, echoed the Chief Executive's report that Monitor had chosen to defer a decision on the Trust's FT application for up to 12 months. Paper A summarised the contents of the letter from Monitor's Chairman dated 29 June 2007 setting out the assessment team's view of the Trust's application. Mr Craig also summarised the work-streams established to take account of the advice Monitor had given. The Chairman confirmed he would acknowledge Monitor's letter and urged that the professional working relationship with Monitor be maintained. The Chief Executive thought it would be difficult to re-engage with Monitor before April/May 2008, based on the assessment received. Under the terms of the deferral, the deadline for re-submission of the Trust's application was 30th June 2008, and Monitor was requesting substantial evidence which might not be available until the next financial year.

The Chairman reminded the Board that there was now a seminal report (item 2007/89 below) about the future of health services in London which contained a strong commitment to specialist hospitals.

Mr Perrin noted that the letter from Monitor had made comment about the Harefield site. Mr Craig reported that he had spoken to Monitor to confirm that their primary focus in relation to HH was to understand (via the Integrated Business Plan) the means by which the Trust intended to finance any redevelopment, and the Board discussed the approach that should be adopted.

The Chief Executive confirmed that options for Harefield had been forwarded to NHS London in January 2007, requesting permission to proceed with detailed planning but, to date, there had been no response. He was to meet the Chief Executive of the NHS London Provider Agency, Malcolm Stamp, and would explore the situation. The Director of Operations thought that NHS London had been expecting the Trust to be authorised as a FT, and had left decisions on Harefield to be taken by the new Foundation Trust. A process had not been set up to proceed to Outline Business Case. The Chief Executive reported he would shortly be meeting the London Borough of Hillingdon to ascertain their views on the Harefield and Mount Vernon sites.

Mr Craig further reported that a meeting of prospective FT governors was being arranged for September. The Chairman requested that the Board and Non-Executive Directors be informed of the date of this meeting and encouraged as many to attend as possible.

2007/89 HEALTHCARE FOR LONDON: A FRAMEWORK FOR ACTION

Mr Craig reported on Prof Sir Ara (now Lord) Darzi's publication, released on 11th July 2007, entitled "Healthcare for London – A Framework for Action". The framework outlined plans for reconfiguration of health services in London. The report summarised "the case for change" (one of which had inadvertently been omitted from paper B: the need to make best use of NHS

buildings and workforce), improvements needed in clinical services, and the implications for existing services.

The Board debated different models of care which might emerge as a result of the report, and endorsed the Chairman's view that Lord Darzi's work was good news and welcome recognition of the Trust's value and contribution to London and the wider NHS.

The Chairman asked that the Board be kept apprised of developments as the report was debated and implemented.

2007/90 RECOMMENDATION OF ADVISORY APPOINTMENTS COMMITTEE
The Board received the recommendation and approved the appointment of: Dr Diana Bilton as Consultant in Respiratory Medicine.

2007/91 PICTURE ARCHIVING & COMMUNICATIONS SYTEM (PACS) / RADIOLOGY INFORMATION SYSTEM (RIS)
Mr Patrick Mitchell, Director of Operations, presented a paper on behalf of Prof David Hansell and the PACS Project Board. The current PACS (one of the earliest in the NHS) was over 10 years old, had come to the end of its efficient life, and could not be fully integrated with RIS. There was some urgency for it to be replaced.

A review group had submitted proposals for replacement to, and received approval from, the Management Committee, as it was consistent with the Trust's strategy for diagnostic and technological development. In view of the commitments agreed by the RB&HH Charitable Fund, capital monies were now available to proceed. A competitive process had been followed, and the Management Committee had recommended the proposal from AGFA, which offered a 10-year managed service.

After due consideration, the Board approved the Management Committee recommendation.

In this context, the Board acknowledged the decision, made earlier that day, of the Corporate Trustee of the RB&HH Charitable Fund to commit £10m of funds to support the acquisition of medical equipment by the Trust. The items to be supported had been presented to the Corporate Trustee, and it was agreed that their confirmation and procurement was a matter for the Trust's management. The Board would receive progress reports on the updated capital programme at future meetings.

