

**Minutes of the Board of Directors meeting held on 25th May 2011 in the Boardroom,  
Royal Brompton Hospital, commencing at 10.30 am**

Present:	Sir Robert Finch, Chairman	SRF
	Mr Robert Bell, Chief Executive	BB
	Richard Connett, Trust Secretary & Head of Performance	RCo
	Mr Robert Craig, Chief Operating Officer	RCr
	Mr Nicholas Coleman, Non-Executive Director	NC
	Prof Tim Evans, Medical Director	TE
	Mrs Jenny Hill, Senior Independent Director	JH
	Mr Richard Hunting, Non-Executive Director	RH
	Ms Kate Owen, Non-Executive Director	KO
	Mr Neil Lerner, Non-Executive Director	ML
	Prof Sir Anthony Newman Taylor, Non-Executive Director	ANT
	Mr Richard Paterson, Interim Director of Finance	RP
	Dr Caroline Shuldham, Director of Nursing & Clinical Governance	CS

By Invitation:	Mr Nick Hunt, Director of Service Development	NH
	Mrs Carol Johnson, Director of Human Resources	CJ
	Mr Piers McCleery, Director of Planning & Strategy	PM
	Ms Jo Thomas, Director of Communications	JT
	Mr David Shrimpton, Private Patients Managing Director	DS
	Mr Rod Morgan, Interim Chief Accountant	RM
	Ms Carolyn Webster, Operational Senior Nurse Paediatrics	CW

In Attendance:	Anthony Lumley, Corporate Governance Manager (minutes)	AL
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Apologies: Mr Mark Lambert, Director of Finance and Performance

2011/42      MINUTES OF THE PREVIOUS MEETING HELD ON 27TH APRIL 2011

The minutes of the meeting were approved subject to the following amendment:

**Page 4, item 2011/29, Institute of Cardiovascular Medicine**

ANT said that it was important to involve Imperial College (IC) in the process now as IC is the primary academic partner of RBHFT. There followed a discussion about the negotiations between RBHFT and Steve Smith, Chief Executive of ICHT and Pro Rector (Health) IC. It was agreed that given the imminent departure of Steve Smith, e mail correspondence between RBHFT and Steve Smith would be forwarded

to ANT together with a copy of the Non Disclosure Agreement between RBHFT, IC and Liverpool Heart and Chest NHS FT.

### **Matters Arising**

KO commented that in respect of the Staff Satisfaction Survey agenda item discussed at the last meeting, she felt that as a matter of principle items such as this, dealing with important human resource issues, should be placed higher on the agenda in order that more time can be devoted to them.

2011/43

### REPORT FROM THE CHIEF EXECUTIVE

#### **Safe and Sustainable Paediatric Review**

BB reported that the date of the hearing had been set for 14 July 2011. Lawyers acting for the Safe and Sustainable Review have offered to undertake to the High Court that no decisions would be taken until after the judicial review is complete and this means that there is sufficient time to hear proceedings. The Trust had requested interim relief and suspension of the consultation, however, this has not yet been granted.

In the meantime a series of consultation events have been held in Oxford, Cambridge, Gatwick and at the Emirates Stadium in London. BB highlighted the following:

- the audiences had included parents and children aged 2 and above and the attendance has ranged from hundreds to two dozen. Predominantly, comments from the floor have been pro Royal Brompton & Harefield NHS Foundation Trust (RBHFT);
- the Panel's posture had been very defensive and protective. BB said it would be hard to say they had been open-minded;

BB also reported that Jane Collins, Chief Executive of GOSH, had approached him to ask for a meeting to see whether the joint process from 2009 could be re started. He had met with her the previous day (24 May). BB reminded her of what he believed had been agreed in 2009, namely the establishment of a new, jointly-owned and governed organisation to bring together the 2 services. Following this report, RBHFT and GOSH had agreed to carry on meeting and work together. However, the momentum generated by the cooperative approach between GOSH and RBHFT had been lost when the GOSH board assumed RBH services should be 'given' to GOSH. Later, when Sarah Crowther, Chief Executive of Commissioning Support for London and Chair of London Specialised Commissioning Group, extended the remit to include Guy's and St Thomas' little progress was made. These tripartite negotiations had been superseded by the Safe & Sustainable Review.