2007/92 PERFORMANCE REPORT FOR MONTH 3: JUNE 2007
Mr M Lambert, the Director of Finance & Performance, presented the report for the Month of June, being Month 03 of 2007/08. June had shown a loss of £550k giving a cumulative deficit of £1.26m for the first three months against a planned surplus of £2.8m, giving an adverse cumulative variance of £4.1m.

The variance was due to a number of factors including under-performance in NHS and PP Income; an adverse variance on CIPs and a budgeted contribution from the Charitable Fund to support Research & Development expenditure that is now to be used to fund the purchase of medical equipment.

In order to address the situation, certain austerity measures have now been

put in place. All expenditure over £5k now has to be sanctioned by the Director of Finance, and a hold has been put in place on hiring and replacing staff vacancies.

Mr P Mitchell, the Director of Operations, reported that the Respiratory Medicine and Surgery directorates had caught up with their activity targets and were now performing to plan. However, in terms of the elective to non-elective activity mix, Surgery was showing an increase in non-elective work as well as being ahead on their private practice target, partly as a result of securing new work from Cyprus.

The situation in private practice billing remained a concern; relying on one individual for invoicing. A second member of staff had now been employed and improvement is expected.

Cardiology on both sites were focussing on improving their activity performance both in terms of increasing the non-elective activity and private practice numbers. Managers are liaising with clinicians on both sites to assist improvement. There remains a balance with respect to ensuring no patient breaches, especially in electrophysiology whilst trying to improve catheter laboratory utilisation.

In transplantation no heart transplants had been undertaken since April as a result of no donors being offered, against an expected norm of four or five transplants.

Mr Mitchell reported action is being taken in each individual area, particularly in Cardiology and Paediatrics. The financial stability plan is being tracked by the Operational Management team monthly. In response to a query from Prof Newman-Taylor, Non-Executive Director, on how confident the Trust was in its clinical coding, it was agreed an audit of coding would be undertaken to ensure the Trust is maximising the coding potential against tariff.

The Chief Executive stressed that we have to contain our costs, grow our income and improve the baseline. He continued that the contingency plan contained a number of reserve actions and that the Trust was only one month away from having to implement these. He felt the position in PP was critical to the whole Trust situation and he thought the McKinsey work would reveal issues not previously recognised.

In relation to Key Performance Indicators in the Operational Performance Report, Mr Lambert reported an "area for concern" for patients sharing same-sex accommodation. This was thought due to the high number of intensive care cases undertaken for which it would not be practicable to have separate facilities. Dr C Shuldham, Director of Nursing & Governance, stressed that as an organisation the Trust needed to take this item seriously and an investigatory group would be set up involving a clinical lead, modern matron and managers to address this.

In relation to data completeness on patient ethnicity, the indicator had fallen to "underachieved". The problem was felt to be more relevant to RBH than HH and was one of training staff involved. The Director of Operations reported training was in hand. A new more workable format for the registration form is being introduced and the Equality & Diversity team will

liaise with staff on the importance of collecting the data.

Annual Healthcheck 2006/07

All Core Standards have been fully met and the Trust was not selected for inspection. In relation to 62-day cancer waits, all breaches that were due to late referral have now been reallocated to those trusts that referred them late.

An extenuating circumstances case has been submitted to the HCC in relation to ten cancelled operations in 2006/07 that were due to a power failure at RBH.

Choose and Book is a new target this year and an extenuating circumstances case has been submitted as the methodology appears to penalise the Trust for being ahead of timetable. An extenuating circumstances case is also being prepared in respect of emergency bed days caused by our primary angioplasty service at Harefield.

Mr M Lambert, Director of Finance & Performance reported that Deloitte had confirmed that the Trust had gained five “3s” for Use of Resources, subject to ratification. This means the Trust will move to “Good” for 2006/07 having been rated as “Adequate” for 2005/06.

Mr Lambert pointed out that Mrs L Davies, Head of Performance, was soon to go on maternity leave and that Richard Connett would take up the post in her absence. The Chairman and the Director of Finance & Performance expressed their thanks to Mrs Davies for all the work she had contributed and wished her well for the forthcoming birth.