BB said that he and Jane Collins had had a constructive meeting and had agreed to continue working together to resolve concerns relating to clinical governance across more than one Trust. BB said that the

existing CATS service (which provided emergency ambulance transport services for GOSH, St Mary's and RBHFT) was an example of shared clinical governance processes successfully working in action.

BB said he would be meeting Jane Collins again so it would be useful to hear views from Board members. As he was meeting the Trust's legal team later on 25 May, views on the judicial review process were also welcomed.

SRF said he and BB had met with Nick Hurd MP (in whose constituency Harefield Hospital (HH) is located). A view was emerging from the Department of Health (DH) that the Trust had never told the Safe and Sustainable team about the impact of the removal of the paediatric service. Nick Hurd had agreed to take a letter from SRF to Andrew Lansley, Secretary of State for Health so that the actions taken by the Trust to raise concerns about services could be put on the record.

BB emphasised that RBHFT's position had been clear throughout: the recommended options put to public consultation by the JCPCT are fundamentally flawed, such that a consultation based on them would be unlawful.

In response to a question from RP on whether the court hearing on 14 July 2011 would be the judicial review, or a decision would be taken then on whether to have one or not, SRF said it was likely a decision on whether the substantive issue should be reviewed would be taken.

### **Site Option Appraisal**

BB reported that a useful session had been held two weeks ago to explore the Hammersmith Hospital co-location option. The initial assessment of this physical site was that it was unsuitable so the Trust had begun a parallel process, looking at adjoining sites, involving playing fields. A report from the Trust's architectural team was due next week.

BB said that in the relation to the option of rebuilding on a site next to Addenbrooke's Hospital in Cambridge he had received a visit from Stephen Bridge, the Chief Executive of Papworth Hospital (PH) on 24 May 2011. PH are proceeding with their plan to rebuild their hospital on the Addenbrooke's site. They are trying to organise a PFI to fund a project that comprises 300 beds (a 40% expansion in bed capacity). They are currently at the stage of choosing a preferred provider, but there are concerns about their ability to conclude a PFI deal in the current financial climate. SRF added that he continued to liaise with Sir Keith O'Nions, Rector of Imperial College, regarding the Imperial College Hospitals Academic Health Science Centre which is in some disarray as a result of the impending move of Steve Smith to the medical school in Singapore. This collaboration seeks to include

RBHFT within the restructured Academic Health Science Centre and to link the AHSC with an international partner.

NL asked if PH had given any indication of where the money would come from for the PFI project and if there was any connection being made with Stanstead Airport. BB said that the East of England has fewer cardiac cases than London and that, historically, there had been under-provision of services in this region. As a result of this East of England SHA had funded more cardiac activity and the main beneficiary had been PH. TE commented that Addenbrooke's Hospital had also built their own significant cardiac practice.

2011/44

#### CLINICAL QUALITY REPORT FOR MONTH 1: APRIL 2011

RCo introduced Carolyn Webster, Operational Senior Nurse who would be presenting the Modern Matron's Report. He highlighted the following from the Clinical Quality Report for Month 1:

- the report has been reformatted so that all of the Compliance Framework Targets are shown on the first page. Ecoli infection had been included in the infection control section because the Trust will start to report these cases to the Health Protection Agency from June. GRE had been removed and will in future be reported by exception so that focus can be maintained on the 4 mandatory returns. The readmission indicator had also been removed as a result of the changes in indicator definition. The Trust previously reported readmission to the Trust itself whereas for 2011/12 the national contract requirement related to readmission to all hospitals. Unfortunately, the Trust Performance Team was unable to report readmission of Trust patients to other hospitals as their data could not be accessed;
- Cancelled Operations showed a large variance taking it into the 'failed' range. RCr said that action would be taken to bring this indicator back into the performance range seen previously.
- C Diff: - the C Diff objective for 2011/12 is still being disputed with DH and NHS London. The issue will also be raised at the next meeting with Monitor.

RH asked why Cancelled Operations was much higher at HH than at the Royal Brompton Hospital (RBH). He also asked if the primary angioplasty service could be ring-fenced so the Trust had dedicated beds for the service. In reply RCr said:

- the figures are not acceptable or sustainable but the Trust is focused on tackling the problem. There was a scheduling problem at HH and the system is not able to cope with variation in demand. Waiting-time measures had also changed again and there was a renewed focus on the longest waits. However, HH had achieved lower cancellation numbers than this with similar pressures so it is

- expected that, with improved scheduling, overall performance would improve;
- ring fencing primary angioplasty would only work if there was sufficient capacity, which wasn't currently available (albeit plans to increase bed numbers had recently received Management Committee approval).