2007/93 REPORT FROM FINANCE COMMITTEE MEETING ON 17 JULY 2007

The Board received the report.

Mr Lambert reported that recovery of historic salary overpayments continued with the endorsement of the Finance Committee. This situation had grown significantly during the period of the ‘Supporta’ payroll contract and dated back over 5 years. The Board was informed that recovery of over-payments was arranged through negotiation with the individuals concerned. The Board endorsed the position of the Finance Committee and stressed that all such recoveries should be undertaken sensitively, taking into account individual circumstances.

Mr Perrin then drew members’ attention to the report of a leased asset which had mistakenly been disposed of during catheter laboratory refurbishment, and reported that measures had been put in place to prevent a recurrence. The Finance Committee would monitor the follow-up action.

2007/94 STAFF ACCOMMODATION RENT REVIEW

Mr Mitchell presented this proposal on behalf of the Director of Estates & Facilities. As discussed at the last Board meeting, the Trust’s Contingency Plan sought both increases in income and reductions in expenditure – and the Board had specifically requested further information on potential increases in accommodation charges. Although now stabilising, there had been a very significant (>40%) increase in utility costs over the previous two years, which had not been passed on to tenants. The Estates & Facilities Directorate had also reviewed rents for staff accommodation on both sites in

relation to the local market (neighbouring Trusts) and were now recommending a 5% increase, which would provide additional full-year income of £27k. Mr Mitchell confirmed that, as in the past, the rise would also apply to accommodation owned by the Charitable Fund.

Rents had been uplifted on 1st April at 2.5% for inflation (albeit inflation was running above this level) and it was proposed to implement this further increase on 1st October 2007. In response to a query from the Deputy Chairman about the contractual basis for this rent increase, Mr Mitchell acknowledged that three months' notice might need to be given, but he would ask for the contractual requirement under the tenancy agreements to be verified – clearly this might delay the implementation date. Mr Perrin went on to ask if salaries needed to be taken into account when calculating increases in rent and felt there was a need for sensitivity in respect to the current year pay award. Mrs Christina Croft, Non-Executive Director, felt the increase would have an effect on staff morale and suggested differential increases could be applied according to the condition/popularity of each property. Mr Mitchell clarified that rents already took account of the variable condition and facilities of the accommodation.

In summary, the Board felt this measure would not be popular but realised it was part of the Contingency Plan. The Director of Operations went on to explain that one reason for bringing the proposal forward was that the Estates & Facilities Directorate was not meeting its current year savings target and he was to discuss further measures with them.

The Board endorsed the proposal but urged that careful attention be given to communicating and presenting the reasons for it.

2007/95

PROVIDER AGENCY QUARTER 1 MONITORING RETURN

The Quarter 1 self-certificate, template of targets and commentary were noted and approved by the Board.

It was agreed that the self-certificate would be signed by the Chairman and the Chief Executive.

2007/96

REGISTER OF DIRECTORS' INTERESTS

An updated register was presented to the Board including amendments to the declared interests of Prof Newman-Taylor and Mr Lambert. The Chairman also informed the Board that he was no longer a council Member of Essex University.

2007/97

ANY OTHER BUSINESS

1. Mr Mitchell reported that following the recent very heavy rainfall, two theatres at Harefield had sustained roof damage. Staff, in part being mindful of the Trust's difficult financial position, had worked over the weekend to stabilise the problems to prevent loss of working capacity. The Board wished to place on record their thanks to all staff involved and, in particular, Mr Paul Dimmer (Anaesthetic and Recovery Co-ordinator, HH Theatres) and Dr Anne Hall (Consultant Microbiologist and Infection Control Doctor). Some damage was also sustained to the Concert Hall. Repairs at HH were estimated at £0.25m.
2. The Chief Executive informed the Board that the NW London Decontamination Project Board had announced a preferred provider (InHealth) for sterile services. The investment plan was due by

September, and the costs to the Trust should be similar to current levels.

2007/98

NEXT MEETING

Wednesday 26th September 2007 at 2.00 p.m. in the Boardroom, Royal Brompton Hospital.