ANT asked for clarity about readmissions and asked if this would count against the Trust. NH said the cost of readmissions will be borne by the first admitting hospital regardless of where the readmission occurred.

JH said it would be helpful to know how much income is earned from the outbound work (income earned outside the Trust either through work done in the community or at District General Hospitals). She asked whether service line reporting now showed this element. This outbound work presented an opportunity for further development, and she would like to see a paper presented to the Board which shows this.

NH said the Trust does have outbound services, but that there is no mechanism for reimbursement. Tertiary care is now faster at getting people out of hospital and there are some good examples of care such as remote monitoring of both cardiac and respiratory patients.

BB said the Trust had not considered this in any depth as our current business model does not define outbound work in this way.

The Board NOTED the report.

### **Modern Matrons**

CW presented the Modern Matrons section of the Clinical Quality Report. She drew the attention of Board members to the following:

- hospital cleanliness with which she expressed satisfaction with the performance;
- Matrons were planning to continue to use the Productive Ward and Theatre Programmes to address issues around signage, the physical state of communal areas, and disabled access;
- hand hygiene: previously a concern of the Board;
- Root Cause Analysis (RCA). CW reported that the patient affected by MRSA was doing well.

The Chairman asked whether the current compliance rate of 62% for hand hygiene was acceptable. There was a discussion about the different emphasis put on cleaning hands on entering the hospital or a ward, as compared to doing so at the time of contact with a patient (which is more important). The audit methodology for assessing compliance with hand-washing during patient contact was questioned. TE reminded Board members of the comments he had made to them in

March and said that he was content to take direction from the board on enforcing compliance.

SRF proposed that the chairman of the Risk and Safety Committee should work with CS and report to the Risk and Safety Committee on how compliance might be improved. This was agreed.

SRF stated that the Board had to be satisfied that the Trust has the very highest standards of Hygiene.

2011/45

#### FINANCIAL PERFORMANCE REPORT FOR MONTH 1: APRIL 2011

RP presented the report. This was a brief report as it did not include a comparison with budget to measure performance. The next report to be presented to the Board (in July) would be in a new format.

In summary he highlighted:

- £255K deficit. April was an unusual month, which because of the large number of statutory holidays meant only 18 normal working days were available;
- total spells were 5% higher than for April 2010 despite one fewer 'working' day;
- pay costs had been well managed;
- there had been no Project Diamond (PD) income;
- it would still be a challenging first quarter to maintain the Trust's Financial Risk Rating (FRR) of 3 as declared to Monitor;
- at the end of March, there had been a tight liquidity position. This had improved slightly.

SRF said that message is that the Trust must be cautious but it can be slightly more optimistic than the first forecast had suggested.

The Board NOTED the report.

2011/46

#### UPDATE ON CAPITAL EXPENDITURE

In support of his Board paper, PM tabled a cash-flow schedule showing figures for 2013-2017 relating to possible bank funding for the construction of adult and paediatric sleep centres. The cash flows were believed to be accurate to within 10-15%, and the conclusion was that bank funding might pose too great a risk. The recommendation instead was that both projects be submitted together to the Trustees of the Charitable Fund at the earliest opportunity, requesting that they are funded by a combined £2m grant from the Fund.

RP had been in contact with the asset finance team from Barclays. It was possible that Barclays would allow a 'bullet' payment as opposed to an amortised repayment but if this option were followed it would need very strong financial discipline to accrue the necessary 'bullet'. The recommendation of the paper therefore had his support.

SRF advised that a suitably amended paper be put to the Charity Trustees as soon as possible. RCo confirmed that the next meeting of Trustees was scheduled for 27 July. SRF wondered if this would be soon enough. BB reminded the Board that it should not appear to be pressurising the Trustees. It was agreed that RP and PM would draft the paper as soon as possible and that SRF, RP and RH would decide whether to ask the Trustees for early consideration or a special meeting.

The Board APPROVED the proposal that the Trust applies to the Trustees for a grant to fund the two sleep centre projects.

2011/47 APPROVAL OF ANNUAL REPORT & ACCOUNTS INCLUDING QUALITY REPORT 2010/11

SRF confirmed that the Audit Committee had approved the Annual Report. RP added that there had subsequently been some minor changes to it. The external auditors had confirmed by overnight email that they were essentially content with the Annual Accounts as drafted. In relation to 'going concern' the Board needed to be satisfied that this was sustainable. RP said that it was highly likely that the Trust would obtain a new Working Capital Facility (WCF) from Barclays, as we had received credit approval and the remainder of the process should be a formality.

NL informed the Board that he had reviewed a paper that RP had prepared on 'going concern' considerations in the absence of a WCF if there had been problems securing one. It was fair to say that on a pessimistic case this would have been challenging.

In relation to the Statement on Internal Control and reference therein to the risk register, BB said he had asked the Trust's new internal auditors, KPMG, to review the opinion of the previous internal auditors, The London Audit Consortium.

JH said there was no mention of data quality in the Quality Report. RCo said reference to the Information Toolkit does provide this assurance.

The Board APPROVED the Annual Report and Accounts including the Quality Report 2010/11 subject to any necessary minor amendments to be made under the supervision of the Interim Director of Finance.

2011/48 APPROVAL OF ANNUAL PLAN INCLUDING 2011/12 BUDGET

Introducing the report, PM said the Annual Plan and 2011/12 Budget had been discussed at the Governors' Council the day before (24 May 2011) in accordance with Monitor requirements. This report presents all the documents in their final form to be submitted to Monitor.

RP added that when the Annual Plan is submitted, the Trust is required to attach supporting templates providing forecast financial information covering the next three years. He added that since the 27 April Board meeting, at which a draft budget for 2011/12 disclosing a potential deficit for the year of £2.1m had been discussed, there had been a £5m turnaround to a planned surplus of £3m, due principally to expected income improvements achieved by the Director of Service Development and his team.

NH gave some background to dealings with commissioners and in particular to the apparently successful outcomes of negotiations with NW London for 2011/12. Heads of agreement reached with NWL may not extend to the rest of country but the budget had provisions built in to handle that.

RP explained that the over performance target for 2011/12 was a prudent £2.5m compared to £8.5m achieved last year. There was also a £2.5m contingency provision against income (2010/11 - £nil) as well as a total of £4.0m of cost contingency provisions compared to £1.5m last year.

RP said that the Annual Plan was drawn up on the basis that the Trust would maintain its Monitor FRR at each quarterly reporting date in the financial year ahead and for each of the two subsequent years. He added that the Board should note that performance against the Plan was likely to be very tight, especially in Quarter 1). The financial plans for 2012/13 and 2013/14 were essentially an extrapolation of 2011/12 with a 4% income reduction included in line with Monitor guidance. Finally, if the Plan was approved it would be submitted to Monitor by uploading to its dedicated internet portal by 31 May 2011.

NL asked about textual errors. RP replied that there were a number of late amendments that still needed to be processed and that all square brackets, etc., would be removed prior to submission.

PM said he would add the application to the Charity Trustees (approved under 2011/46 above) for a further £2m of grant funding.

NC commended all involved, as he thought they had done wonders to present a credible plan and budget in the circumstances. NL concurred, describing it as a 'bottom up' budget from the Finance Committee review.

JH commented on the capital expenditure provisions for IT and information.

BB said it was best to view the Annual Plan as a living document which set out the position as a snapshot. In time the Board should expect to



see further initiatives, not just cost savings but also service developments, which would further enhance the plan.

RCo presented to the Board a number of statements that they were required to affirm as Directors of a Foundation Trust. Board members were asked for comments while being reminded that the statements could not be altered as they were in a format prescribed by Monitor. NL considered number 19, 'training programmes in place (to) ensure that the NEDs have appropriate skills and experience' was an area that could be worked on. BB emphasised that training for NEDs is voluntary, so this means being proactive but acknowledged that this could be dealt with in a more structured manner by the Trust. SRF was planning to meet NEDs individually. The Board noted that more active encouragement by the Trust to NEDs to pursue relevant training opportunities should be focused on next year.

The Board approved all of the required Board Statements.

2011/49 PROPOSED NEW WORKING CAPITAL FACILITY WITH NATWEST

RP reported that it had not been possible to come to a satisfactory agreement in respect of the NatWest / Royal Bank of Scotland offer. This had led to revisiting the original agreement with Barclays (described above) with a view to renewing this arrangement on the 24 June 2011 and increasing the upper limit of the facility from £18m to £22m.

RP said that he has received credit approval from Barclays for a Working Capital Facility (WCF) of £22m. He proposed that Beachcroft approve the legal documentation on receipt from Barclays.

The Board APPROVED, this course of action subject to:

- i) satisfactory review by Beachcroft of the legal documentation provided by Barclays;
- ii) approval by Monitor of the proposal to increase the Trust's Working Capital Facility upper limit from £18m to £22m.

Subject to these conditions, the Interim Director of Finance or another Executive Director, is empowered to sign and execute this working capital facility application.

2011/50 LETTER OF REPRESENTATION

The Board NOTED the draft Letter of Representation addressed to the external auditors subject to a request from NL to remove paragraph 16 as Barclays had already confirmed credit approval for the provision of a £22m WCF to the Trust.

2011/51 RECOMMENDATIONS OF ADVISORY APPOINTMENT COMMITTEE

Introducing this item which comprised two ratification forms for the appointment of a Consultant in Cardiothoracic Surgery (Aortic Surgery) and a Consultant in Cardiothoracic Surgery, NL said that he could confirm that the interviews had followed due process and there had been unanimity in the selection of the two candidates. Comment from Board members was welcomed.

NC said that there was a recommendation last year that when the Trust's Appointments Committee Panel approves AAC appointments there should be more 'colour' provided. In response NL gave some more context. He said that all the reasons why these doctors want to come to the UK were very convincing. BB said he could give the Board deeper assurance: six candidates had been interviewed and the panel was unanimous that there were two candidates who were so good, that the Trust would miss out on an opportunity to recruit both of them if it opted only to appoint one of them. Two other supporting factors were firstly that their appointment fits with the Trust's ambition to establish a cardiovascular centre and secondly the candidates had shown no hesitancy in spite of the strategic challenges the Trust now faces. TE added that part of the selection process had involved a member of the appointments panel watching them operate and all candidates had completed Test Centres (psychometric profiles).

The Board ratified the appointment of Mr Olaf Stanger as a Consultant in Cardiothoracic Surgery (Aortic Surgery) and Mr Ulrich Rosendahl as a Consultant in Cardiothoracic Surgery.

- 2011/52      AUDIT COMMITTEE  
(i) REPORT FROM THE MEETING HELD ON 23 MAY 2011  
NL referred members of the Board to the earlier item on the Annual Report and Accounts (2011/47). He added that the committee had also considered the internal audit plan at its last meeting.
- 2011/53      REPORT FROM CHAIR OF FINANCE COMMITTEE (ORAL REPORT)  
NL referred the Board to the earlier item on the Annual Plan (2011/47) which had been discussed in some detail by the Finance Committee.
- 2011/54      BRIEFING PAPER – ROYAL BROMPTON & HAREFIELD HOSPITAL CHARITABLE FUND  
The Board received and noted this report which was for information only.
- 2011/55      ANY OTHER BUSINESS  
BB reported on the outcome of an Employment Tribunal. RBHFT had been cleared on all six charges. The Trust would now consider the issue of cost recovery.
- 2011/56      QUESTIONS FROM MEMBERS OF THE PUBLIC

David Potter, Chair of ReBeat, raised the following issue. He had attended the consultation event held at the Emirates Stadium in London. His impression had been that the event had bordered on a farce. The public were not being 'consulted' and the panel had been attempting to impose their views on them. Members of the public were frustrated in their attempts to raise points and the facilitator's way of handling the proceedings was completely inappropriate.

SRF thanked Mr Potter for his comments. He added that at the Governors' Council meeting 24 hours earlier, he had encouraged all the governors to fill in the MORI questionnaire or write directly to their MP as this would give the Safe and Sustainable review a broader impression of the opposition to their plans for the Royal Brompton.

Mr Ken Appel commented on the large increase in the catchment area of Harefield which was reflected in longer waiting lists, and had an impact on cancelled operations. He asked how can the Trust manage capacity so it meets demand from the area.

In reply RCr said that the Trust's plan to manage capacity might not have come across in the meeting, but an increase in beds was in the budget and the aim was to deliver the modular beds as soon as possible. His best guess was that that these would begin in January 2012, but detailed designs had not been completed, nor planning permission yet obtained. It was very unlikely it would start ahead of this.

2011/57

DATE OF NEXT MEETING

Wednesday 27<sup>th</sup> July at 2.00 pm in the Boardroom, Harefield Hospital.